



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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July 30, 2018

Kesha Eldridge, Board Chair
Village of Jansen
PO Box 82
Jansen, NE 68377

Dear Ms. Eldridge:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding expenses relating to a local street renovation project, as well as other financial matters, within the Village of Jansen (Village). Responding thereto, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. In doing so, the APA requested certain information from the Village. Based upon the outcome of this preliminary planning work, including a review of the information received, the APA has determined it to be unnecessary for this office to perform a separate financial audit or attestation of the Village at this time.

Nevertheless, during the course of the preliminary planning work, we noted certain internal control or compliance issues, or other operational matters within the Village, that are presented below. The following information relating thereto is intended to improve internal controls or result in other operational efficiencies.

Background

The Village is located in Jefferson County, Nebraska. The Village Board (Board) is the governmental body responsible for exercising financial accountability and control over activities relevant to the operations of the Village. In addition to resident utility fees, the Board receives funding from State and local government sources and must comply with the requirements of these funding sources. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate municipal management, the ability to exert significant influence over all Village operations, and primary responsibility for related fiscal matters.

The following is a list of Board members from January 2015 to June 2018:

Kevin Belding	Resigned December 2016
Diana Belding	Resigned January 2017
Patrick Russell	Resigned July 2015
Deborah Jones	Resigned December 2016
Kesha Eldridge	Current Board Chair
Janice Hermsmeier	Current Board Member
Tom Gogerty	Current Board Member
Janene Russell	Current Board Member
Robert Gibson	Current Board Member

Upon request, the current Board Chairperson provided the APA with copies of the monthly bank statements for the Village's general checking account, documentation regarding the street renovation project at issue, and municipal utility information. The APA received copies of bank statements dating back to January 2015. The Chairperson also provided the APA with copies of the Village claims listings and Board meeting minutes.

Comments and Recommendations

1. Street Renovation Project Conflict of Interest

The APA performed a detailed analysis of the Village street renovation project, reviewing information dating back to early 2015. During that review, the APA identified significant concerns regarding the actions of the former Board Chairman and his wife, who was also a Board member. Those concerns included the making of questionable bids, a failure to disclose an interest in a construction contract, the failure to abstain from voting on the questionable bids and the construction contract, and the Board Chairman paying himself prior to the approval of the Board.

In early 2015, the Village began researching options for improving its streets. From June 2015 through April 2016, the Village received at least three different bids for street work to be performed. One of those bids was from Kevin Belding and his business K & B Construction. See **Attachment A**. At that time, Kevin Belding was the Board Chairman, and his wife, Diane Belding, was also a Board member.

At the Board meeting on June 6, 2016, Mr. Robert M. Schafer, of Smith, Schafer, Davis, Gaetrig, LLC, described the legal process that needed to be followed to resurface the streets. A week later, on June 13, 2016, another firm member, Ms. Laura R. Maurstad, wrote a detailed "Conflict of Interest/ Street Project" legal memo to the Village, outlining certain actions that needed to be taken to ensure compliance with applicable statutory requirements. According to that memo, the specifications in the Request for Proposal (RFP) for materials and their quality were insufficient, resulting in the bids received being based on different criteria; therefore, that document concluded, "this project should be re-let" The memo went on to explain how the Board Chair and his wife "must file the appropriate disclosures and refrain from discussion, deliberation, and voting" when the decision was made to award the project. See **Attachment B**.

Unfortunately, the former Board Chairman, his wife, and the other Board members appear to have disregarded completely the advice offered by Mr. Schafer and the recommendations set out in Ms. Maurstad's legal memo. On July 7, 2016, less than a month after receiving the memo, the former Board Chairman signed off on a \$6,000 payment to himself, with the notation "to Kevin – partial pymt on streets[.]" This payment was signed by both Kevin Belding and Lisa Hermsmeier, the former Village Clerk. This \$6,000 payment was not published or included in the approved claims of the Village Board.

In addition to not being approved by the Board, the disbursement to Kevin Belding was made before the bid from K & B Construction was even accepted by that body. Moreover, per a review of Board meeting minutes, neither Kevin nor Diane Belding appear to have made a declaration on the record concerning the nature and extent of their respective interests in the street renovation contract.

The following Village payments were made to Kevin Belding's company, K & B Construction:

Check #	Check Date	Payee/Memo	Amount	Board Approved Date	Clear Date	Approval
Transfer	7/7/2016	to Kevin - partial pymt on streets	\$6,000.00	Not Approved	7/7/2016	Signed by Kevin Belding & Lisa Hermsmeier
11353	7/16/2016	K & B Construction	\$6,000.00	8/1/2016	7/19/2016	Signed by Kevin Belding & Lisa Hermsmeier
Transfer	7/27/2016	transfer to Kevin Belding	\$8,750.00	8/1/2016	7/27/2016	Signed by Kevin Belding & Robert Gibson
Total			\$20,750.00			

Neither the Village nor anyone at K & B Construction, including Kevin Belding, had a copy of invoices or contracts supporting any of the above payments.

The following table contains a timeline of Village proceedings pertaining to the street renovation project at issue:

Date	Activity	Description	Reference
5/4/2015	Board Minute Update	Excerpt from Board minutes: <i>The village has an estimate for \$57,750 to redo all the streets. Kevin said that he would possibly be able to use his equipment to do this for the village cheaper.</i>	
6/1/2015	Board Minute Update	Excerpt from Board minutes: <i>Kevin sealed his driveway with blacktop sealer to see if he could do this for the village cheaper. He was able to do it, but will use a better material if he does the streets. He has two estimates. One was for \$57,000 and the other was \$63,000. Kevin would do it after July 1 for an estimate of \$30,000 - \$35,000. Discussion was made if the village can afford to do the whole town at once. The village clerk will talk to our accountants to see if we can afford this. The discussion is tabled until the July 6 board meeting.</i>	
6/23/2015	Bid Received	Bid was received from K & B Construction.	Attachment A
7/6/2015	Board Minute Update	Excerpt from Board minutes: <i>Kevin discussed what is needed to asphalt the village streets. He has ordered the machine and would do the streets for a cheaper cost than what other contractors have bid for. He estimates that he will be able to do it in about 18-20 days His bid will be \$30,000 to \$35,000, which is just above half-price. He will use 8 year warranty blacktop sealer. He will fill all the cracks and then spray. The potholes will also be fixed and patched before doing the entire road. The roads do need to be sealed, as they have been getting worse over the past years. There would be a \$15,000 down cost, and then we would make a monthly payment that the village could afford to pay. The clerk will contact JEO to find the process we need to go through to get streets fixed and report back next meeting.</i>	
8/3/2015	Board Minute Update	Excerpt from Board minutes: <i>Discussion was made about the streets. It was agreed that the village will get another bid in writing (as one has already been received) for the streets. Once that bid has been received, the board can vote on updating the streets.</i>	
9/14/2015	Board Minute Update	Excerpt from Board minutes: <i>Discussion was made about the streets. This will now have to be postponed till Spring when the weather is right to do the streets. We will get three bids then and then vote on fixing the streets.</i>	
10/4/2015	Board Minute Update	Excerpts from Board minutes: <i>JEO Consulting Group, Inc. sent information for the street budget . . . The streets are being patched for a temporary fix. The village will plan to get two bids for street improvements after January. Further discussion will be tabled till January.</i>	
11/11/2015	Board Minute Update	Excerpt from Board minutes: <i>The village will plan to get two bids for street improvements after January. Further discussion will be tabled until January.</i>	

Date	Activity	Description	Reference
12/7/2015	Board Minute Update	Excerpt from Board minutes: <i>The village will plan to get two bids for street improvements after January. Further discussion will be tabled until January.</i>	
1/4/2016	Board Minute Update	Excerpt from Board minutes: <i>The village will plan to get two bids for street improvements this spring. Further discussion will be tabled until February.</i>	
2/1/2016	Board Minute Update	Excerpt from Board minutes: <i>The village will plan to get two bids for street improvements this spring. The clerk will contact JEO for the next steps in this process.</i>	
3/7/2016	Board Minute Update	Excerpt from Board minutes: <i>Discussion about the bids for the street project. We will need to get bids for the streets before committing to a company to do the project.</i>	
3/24/2016	Bid Received	Bid was received from Hein Construction LLC.	Attachment A
Unknown	Bid Received	Bid was received from Harry Lovell.	Attachment A
4/4/2016	Board Minute Update	Excerpt from Board minutes: <i>We received one bid for the streets. This bid was for the amount of \$40,679 after sealing and patching streets. A second bid for the streets is \$45,822 after sealing and patching streets. The third bid was for \$35,000. Discussion was made about what each bid included.</i>	
5/2/2016	Board Minute Update	Excerpt from Board minutes: <i>We received three bids on doing the street. JEO Consultant Group advised that since we have gotten three bids, we are able to go ahead and accept the bid we chose. However, the board would like to invite residents to come to the next meeting for discussion. At the June meeting, residents will be invited to express their concerns before the board votes on which bid they are going to accept.</i>	
6/6/2016	Board Minute Update	Excerpt from Board minutes: <i>Rob Schafer from Smith, Schafer, Davis, Gaetrig, LLC was here to visit with the board, as he was contacted by both the chairperson and clerk as we have no longer have an attorney to represent the town. Questions were asked and discussed between Mr. Schafer and the board. Discussion was made about the process to resurface the streets. The clerk will scan the documentation that has already been done for the street project and send it to the lawyers.</i>	
6/13/2016	Memo	A memo was sent to the Village Trustees from Laura Maurstad regarding the "Conflict of Interest/ Street Project[.]"	Attachment B
7/7/2016	Payment	Payment made to K & B Construction for \$6,000 with the memo "to Kevin – partial pymt on streets[.]" This payment was signed by Kevin Belding and Lisa Hermsmeier. The disbursement was not approved by the Board and appears to have been made before the bid was accepted.	Attachment C
7/11/2016	Board Minute Update	Excerpts from Board minutes: <i>Chairman Kevin Belding called the meeting to order. . . . Present were Trustees: Kevin Belding, Janice Hermsmeier, Deborah Jones, Diana Belding, Robert Gibson. Also present: Lisa Hermsmeier, Gary Hermsmeier. . . . Jones made a motion to accept bid from K & B Construction for street repair and sealing. Seconded by Hermsmeier. Motion carried 4-0.</i>	
7/16/2016	Payment	Payment was made to K & B Construction for \$6,000. This payment was signed by Kevin Belding and Lisa Hermsmeier. The disbursement was approved at the August 1, 2016, Board meeting, after the check was written and cashed.	Attachment C
7/27/2016	Payment	Payment made to K & B Construction for \$8,750, with the memo "transfer to Kevin Belding[.]" This payment was signed by Kevin Belding and Robert Gibson. The disbursement was approved at the August 1, 2016, meeting, after the check was written and cashed.	Attachment C
4/2/2018	Memo	A memo was sent to the Village outlining a phone conversation with Kevin Belding.	Attachment D
5/23/2018	Letter	A letter was sent to Kesha Eldridge from the CPA firm Blobaum & Busboom, P.C.	Attachment E

The apparent failure by Kevin and Diane Belding to disclose their respective interests in the street renovation contract with the Village gives rise to concerns regarding possible violations of the Nebraska Political Accountability and Disclosure Act (Act), which is set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,141 (Reissue 2010, Cum. Supp. 2016, Supp. 2017). As indicated already, Ms. Maurstad's June 13, 2016, legal memo to the Village warned against all of these pitfalls and instructed how to avoid them.

To start, Neb. Rev. Stat. § 49-14,103.01(2) (Reissue 2010) states, in relevant part, the following:

[N]o officer may have an interest in any contract to which his or her governing body, or anyone for its benefit, is a party. The existence of such an interest in any contract shall render the contract voidable by decree of a court of competent jurisdiction as to any person who entered into the contract or took assignment of such contract with actual knowledge of the prohibited conflict.

Section 49-14,103.01(1) defines an “officer” as follows:

[O]fficer means (a) a member of the board of directors of a natural resources district, (b) a member of any board or commission of any county, school district, city, or village which spends and administers its own funds, who is dealing with a contract made by such board or commission, (c) any elected county, school district, educational service unit, city, or village official, and (d) a member of any board of directors or trustees of a hospital district as provided by the Nebraska Local Hospital District Act or a county hospital as provided by sections 23-3501 to 23-3519. Officer does not mean volunteer firefighters or ambulance drivers with respect to their duties as firefighters or ambulance drivers.

Additionally, § 49-14,103.01(4) provides the following:

The prohibition in this section shall apply only when the officer or his or her parent, spouse, or child (a) has a business association as defined in section 49-1408 with the business involved in the contract or (b) will receive a direct pecuniary fee or commission as a result of the contract.

Neb. Rev. Stat. § 49-1408 (Reissue 2010) defines a “business association” to include a business in which “the individual is a partner, limited liability company member, director, or officer[.]” As both the owner of K & B Construction and the Board Chairman, Kevin Belding clearly falls within the language of § 49-14,103.01(4); likewise, his wife, Diane Belding, also a Board member, is subject to that same statutory provision.

To avoid the prohibition against an officer having “an interest in any contract to which his or her governing body, or anyone for its benefit, is a party,” as set out under § 49-14,103.01(2), subsection (5) of that same statute provides the following:

The prohibition in this section does not apply if the contract is an agenda item approved at a board meeting and the interested officer:

(a) Makes a declaration on the record to the governing body responsible for approving the contract regarding the nature and extent of his or her interest prior to official consideration of the contract;

(b) Does not vote on the matters of granting the contract, making payments pursuant to the contract, or accepting performance of work under the contract, or similar matters relating to the contract, except that if the number of members of the governing body declaring an interest in the contract would prevent the body with all members present from securing a quorum on the issue, then all members may vote on the matters; and

(c) Does not act for the governing body which is party to the contract as to inspection or performance under the contract in which he or she has an interest.

(Emphasis added.) As noted already, the Board meeting minutes obtained by the APA do not reflect that either Kevin or Diane Belding declared on the record “the nature and extent” of their respective interests in the street renovation contract with the Village.

In addition to the above-quoted requirement in § 49-14,103.01(5)(b), which precludes an officer with an interest in a contract with his or her political subdivision from voting on, among other things, “the matters of granting the contract,” Neb. Rev. Stat. § 49-1499.03(2) (Reissue 2010), states the following:

(a) Any person holding an elective office of a city or village not designated in section 49-1493 and any person holding an elective office of a school district who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to him or her, a member of his or her immediate family, or a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, shall take the following actions as soon as he or she is aware of such potential conflict or should reasonably be aware of such potential conflict, whichever is sooner:

(i) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict;

(ii) Deliver a copy of the statement to the person in charge of keeping records for the city, village, or school district who shall enter the statement onto the public records of the city, village, or school district; and

(iii) Abstain from participating or voting on the matter in which the person holding elective office has a conflict of interest.

(b) The person holding elective office may apply to the commission for an opinion as to whether the person has a conflict of interest.

(Emphasis added.) There was no written statement prepared regarding this matter. According to the minutes for the Board's July 11, 2016, meeting, one of the members present abstained from voting on the "motion to accept [the] bid from K & B Construction for street repair and sealing." Due to poor record keeping, however, it is unclear which Board member chose not to vote. Regardless, if only one of the Board members abstained, either Kevin or Diane Belding must have cast a vote in apparent violation of both § 49-14,103.01(5)(b) and § 49-1499.03(2)(a)(iii).

The penalties for violating the above-cited conflict of interest statutes are provided in Neb. Rev. Stat. § 49-14,103.04 (Reissue 2010), as follows:

(1) Any officer who knowingly violates sections 49-14,103.01 to 49-14,103.03 shall be guilty of a Class III misdemeanor.

(2) Any officer who negligently violates sections 49-14,103.01 to 49-14,103.03 shall be guilty of a Class V misdemeanor.

It should also be noted that Neb. Rev. Stat. § 84-1413(2) (Cum. Supp. 2016) of the Open Meetings Act, which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2014, Cum. Supp. 2016, Supp. 2017) states the following:

Any action taken on any question or motion duly moved and seconded shall be by roll call vote of the public body in open session, and the record shall state how each member voted or if the member was absent or not voting. The requirements of a roll call or viva voce vote shall be satisfied by a public body which utilizes an electronic voting device which allows the yeas and nays of each member of such public body to be readily seen by the public.

(Emphasis added.) By failing to record properly the votes taken on the motion to accept the bid from K & B Construction, the Village appears not to have complied with § 84-1413(2).

Furthermore, Neb. Rev. Stat. § 49-14,103.02 (Reissue 2010) imposes specific duties upon the Village Clerk, requiring that the following steps be completed:

(1) The person charged with keeping records for each governing body shall maintain separately from other records a ledger containing the information listed in subdivisions (1)(a) through (e) of this section about every contract entered into by the governing body in which an officer of the body has an interest and for which disclosure is made pursuant to section 49-14,103.01. Such information shall be kept in the ledger for five years from the date of the officer's last day in office and shall include the:

- (a) Names of the contracting parties;*
- (b) Nature of the interest of the officer in question;*
- (c) Date that the contract was approved by the governing body;*
- (d) Amount of the contract; and*
- (e) Basic terms of the contract.*

(2) The information supplied relative to the contract shall be provided no later than ten days after the contract has been signed by both parties. The ledger kept pursuant to this section shall be available for public inspection during the normal working hours of the office in which it is kept.

Neb. Rev. Stat. § 28-924 (Reissue 2016) creates the offense of “official misconduct” by a public servant, as follows:

- (1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.*
- (2) Official misconduct is a Class II misdemeanor.*

Finally, there may be reason for concerns regarding possible lack of compliance with a statutory bidding requirement. Neb. Rev. Stat. § 17-568.01(5) (Supp. 2017) mandates the following for certain Village contracts:

Advertisements for bids shall be required for any contract costing over thirty thousand dollars entered into (a) for enlargement or general improvements, such as water extensions, sewers, public heating systems, bridges, work on streets, or any other work or improvement when the cost of such enlargement or improvement is assessed to the property, or (b) for the purchase of equipment used in the construction of such enlargement or general improvements.

As noted already, neither K & B Construction nor the Village could provide the APA with a copy of the formal contract signed by the parties for the street renovation project. Consequently, it is impossible to determine with certainty either the amount that the Village agreed to pay K & B Construction or the exact work to be performed under that agreement.

Although K & B Construction received payments totaling only \$20,750, it is likely that the actual agreed-upon amount was significantly more. To start, the formal bids received by the Village ranged from \$27,119 to more than \$50,000. See **Attachment A**. Moreover, according to notes of an April 2, 2018, telephone conversation with Kevin Belding, the scope of the original street renovation project was curtailed due to a lack of Village funds to pay for all of the work. See **Attachment D**.

Whether the bidding requirement in § 17-568.01(5) is applicable to the Village’s contract with K & B Construction is dependent upon particular variables stated in that statute. In any case, making a determination regarding the applicability of those variables necessitates, at least in part, referencing nonexistent documentation.

Without procedures to ensure compliance with not only applicable provisions of the Act but also other laws pertaining to the bidding for and awarding of public contracts, there is an increased risk for both statutory violations and the loss of Village funds.

We recommend the Board implement procedures to ensure compliance with not only applicable provisions of the Act but also statutory provisions pertaining to the bidding for and awarding of public contracts. Those procedures should include, at a minimum, maintaining adequate documentation of all contractual agreements entered into by the Village. Additionally, because this comment addresses possible violations of the Act and other laws, we are forwarding the information herein to both the Nebraska Accountability and Disclosure Commission and the Nebraska Attorney General.

Village Response: The Village of Jansen has implemented many changes to how business is conducted within the village over the past 18-20 months. The first immediate change that was made is the board chair or clerk will NEVER sign blank checks. Second, we replaced our former Village Clerk/Treasurer. Third, the Board is now shown more in-depth information regarding bills to be paid, customer payments, and all money coming into and out of Village accounts, in addition, charge account details are now provided instead of just totals. I have spoken to the Vice-President of our bank regarding enforcing in the future the dual signature requirements of our checking account and he tells me the bank cannot enforce this, it has to be an internal control process within the Village. We already require two signatures for checks. Another way we monitor, is by providing the checking and savings account statements to board members including deposit records and check images, as well as the reconciliation reports. We hope by adding a new system of checks and balances we can prevent future instances of mishandling of Village funds, dishonesty with meter readings, and utility accounts. This is a learning experience for everyone but we are dedicated to moving forward and will continue to identify areas where improvements can be made.

See **Attachment F** for the Village Attorney's Response.

2. Utility Billing Issues

Based upon documentation made available to the APA, the former Village Clerk, Lisa Hermsmeier, appears to have failed to bill and collect utility payments for a home occupied by her cousin, the son of Gary Hermsmeier, the former maintenance employee for the Village. The former Clerk's cousin is believed to have moved to the Village sometime in 2009, as he opened a post office box there on May 16th of that year.

The following table summarizes the Village utility charges that appear not to have been paid by the former Clerk's cousin for the period tested:

Year	Months		Amount
2009	May	December	\$296.58
2010	January	December	\$467.53
2011	January	December	\$479.08
2012	January	December	\$479.08
2013	January	December	\$617.54
2014	January	December	\$756.00
2015	January	December	\$756.00
2016	January	December	\$756.00
2017	January	June	\$378.00
Total			\$4,985.81

Note: The total shown above does not include late or shut-off fees.

According to the Board Chairperson, they could not find meter readings for the residence of the former Clerk's cousin, which should have been taken by Gary Hermsmeier, the former maintenance employee for the Village.

The Village filed a claim against the former Clerk's insurance bond to recover some of the lost funds. In May 2018, the Village received a check, from Nationwide Mutual Insurance Company, totaling \$5,579.52, which covered part of this loss, along with other older losses for under billing utilities and other cellphone issues.

The apparent failure of the former Clerk to assess bills to her cousin's utility account was allowed to occur because the Board lacked adequate procedures for ensuring that all customers (including the former Clerk's family members) paid their monthly utility billings. This neglect has given rise to serious concerns.

To start, it is worth noting that Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2010) of the Nebraska Political Accountability and Disclosure Act (Act) prohibits a public official or employee from utilizing his or her office "to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated." For purposes of the Act, Neb. Rev. Stat. § 49-1425 (Reissue 2010) defines "immediate family" as "a child residing in an individual's household, a spouse of an individual, or an individual claimed by that individual or that individual's spouse as a dependent for federal income tax purposes."

Clearly, a cousin does not fall within the definition of an "immediate family" member under § 49-1425, meaning that the former Clerk's actions would be unlikely to constitute a violation of the Act. Even if not prosecutable under the Act, however, an intentional effort by the former Clerk to help an extended-family member avoid paying money owed to the Village would constitute an unacceptable conflict of interest nonetheless.

Neb. Rev. Stat. § 17-605 (Supp. 2017) says, in part, that a Village Clerk "shall also perform such other duties as may be required by the ordinances of the city or village." The former Village Clerk was responsible for sending out and collecting monthly billings for local utility services. An intentional decision by her not to perform that duty appropriately could give rise to a charge of "official misconduct" under Neb. Rev. Stat. § 28-924 (Reissue 2016), which states the following:

(1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.

(2) Official misconduct is a Class II misdemeanor.

Additionally, good internal control requires procedures to ensure that all Village employees and Board members, as well as their families, pay their utility bills timely or are assessed the required late fee for failure to do so. Without such procedures, there is an increased risk for the loss of Village funds.

We recommend the Board implement procedures to ensure a proper monitoring of Village utility customer accounts, including those of Village employees and Board members, as well as their families. Additionally, because this comment addresses a possible violation of State law, we are forwarding the information herein to the Nebraska Attorney General.

3. Other Issues Identified

The APA obtained the bank statements for the Village's general checking account from January 2015 through September 2017. The APA noted nine Village checks, totaling \$9,917, written during the examination period that contained only one signature. State statute requires Village checks to be signed by both the Board Chairman and the Clerk.

Neb. Rev. Stat. § 17-711 (Supp. 2017) states the following:

All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.

When checks do not contain the required endorsements, the Village is not in compliance with State statute. Furthermore, permitting only a single signature increases the risk for loss and/or misuse of Village funds.

We recommend the Village implement procedures to require dual signatures, from the Board Chairman and the Clerk, on all Village checks.

* * * * *

The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the Village's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

Additionally, a copy of this letter is being forwarded to the Village Attorney, the Nebraska Accountability and Disclosure Commission, and the Nebraska Attorney General for review and any action deemed appropriate by either office.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited. If you have any questions regarding the above information, please contact our office.

Sincerely,

A handwritten signature in black ink that reads "Mary Avery". The signature is fluid and cursive, with the first name "Mary" and last name "Avery" clearly distinguishable.

Mary Avery
Special Audits and Finance Manager
Phone 402-471-3686
mary.avery@nebraska.gov

cc: Village of Jansen Attorney
Nebraska Attorney General
Nebraska Accountability and Disclosure Commission

VILLAGE OF JANSEN
STREET PROJECT BIDS RECEIVED

ATTACHMENT A

BID RECEIVED FROM K & B CONSTRUCTION (KEVIN BELDING)

1 637784

Statement		DATE <u>June 23-15</u>		TERMS	
TO		<u>Village of Jansen</u>			
		<u>Jansen Ne</u>			
IN ACCOUNT WITH		<u>K+B Construction 402-223-9492</u>			
		<u>PO Box 96 Kevin Belding</u>			
		<u>Jansen Ne 68377</u>			
<u>I agree to fix cracks,</u>					
<u>fill them, complete & low streets</u>					
<u>off of High Velocity Air, and</u>					
<u>seal coat pro 800 3yr Warranty.</u>					
<u>Total 35,080.00</u>					
<u>Will pay \$17,500.00 down</u>					
<u>Payments of 500.00 month</u>					
<u>there after</u>					
<u>Kevin Belding</u>					
CURRENT		OVER 30 DAYS		OVER 60 DAYS	
				TOTAL AMOUNT	

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VILLAGE OF JANSEN
STREET PROJECT BIDS RECEIVED

ATTACHMENT A

BID RECEIVED FROM HEIN CONSTRUCTION LLC (PAGE 1)

PROPOSAL

March 24, 2016

HEIN CONSTRUCTION LLC.

919 I STREET

FAIRBURY NEBRASKA, 68352

PHONE 402-239-9629

VILLAGE OF JANSEN, NEBRASKA

SEAL COAT AND PATCHING AND CRACK SEALING

SEAL COAT 31,660 SQ/YDS @ .95 CENTS PER SQ/YD

TOTAL \$ 30,077.00

THIS IS FOR TWO COATS OF SEALER DUE TO THE
CONDITION OF YOUR PAVEMENT THIS IS THE BEST

CRACK SEALING BEFORE SEAL COAT

TOTAL \$ 15,750.00

PATCHING VARIOUS AREAS AROUND TOWN

30 TON @ \$ 140.00 PER TON

TOTAL \$ 4,200.00

TOTAL \$ 50,027.00

THIS BID IS FOR THE ALL THE BLACK TOP STREETS IN TOWN

HEIN CONSTRUCTION WILL SUPPLY THE ALL MATERIALS AND LABOR TO
COMPLETE THE PROJECT

Travis Hein

VILLAGE OF JANSEN
STREET PROJECT BIDS RECEIVED

ATTACHMENT A

BID RECEIVED FROM HEIN CONSTRUCTION LLC (PAGE 2)

PROPOSAL

March 24, 2016

HEIN CONSTRUCTION LLC.

919 I STREET

FAIRBURY NEBRASKA, 68352

PHONE 402-239-9629

VILLAGE OF JANSEN, NEBRASKA

ARMOUR COAT

ARMOUR COATING AND PATCHING

ARMOUR COAT 31,660 SQ/YDS @ \$1.35 PER SQ/YD TOTAL \$42,741.00

THE SQUARE YARDAGE IS ALL THE ASPHALT STREETS IN TOWN

PATCHING VARIOUS AREAS AROUND TOWN

30 TON OF PATCH MIX @ \$140.00 PER TON TOTAL \$4,200.00

TOTAL \$46,941.00

HEIN CONSTRUCTION WILL SUPPLY OIL AND THE GRAVEL

AND PATCH MIX TO COMPLETE THE JOB.

WE BELIEVE THAT ARMOUR COAT IS THE BEST APPLICATION AT

THIS TIME FOR YOUR STREETS AND HIGHLY RECOMMEND GOING WITH

THE ARMOUR COAT AND PATCHING.

CAN PROVIDE REFERENCES IF U WOULD LIKE TO CHECK ON THE QUALITY

OF WORK WE DO.

WE ALSO PROVIDE STREET SWEEPING IF U WOULD LIKE

TO HAVE ^{the} LOOSE GRAVEL SWEEPED UP AFTER THE ARMOUR COAT

HAS BEEN DOWN, NORMALLY DO SWEEPING IN THE FALL COST IS 80 DOLLARS PER HOUR



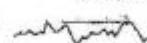
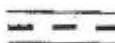



VILLAGE OF JANSEN
STREET PROJECT BIDS RECEIVED

ATTACHMENT A

BID RECEIVED FROM HARRY LOVELL

<p style="font-size: 1.2em; margin: 0;">Att: Kevin Belding.</p>		<p>PROPOSAL A ACCEPTANCE</p>	
PROPOSAL SUBMITTED TO <u>Village of Jansen, NE</u>		CONTRACTOR <u>Harry Lovell</u>	
PHONE NO. <u>402-223-9492</u>		PHONE NO. <u>402-228-6077</u>	
DATE _____		CITY & STATE <u>Geneva, NE 68361</u>	

		Yes	No
1. Armor Coating <input type="checkbox"/> 1 Layer <input type="checkbox"/> 2 Layers		<input type="checkbox"/>	<input type="checkbox"/>
2. Patching		<input type="checkbox"/>	<input type="checkbox"/>
3. Crack Repair (Hot Rubber)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Overlaying (Hot Mix)		<input type="checkbox"/>	<input type="checkbox"/>
5. Seal Coating <input type="checkbox"/> 1 Coat <input type="checkbox"/> 2 Coats		<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Labor & Materials	\$ _____		

DESCRIPTION
<u>To Clean & Sweep, Seal Cracks With #3405 Hot liquid Rubber & Seal Coat with Mac 52 \$ 40,679.00. Set 271,197.</u>
<u>To Clean & Sweep, seal cracks with #3405 Hot liquid Rubber & Seal Coat with CRS2 fog Seal. \$ 27,119.00. Set 271,197.</u>
<u>Contractor, to furnish all labor, materials & Equipment to complete project</u>

We Propose hereby to furnish material and labor - complete in accordance with above specifications, for the sum of: _____ dollars (\$ _____).

Payment to be made as follows: All Payments to be made Payable to Harry Lovell

All work to be performed in a workman-like manner. Contractor is to receive 25% of payment when project begins. Contractor to be in full when project has been completed. Any additional work added will carry additional charges. Contractor is not responsible for any cracking or any undergrowth. Insurance to be carried by Contractor for liability of Contractor. Upon acceptance of this proposal both parties agree to the work described above and fully understand the amount to be paid for the work completed.

<p>Acceptance of Proposal - The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.</p>	<p>Contractor Signature <u>Harry Lovell</u></p>
<p>Date of Acceptance _____</p>	<p>Signature _____</p>

WHITE - CUSTOMER • YELLOW - OFFICE

VILLAGE OF JANSEN
LEGAL MEMO

ATTACHMENT B

MEMO

To: Village of Jansen Board of Trustees
From: Laura R. Maurstad
Re: Conflict of Interest/ Street Project
Date: June 13, 2016

Background: The Village of Jansen has received three bids for street improvements repair. The principal for one of the contractors submitting a bid is also the Chairman of the Village of Jansen Board of Trustees.

Issue: May the Village of Jansen Board of Trustees accept the bid for street improvements/repair when the bid is received from a company whose principal is the Chairman of the Village of Jansen Board of Trustees?

Answer: Yes. However, the following procedures must be followed. Additionally, because the spouse of the Chairman of the Board is also on the Village of Jansen Board of Trustees, she must follow the same procedures due to the conflict of interest by virtue of marriage.

Multiple bids have been received, but it does not appear that the village had specified requirements for materials, quality, etc.; therefore the bids are based on different criteria, and this project should be re-let, with the Village of Jansen Board of Trustees specifying that what actions will be taken (placing sealer only, no Armor Coat) and the material that must be used (sealer with 8-year warranty, not watered down, etc.) The Village of Jansen, Board of Trustees, must also inquire as to all applicants about the availability of down payments, payment plans, etc. to ensure that all applicants are treated fairly in an open and public process.

Further, when this project is let, Kevin and Diana Belding must file the appropriate disclosures and refrain from discussion, deliberation, and voting as detailed below.

Neb. Rev. Stat. § 49-14, 102 provides:

- (1) Except as otherwise provided by law, no public official or public employee, a member of that individual's immediate family, or business with which the individual is associated shall enter into a contract valued at two thousand dollars or more, in any one year, with a government body unless the contract is awarded through an open and public process.
- (2) For purposes of this section, an open and public process includes prior public notice and subsequent availability for public inspection during the regular office hours of the contracting government body of the proposals considered and the contract awarded.
- (3) No contract may be divided for the purpose of evading the requirements of this section.

VILLAGE OF JANSEN
LEGAL MEMO

ATTACHMENT B

(4) This section shall not apply to a contract when the public official or public employee does not in any way represent either party in the transaction.

(5) Notwithstanding any other provision of this section, any city of the metropolitan, primary, or first class may prohibit contracts over a specific dollar amount in which a public official or a public employee of such city may have an interest.

(6) This section prohibits public officials and public employees from engaging in certain activities under circumstances creating a substantial conflict of interest. This section is not intended to penalize innocent persons, and a contract shall not be absolutely void by reason of this section.

(7) This section does not apply to contracts covered by sections [49-14.103.01](#) to [49-14.103.06](#).

(Emphasis added).

Neb. Rev. Stat. § 49-1499.03(2) provides:

(a) Any person holding an elective office of a city or village not designated in section [49-1493](#) and any person holding an elective office of a school district who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to him or her, a member of his or her immediate family, or a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, shall take the following actions as soon as he or she is aware of such potential conflict or should reasonably be aware of such potential conflict, whichever is sooner:

(i) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict;

(ii) Deliver a copy of the statement to the person in charge of keeping records for the city, village, or school district who shall enter the statement onto the public records of the city, village, or school district; and

(iii) Abstain from participating or voting on the matter in which the person holding elective office has a conflict of interest.

(b) The person holding elective office may apply to the [Nebraska Accountability and Disclosure] commission for an opinion as to whether the person has a conflict of interest.

(Emphasis added)

The above-reference statutes require both the Chairman of the Board of Trustees, Kevin Belding, and his wife, Diana Belding, to complete the required steps prior to the awarding of the contract.

VILLAGE OF JANSEN
LEGAL MEMO

ATTACHMENT B

Neb. Rev. Stat. § 49-14, 103 provides that a contract involving a prohibited conflict of interest under Neb. Rev. Stat. § 49-14,102 is voidable by court order as long as the action to declare the contract void is brought "within one year after discovery of circumstances suggesting the existence of a violation." Neb. Rev. Stat. §§ 49-14,102 and 49-14,103 do not apply to a contract for labor which is negotiated pursuant to the laws of the state.

Neb. Stat. § 49-14,103.01 provides in pertinent part:

- (1) For purposes of sections [49-14.103.01](#) to [49-14.103.06](#), unless the context otherwise requires, officer means (a) a member of the board of directors of a natural resources district, (b) a member of any board or commission of any county, school district, city, or village which spends and administers its own funds, who is dealing with a contract made by such board or commission, (c) any elected county, school district, educational service unit, city, or village official, and (d) a member of any board of directors or trustees of a hospital district as provided by the Nebraska Local Hospital District Act or a county hospital as provided by sections [23-3501](#) to [23-3519](#). Officer does not mean volunteer firefighters or ambulance drivers with respect to their duties as firefighters or ambulance drivers.
- (2) Except as provided in section [49-1499.04](#) or [70-624.04](#), no officer may have an interest in any contract to which his or her governing body, or anyone for its benefit, is a party. The existence of such an interest in any contract shall render the contract voidable by decree of a court of competent jurisdiction as to any person who entered into the contract or took assignment of such contract with actual knowledge of the prohibited conflict.
- (3) An action to have a contract declared void under this section may be brought by the county attorney, the governing body, or any resident within the jurisdiction of the governing body and shall be brought within one year after the contract is signed or assigned. The decree may provide for the reimbursement of any person for the reasonable value of all money, goods, material, labor, or services furnished under the contract, to the extent that the governing body has benefited thereby.
- (4) The prohibition in this section shall apply only when the officer or his or her parent, spouse, or child (a) has a business association as defined in section [49-1408](#) with the business involved in the contract or (b) will receive a direct pecuniary fee or commission as a result of the contract.
- (5) The prohibition in this section does not apply if the contract is an agenda item approved at a board meeting and the interested officer:
 - (a) Makes a declaration on the record to the governing body responsible for approving the contract regarding the nature and extent of his or her interest prior to official consideration of the contract;
 - (b) Does not vote on the matters of granting the contract, making payments pursuant to the contract, or accepting performance of work under the

VILLAGE OF JANSEN
LEGAL MEMO

ATTACHMENT B

contract, or similar matters relating to the contract, except that if the number of members of the governing body declaring an interest in the contract would prevent the body with all members present from securing a quorum on the issue, then all members may vote on the matters; and

(c) Does not act for the governing body which is party to the contract as to inspection or performance under the contract in which he or she has an interest.

(Emphasis added).

Neb. Rev. Stat. § 17-205 provides that a majority of the Board of Trustees constitutes a quorum. The Village of Jansen Board of Trustees should therefore ensure that all members of the board are present at the Village Board of Trustees meeting where the awarding of the contract will be addressed. This will allow both Kevin and Diana Belding to refrain from discussion and voting on the issue but will not prevent a quorum from being secured.

Neb. Rev. Stat. § 49-14,103.02 imposes duties upon the Village Clerk and requires that she complete the following steps:

(1) The person charged with keeping records for each governing body shall maintain separately from other records a ledger containing the information listed in subdivisions (1)(a) through (e) of this section about every contract entered into by the governing body in which an officer of the body has an interest and for which disclosure is made pursuant to section [49-14,103.01](#). Such information shall be kept in the ledger for five years from the date of the officer's last day in office and shall include the:

- (a) Names of the contracting parties;
- (b) Nature of the interest of the officer in question;
- (c) Date that the contract was approved by the governing body;
- (d) Amount of the contract; and
- (e) Basic terms of the contract.

(2) The information supplied relative to the contract shall be provided no later than ten days after the contract has been signed by both parties. The ledger kept pursuant to this section shall be available for public inspection during the normal working hours of the office in which it is kept.

The penalties for violating the conflict of interest statutes are provided for in Neb. Rev. Stat. § 49-14,103.04 and provide: "(1) Any officer who knowingly violates sections [49-14,103.01](#) to [49-14,103.03](#) shall be guilty of a Class III misdemeanor.(2) Any officer who negligently violates sections [49-14,103.01](#) to [49-14,103.03](#) shall be guilty of a Class V misdemeanor."

Whichever contractor is awarded the street improvement/repair contract must comply with Neb. Rev. Stat. § 52-118, which provides:

1) Except as provided in subsection (2) of this section, it shall be the duty of the State of Nebraska or any department or agency thereof, the county boards, the contracting board of all cities, villages, and school districts, all public boards empowered by law to enter into a contract for the erecting, furnishing, or repairing of any public building, bridge, highway, or other public structure or improvement, and any officer or officers so empowered by law to enter into such contract, to which the general provisions of the mechanics' lien laws do not apply and when the mechanics and laborers have no lien to secure the payment of their wages and suppliers who furnish material and who lease equipment for such work have no lien to secure payment therefor, to take from the person as defined in section [49-801](#) to whom the contract is awarded a payment bond or bonds in a sum not less than the contract price with a corporate surety company and agent selected by such person, conditioned for the payment of all laborers and mechanics for labor that is performed and for the payment for material and equipment rental which is actually used or rented in the erecting, furnishing, or repairing of the public structure or improvement or in performing the contract.

(2) The labor and material payment bond or bonds referred to in subsection (1) of this section shall not be required for (a) any project bid or proposed by the State of Nebraska or any department or agency thereof which has a total cost of fifteen thousand dollars or less or (b) any project bid or proposed by any county board, contracting board of any city, village, or school district, public board, or officer referred to in subsection (1) of this section which has a total cost of ten thousand dollars or less unless the state, department, agency, board, or officer includes a bond requirement in the specifications for the project.

(3) The bond or bonds referred to in subsection (1) of this section shall be to, filed with, approved by, and safely kept by the State of Nebraska, department or agency thereof, officer or officers, or board awarding the contract. No contract referred to in subsection (1) of this section shall be entered into by the State of Nebraska, department or agency thereof, officer or officers, or board referred to in subsection (1) of this section until the bond or bonds referred to in subsection (1) of this section has been so made, filed, and approved.

(4) The bond or bonds referred to in subsection (1) of this section may be taken from the person to whom the contract is awarded by the owner and owner's representative jointly as determined by the owner. The corporate surety company referred to in subsection (1) of this section shall have a rating acceptable to the owner as the owner may require.

A bond is therefore required for this project.

VILLAGE OF JANSEN ATTACHMENT C
PAYMENTS MADE TO K & B CONSTRUCTION FOR STREET PROJECT

FIRST PAYMENT

FARMERS & MERCHANTS BANK		DEBIT - MISCELLANEOUS	Account Number [REDACTED]
Account Name <u>Village of Jansen</u>	Date <u>7.7.16</u>		
DESCRIPTION <u>to Kevin - Partial Pymt on Streets</u>		Approved By <u>[Signature]</u>	Tran. Code
			AMOUNT
[Signature: Kevin R Belding] [Signature: Lisa Marie Thompson]		\$	6000.00
[REDACTED]			
0 \$6,000.00 07/07/2016			

SECOND PAYMENT

WARRANT VILLAGE OF JANSEN JANSEN, NE 68377		FARMERS & MERCHANTS JANSEN, NE 68377	11353 75-1287-043
PAY TO THE ORDER OF <u>K & B Construction</u> <u>Six thousand & no/xy</u>	Date <u>7.16.16</u>	\$6000.00	
		DOLLARS	
MEMO [REDACTED]		[Signature: Lisa Marie Thompson] [Signature: Kevin R Belding] AUTHORIZED SIGNATURE	
1353 \$6,000.00 07/19/2016			

THIRD PAYMENT

FARMERS & MERCHANTS BANK		DEBIT - MISCELLANEOUS	Account Number [REDACTED]
Account Name <u>Village of Jansen</u>	Date <u>7.27.16</u>		
DESCRIPTION <u>Transfer to Kevin Belding</u>		Approved By <u>[Signature]</u>	Tran. Code
			AMOUNT
[Signature: Kevin R Belding] [Signature: Robert Wilson]		\$	8750.00
[REDACTED]			
0 \$8,750.00 07/27/2016			

VILLAGE OF JANSEN **ATTACHMENT D**
ATTORNEY OFFICES PHONE CONVERSATION WITH KEVIN BELDING

04-02-2018

11:22 a. m.

Kevin Belding from K&B Construction called
402-223-9492

Re: Village of Jansen and letter he received from Greg Kratz

Total sum paid to him was \$20,750 (reported on Kevin's 2016 income taxes.)
Was to clean and fill pot holes on main street to church corner.

After worked on the streets and they were still bad. The board had a special board meeting – Kevin was a member of the board. Street was still bad so decided to have K&B Construction spray ½ of street with sealant from the former Red Rooster to Auditorium, which was done.

He does not have contract – Lisa – Village clerk – should have original contract.

Contract was for labor, material and everything.

He was a member of the board when he did bid. There were not enough funds to do all streets. Decision was to do main street then and wait to do remaining streets at a later date when funds might be available.

He never bid on any other streets as he went off of the board and no one from the board contracted him to do another bid.

The actual contract statement Lisa should have had. He does not have a copy.

Statement was for clean main street, patch and sealant. He used about 300 buckets from Menards.

As far as he is concerned the Village does not owe him any money and he does not owe the Village any money.

And he has no contract bids on any more streets with the Village right now.

Any more questions can call him.

VILLAGE OF JANSEN
LETTER FROM BLOBAUM & BUSBOOM, P.C.

ATTACHMENT E



Blobaum & Busboom, P.C.
Certified Public Accountants

Brian L. Blobaum, CPA
Jennifer M. Busboom, CPA
Michael A. Blobaum, CPA

410 4th Street, P.O. Box 604 • Fairbury, NE 68352 • Phone: (402) 729-6136 • Fax: (402) 729-6157 • Email: bbcpas@windstream.net
Hebron Branch Office : 120 South 4th Street • Hebron, NE 68370 • Phone: (402) 768-6485

May 23, 2018

Kesha Eldridge
Village Chairperson
Village of Jansen

You have asked that we review the three payments made to K&B Construction during the fiscal year ended 9/30/16 and present our findings related to these disbursements and their approval. If you wish an opinion on these matters we would need to enter into a separate formal agreed upon procedures engagement in which you would outline the specific steps we are to follow. The following is an informal letter stating our observations that may suffice for your needs allowing you to avoid the added additional costs of those services.

A review of the general ledger for the fiscal year ended September 30, 2016 found that all three of the payments made to K&B Construction were included in the disbursements ledger. One of the disbursements dated 7/7/16 for \$6,000 was not included in the disbursements listings in the records that were signed as approved by the Board. No contract or invoices were provided for review for the three transactions. All three of the disbursements were found to have been disbursed by dual signature transactions. The two payments that were found to be included in the list of disbursements approved were disbursed before their approval by the board. In the course of our audit testing it was found to be a common occurrence that disbursements made between meeting dates were approved at the following meeting.

A review of the minutes of the Village board found repeated mention of getting bids to fix the streets. Minutes document three bids were received at amounts of \$40,679, \$45,822 and \$35,000 and JEO Consultant Group advised that since three bids were received that the board would be allowed to go ahead and accept the bid they choose. At a later date a separate correspondence was presented from the new attorney retained by the village advising that bids should be re-let and outlining the specified procedures to be followed related to conflict of interest and related parties. There is no indication in the minutes as to whether bids were re-let following this advice. The board minutes documenting the approval of the bid from K&B Construction indicate a 4-0 vote. One of the four trustees voting was a related party who should have abstained from the vote on this matter.

In the course of performing procedures related to the village audit for the fiscal year ended September 30, 2016 we completed testing to verify the existence of internal controls for the disbursement of funds. This testing is documented for a sampling of randomly selected disbursements. In the sample tested we found that all items were properly recorded, documented with invoices, disbursed with dual signature checks and included in the listing of claims approved

VILLAGE OF JANSEN
LETTER FROM BLOMBAUM & BUSBOOM, P.C.

ATTACHMENT E

by the board. None of the three disbursements you have asked us to review were selected as sample items. Deviations from disbursements procedures found in our sampling appears to be isolated.

Feel free to contact our office should further information be necessary.


Jennifer Busboom, CPA

VILLAGE OF JANSEN
RESPONSE FROM VILLAGE ATTORNEY

ATTACHMENT F



ATTORNEYS &
COUNSELORS AT LAW

DUANE W. SMITH
Admitted in Nebraska

ROBERT M. SCHAFER
*Admitted in Nebraska
and Kansas*

JEFFERY W. DAVIS
*Admitted in Nebraska, Kansas,
Connecticut, and New York*

JEFFREY A. GAERTIG
*Admitted in Nebraska
and Kansas*

GREGORY D. KRATZ
Admitted in Nebraska

JOSEPH F. CHILEN (Of Counsel)
Admitted in Nebraska

DEAN DALKE (1934 - 2011)

JOHN W. CARLSON (Retired)

609 Elk Street
P.O. Box 727
Beatrice, Nebraska 68310

(402) 223-5257

Fairbury Office:
510 D Street
Fairbury, Nebraska 68352
(402) 729-3331

www.ssdglaw.com

July 27, 2018

Mary Avery
Nebraska Auditor of Public Accounts
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Ne 68509

RE: Village of Jansen, Nebraska

Dear Mary,

In response to your draft letter regarding concerns relating to expenses to a local street renovation project as well as other financial matters I would like to point out that the past board chairperson and owner of K&B Construction, Kevin Belding, indicated the only work they actually did was on about 1/4 of Broad Street. This represents roughly 20% of the streets in the Village but K&B Construction received payment for over 60% of the bid amount for the entire Village.

Further, Mr. Belding has indicated that there was a contract other than the bid. The Village has no record of this contract and apparently neither does K&B Construction. I question whether such a contract ever existed. Mr. Belding also indicated there was a special meeting whereby the contract was altered and presumably the board agreed to the pay 60% of the original bid price for the entire Village and only receive 20% of the repairs. There is no notice, record, minutes, or publication of the minutes for this special meeting. Nor are there any members of the board at that time, other than Mr. Belding and possibly his wife, that can recall this meeting taking place. This special meeting is the only meeting in 2016, special or regular, that minutes were not published, and the Village does not have any record of. This leads me to question whether this special meeting ever took place.

Lastly, during his time as Chairman of the Board of Trustees, it appears Mr. Belding had the routine of signing blank checks for the clerk fill out and sign herself. A number of these checks with Mr. Belding's signature on them were made out up until January 1, 2017; almost one month after Mr. Belding was no longer on the Board of Trustees. This is no longer taking place and the

VILLAGE OF JANSEN
RESPONSE FROM VILLAGE ATTORNEY

ATTACHMENT F

Nebraska Auditor of Public Accounts
July 27, 2018
Page 2 of 2

Village Board of Trustees have taken measures to ensure all checks are signed by both the Village Clerk and the Chairperson only after being presented to the Board for approval and properly filled out.

Thank you for your assistance in this matter. Should you have any questions, please advise.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Gregory D. Kratz', is written over a faint, circular blue stamp or watermark.

Gregory D. Kratz,
Attorney, Village of Jansen