

**ATTESTATION REPORT  
OF THE  
VILLAGE OF STAPLETON**

**OCTOBER 1, 2017, THROUGH SEPTEMBER 30, 2018**

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**Issued on May 17, 2019**

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# VILLAGE OF STAPLETON

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## VILLAGE OF STAPLETON

### BACKGROUND

The Village of Stapleton (Village) is a municipality located in Logan County, Nebraska. As permitted by Neb. Rev. Stat. § 17-209.02 (Cum. Supp. 2018), the Village employs a Clerk who serves also as the Village Treasurer. According to records obtained by the APA, Amy Allen began working as the Village Clerk/Treasurer in 2008. Ms. Allen terminated her employment with the Village in August 2018. The current Village Clerk/Treasurer is Viviana Martinez.

The Village has implemented QuickBooks as its accounting system, which is used to bill customers for water, sewer, and garbage services. The Village receives money also from the rental of the community center, grants, County receipts, State funding, and other sources. The Village utilizes receipt books for funds paid in cash; however, there were no receipt books prior to March 12, 2018.

During past years, the Village has filed audit waiver requests, completed by independent certified public accountants at the direction of the Village Board, with the Auditor of Public Accounts (APA). Those prior requests had been approved; however, due to information subsequently received, the APA denied the Village's most recent waiver request for the fiscal year 2018 audit.

#### Fraud Allegation

On January 22, 2019, the APA received a letter from a concerned citizen alleging the mishandling of public funds by Ms. Allen during her tenure as the former Clerk/Treasurer. Specifically, the complaint alleged the following:

*From what I have heard is that the former clerk/treasurer (Amy Allen) has signed a paper with the Village of Stapleton Board agreeing to repay the village \$15,000.00 in exchange for no charges being filed against her. The main concern that I have is that Amy Allen is now employed for Logan County and is working in the clerk's office.*

On February 28, 2019, the APA contacted the Village regarding that allegation. In response, the APA received a copy of the Settlement Agreement between the Village and Ms. Allen. See **Attachment A** for a copy of the agreement, which provides for the repayment of \$15,000 of missing Village funds.

Prior to the complaint being sent to the APA, the Village Board had requested an audit waiver for the fiscal year October 1, 2017, through September 30, 2018. The request form, which was completed by Milissa Kramer of MJK CPA PC, a local accounting firm, was received by the APA on November 21, 2018.

At no time, either prior to or during the audit waiver request process, did the Village notify the APA of the fraud alleged to have been committed by Ms. Allen.

The following is a brief timeline of the events surrounding Ms. Allen's alleged fraud:

- During August 2018, Ms. Allen resigned her position as the Village Clerk/Treasurer.
- As a local CPA who had been assisting the Village with the preparation of its budget and audit waivers, Ms. Kramer was asked to help train the Village's new Clerk/Treasurer and to provide accounting support until that training was complete.

## VILLAGE OF STAPLETON

### BACKGROUND

(Continued)

- During September 2018, discrepancies were discovered with Village utility customer accounts, as amounts received by the previous Village Clerk/Treasurer, Ms. Allen, had been applied to different customers.
- During October and November 2018, Ms. Kramer's firm conducted an analysis to determine how much money appeared to have been misappropriated by Ms. Allen.
- On November 19, 2018, Ms. Kramer presented a summary of her analysis at the Village Board's meeting, alleging the theft of Village funds by Ms. Allen.
- On November 21, 2018, the Village filed a request for an audit waiver with the APA. In doing so, the Village failed to notify the APA of the suspected fraud.
- On January 2, 2019, two Village Board members and Ms. Kramer met with Ms. Allen. They provided her with a copy of an agreement drawn up by the Village attorney, asking her to repay \$15,000 over time. According to correspondence from Ms. Kramer, the following transpired:

*Amy was told she had a few days to review the contract and get back to them with her decision. She was given the opportunity to comment at the meeting. She said she has been expecting the meeting for months now and she has lost a lot of sleep over it and she is a firm believer in owning up to your mistakes. She said she will accept whatever the board asks of her because she was in the wrong and she has no right to try to negotiate.*

- On January 7, 2019, the Village Chairperson and Ms. Allen signed a Settlement Agreement in which she promised to repay \$15,000 to the Village, via installments of \$200 per month, starting February 1, 2019. See **Attachment A** for a copy of the Settlement Agreement.
- On January 22, 2019, the APA received the citizen's complaint, referenced above, informing this office of both Ms. Allen's alleged malfeasance and the Settlement Agreement with the Village.
- On February 28, 2019, the APA received a copy of the Settlement Agreement from the Village, as requested.
- On March 1, 2019, the APA received a copy of the summary prepared by Ms. Kramer.
- On March 4, 2019, the APA contacted the Logan County Attorney, providing him with copies of both the Settlement Agreement and the summary created by Ms. Kramer.
- On March 13, 2019, the APA notified the Village Board that we would be performing an examination of the Village, whose fiscal year 2018 audit waiver request had been denied.
- On March 28, 2019, the Nebraska State Patrol interviewed Ms. Allen. She admitted to taking cash from the Village's "Trash," "Water," and "Dog Licensing" accounts. A copy of a confession written by Ms. Allen at that time is provided herein.

## VILLAGE OF STAPLETON

### **BACKGROUND**

(Concluded)

- The APA traveled to the Village on April 24-25, 2019, to obtain various financial documents, including invoices, billings, receipt books, and other supporting Village records. The APA also received bank statements provided in support of the Village's denied audit waiver request.

The results of the APA's review of the financial information obtained from the Village, particularly in relation to the fraud allegedly perpetrated by Ms. Allen, is presented hereinafter.

VILLAGE OF STAPLETON

**KEY OFFICIALS AND VILLAGE CONTACT INFORMATION**

**Village of Stapleton Board of Trustees**

<b>Name</b>	<b>Title</b>	<b>Term Ending</b>
Bryan Rooney	Chairperson	January 1, 2021
Dan Beckius	Vice-Chairperson	January 1, 2023
Wayne Hora	Trustee	January 1, 2021
Michelle Cassell	Trustee	January 1, 2023
Larry Vasquez	Trustee	January 1, 2021

**Village of Stapleton**

<b>Name</b>	<b>Title</b>
Viviana Martinez	Village Clerk/Treasurer

Village of Stapleton  
236 Main Street  
P.O. Box 133  
Stapleton, NE 69163

VILLAGE OF STAPLETON

**SUMMARY OF COMMENTS**

During our examination of the Village of Stapleton (Village), we noted certain deficiencies and other operational matters that are presented here. The following comments are required to be reported in accordance with *Government Auditing Standards*: Comments #1 “Alleged Fraud and Theft of Village Funds,” and #2 “Control Environment,” which are all considered to be material weaknesses.

It should be noted that the APA’s use of various qualifying words – including “alleged,” “possible,” or “suspected” – in comments describing certain incidents or activities serves to prevent a report comment from being misconstrued as imputing criminality. Even in circumstances involving the confession of someone suspected of misconduct, a lack of formal adjudication requires the continued use of such proper descriptive terminology. Nevertheless, utilization of such modifying terms does not indicate an absence of supporting documentation for the report comment or any insufficiency or other shortcoming related thereto.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the following areas:

1. ***Alleged Fraud and Theft of Village Funds:*** Ms. Amy Allen admitted to misappropriating cash receipts while serving as the Clerk/Treasurer of the Village. On January 7, 2019, Ms. Allen signed a Settlement Agreement in which she promised to repay \$15,000 to the Village, via installments of \$200 per month, starting February 1, 2019. On March 28, 2019, the Nebraska State Patrol interviewed Ms. Allen. She admitted at that time to taking cash from the Village’s “Trash,” “Water,” and “Dog Licensing” accounts. During our review, the APA observed hundreds of deleted invoices for customers who paid cash to the Village, which totaled over \$38,000.
2. ***Control Environment:*** There were a number of issues with the Village’s internal control processes, including: a.) a lack of segregation of duties; b.) the untimely depositing of checks; c.) an absence of receipts for all monies received; d.) the failure to endorse checks properly upon receipt; e.) the failure of the current Clerk to countersign checks, contrary to State statute; and f.) the lack of a known fixed asset policy and inventory list.
3. ***Village Employee Utilities:*** Village employees were not required to pay utility fees while working for the Village, and those amounts were not taxed as a fringe benefit.
4. ***Customer Utility Account Testing:*** The Village’s utility billing issues included not updating relevant ordinances, not billing for water usage, and not ensuring that all customers were properly billed for services received.
5. ***Payroll Issues:*** There were several issues with the Village’s payroll processes, including a lack of personnel files, no W-4 or I-9 verification forms for employees, a failure to tax fringe benefits, and employee salaries not agreeing to Village Board-approved resolutions.
6. ***Disbursement Issues:*** The Village’s handling of claims was problematic in that claims were not approved by the Village Board or were paid prior its approval. The APA also noted two debit card transactions that had no support.



VILLAGE OF STAPLETON

**SUMMARY OF COMMENTS**

(Concluded)

7. ***Coding of Receipts:*** The APA observed coding issues for certain receipt transactions on the Village audit waiver.

More detailed information on the above items is provided hereinafter. This report is critical in nature, containing only our comments and recommendations on the areas noted for improvement, and it does not include our observations on any accounting strengths of the Village.

Draft copies of this report were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

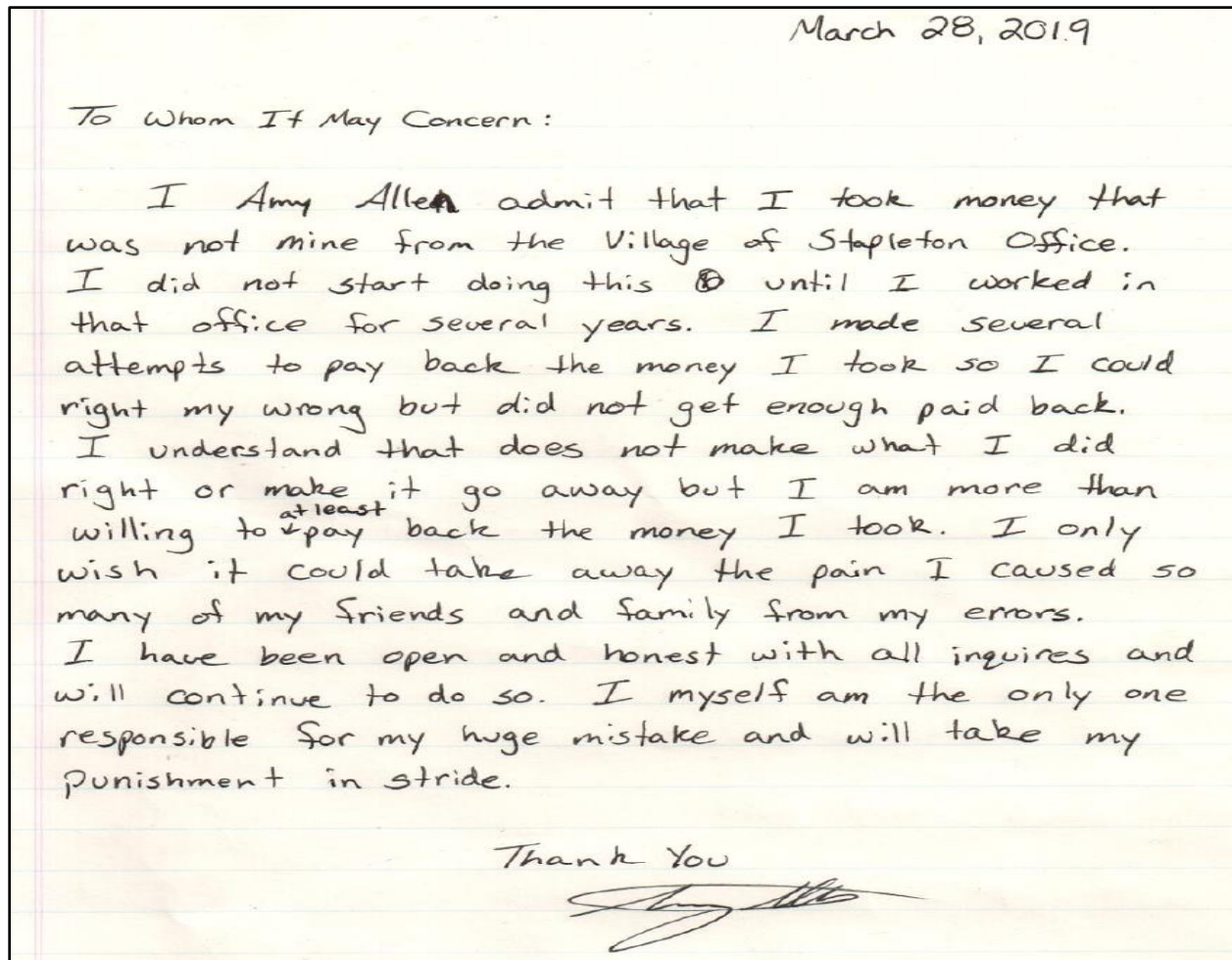
## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

#### 1. Alleged Fraud and Theft of Village Funds

Ms. Allen is believed to have misappropriated cash receipts while serving as the Clerk/Treasurer of the Village of Stapleton (Village). On January 7, 2019, Ms. Allen agreed to repay \$15,000 to the Village in \$200 monthly increments starting February 1, 2019. See **Attachment A** for a copy of the Settlement Agreement. On March 28, 2019, the Nebraska State Patrol interviewed Ms. Allen. She admitted at that time to taking cash from the Village's "Trash," "Water," and "Dog Licensing" accounts.

Copied below is the written statement that Ms. Allen provided to the Nebraska State Patrol, admitting her misappropriation of Village funds.



During the Nebraska State Patrol's interview of Ms. Allen, she admitted to deleting from the Village's accounting system the invoices of customers who paid fees with cash. The State Trooper responsible for the investigation of Ms. Allen emailed the following to the APA:

*Allen claims during the interview process that she did not take any monies from customers paying with a check. Allen's practice was to delete the invoice in relationship to the customer whom was paying with cash only.*

# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. **Alleged Fraud and Theft of Village Funds** (Continued)

As a result, the APA ran a QuickBooks Voided/Deleted Transactions Summary report from September 1, 2013, to the present and observed over 800 deleted customer transactions made by Ms. Allen. The report totals \$38,290.88 of deleted transactions. Ms. Allen may not have taken cash for every deleted invoice; however, based on this deleted transaction report, it appears likely that she took well more than the \$15,000 agreed upon.

It appears that Ms. Allen would create a utilities billing invoice in QuickBooks and then delete the same invoice after printing it to give or send to the customer. It is important to note that, due to the missing and incomplete Village records, the APA did not perform a full reconciliation of the Village's utility accounts by customer back to 2013.

In response to our request, the current Clerk/Treasurer provided the APA with a listing of customers who typically pay their Village utility bills with cash. Included in the list of 16 customers were 3 of whom the APA had already analyzed because they had significant deleted transactions in QuickBooks. The APA has summarized the deleted transactions for these three customers along with their customer details. All three of these customers have missing account activity in QuickBooks that appears to be the result of Ms. Allen's having taken their cash payments without depositing those amounts or posting them to the respective customer accounts.

#### **Utility Customer #1 Russell Lockwood**

The table below summarizes the 31 invoices for utility customer Russell Lockwood that were deleted from QuickBooks from October 2013 through July 2018:

<b>Num</b>	<b>Action</b>	<b>Type</b>	<b>Entered/Last Modified</b>	<b>Name</b>	<b>Account</b>	<b>Amount</b>
311313	Added Transaction	Invoice	10/01/2013 11:21:06	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 43.49
311313	Deleted Transaction	Invoice	10/02/2013 9:44:41			\$ 0.00
313585	Added Transaction	Invoice	06/24/2014 11:22:57	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 43.49
313585	Deleted Transaction	Invoice	08/21/2014 9:09:47			\$ 0.00
313947	Changed Transaction	Invoice	07/31/2014 10:00:23	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 43.49
313947	Deleted Transaction	Invoice	08/28/2014 11:26:15			\$ 0.00
314225	Added Transaction	Invoice	08/28/2014 11:25:59	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 91.98
314225	Deleted Transaction	Invoice	08/28/2014 11:26:10			\$ 0.00
314499	Changed Transaction	Invoice	10/09/2014 11:48:38	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 43.49
314499	Deleted Transaction	Invoice	10/30/2014 10:57:51			\$ 0.00
314503	Changed Transaction	Invoice	10/30/2014 10:58:22	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 43.49
314503	Deleted Transaction	Invoice	11/19/2014 9:59:56			\$ 0.00
316840	Added Transaction	Invoice	06/30/2015 10:42:03	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 48.76
316840	Deleted Transaction	Invoice	06/30/2015 10:42:19			\$ 0.00
317002	Changed Transaction	Invoice	07/28/2015 9:46:57	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 102.52
317002	Deleted Transaction	Invoice	08/10/2015 10:25:18			\$ 0.00
317606	Changed Transaction	Invoice	10/01/2015 11:41:12	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 48.76
317606	Deleted Transaction	Invoice	10/01/2015 11:41:21			\$ 0.00
318281	Added Transaction	Invoice	12/28/2015 8:28:28	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 48.76
318281	Deleted Transaction	Invoice	12/28/2015 8:28:45			\$ 0.00
319055	Added Transaction	Invoice	03/29/2016 10:45:06	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 48.28
319055	Deleted Transaction	Invoice	03/29/2016 10:45:17			\$ 0.00
319397	Added Transaction	Invoice	05/02/2016 10:25:42	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 102.52
319397	Deleted Transaction	Invoice	05/02/2016 10:25:52			\$ 0.00

# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. **Alleged Fraud and Theft of Village Funds** (Continued)

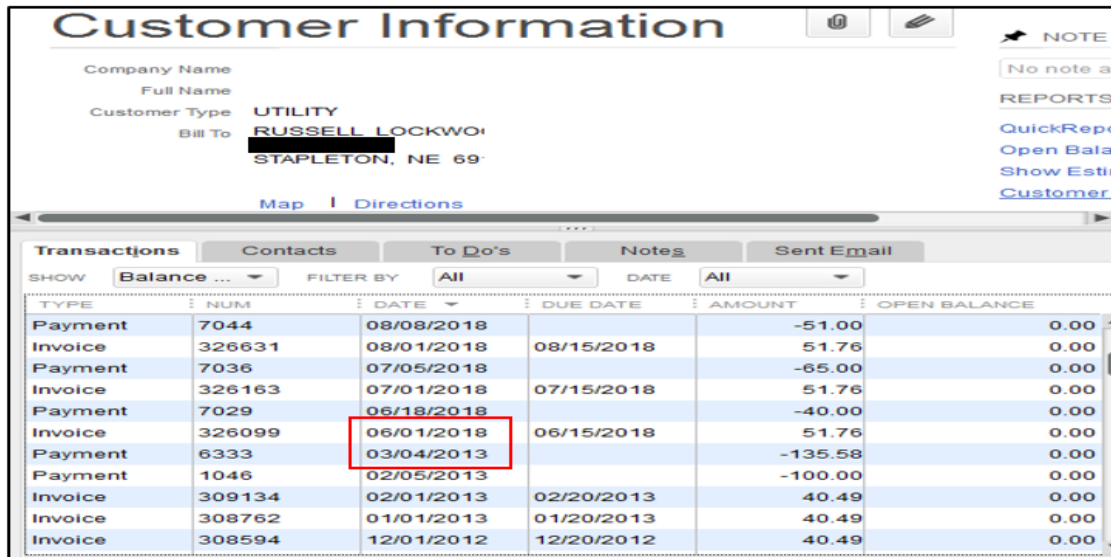
Num	Action	Type	Entered/Last Modified	Name	Account	Amount
319564	Added Transaction	Invoice	05/25/2016 10:29:18	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 91.28
319564	Deleted Transaction	Invoice	05/25/2016 10:31:06			\$ 0.00
319819	Added Transaction	Invoice	06/27/2016 15:15:26	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 81.28
319819	Deleted Transaction	Invoice	06/27/2016 15:15:42			\$ 0.00
320455	Added Transaction	Invoice	08/31/2016 8:54:37	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 102.52
320455	Deleted Transaction	Invoice	08/31/2016 8:54:58			\$ 0.00
320715	Added Transaction	Invoice	09/27/2016 9:31:55	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 136.28
320715	Deleted Transaction	Invoice	09/27/2016 9:32:09			\$ 0.00
320976	Added Transaction	Invoice	10/31/2016 14:11:17	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 135.04
320976	Deleted Transaction	Invoice	10/31/2016 14:11:25			\$ 0.00
321242	Added Transaction	Invoice	11/29/2016 9:09:17	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 163.80
321242	Deleted Transaction	Invoice	11/29/2016 9:09:59			\$ 0.00
321360	Added Transaction	Invoice	12/27/2016 8:54:51	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 112.56
321360	Deleted Transaction	Invoice	12/27/2016 8:55:12			\$ 0.00
322039	Added Transaction	Invoice	02/27/2017 14:15:20	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 150.08
322039	Deleted Transaction	Invoice	02/27/2017 14:15:35			\$ 0.00
322320	Added Transaction	Invoice	04/03/2017 11:43:40	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 198.84
322320	Deleted Transaction	Invoice	04/03/2017 11:43:56			\$ 0.00
322597	Added Transaction	Invoice	05/02/2017 8:56:01	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 127.60
322597	Deleted Transaction	Invoice	05/02/2017 8:56:30			\$ 0.00
322878	Added Transaction	Invoice	05/31/2017 11:39:25	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 176.36
322878	Deleted Transaction	Invoice	05/31/2017 11:39:54			\$ 0.00
323151	Added Transaction	Invoice	06/29/2017 8:21:40	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 175.12
323151	Deleted Transaction	Invoice	06/29/2017 8:21:54			\$ 0.00
323318	Added Transaction	Invoice	07/26/2017 10:54:31	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 195.88
323318	Deleted Transaction	Invoice	07/26/2017 10:54:43			\$ 0.00
323696	Added Transaction	Invoice	08/31/2017 10:41:17	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 244.64
323696	Deleted Transaction	Invoice	08/31/2017 10:41:41			\$ 0.00
324227	Added Transaction	Invoice	10/31/2017 9:37:43	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 95.16
324227	Deleted Transaction	Invoice	10/31/2017 9:38:42			\$ 0.00
324762	Added Transaction	Invoice	01/03/2018 8:32:25	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 50.52
324762	Deleted Transaction	Invoice	01/03/2018 8:32:45			\$ 0.00
325457	Added Transaction	Invoice	03/22/2018 8:26:24	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 108.28
325457	Deleted Transaction	Invoice	03/22/2018 8:26:45			\$ 0.00
325828	Added Transaction	Invoice	04/30/2018 15:48:39	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 105.04
325828	Deleted Transaction	Invoice	04/30/2018 15:49:48			\$ 0.00
326630	Added Transaction	Invoice	07/31/2018 9:20:49	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 51.76
326630	Deleted Transaction	Invoice	07/31/2018 9:20:58			\$ 0.00
<b>Total</b>						<b>\$ 3,211.07</b>

The following is a screenshot of the QuickBooks transaction history for Mr. Lockwood, which shows no customer activity between April 2013 and May 2018. The APA confirmed that Mr. Lockwood was receiving Village utility services during the time that no transactions were recorded in his QuickBooks account. This customer summary appears to support the Nebraska State Patrol's explanation of how Ms. Allen deleted customer invoices for active utility customers.

# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

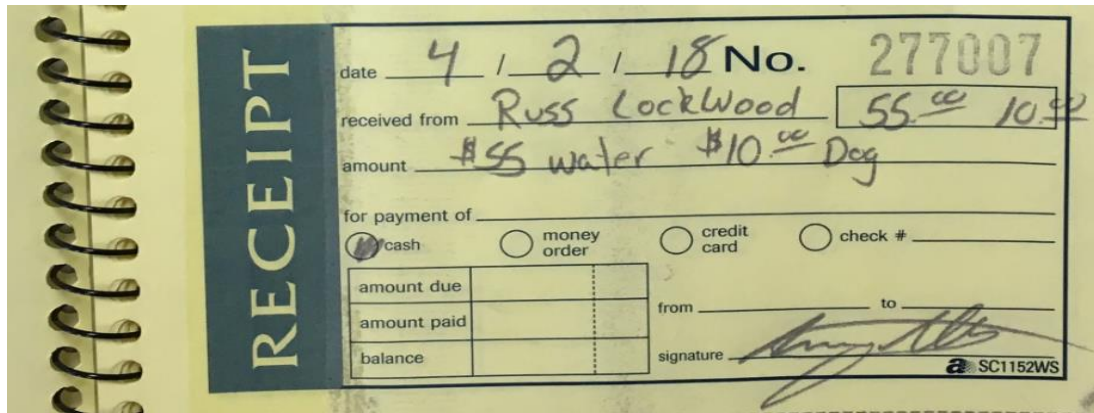
### 1. Alleged Fraud and Theft of Village Funds (Continued)



Customer Information						
Company Name Full Name Customer Type Bill To					UTILITY RUSSELL LOCKWOOD STAPLETON, NE 689	
Map   Directions					NOTE No note attached REPORTS QuickReports Open Balance Show Estimates Customer	
Transactions						
SHOW	Balance ...	FILTER BY		DATE		
TYPE	NUM	DATE	DUE DATE	AMOUNT	OPEN BALANCE	
Payment	7044	08/08/2018		-51.00	0.00	
Invoice	326631	08/01/2018	08/15/2018	51.76	0.00	
Payment	7036	07/05/2018		-65.00	0.00	
Invoice	326163	07/01/2018	07/15/2018	51.76	0.00	
Payment	7029	06/18/2018		-40.00	0.00	
Invoice	326099	06/01/2018	06/15/2018	51.76	0.00	
Payment	6333	03/04/2013		-135.58	0.00	
Payment	1046	02/05/2013		-100.00	0.00	
Invoice	309134	02/01/2013	02/20/2013	40.49	0.00	
Invoice	308762	01/01/2013	01/20/2013	40.49	0.00	
Invoice	308594	12/01/2012	12/20/2012	40.49	0.00	

During our visit to the Village, the APA found only one receipt book dating back to March 2018. In that receipt book was an April 2, 2018, cash receipt from Mr. Lockwood, signed by Ms. Allen. As noted in the customer summary above, this payment was not applied to Mr. Lockwood's QuickBooks customer account.

The following is a copy of the April 2, 2018, cash receipt:



date 4 / 2 / 18 No. 277007

received from Russ Lockwood \$55.00 \$10.00

amount \$55 water \$10.00 Dog

for payment of ☒ cash ☐ money order ☐ credit card ☐ check #

amount due           

amount paid           

balance           

from            to           

signature Nancy Lashley

SC1152WS

### Utility Customer #2 Nancy Lashley

The table below summarizes the 45 invoices for utility customer Nancy Lashley that were deleted from QuickBooks from October 2013 through April 2018:

Num	Action	Type	Entered/Last Modified	Name	Account	Amount
311375	Added Transaction	Invoice	10/28/2013 11:27:16	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
311375	Deleted Transaction	Invoice	10/29/2013 8:48:26			\$ 0.00
311637	Added Transaction	Invoice	11/25/2013 8:44:15	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
311637	Deleted Transaction	Invoice	01/06/2014 8:38:21			\$ 0.00



# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. Alleged Fraud and Theft of Village Funds (Continued)

Num	Action	Type	Entered/Last Modified	Name	Account	Amount
	Added Transaction	Payment	12/19/2013 11:39:47	LASHLEY, NANCY	Undeposited Funds	\$ 15.00
	Deleted Transaction	Authorization	01/06/2014 8:38:29			\$ 0.00
312067	Added Transaction	Invoice	12/30/2013 15:09:29	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
312067	Deleted Transaction	Invoice	01/07/2014 10:48:33			\$ 0.00
312205	Added Transaction	Invoice	01/28/2014 9:40:42	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
312205	Deleted Transaction	Invoice	01/28/2014 9:40:49			\$ 0.00
312460	Added Transaction	Invoice	02/24/2014 15:16:49	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
312460	Deleted Transaction	Invoice	03/13/2014 12:06:21			\$ 0.00
312885	Added Transaction	Invoice	03/31/2014 9:18:43	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
312885	Deleted Transaction	Invoice	04/02/2014 8:15:36			\$ 0.00
313150	Added Transaction	Invoice	04/30/2014 9:34:40	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
313150	Deleted Transaction	Invoice	04/30/2014 11:31:03			\$ 0.00
313678	Added Transaction	Invoice	06/26/2014 10:03:28	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
313678	Deleted Transaction	Invoice	07/30/2014 11:38:03			\$ 0.00
313944	Added Transaction	Invoice	07/30/2014 11:37:59	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
313944	Deleted Transaction	Invoice	08/05/2014 11:31:49			\$ 0.00
314050	Added Transaction	Invoice	08/26/2014 8:34:24	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
314050	Deleted Transaction	Invoice	08/26/2014 8:34:30			\$ 0.00
314327	Added Transaction	Invoice	09/25/2014 8:30:41	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
314327	Deleted Transaction	Invoice	09/25/2014 8:30:44			\$ 0.00
314764	Added Transaction	Invoice	10/30/2014 8:38:44	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
314764	Deleted Transaction	Invoice	10/30/2014 8:38:51			\$ 0.00
315018	Added Transaction	Invoice	11/26/2014 11:22:28	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
315018	Deleted Transaction	Invoice	12/18/2014 10:00:43			\$ 0.00
315114	Added Transaction	Invoice	12/18/2014 10:00:25	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
315114	Deleted Transaction	Invoice	12/18/2014 10:00:31			\$ 0.00
315370	Added Transaction	Invoice	01/26/2015 8:33:46	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
315370	Deleted Transaction	Invoice	01/26/2015 8:33:56			\$ 0.00
315631	Added Transaction	Invoice	02/23/2015 8:39:30	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
315631	Deleted Transaction	Invoice	02/23/2015 8:39:39			\$ 0.00
316056	Added Transaction	Invoice	03/31/2015 9:08:07	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
316056	Deleted Transaction	Invoice	03/31/2015 9:08:12			\$ 0.00
316316	Added Transaction	Invoice	04/29/2015 9:55:12	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
316316	Deleted Transaction	Invoice	04/29/2015 9:57:25			\$ 0.00
316575	Added Transaction	Invoice	05/28/2015 11:08:04	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
316575	Deleted Transaction	Invoice	06/04/2015 10:54:24			\$ 0.00
316837	Added Transaction	Invoice	06/30/2015 8:47:30	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
316837	Deleted Transaction	Invoice	07/08/2015 11:28:28			\$ 0.00
317188	Added Transaction	Invoice	08/27/2015 9:11:19	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
317188	Deleted Transaction	Invoice	08/27/2015 9:11:31			\$ 0.00
317438	Added Transaction	Invoice	09/24/2015 8:23:13	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
317438	Deleted Transaction	Invoice	09/24/2015 8:23:21			\$ 0.00
318726	Added Transaction	Invoice	02/23/2016 10:36:51	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
318726	Deleted Transaction	Invoice	02/23/2016 10:36:57			\$ 0.00
319651	Added Transaction	Invoice	05/26/2016 11:44:48	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
319651	Deleted Transaction	Invoice	05/26/2016 11:44:58			\$ 0.00
319752	Added Transaction	Invoice	06/23/2016 8:40:30	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
319752	Deleted Transaction	Invoice	06/23/2016 8:40:38			\$ 0.00
320185	Added Transaction	Invoice	07/27/2016 9:03:29	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
320185	Deleted Transaction	Invoice	07/27/2016 9:03:37			\$ 0.00
320293	Added Transaction	Invoice	08/24/2016 9:48:35	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
320293	Deleted Transaction	Invoice	08/24/2016 9:48:43			\$ 0.00
320815	Added Transaction	Invoice	10/25/2016 8:35:50	LASHLEY, NANCY	Accounts Receivable	\$ 15.00

# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. Alleged Fraud and Theft of Village Funds (Continued)

Num	Action	Type	Entered/Last Modified	Name	Account	Amount
320815	Deleted Transaction	Invoice	10/25/2016 8:40:13			\$ 0.00
320985	Added Transaction	Invoice	11/21/2016 8:27:51	LASHLEY, NANCY	Accounts Receivable	\$ 20.00
320985	Deleted Transaction	Invoice	11/21/2016 8:30:21			\$ 0.00
321235	Added Transaction	Invoice	11/28/2016 8:14:37	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
321235	Deleted Transaction	Invoice	11/28/2016 8:14:43			\$ 0.00
321503	Added Transaction	Invoice	12/28/2016 11:49:41	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
321503	Deleted Transaction	Invoice	12/28/2016 11:49:46			\$ 0.00
321603	Added Transaction	Invoice	01/25/2017 8:48:57	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
321603	Deleted Transaction	Invoice	01/25/2017 8:49:04			\$ 0.00
322311	Added Transaction	Invoice	03/28/2017 10:13:47	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
322311	Deleted Transaction	Invoice	03/28/2017 10:13:56			\$ 0.00
322596	Added Transaction	Invoice	05/02/2017 8:48:05	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
322596	Deleted Transaction	Invoice	05/02/2017 8:48:50			\$ 0.00
322701	Added Transaction	Invoice	05/22/2017 8:49:33	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
322701	Deleted Transaction	Invoice	06/20/2017 8:15:49			\$ 0.00
322976	Added Transaction	Invoice	06/22/2017 8:34:15	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
322976	Deleted Transaction	Invoice	06/22/2017 8:34:21			\$ 0.00
323155	Added Transaction	Invoice	07/17/2017 10:57:04	LASHLEY, NANCY	Accounts Receivable	\$ 20.00
323155	Deleted Transaction	Invoice	07/24/2017 10:11:54			\$ 0.00
323416	Added Transaction	Invoice	07/27/2017 10:38:32	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
323416	Deleted Transaction	Invoice	07/27/2017 10:38:36			\$ 0.00
323687	Added Transaction	Invoice	08/28/2017 15:15:38	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
323687	Deleted Transaction	Invoice	08/28/2017 15:15:44			\$ 0.00
324760	Added Transaction	Invoice	12/28/2017 9:13:36	LASHLEY, NANCY	Accounts Receivable	\$ 13.00
324760	Deleted Transaction	Invoice	12/28/2017 9:14:03			\$ 0.00
325291	Added Transaction	Invoice	03/05/2018 8:47:34	LASHLEY, NANCY	Accounts Receivable	\$ 29.00
325291	Deleted Transaction	Invoice	03/22/2018 9:37:26			\$ 0.00
325557	Changed Transaction	Invoice	04/30/2018 15:03:47	LASHLEY, NANCY	Accounts Receivable	\$ 15.00
325557	Deleted Transaction	Invoice	05/16/2018 9:10:24			\$ 0.00
1313	Added Transaction	Payment	04/30/2018 15:02:39	LASHLEY, NANCY	Undeposited Funds	\$ 20.00
1313	Deleted Transaction	Authorization	04/30/2018 15:03:25			\$ 0.00
325827	Added Transaction	Invoice	04/30/2018 15:02:59	LASHLEY, NANCY	Accounts Receivable	\$ 18.00
325827	Deleted Transaction	Invoice	04/30/2018 15:03:18			\$ 0.00
<b>Total</b>						<b>\$ 705.00</b>

The following is a screenshot of the QuickBooks transaction history for Ms. Lashley, which shows no customer activity between July 2013 and May 2018. This customer summary appears to provide additional support for the Nebraska State Patrol's explanation of how Ms. Allen deleted customer invoices for active utility customers.

# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. Alleged Fraud and Theft of Village Funds (Continued)

Customer Information

Company Name

Full Name

Customer Type

Terms

Bill To

Main Phone

TRASH

14

NANCY LASHLEY

STAPLETON, NE 691

NOTE

No note av

REPORTS

QuickRepo

Open Balan

Show Estim

Customer t

Transactions

Contacts

To Do's

Notes

Sent Email

SHOW

Balance ...

FILTER BY

All

DATE

All

TYPE	NUM	DATE	DUE DATE	AMOUNT	OPEN BALANCE
Invoice	326850	09/01/2018	09/20/2018	18.00	0.00
Payment	7047	08/14/2018		-18.00	0.00
Invoice	326469	08/01/2018	08/20/2018	18.00	0.00
Payment	2017	07/23/2018		-16.00	0.00
Invoice	326358	07/01/2018	07/20/2018	18.00	0.00
Payment	7027	06/18/2018		-20.00	0.00
Invoice	326090	06/01/2018	06/20/2018	18.00	0.00
Payment	305030	06/03/2013		-15.00	0.00
Payment	305039	06/03/2013		-15.00	0.00
Invoice	310178	06/01/2013	06/20/2013	15.00	0.00
Invoice	309907	05/01/2013	05/20/2013	15.00	0.00

During our visit to the Village, the APA found only one receipt book dating back to March 2018. In that receipt book were cash receipts from Ms. Lashley, signed by Ms. Allen. As noted in the customer summary above, these payments were not applied to Ms. Lashley's QuickBooks customer account. The following is a copy of the March 14, 2018, cash receipt:

RECEIPT	date	3/14/18	No.	277003
	received from	Nancy Lashley		
	amount	Trash Service		
	for payment of			
	<input checked="" type="radio"/> cash <input type="radio"/> money order <input type="radio"/> credit card <input type="radio"/> check #			
	amount due		from	to
	amount paid		signature	
	balance			



# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. Alleged Fraud and Theft of Village Funds (Continued)

The following is a copy of the April 30, 2018 cash receipt:

RECEIPT

date 4/30/18 No. 277015

received from Nancy Lashley 20.00

amount Trash Service

for payment of ☒ cash ☐ money order ☐ credit card ☐ check # \_\_\_\_\_

amount due \_\_\_\_\_

amount paid \_\_\_\_\_

balance \_\_\_\_\_

from \_\_\_\_\_ to \_\_\_\_\_

signature [Signature]

SC1152WS

### Utility Customer #3 Jessie Fowler

The table below summarizes the eight invoices for utility customer Jessie Fowler that were deleted from QuickBooks from June 2016 through December 2017:

Num	Action	Type	Entered/Last Modified	Name	Account	Amount
319875	Added Transaction	Invoice	06/28/2016 8:39:55	FOWLER, JESSIE	Accounts Receivable	\$ 48.76
319875	Deleted Transaction	Invoice	07/12/2016 11:28:02			\$ 0.00
322379	Added Transaction	Invoice	04/26/2017 9:39:04	FOWLER, JESSIE	Accounts Receivable	\$ 48.76
322379	Deleted Transaction	Invoice	04/26/2017 10:57:43			\$ 0.00
323483	Changed Transaction	Invoice	09/28/2017 8:38:55	FOWLER, JESSIE	Accounts Receivable	\$ 53.76
323483	Deleted Transaction	Invoice	10/26/2017 8:54:18			\$ 0.00
323820	Changed Transaction	Invoice	10/16/2017 16:22:46	FOWLER, JESSIE	Accounts Receivable	\$ 62.73
323820	Deleted Transaction	Invoice	10/26/2017 8:54:11			\$ 0.00
324015	Added Transaction	Invoice	10/26/2017 8:46:43	FOWLER, JESSIE	Accounts Receivable	\$ 48.76
324015	Deleted Transaction	Invoice	10/26/2017 8:54:06			\$ 0.00
324378	Added Transaction	Invoice	11/27/2017 11:22:38	FOWLER, JESSIE	Accounts Receivable	\$ 48.76
324378	Deleted Transaction	Invoice	12/19/2017 8:30:12			\$ 0.00
324629	Changed Transaction	Invoice	12/19/2017 8:29:52	FOWLER, JESSIE	Accounts Receivable	\$ 42.35
324629	Deleted Transaction	Invoice	12/21/2017 10:49:37			\$ 0.00
9762	Added Transaction	Payment	12/18/2017 11:45:45	FOWLER, JESSIE	Undeposited Funds	\$ 50.00
9762	Deleted Transaction	Authorization	12/19/2017 8:30:07			\$ 0.00
<b>Total</b>						<b>\$ 403.88</b>

The following is a screenshot of the QuickBooks transaction history for Ms. Fowler, which shows no customer activity between September 2017 and January 2018. The APA confirmed that Ms. Fowler was receiving Village utility services during the time that no transactions were recorded in her QuickBooks account. This customer summary appears to provide further support for the Nebraska State Patrol's explanation of how Ms. Allen deleted customer invoices for active utility customers.

# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. Alleged Fraud and Theft of Village Funds (Continued)

Customer Information						
Company Name		Main Phone		NOTE		
Full Name		JESSIE FOWLER		403 H ST		
Customer Type		UTILITY		REPORTS		
Bill To		JESSIE FOWLER		QuickRep		
		STAPLETON, NE 691		Open Bal		
Map   Directions						
Transactions						
SHOW	Balance ...	FILTER BY	All	DATE	All	
TYPE	NUM	DATE	DUE DATE	AMOUNT	OPEN BALANCE	
Invoice	325343	04/01/2018	04/15/2018	60.98	0.00	
Payment	7005	03/20/2018		-60.00	0.00	
Invoice	325175	03/01/2018	03/15/2018	51.76	0.00	
Invoice	324916	02/01/2018	02/15/2018	51.76	0.00	
Payment	5921	02/01/2018		-50.00	0.00	
Payment	51238673987	08/21/2017		-42.00	0.00	
Invoice	323206	08/01/2017	08/15/2017	48.76	0.00	
Payment	51238673842	07/31/2017		-60.00	0.00	
Invoice	323027	07/01/2017	07/15/2017	53.51	0.00	

The Village had no cash receipt books on file during the time of the deleted transactions for Ms. Fowler.

These three utility customer examples above appear to support the Nebraska State Patrol's assertion that Ms. Allen was deleting customer information in QuickBooks and not depositing the cash received.

As pointed out already, there were hundreds of other deleted transactions in the full QuickBooks Voided/Deleted Transactions Summary report that also lend support to that same conclusion.

### Comparison of Cash Receipts to Cash Bank Deposits

There are suspicions that receipt books existed during the time Ms. Allen was the Clerk/Treasurer for the Village; however, the only receipt book found for past cash transactions started on March 12, 2018. Because there were no cash receipts prior to March 12, 2018, the APA compared the receipts noted in the receipt book to the cash deposited into the Village's bank account for the month of April 2018.

That comparison revealed missing cash deposits of \$440.74, as summarized in the table below:

Receipt Number	Receipt Date	Deposit Ticket Date	Customer	Cash Receipt Amount	Cash Deposit Amount
277006	4/2/2018		Travis Bryant	\$ 55.00	
277007	4/2/2018		Russ Lockwood	\$ 65.00	
277008	4/3/2018		Bryant Auto	\$ 24.00	
		4/3/2018			\$ 55.00
277009	4/4/2018		Gary Nelson	\$ 250.00	
277010	4/9/2018		Carolyn Lockwood	\$ 51.76	
		4/12/2018			\$ 6.91
277011	4/16/2018		Kenner	\$ 18.00	

# VILLAGE OF STAPLETON

## COMMENTS AND RECOMMENDATIONS (Continued)

### 1. **Alleged Fraud and Theft of Village Funds** (Continued)

Receipt Number	Receipt Date	Deposit Ticket Date	Customer	Cash Receipt Amount	Cash Deposit Amount
277012	4/18/2018		Auggie Doggie	\$ 53.00	
		4/19/2018			\$ 18.00
		4/24/2018			\$ 60.75
277013	4/26/2018		Breanna Tucker	\$ 45.00	
		4/26/2018			\$ 45.00
277014	4/30/2018		Missy Patrick	\$ 56.00	
277015	4/30/2018		Nancy Lashley	\$ 20.00	
		4/30/2018			\$ 11.36
<b>Totals</b>				<b>\$ 637.76</b>	<b>\$ 197.02</b>
<b>Net Amount Not Deposited in April 2018</b>					<b>\$ 440.74</b>

It is possible that Ms. Allen did not write a receipt for every customer paying cash during April 2018; therefore, this amount could be larger. Several of the above customers who paid cash had corresponding deleted invoices from QuickBooks, as summarized in the following table:

Num	Action	Type	Entered/Last Modified	Name	Account	Amount
325457	Added Transaction	Invoice	03/22/2018 8:26:24	LOCKWOOD, RUSSELL	Accounts Receivable	\$ 108.28
325457	Deleted Transaction	Invoice	03/22/2018 8:26:45			\$ 0.00
325449	Added Transaction	Invoice	03/21/2018 9:42:06	BRYANT AUTO	Accounts Receivable	\$ 24.00
325449	Deleted Transaction	Invoice	04/03/2018 10:34:39			\$ 0.00
325456	Added Transaction	Invoice	03/22/2018 8:22:58	LOCKWOOD, LYLE	Accounts Receivable	\$ 51.76
325456	Deleted Transaction	Invoice	04/23/2018 11:52:00			\$ 0.00
325458	Changed Transaction	Invoice	03/26/2018 9:16:33	PATRICK, MELISSA	Accounts Receivable	\$ 55.45
325458	Deleted Transaction	Invoice	04/03/2018 8:30:03			\$ 0.00
325827	Added Transaction	Invoice	04/30/2018 15:02:59	LASHLEY, NANCY	Accounts Receivable	\$ 18.00
325827	Deleted Transaction	Invoice	04/30/2018 15:03:18			\$ 0.00

### **Sales Tax**

Included in the cash allegedly taken from the customer utility accounts was sales tax money, as the Village collects 5.5% for sales tax on water and sewer billings and remits those funds to the Nebraska Department of Revenue. Since the payment amounts were never recorded in QuickBooks, the sales tax would not have been remitted to the Nebraska Department of Revenue. The APA will be referring this to the Nebraska Department of Revenue.

### **Settlement Agreement**

The APA questions the general terms of the Village's Settlement Agreement with Ms. Allen, as included on **Attachment A**. Based on the payment terms of \$200 per month, the \$15,000 will not be paid off until April 2025. There are no provisions for interest on the \$15,000, nor are there any penalties for non-payment. In addition, the Village has received no pledged assets or collateral from Ms. Allen in the case of her failure to make such payments.

In essence, the terms of the Settlement Agreement are not much different from those of a non-collateralized loan with exceptionally generous repayment provisions.

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS (Continued)

#### 1. **Alleged Fraud and Theft of Village Funds** (Continued)

According to the current Village staff and Ms. Kramer, moreover, no claim has been filed with the insurance company against Ms. Allen's performance bond.

Neb. Rev. Stat. § 28-512 (Reissue 2016) provides, in relevant part, the following:

*A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:*

*(1) Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person's intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise; or*

*(2) Prevents another from acquiring information which would affect his judgment of a transaction; or*

*(3) Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship; or*

*(4) Uses a credit card, charge plate, or any other instrument which purports to evidence an undertaking to pay for property or services delivered or rendered to or upon the order of a designated person or bearer (a) where such instrument has been stolen, forged, revoked, or canceled, or where for any other reason its use by the actor is unauthorized, or (b) where the actor does not have the intention and ability to meet all obligations to the issuer arising out of his use of the instrument.*

*The word deceive does not include falsity as to matters having no pecuniary significance, or statements unlikely to deceive ordinary persons in the group addressed.*

Neb. Rev. Stat. § 28-911 (Reissue 2016) prohibits "abuse of public records," as follows:

*(1) A person commits abuse of public records, if:*

*(a) He knowingly makes a false entry in or falsely alters any public record; or*

*(b) Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or*

*(c) Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or*

*(d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.*

*(2) As used in this section, the term public record includes all official books, papers, or records created, received, or used by or in any governmental office or agency.*

*(3) Abuse of public records is a Class II misdemeanor.*

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.*

VILLAGE OF STAPLETON

**COMMENTS AND RECOMMENDATIONS**  
(Continued)

**1. Alleged Fraud and Theft of Village Funds (Continued)**

Neb. Rev. Stat. § 49-14,101.01 (Reissue 2010), which is found in the Nebraska Political Accountability and Disclosure Act, states, in relevant part, the following:

*(1) A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public 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.*

*(2) A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.*

\* \* \* \*

*(7) Except as provided in section 23-3113, any person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.*

Furthermore, Record Retention Schedule 28 (City/Village Treasurers) (December 11, 2009), promulgated by the Nebraska Records Management Division pursuant to the Records Management Act, as set out at Neb. Rev. Stat. §§ 84-1201 to 84-1227 (Reissue 2014, Cum. Supp. 2018), requires certain public records to be maintained for a specified period of time. Specifically, 28-4-2, which applies to “Bills for City Services,” provides the following:

*May include such services as: airport hanger rents; alarm paging and answering service; Ambulance; breath tests; damage to city property; land fill; rentals of city owned property; weed mowing; and others not specifically listed here[.]*

***Dispose of 3 year [sic] after payment, provided audit has been completed.***

Similarly, 28-4-5, which applies to “Utility Accounts Receivable Records,” states the following:

*For electricity, gas, sewer and water.*

***Dispose of after 5 years, provided audit has been completed.***

Likewise, 28-4-6, which applies to “Utility Bills,” says the following:

*Bills for electricity, gas, sewer, water services, etc.*

***Dispose of 3 years after payment, provided audit has been completed.***

Neb. Rev. Stat. § 84-1213 (Reissue 2014) provides a criminal penalty for failure to comply with the provisions of the Records Management Act, as follows:

*(1) All records made or received by or under the authority of or coming into the custody, control, or possession of state or local agencies in the course of their public duties are the property of the state or local agency concerned and shall not be mutilated, destroyed, transferred, removed, damaged, or otherwise disposed of, in whole or in part, except as provided by law.*

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 1. **Alleged Fraud and Theft of Village Funds** (Concluded)

*(2) Any person who willfully mutilates, destroys, transfers, removes, damages, or otherwise disposes of such records or any part of such records, except as provided by law, and any person who retains and continues to hold the possession of any such records, or parts thereof, belonging to the state or local agency and refuses to deliver up such records, or parts thereof, to the proper official under whose authority such records belong upon demand being made by such officer or, in cases of a defunct office, to the succeeding agency or to the State Archives of the Nebraska State Historical Society, shall be guilty of a Class III misdemeanor.*

Neb. Rev. Stat. § 84-1213.01 (Reissue 2014) adds the following:

*The State Records Administrator, or any official under whose authority such records belong, shall report to the proper county attorney any supposed violation of section 84-1213 that in its judgment warrants prosecution. It shall be the duty of the several county attorneys to investigate supposed violations of such section and to prosecute violations of such section.*

We recommend the Village implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities. We recommend also the Village consult and work with the proper authorities regarding Ms. Allen's questionable handling of public funds and confession relating thereto. The Village should implement procedures to recover or otherwise account for any missing funds and file a claim with the insurance carrier for Ms. Allen's bond.

We are referring the information contained herein to the Nebraska State Patrol, the Nebraska Attorney General, the Nebraska Accountability and Disclosure Commission, and the Logan County Attorney. The APA will also be forwarding the details of this matter to the Nebraska Department of Revenue and the Internal Revenue Service.

*Village Response: We agree that fraud has occurred which violates many state statutes. As soon as the fraud was discovered action was taken to determine the extent of the loss and to seek advice from an attorney.*

*We have already implemented many new procedures that will help circumvent any future issues.*

#### 2. **Control Environment**

Due to the limited number of Village staff, an adequate segregation of duties was not possible. Amy Allen, as the Village Clerk/Treasurer, performed all financial activities and had the ability to process transactions from beginning to end. The Village also lacked several key internal controls during the audit period, as follows:

- Receipts were not issued for all cash received by the Village during the period. The APA observed a receipt book with transactions starting in March 2018. It is unclear if Ms. Allen disposed of any receipt books prior to that time.

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 2. **Control Environment** (Continued)

- During a surprise cash count on April 24, 2019, the APA noted seven checks, totaling \$580, that were not restrictively endorsed. The majority of these checks were being held as a deposit fee for rental of the community center, as the customer is returned the deposit check if there are no issues. The APA also noted that one of these checks, totaling \$75, was not deposited timely. The \$75 rental fee check was dated March 14, 2019; however, as of April 24, 2019, the check had not been deposited.
- The Village Clerk and the Chairperson of the Village Board have not been signing checks, as required by statute.
- The Village was unable to provide its fixed asset policy and lacked knowledge regarding any of the fixed asset procedures, including an annual inventory. The Village did maintain a listing of assets for insurance purposes.

The Village should ensure that receipts are provided for all monies received. Neb. Rev. Stat. § 17-606(1) (Cum. Supp. 2018) sets out the duties of the Village Treasurer – which, in this case, are handled by the Clerk. That statute provides, in relevant part, the following:

*The treasurer of each city of the second class or village shall be the custodian of all money belonging to the city or village. He or she shall keep a separate account of each fund or appropriation and the debts and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt for such money, specifying the date of payment and on what account paid. He or she shall also file copies of such receipts with his or her monthly reports, and he or she shall, at the end of every month, and as often as may be required, render an account to the city council or village board of trustees, under oath, showing the state of the treasury at the date of such account and the balance of money in the treasury. He or she shall also accompany such accounts with a statement of all receipts and disbursements, together with all warrants redeemed and paid by him or her, which warrants, with any and all vouchers held by him or her, shall be filed with his or her account in the clerk's office. . . .*

(Emphasis added.) Furthermore, the Village Clerk is required by statute to sign checks. Neb. Rev. Stat. § 17-711 (Cum. Supp. 2018) 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.*

(Emphasis added.) A control environment conducive to fair and complete financial reporting requires procedures to ensure an adequate segregation of duties, so no one individual can process a transaction from beginning to end. Those same procedures should ensure also that other accounting and record-keeping concerns addressed in this comment are resolved appropriately.

Without such procedures, there is an increased risk for improper transactions to occur and remain undetected, potentially resulting in the loss and/or misuse of Village funds.

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 2. **Control Environment** (Concluded)

We recommend the Village Board be aware of and address the concerns raised in this comment. As always, the cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed. In the continued absence of a proper segregation of duties, we recommend the Village implement enhanced procedures to ensure an adequate review and monitoring of its accounting procedures and functions. This would include the Village Board ensuring the following:

- Receipts are written for all payments received by the Village, as required by State law.
- Checks received by the Village are endorsed “for deposit only” and deposited timely.
- Both the Chairperson of the Village Board and the Clerk sign all Village checks, as required by State law.
- A fixed asset policy is established for the Village that would include a dollar threshold for items to be added to the listing. Also, the Village should conduct an annual inventory of assets.
- A Village Board member, or a separately designated individual, should review the Village’s monthly bank statements, obtained directly from the bank, for any discrepancies with approved claims. (This may be done via electronic access to bank statements online.)

*Village Response: The current Village clerk issues cash receipts for all cash received by the Village. All checks received will be immediately endorsed whether it is for a deposit to be returned to the customer or for other services. We will change our check signing policy to comply with state statute or otherwise adopt a resolution. The Village will adopt a formal fixed asset policy instead of only preparing an asset list for insurance purposes.*

#### 3. **Village Employee Utilities**

According to Village QuickBook records, Ms. Allen did not pay any Village utility fees during the 10-plus years that she was the Village Clerk/Treasurer. No utility invoices or payments were recorded for her in QuickBooks from February 2008 through August 2018.

The Village appears to have an unwritten rule that allows its employees not to pay for utilities after being employed with the Village for six months. However, the Village did not include this benefit in Ms. Allen’s taxable income.

The exact amount of the benefit received by Ms. Allen is unclear, as she did not track her utility usage. In the seven months since she resigned from her job with the Village, however, Ms. Allen’s utility bills have averaged approximately \$54 per month. Therefore, the APA estimates a taxable benefit of \$6,858 for the 127 months of her non-payment.



## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 3. **Village Employee Utilities** (Concluded)

The APA also noted that neither the current Village Clerk/Treasurer nor the Maintenance Supervisor were paying utilities as a fringe benefit of working for the Village. These amounts were also not included as a taxable benefit.

The Internal Revenue Service's (IRS) Publication 15-B, "Employer's Tax Guide to Fringe Benefits," for 2018, states the following:

*Any fringe benefit you provide is taxable and must be included in the recipient's pay unless the law specifically excludes it.*

Good internal controls requires procedures to ensure that fringe benefits provided to Village employees are included in their taxable wages. Those same procedures should ensure that all provisions for employee compensation, including those allowing for certain fringe benefits, are specified in written policies formally approved by the Village Board.

Without such procedures, there is an increased risk for not only inaccurate Village tax filings with the IRS but also the loss or misuse of Village funds.

We recommend the Village implement procedures to ensure that fringe benefits provided to Village employees are included in their taxable wages. Additionally, such procedures should ensure that all provisions for employee compensation, including those allowing for certain fringe benefits, are specified in written policies formally approved by the Village Board.

Because this comment addresses an apparent failure by the Village to report accurately all taxable benefits received by its employees, the APA will be forwarding the information herein to both the Nebraska Department of Revenue and the IRS.

*Village Response: We will change our fringe benefits to ensure that all taxable benefits are properly taxed.*

#### 4. **Customer Utility Account Testing**

During testing of the utility billings for four other Village customers, the APA noted the following additional concerns:

- For all four customers tested, the amounts billed for water, sewer, and sanitation services were not in accordance with those found in an ordinance effective for the billing period; otherwise, no ordinance supporting the amounts charged could be located.
- For water services billed, the Village was able to provide only an ordinance supporting the water rates effective beginning in May 2018.
- To support billings for sewer services, the Village provided an ordinance approved in 1998; however, the rates charged during fiscal year 2018 did not agree to those contained in that ordinance.

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 4. Customer Utility Account Testing (Continued)

- For garbage services billed, the Village was able to provide only an ordinance supporting the trash rates effective beginning in January 2019.
- The Village lacked procedures for ensuring that all customers with water service are appropriately billed for their usage. During testing, the APA found that one customer was billed only for the base water charge and not any water usage. Upon further review and inquiry, the APA discovered that the customer's meter was broken. The APA reviewed the meter readings for this customer and noted that the meter was broken in December 2011; however, no repair or other action had been carried out by the Village as of April 2019.

The APA also reviewed the March 2019 meter readings and noted that 35 customers did not have a reading, which consisted of the following reasons noted on the meter reading: 7 "broken," 9 "minimum," 7 "regular," 2 "did not provide reading," and 10 "PIT last read." Per the Village Maintenance Supervisor, meters in certain underground pits are not read during the winter months, explaining the 10 customers with "PIT last read" noted.

- The APA noted the Village's procedures were to read water meters and bill for water usage on a quarterly basis during the fiscal year. The APA was provided Ordinance No. 193 (June 6, 1983), Section 13 of which states the following:

*Water meters shall be read prior to the first day of January, April, July, and October of each year. Water bill for water of consumers shall be due and payable quarterly on the first day of January, April, July, and October . . . .*

However, Ordinance No. 211-18 (May 16, 2018) and Ordinance No. 211-C-18 (January 9, 2019), which added late fee language to No. 211-18, both state the following:

*Every consumer furnished with water through a meter shall be charged and pay a minimum of **Twenty (\$20) dollars** per month for the water used or consumed plus **Fifty Cents (\$0.50) per Thousand (1,000) Gallons** per month for any volume of water used or passing through said meter.*

As a result, the Village's procedures do not match the language provided in the Village's current ordinances.

- The Village maintains a garbage dumpster for Village and County residents to utilize; however, the Village lacked procedures to ensure all individuals using the Village dumpster are billed.

Neb. Rev. Stat. § 17-538 (Cum. Supp. 2018) requires Village's rates charged for water utilities to be set by ordinance:

*Cities of the second class and villages shall have the right and power to tax, assess, and collect from the inhabitants of such cities and villages such tax, rent, or rates for the use and benefit of water used or supplied to them by such waterworks, mains, portion, or extension of any system of waterworks or water supply as the city council or village board of trustees shall deem just or expedient. All such water rates, taxes, or rent shall be a lien upon the premises, or real estate, upon or for which such water is used or supplied; and such taxes, rents, or rates shall be paid and collected and such lien enforced in such manner as the city council or village board of trustees shall provide by ordinance.*

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 4. **Customer Utility Account Testing** (Concluded)

Neb. Rev. Stat. § 17-925.01 (Cum. Supp. 2018) authorizes the Village Board to set its sewer rates by ordinance. That statute contains the following:

*[T]he village board of trustees may establish by ordinance such rates for such sewer service as may be deemed to be fair and reasonable, to be collected from either the owner or the person, firm, or corporation requesting the services at such times, either monthly, quarterly, or otherwise, as may be specified in the ordinance.*

Good internal control and sound business practices require procedures to ensure that billings for Village utility and dumpster services are in accordance with the provisions of current policies adopted by the Village Board.

Without such procedures, there is an increased risk for not only improper utility billings but also loss or misuse of Village funds.

We recommend the Village implement procedures to ensure that billings for Village utility and dumpster services are in accordance with the provisions of current policies adopted by the Village Board.

*Village Response: We will change our ordinances to ensure that the wording is consistent and ensure that all ordinances are filed with the court house. We will also continue to discuss options for monitoring trash bin and water usage.*

#### 5. **Payroll Issues**

The APA identified a number of significant internal control issues involving the processing of payroll by the Village, as follows:

- The Village did not maintain personnel files for employees.
- The Village failed to maintain properly an IRS Form W-4 for each of its employees. Form W-4 is completed by an employee to document the amount of income tax that is to be withheld from his or her pay.
- The Village failed to maintain the federally required “Employment Eligibility Verification” (I-9) form for its employees. Form I-9 is completed by employees in order to verify the identity and employment authorization of individuals hired for employment in the United States.
- The Maintenance Supervisor receives a \$250 monthly mileage stipend that is not included in his taxable income. He also receives what is designated as a \$225 monthly “IRA” contribution; however, this is a direct monthly payment included in his taxable wages and, because it is paid directly to him as a separate check, is not truly an IRA.
- The current Clerk/Treasurer is not being paid in accordance with Resolution #2-2018, which was approved and adopted on December 12, 2018. According to that Resolution, the Clerk/Treasurer is to be paid \$14,305.20 or \$596.05 semi-monthly. However, the current Clerk is being paid only \$400.00 semi-monthly.

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS

(Continued)

#### 5. **Payroll Issues** (Continued)

- A Village check was made payable to Ms. Allen's son for 38 hours of work at \$9.50 per hour. There was no documentation supporting the hours worked other than a print out of the pay stub from QuickBooks. According to current Village staff, Ms. Allen's son was hired to help the Village with mowing. The APA questions the employment of Ms. Allen's son for the following reasons: 1) there appears to have been no disclosure on the record to the Village Board of the hiring or approval of such employment by that body; and 2) there is no documentation of Ms. Allen having solicited and reviewed applications from other potential candidates for the mowing job.

The IRS's Publication 15-B, "Employer's Tax Guide to Fringe Benefits," for 2018, states the following:

*Any fringe benefit you provide is taxable and must be included in the recipient's pay unless the law specifically excludes it.*

Neb. Rev. Stat. § 49-1499.04 (Reissue 2010) of the Nebraska Political Accountability and Disclosure Act requires the following in order for an employee of a political subdivision to hire one of his or her own family members:

*(1) An official or employee of a political subdivision may employ or recommend or supervise the employment of an immediate family member if (a) he or she does not abuse his or her official position as described in section 49-1499.05, (b) he or she makes a full disclosure on the record to the governing body of the political subdivision and a written disclosure to the person in charge of keeping records for the governing body, and (c) the governing body of the political subdivision approves the employment or supervisory position.*

*(2) No official or employee shall employ an immediate family member (a) without first having made a reasonable solicitation and consideration of applications for such employment, (b) who is not qualified for and able to perform the duties of the position, (c) for any unreasonably high salary, or (d) who is not required to perform the duties of the position.*

Good internal control requires procedures to ensure the following: 1) personnel files, including the proper IRS W-4 and Federal I-9 forms, are maintained for all Village employees; 2) the \$250 monthly mileage stipend and \$225 monthly "IRA" contribution to the Maintenance Supervisor are handled in accordance with applicable tax regulations; 3) the current Clerk/Treasurer's salary is paid in accordance with Resolution #2-2018; and 4) the requirements of the Nebraska Political Accountability and Disclosure Act are followed when a Village official or employee hires his or her own family member.

Without such procedures, there is an increased risk for noncompliance with Village policies, State statutes, or Federal laws.

We recommend the Village implement procedures to ensure that personnel files, including the proper IRS W-4 and Federal I-9 forms, are maintained for all Village employees. Such procedures should ensure also that the \$250 monthly mileage stipend and \$225 monthly "IRA" contribution to the Maintenance Supervisor are handled in accordance with applicable tax regulations. Additionally, the procedures should ensure that the current Clerk/Treasurer's salary is paid in accordance with Resolution #2-2018. Finally, those procedures should ensure compliance with the requirements of the Nebraska Political Accountability and Disclosure Act when a Village official or employee hires his or her own family member.

VILLAGE OF STAPLETON

**COMMENTS AND RECOMMENDATIONS**  
(Continued)

**5. Payroll Issues** (Concluded)

*Village Response: We will be more diligent in ensuring that all personnel files are up to date and we will change our fringe benefits to ensure that all taxable benefits are properly taxed and that all job openings are properly solicited prior to hiring a related party. Full disclosure will be made when a related party is hired.*

*We will amend resolution #2-2018 to include the proper pay amount for the Clerk.*

**6. Disbursement Issues**

The APA noted a number of issues related to the approval of claims by the Village Board, including claims that were not approved at all or were paid prior to approval.

The Village Board's meeting minutes do not show the following claims to have been approved:

Date	Payment Type	Vendor	Amount
8/7/2018	CHECK	RESOURCE MANAGEMENT	\$ 14,204.80
4/2/2018	DEBIT	ROADWAY INN & SUITES	\$ 161.16
10/2/2017	DEBIT	KIMBER'S	\$ 143.56
Total			\$ 14,509.52

The Village Board approved these claims after the purchase date:

Payment Date	Approval Date	Payment Type	Vendor	Amount
6/14/2018	7/11/2018	CHECK	TRI-STATE PAVING	\$ 15,000.00
8/3/2018	9/12/2018	DEBIT	AAA STATE OF PLAY	\$ 570.00
8/1/2018	9/12/2018	DEBIT	AMAZON.COM	\$ 119.97
12/7/2017	1/10/2018	DEBIT	TRACTOR SUPPLY	\$ 534.99
Total				\$ 16,224.96

The APA also noted that these two debit card transactions lacked documentation to support the purchases:

Date	Payment Type	Vendor	Amount
12/7/2017	DEBIT	TRACTOR SUPPLY	\$ 534.99
4/2/2018	DEBIT	ROADWAY INN & SUITES	\$ 161.16
Total			\$ 696.15

Neb. Rev. Stat. § 17-714(1) (Cum. Supp. 2018) sets out the following claim requirements for a Village:

*All liquidated and unliquidated claims and accounts payable against a city of the second class or village shall: (a) be presented in writing; (b) state the name and address of the claimant and the amount of the claim; and (c) fully and accurately identify the items or services for which payment is claimed or the time, place, nature, and circumstances giving rise to the claim.*

Additionally, Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2018) requires the following:

*Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.*

## VILLAGE OF STAPLETON

### COMMENTS AND RECOMMENDATIONS (Concluded)

#### 6. **Disbursement Issues** (Concluded)

Good internal control requires procedures to ensure that claims are approved by the Village Board prior to payment, and such approval is recorded in the meeting minutes. Those same procedures should ensure also that adequate documentation is maintained for all Village expenditures.

Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Village implement procedures to ensure the Board approves claims prior to payment, and adequate documentation is maintained for all Village expenditures.

*Village Response: We will continue to ensure that all disbursements are approved prior to disbursement and that a motion is made to approve known upcoming purchases that will require payment prior to board meeting. We will also continue to have supporting documentation prior to any payment.*

#### 7. **Coding of Receipts**

During testing of receipts, the following coding errors were noted:

Source of Receipt	Type of Receipt	Amount in Error	APA Notes
County	Motor Vehicle Tax	\$ 7,676.24	Both of these receipts were being coded to the General Fund, as observed on the Village's audit waiver. However, these receipts should have been coded instead to the Street Fund.
County	Motor Vehicle Pro-Rate	\$ 89.21	
State of Nebraska	Nebraska Department of Environmental Quality Grant	\$ 15,682.34	Amount received was coded to Local Receipts: Other, as opposed to State Receipts, on the Village's audit waiver.

Neb. Rev. Stat. § 60-3,190(6)(c) (Cum. Supp. 2018) states the following:

*All receipts by counties and municipalities from the Motor Vehicle Fee Fund shall be used for road, bridge, and street purposes.*

Additionally, good internal control requires procedures, including a periodic review of the accounting records for receipts, to ensure that all amounts are coded to the appropriate Village funds.

Without such procedures, there is an increased risk for material misstatement of the financial statements and misuse of Village funds.

We recommend the Village implement procedures, including a periodic review of the accounting records for receipts, to ensure all amounts are accurately recorded and properly allocated to the various Village funds and functions.

*Village Response: We will separate out the motor vehicle tax and prorate motor vehicle tax from the other county tax receipts and deposit them into the Street Fund and double check all other coding for accuracy.*



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Charlie Janssen  
State Auditor

[Charlie.Janssen@nebraska.gov](mailto:Charlie.Janssen@nebraska.gov)

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### VILLAGE OF STAPLETON

### INDEPENDENT ACCOUNTANT'S REPORT

Village of Stapleton  
Stapleton, Nebraska

We have examined the accompanying Schedule of Bank Activity of the Village of Stapleton (Village) for the period October 1, 2017, through September 30, 2018. The Village's management is responsible for the Schedule of Bank Activity based on the accounting system and procedures set forth in Note 1. Our responsibility is to express an opinion on the Schedule of Bank Activity based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Bank Activity is based on the accounting system and procedures set forth in Note 1, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Bank Activity. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Bank Activity, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedule of Bank Activity for the period October 1, 2017, through September 30, 2018, is based on the accounting system and procedures prescribed by the Village, as set forth in Note 1, in all material respects.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies or material weaknesses in internal control; instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement. We are also required to obtain and report the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Bank Activity is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Bank Activity or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

This report is intended solely for the information and use of management, others within the Village, and the appropriate Federal and regulatory agencies, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read "C. J. Janssen", with a long horizontal flourish extending to the right.

May 15, 2019

Charlie Janssen  
Auditor of Public Accounts  
Lincoln, Nebraska



**VILLAGE OF STAPLETON**  
**SCHEDULE OF BANK ACTIVITY**  
For the Period October 1, 2017, through September 30, 2018

<b>Financial Institution</b>	<b>Account Owner per Bank</b>	<b>Account Type per Bank</b>	<b>Beginning Balance at 10/1/2017</b>	<b>Interest Earned</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Ending Balance at 9/30/2018</b>
Community First Bank	Village of Stapleton General Account	N.O.W. Account	\$ 140,694.95	\$ 135.60	\$ 363,310.41	\$ 358,235.17	\$ 145,905.79
Community First Bank	Village of Stapleton CD Account	Time Deposit Account	\$ 7,015.00	\$ 72.27	\$ 0.00	\$ 0.00	\$ 7,087.27
Community First Bank	Village of Stapleton Water Tank Savings	Savings Account	\$ 1,088.84	\$ 2.73	\$ 0.00	\$ 0.00	\$ 1,091.57
<b>Totals</b>			<b>\$ 148,798.79</b>	<b>\$ 210.60</b>	<b>\$ 363,310.41</b>	<b>\$ 358,235.17</b>	<b>\$ 154,084.63</b>
				<b>\$ 363,521.01</b>			

The accompanying notes are an integral part of the Schedule.

VILLAGE OF STAPLETON  
NOTES TO THE SCHEDULE

For the Period October 1, 2017, through September 30, 2018

**1. Criteria**

The financial information used to prepare the Schedule of Bank Activity (Schedule) for the Village of Stapleton (Village), Nebraska, was obtained from the Village bank statements received directly from the banks. Interest and deposits are shown as additions while deductions are shown as withdrawals on the Schedule.

**2. Reporting Entity**

The Village is a governmental entity established under and governed by the laws of the State of Nebraska (State) located in Logan County, Nebraska. The Village is managed by a Board of Trustees that exercises control over activities that are relevant to the operations of the Village. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, and primary responsibility for related fiscal matters.

As a political subdivision of the State, the Village is exempt from State and Federal income taxes. The Schedule includes all bank activity of the Village. The Schedule does not include those transactions that did not post to the bank that may have been dated within the period tested.

**3. Funding and Deposits**

The Village received funding from State and local government sources and must comply with the requirements of these funding sources. In addition to these funding sources, the Village also receives resident utility fees on a regular basis. Other occasional funding is received from rental of Village facilities. The Village has invested monies on deposit in certain Demand and Savings accounts. The interest earned on these funds is recorded in the bank activity of the Village. As of September 30, 2018, the Village had the following bank deposits.

Account Type per Bank	Amount
N.O.W. Account	\$ 145,905.79
Time Deposit Account	\$ 7,087.27
Savings Account	\$ 1,091.57
<b>Total</b>	<b>\$ 154,084.63</b>

All of the deposits were covered by the Federal Deposit Insurance Corporation (FDIC) insurance.

**4. Outstanding Village Loans**

The Village had the following outstanding loans at September 30, 2018:

Debt Type	Date of Issuance	Interest Rate	Final Maturity Date	Balance at 9/30/2018
DEQ Loan	12/15/2000	3.01%	6/15/2020	\$ 12,372.44
Truck Loan	6/13/2017	4.55%	6/10/2027	\$ 119,123.71

VILLAGE OF STAPLETON

**SUPPLEMENTARY INFORMATION**

Our examination was conducted for the purpose of forming an opinion on the Schedule of Bank Activity. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the Schedule of Bank Activity, and, accordingly, we express no opinion on it.

VILLAGE OF STAPLETON  
SETTLEMENT AGREEMENT WITH AMY ALLEN

Attachment A

SETTLEMENT AGREEMENT

THIS AGREEMENT made this 17<sup>th</sup> day of January 2019, between The Village of Stapleton, hereinafter referred to as "Stapleton", and Amy Allen, hereinafter referred to as "Allen".

RECITALS

WHEREAS, Stapleton is a Village located in the State of Nebraska;

WHEREAS, Allen was an employee of Stapleton in the capacity of Village Clerk;

WHEREAS, Village funds became missing during the term of employment of Allen as Village Clerk;

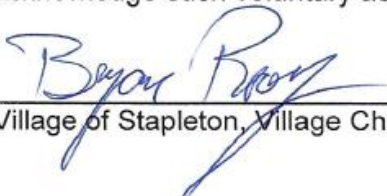
NOW THEREFORE, in consideration of the mutual covenants herein contained, and each of the parties intending to be legally bound hereby, it is agreed as follows:

1. The parties hereto acknowledge each and all of the foregoing recitations and adopt the same as material parts of this Agreement.

2. Allen does hereby agree to repay Stapleton the amount of \$15,000.00. Allen will make said payments to repay the \$15,000.00 in the amount of \$200.00 per month starting February 1, 2019. A like payment of \$200.00 will be on the first day of each month thereafter until the entire amount is paid in full. Allen shall have the option to prepay any amount above and beyond the regular scheduled monthly payments in order to pay the amount in full earlier than as scheduled.

3. Stapleton does hereby agree and affirm that they will seek no other funds or amount of money from Allen based upon her agreement to pay the \$15,000.00 in full.

4. Both parties are acting voluntarily in the Agreement above and do hereby acknowledge such voluntary action and agreement by the placing of their signature below.

  
Village of Stapleton, Village Chairperson

  
Amy Allen

VILLAGE OF STAPLETON  
SETTLEMENT AGREEMENT WITH AMY ALLEN

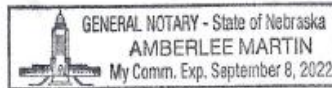
Attachment A

STATE OF NEBRASKA     )  
  : ss.  
COUNTY OF Logan     )

On this 07 day of ~~December~~ <sup>January, 2019</sup>, 2018, before me, a Notary Public in and for said County, personally came the above named Village of Stapleton, Village Chairman, who is personally known to me to be the identical person whose name is affixed to the above instrument and has acknowledged the execution thereof to be their voluntary act and deed.

WITNESS my hand and Notarial Seal the date last above written.

Amberlee Martin  
Notary Public

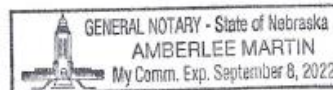


STATE OF NEBRASKA     )  
  : ss.  
COUNTY OF Logan     )

On this 07 day of ~~December~~ <sup>January, 2019</sup>, 2018, before me, a Notary Public in and for said County, personally came the above named Amy allen, who is personally known to me to be the identical person whose name is affixed to the above instrument and has acknowledged the execution thereof to be her voluntary act and deed.

WITNESS my hand and Notarial Seal the date last above written.

Amberlee Martin  
Notary Public



VILLAGE OF STAPLETON  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS PER AUDIT WAIVER

Attachment B

Village of Stapleton, Nebraska								EXHIBIT A
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS - FOR THE PERIOD 10/1/17 THROUGH 9/30/18								(Page 1 of 2)
The activity for each Village fund should be listed separately. See Note 5 On Memo.								
	GENERAL FUND	STREET FUND	WATER FUND	SEWER FUND	SOLID WASTE	Internal Service Fund	TOTAL (Includes Total From page 1a)	
1 Net Cash Balance	59,777.81	24,734.09	26,715.65	9,568.92	22,589.95	1,748.12	145,134.54	
2 Investments	7,015.00						7,015.00	
3 Subtotal of Beginning Balance (Line 1 + 2)	66,792.81	24,734.09	26,715.65	9,568.92	22,589.95	1,748.12	152,149.54	
4 Personal and Real Property Taxes	45,334.78						45,334.78	
5 Federal Receipts							-	
6 State Receipts: Motor Vehicle Pro-Rate	89.21						89.21	
7 State Receipts: MIRF							-	
8 State Receipts: Highway Allocation and Incentives		43,143.17					43,143.17	
9 State Receipts: Motor Vehicle Fee		3,409.19					3,409.19	
10 State Receipts: State Aid							-	
11 State Receipts: Municipal Equalization Aid	20,307.46						20,307.46	
12 State Receipts: Other	5,131.80						5,131.80	
13 State Receipts: Property Tax Credit	2,807.00						2,807.00	
14 Local Receipts: Nameplate Capacity Tax							-	
15 Local Receipts: Motor Vehicle Tax	7,678.70						7,678.70	
16 Local Receipts: Local Option Sales Tax							-	
17 Local Receipts: In Lieu of Tax							-	
18 Local Receipts: Other	19,619.88		53,068.03	30,942.68	128,202.35		231,832.94	
19 Transfers In of Surplus Fees (Total Should = Pg 2, Line 49)	1,748.12						1,748.12	
20 Transfers In Other Than Surplus Fees (Total Should = Pg 2, Line 50)							-	
21 Total Receipts (Lines 4 through 20)	102,716.95	46,552.36	53,068.03	30,942.68	128,202.35	-	361,482.37	
22 Total Resources Available (Lines 3 + 21)	169,509.76	71,286.45	79,783.68	40,511.60	150,792.30	1,748.12	513,631.91	
23 Total Disbursements & Transfers (Page 2, Line 52)	90,492.85	54,073.33	41,121.19	35,563.71	133,766.43	1,748.12	356,765.63	
24 Ending Balance (Line 22 MINUS Line 23)	79,016.91	17,213.12	38,662.49	4,947.89	17,025.87	-	156,866.28	
25 Ending Balance Consists Of:								
26 Net Cash Balance	71,929.64	17,213.12	38,662.49	4,947.89	17,025.87		149,779.01	
27 Investments (Should agree to Schedule 1)	7,087.27						7,087.27	
28 Subtotal of Ending Balances (Line 26 + 27)	79,016.91	17,213.12	38,662.49	4,947.89	17,025.87	-	156,866.28	

County Treasurer Balance at October 1, 2017

\$3,396.92

County Treasurer Balance at September 30, 2018

3,878.23

**NOTE:** Amounts on lines 24 and 28 must agree.



VILLAGE OF STAPLETON  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS PER AUDIT WAIVER

Attachment B

**Village of Stapleton, Nebraska**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS - FOR THE PERIOD 10/1/17 THROUGH 9/30/18**

Exhibit A  
(Page 2 of 2)

The activity for each Village fund should be listed separately. See Note 5 On Memo.

	GENERAL FUND	STREET FUND	WATER FUND	SEWER FUND	SOLID WASTE	Internal Service Fund	TOTAL (Includes Total From Page 2a)
<b>DISBURSEMENTS:</b>							
<b>Governmental:</b>							
29 General Government	63,370.94						63,370.94
30 Public Safety - Police & Fire							-
31 Public Safety - Other							-
32 Public Works - Streets		50,150.21					50,150.21
33 Public Works - Other							-
34 Public Health & Social Services							-
35 Capital Improvements	14,163.47						14,163.47
36 Other Capital Outlay	7,855.40						7,855.40
37 Culture & Recreation	4,055.24						4,055.24
38 Community Development							-
39 Debt Service	1,047.80	3,923.12					4,970.92
40 Miscellaneous							-
<b>Business-Type Activities:</b>							
41 Airport							-
42 Nursing Home							-
43 Hospital							-
44 Electric Utility							-
45 Solid Waste					133,766.43		133,766.43
46 Transportation							-
47 Wastewater				35,563.71			35,563.71
48 Water			41,121.19				41,121.19
49 Transfers Out of Surplus Fees (Total Should = Page 1, Line 19)						1,748.12	1,748.12
50 Transfers Out Other Than Surplus Fees (Total Should = Page 1, Line 20)							-
51 Other (Judgments, etc.)							-
52 <b>Total Disbursements &amp; Transfers</b> (Lines 29 through 51)	<b>90,492.85</b>	<b>54,073.33</b>	<b>41,121.19</b>	<b>35,563.71</b>	<b>133,766.43</b>	<b>1,748.12</b>	<b>356,765.63</b>