



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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September 26, 2019

Jan Hawk, Chairperson
Village of Rosalie
P.O. Box 19
Rosalie, NE 68055

Dear Chairperson Hawk:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding both possible misappropriation of assets by a Village employee and other official proceedings of the Village of Rosalie (Village). In conjunction with the APA's review of the Village's audit waiver request, therefore, we began limited preliminary planning work to determine if a full financial audit or attestation by the APA would be warranted.

While pursuing the issues raised, the APA requested specific financial information and other records not submitted with the Village's audit waiver request form. Based on the outcome of our preliminary planning work, including a review of both the audit waiver request and the supplementary financial information and records requested, the APA has determined that it is unnecessary for this office to perform a separate financial audit or attestation at this time. Additionally, the APA notified the Village in a separate letter that its fiscal year 2018 audit waiver request had been approved.

Nevertheless, during the course of our preliminary planning work, the APA noted certain internal control or compliance issues or other operational matters within the Village. In response thereto, the following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Potential Misappropriation of Village Asset

While reviewing invoices paid by the Village between October 2017 and January 2018, the APA noted a number of questionable purchases totaling \$380.08.

The following table provides a summary of those questioned Village purchases:

| Vendor | Invoice Date | Amount | Description |
|----------------------------------|--------------|-----------|---|
| Ru-De's Mart Inc – Bancroft, NE | 10/31/2017 | \$ 47.06 | PROPANE EXCHANGE 2 @ \$21.99 EA w/ \$3.08 sales tax |
| | | \$ 23.97 | 3MIL 8-4X100' POLY CLEAR |
| Menards – Sioux City, IA | 11/5/2017 | \$ 149.00 | CPI FLUSH STEEL DOOR PH |
| Menards – Sioux City, IA | 11/19/2017 | \$ 24.97 | 36X34 LINED CANVAS PNT |
| Pender Ace Hardware – Pender, NE | 12/18/2017 | \$ 44.72 | CHAIN PROOF 3/8" ZN 45' RL/45' |

| Vendor | Invoice Date | Amount | Description |
|---------------------------------|--------------|------------------|--|
| | | \$ 22.99 | VALVE AIR ADMIT SUREVENT |
| Menards – Sioux City, IA | 12/23/2017 | \$ 20.31 | KORDOREEL CORD REEL |
| Ru-De's Mart Inc – Bancroft, NE | 12/2/2017 | \$ 23.53 | PROPANE EXCHANGE 1 @ 21.99 w/ \$1.54 sales tax |
| Ru-De's Mart Inc – Bancroft, NE | 12/4/2017 | \$ 23.53 | PROPANE EXCHANGE 1 @ 21.99 w/ \$1.54 sales tax |
| Total Questioned Costs | | \$ 380.08 | |

Among the questionable expenditures detailed above is the purchase of a steel door from Menards on November 5, 2017, for \$149.00. That steel door is alleged to have been installed on a former Village Board (Board) member's garage, which was supposedly built by the Village Maintenance Supervisor (Maintenance Supervisor) with municipal materials.

The following is a copy of the invoice for that purchase:

* GUEST COPY *

GVT-ROSALIE, VILLAGE OF
P.O. BOX 219
ATTN JEAN ROONEY *EMAIL*
ROSALIE NE 68055 NE 68055
FAX # (402)863-2265

MENARDS - SIOUX CITY
5900 GORDON DRIVE
SIOUX CITY, IA 51106

INVOICE # 2007

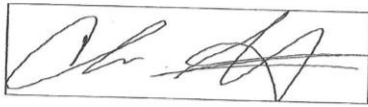
ACCOUNT : 30650487

TRANSACTION DATE : 11/05/17
TRANSACTION TIME : 200911
REGISTER NUMBER : 8
SIGNER : CHRIS SNYDER

TRANSACTION # : 9490
PURCHASE ORDER # : 3065
TYPE OF SALE : Charge Sale
CLAIM # : 3065

| QUANTITY | SKU | DESCRIPTION | AMOUNT |
|----------|---------|---------------------------|--------|
| 1.00 | 5680030 | 3MIL 8-4X100' POLY CLEAR | 23.97 |
| 1.00 | 2464040 | SLING BELT W/ HD BUCKLE | 4.99 |
| 1.00 | 2444781 | POLE HANDLE ATTACHMENT | 5.99 |
| 1.00 | 5615034 | POLESANDER 9"X3-1/4" | 5.46 |
| 1.00 | 2444780 | 9" DRYWALL DISC SANDER | 16.99 |
| 1.00 | 4141062 | CPI FLUSH STEEL DOOR PH | 149.00 |
| 1.00 | 2444780 | 9" DRYWALL DISC SANDER | 16.99 |
| 1.00 | 2444780 | 9" DRYWALL DISC SANDER | 16.99 |
| 1.00 | 2432910 | KNIFE SHARPENER | 3.99 |
| 1.00 | 2432910 | KNIFE SHARPENER | 3.99 |
| 2.00 | 2088183 | 2-3/8"x.113 SM CH 33D .5M | 19.98 |
| 2.00 | 2088183 | 2-3/8"x.113 SM CH 33D .5M | 19.98 |
| 1.00 | 2464040 | SLING BELT W/ HD BUCKLE | 4.99 |
| 1.00 | 2464040 | SLING BELT W/ HD BUCKLE | 4.99 |
| 1.00 | 5680030 | 3MIL 8-4X100' POLY CLEAR | 23.97 |
| 18.00 | 1242809 | 1/2(15/32CAT) 4X8 OSB | 312.30 |
| 18.00 | 1242809 | 1/2(15/32CAT) 4X8 OSB | 312.30 |
| 9.00 | 1616054 | R13 3.625X23X32' KRAFT | 179.91 |
| 1.00 | 1616054 | R13 3.625X23X32' KRAFT | 179.91 |
| 1.00 | 2444780 | 9" DRYWALL DISC SANDER | 16.99 |
| 1.00 | 2444780 | 9" DRYWALL DISC SANDER | 16.99 |

SUB-TOTAL: 206.40
TOTAL TAX: 0.00
PAYMENTS : 0.00
TOTAL DUE: 206.40



*paid
11/14/17
check # 5910*

*Went on Board
members
garage that he
was building*

Looking into this questionable payment, the APA contacted the former Board member upon whose garage the steel door is alleged to have been installed. When questioned, however, the former Board member proved very uncooperative, responding only that it was neither necessary nor reasonable for the APA to request information regarding the source of the steel door. The former Board member claimed also that someone other than the Maintenance Supervisor built the garage.

On multiple occasions, the APA also tried unsuccessfully to contact the Maintenance Supervisor for additional information about either the steel door or the former Board members' garage. Unfortunately, due to the apparent unwillingness of the Maintenance Supervisor to respond, the APA was unable to corroborate the allegations regarding the steel door and the garage.

If true, the allegations about the steel door and the construction of the former Board member’s garage give 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 through 49-14,142 (Reissue 2010, Cum. Supp. 2018). Specifically, Neb. Rev. Stat. § 49-14,101.01 (Reissue 2010) of the Act provides, 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.

Per subsection (7) of that same statute, “[A]ny person violating this section shall be guilty of a class III misdemeanor”

Additionally, good internal control requires procedures to ensure that items or materials purchased with municipal funds are properly recorded and catalogued, following a review by either a Board member or the Village Clerk (Clerk) to ensure that they have been received by the Village, and used only for a legitimate public purpose. Those same procedures should ensure also that work performed by any Village employee serves a strictly public purpose.

Without such procedures, there is an increased risk for not only violation of State law but also loss or misappropriation of Village assets or funds.

We recommend the Board implement procedures to ensure all items or materials purchased with municipal funds are properly recorded and catalogued, following a review by either a Board member or the Clerk to ensure that they have been received by the Village, and used only for a legitimate public purpose. Those same procedures should ensure also that work performed by any Village employee serves a strictly public purpose. Finally, because this comment addresses allegations of possible violations of the Act, we are forwarding the information herein to the Nebraska Accountability and Disclosure Commission for further review. Also, because there are allegations of theft, we are forwarding the information to the Thurston County Attorney.

2. Reimbursements to the Maintenance Supervisor

The APA’s preliminary planning work revealed that the Village reimbursed the Maintenance Supervisor for mileage costs, totaling \$4,652.67, during fiscal year 2018, without adequate supporting documentation.

The following table details each mileage reimbursement received by the Maintenance Supervisor in fiscal year 2018:

| Payee | Check Date | Clear Date | Check Number | Amount |
|--------------|------------|------------|--------------|-----------|
| Chris Snyder | 10/5/2017 | 10/10/2017 | 5850 | \$ 325.42 |
| Chris Snyder | 10/12/2017 | 10/13/2017 | 5853 | \$ 224.72 |
| Chris Snyder | 10/13/2017 | 10/17/2017 | 5858 | \$ 155.82 |
| Chris Snyder | 10/19/2017 | 10/23/2017 | 5873 | \$ 213.59 |
| Chris Snyder | 10/27/2017 | 11/6/2017 | 5887 | \$ 143.10 |

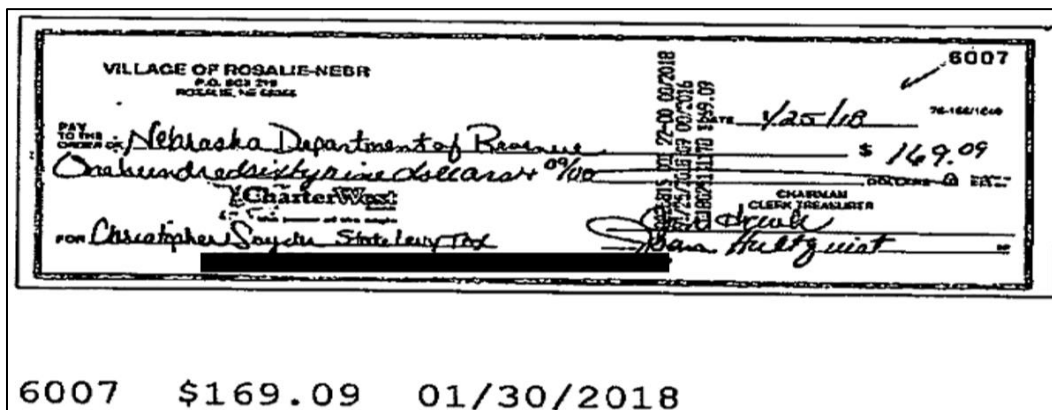
| Payee | Check Date | Clear Date | Check Number | Amount |
|--------------|------------|------------|--------------|--------------------|
| Chris Snyder | 11/3/2017 | 11/3/2017 | 5896 | \$ 261.21 |
| Chris Snyder | 11/9/2017 | 11/9/2017 | 5903 | \$ 255.46 |
| Chris Snyder | 11/17/2017 | 11/21/2017 | 5915 | \$ 78.96 |
| Chris Snyder | 11/22/2017 | 11/22/2017 | 5920 | \$ 216.99 |
| Chris Snyder | 11/27/2017 | 11/29/2017 | 5923 | \$ 58.76 |
| Chris Snyder | 12/1/2017 | 12/1/2017 | 5933 | \$ 275.07 |
| Chris Snyder | 12/8/2017 | 12/12/2017 | 5940 | \$ 178.78 |
| Chris Snyder | 12/11/2017 | 12/13/2017 | 5951 | \$ 108.12 |
| Chris Snyder | 12/21/2017 | 12/21/2017 | 5962 | \$ 428.24 |
| Chris Snyder | 12/28/2017 | 1/2/2018 | 5972 | \$ 158.47 |
| Chris Snyder | 1/3/2018 | 1/3/2018 | 5979 | \$ 130.00 |
| Chris Snyder | 1/3/2018 | 1/19/2018 | 5980 | \$ 51.79 |
| Chris Snyder | 1/17/2018 | 1/19/2018 | 6000 | \$ 188.29 |
| Chris Snyder | 2/21/2018 | 2/21/2018 | 6039 | \$ 203.52 |
| Chris Snyder | 4/18/2018 | 4/18/2018 | 6101 | \$ 63.60 |
| Chris Snyder | 6/14/2018 | 6/14/2018 | 6164 | \$ 93.28 |
| Chris Snyder | 6/26/2018 | 6/28/2018 | 6181 | \$ 145.22 |
| Chris Snyder | 8/2/2018 | 8/7/2018 | 6228 | \$ 129.85 |
| Chris Snyder | 8/13/2017 | 8/15/2018 | 6237 | \$ 169.56 |
| Chris Snyder | 8/27/2018 | 8/27/2018 | 6259 | \$ 122.96 |
| Chris Snyder | 8/31/2018 | 8/31/2018 | 6271 | \$ 107.59 |
| Chris Snyder | 9/5/2018 | 9/10/2018 | 6273 | \$ 93.28 |
| Chris Snyder | 9/13/2018 | 9/17/2018 | 6284 | \$ 71.02 |
| Total | | | | \$ 4,652.67 |

The APA noted that the Village acquired a red 1997 Ford F150 pickup truck on January 4, 2018. The Clerk confirmed that this vehicle was purchased with the intention that the Maintenance Supervisor would use it instead of his personal vehicle for work-related travel. However, the Maintenance Supervisor continued to use his personal vehicle, for which he was reimbursed mileage costs throughout the remainder of the fiscal year.

Additionally, the Village appears to have reimbursed the Maintenance Supervisor incorrectly for an amount that was withheld from a paycheck in January 2018. That withholding was for half of a \$338.17 tax levy by the Nebraska Department of Revenue (Department) on his 2016 individual income taxes.

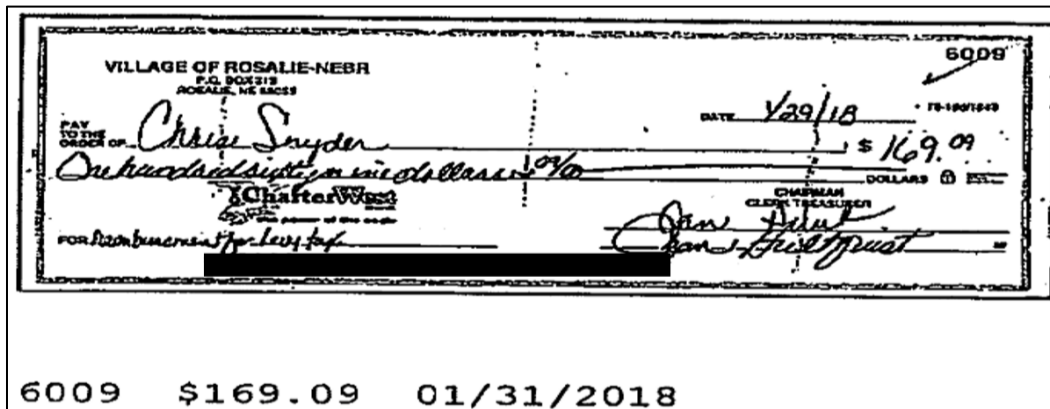
On January 18, 2018, Deen Harms, the Village’s accountant, directed the Clerk to send a check to the Department for \$169.09, which would then be withheld from the Maintenance Supervisor’s paycheck. This was to be done twice to satisfy the total amount of the tax levy.

The following is an image of the check sent to the Department:



According to the Clerk, on January 29, 2018, the Board Chairperson instructed her to issue a Village check to the Maintenance Supervisor for the amount withheld from his paycheck. This reimbursement was supposedly necessitated by the Maintenance Supervisor's claim that the entire levy amount had been taken out of his tax refund.

The following is an image of the Village check paid to the Maintenance Supervisor:



On June 5, 2018, the Department notified the Village that the payment of \$169.09 had been received on January 29, 2018, and applied to the balance of the tax levy. The remaining balance – as opposed to the entire balance – was satisfied by the Maintenance Supervisor's tax refund on February 7, 2018, and the levy release was issued on February 8, 2018.

The following table was included in the Department's notification to the Village:

| Tax | Interest | Amt Rec | Penalty | Refund | Batch | Report | Balance |
|--------|----------|---------|---------|--------|---------|--------|---------|
| 314.00 | | 0.00 | 0.00 | | 900419 | 690 | 314.00 |
| | 0.00 | | 15.70 | | 2017172 | 253 | 329.70 |
| | | | | | 2017279 | 113 | 329.70 |
| | 0.00 | 169.09 | 0.00 | | 28815 | 1 | 160.61 |
| | 3.96 | | 0.00 | | 2018031 | 296 | 164.57 |
| | | | | | 2018038 | 482 | 164.57 |
| | 3.53 | 168.10 | 0.00 | | 2018038 | 481 | 0.00 |
| | | | | | | | 1.7 |

The \$169.09 taken out of the Maintenance Supervisor's paycheck was sent to the Department as payment for half of the pending tax levy, and the amount that the Department withheld from the Maintenance Supervisor's tax refund satisfied only the remaining levy balance. Consequently, there was no reason for the Village to have made the reimbursement at issue.

Good internal control requires procedures to ensure that adequate supporting documentation is obtained for all reimbursements to Village employees. Those same procedures should ensure also that the Board conducts a thorough review of all claims, ensuring that they are reasonable and appropriate before paying them.

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

We recommend the Village implement procedures to ensure: 1) adequate supporting documentation is obtained for all reimbursements to Village employees; and 2) the Board conducts a thorough review of all claims, ensuring that they are reasonable and appropriate before paying them. Furthermore, we recommend the Village take action to recover the incorrect reimbursement made to the Maintenance Supervisor.

3. Lack of Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that many of the claims listed in the Board's official proceedings lacked descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for August 27, 2018:

| Name/Vendor | Description | Amount |
|-----------------------------------|-------------|-------------|
| Pony Express | | \$ 214.01 |
| Papio-Missouri River NRD | | \$ 1,232.50 |
| Kings Disposal | | \$ 1,066.00 |
| Eastern NE Telephone | | \$ 267.49 |
| The Pender Times | | \$ 59.58 |
| Constellation | | \$ 225.22 |
| Burt County Public Power | | \$ 1,248.60 |
| Black Hills Energy | | \$ 80.27 |
| US Treasury | | \$ 633.26 |
| Dollar General Store | | \$ 11.18 |
| Northeast NE Development | | \$ 1,579.43 |
| Papio-Missouri River NRD | | \$ 1,170.00 |
| Constellation | | \$ 118.36 |
| Stalp Gravel | | \$ 376.77 |
| Pony Express | | \$ 248.76 |
| Eastern NE Telephone | | \$ 267.70 |
| Kings Disposal | | \$ 1,066.00 |
| The Pender Times | | \$ 64.82 |
| One Call Concepts | | \$ 1.14 |
| Walthill Service | | \$ 7.25 |
| Menards | | \$ 141.77 |
| Burt Co. Public Power | | \$ 1,287.96 |
| Staples | | \$ 201.97 |
| Northeast NE Economic Development | | \$ 18.80 |
| Black Hills Energy | | \$ 56.08 |
| Ball Insurance Services | | \$ 1,373.19 |
| NE Child Support Center | | \$ 110.77 |
| John Deere Financial | | \$ 572.81 |
| NE Public Health Enviro. Lab | | \$ 30.00 |
| Papio-Missouri River NRD | | \$ 1,482.50 |
| Pony Express | | \$ 13.76 |
| Post Office | | \$ 7.20 |
| Pender Ace Hardware | | \$ 78.22 |
| Pender Times | | \$ 30.11 |
| Constellation | | \$ 25.80 |
| Staples | | \$ 55.07 |
| Eastern NE Telephone | | \$ 267.22 |
| Kings Disposal | | \$ 1,066.00 |
| Ru-De's Mart | | \$ 445.10 |
| Personal Concepts Compliance | | \$ 10.90 |
| Post Office | | \$ 50.00 |
| Quality Flow Systems | | \$ 350.00 |

| Name/Vendor | Description | Amount |
|--------------------------------------|-------------|---------------------|
| Menards | | \$ 54.04 |
| Pender Times | | \$ 42.56 |
| Burt Co Public Power | | \$ 1,422.11 |
| Travelers -RMD | | \$ 1,674.00 |
| Menards | | \$ 142.80 |
| Ne Workforce Development Tax Payment | | \$ 46.45 |
| Total | | \$ 20,995.53 |

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) requires publication of the Board’s official proceedings, which must include, among other things, the purpose of each claim allowed, as follows:

It shall be the duty of each village or city clerk in every village or city having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position. The charge for the publication shall not exceed the rates provided for in section 23-122.

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure the purpose of each claim allowed is included in the Board’s official proceedings and published in accordance with State statute.

Without such procedures, there is an increased risk of not only failure to comply with statutory publication requirements but also lack of transparency regarding the nature of public expenditures.

We recommend the Board implement procedures to ensure the purpose of each claim allowed is included in the Board’s official proceedings and published in accordance with State statute.

4. Payment of Claims Prior to Board Approval

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted that multiple Village checks, totaling \$52,365.67, were issued before the underlying claims were approved by the Board.

The table below provides a summary of those premature payments:

| Name | Approval Date | Check # | Check Clear Date | Check Amount | Days Paid Before Approval |
|--------------------------|---------------|---------|------------------|--------------|---------------------------|
| Charity Harlan | 8/27/2018 | 6122 | 5/1/2018 | \$ 250.00 | 118 |
| Pony Express | 8/27/2018 | 6123 | 5/4/2018 | \$ 214.01 | 115 |
| Johnston’s Repair | 8/27/2018 | 6124 | 5/17/2018 | \$ 478.16 | 102 |
| Chris Snyder | 8/27/2018 | 6125 | 5/3/2018 | \$ 899.60 | 116 |
| Chris Snyder | 8/27/2018 | 6126 | 5/16/2018 | \$ 100.00 | 103 |
| Joan Hultquist | 8/27/2018 | 6137 | 5/3/2018 | \$ 468.65 | 116 |
| Chris Snyder | 8/27/2018 | 6128 | 5/8/2018 | \$ 169.92 | 111 |
| Papio-Missouri River NRD | 8/27/2018 | 6129 | 5/21/2018 | \$ 1,232.50 | 98 |
| Menards | 8/27/2018 | 6130 | 5/23/2018 | \$ 632.95 | 96 |
| Kings Disposal | 8/27/2018 | 6131 | 5/16/2018 | \$ 1,066.00 | 103 |

| Name | Approval Date | Check # | Check Clear Date | Check Amount | Days Paid Before Approval |
|-----------------------------------|---------------|---------|------------------|--------------|---------------------------|
| Eastern NE Telephone | 8/27/2018 | 6132 | 5/23/2018 | \$ 267.49 | 96 |
| The Pender Times | 8/27/2018 | 6133 | 5/21/2018 | \$ 59.58 | 98 |
| Kevin Hohenstein Const & Haul | 8/27/2018 | 6134 | 5/30/2018 | \$ 2,634.76 | 89 |
| Constellation | 8/27/2018 | 6135 | 5/22/2018 | \$ 225.22 | 97 |
| Post Office | 8/27/2018 | 6138 | 5/18/2018 | \$ 50.00 | 101 |
| Post Office | 8/27/2018 | 6139 | 5/18/2018 | \$ 7.20 | 101 |
| Chris Snyder | 8/27/2018 | 6140 | 5/17/2018 | \$ 1,035.56 | 102 |
| Chris Snyder | 8/27/2018 | 6141 | 5/31/2018 | \$ 100.00 | 88 |
| Joan Hultquist | 8/27/2018 | 6142 | 5/18/2018 | \$ 473.00 | 101 |
| NE Nebr. Insurance Agency | 8/27/2018 | 6143 | 6/6/2018 | \$ 395.00 | 82 |
| Burt County Public Power | 8/27/2018 | 6144 | 5/23/2018 | \$ 1,248.60 | 96 |
| NE Economic Dlvmt. | 8/27/2018 | 6146 | 5/29/2018 | \$ 640.00 | 90 |
| Black Hills Energy | 8/27/2018 | 6147 | 5/29/2018 | \$ 80.27 | 90 |
| Justin Snyder | 8/27/2018 | 6148 | 5/30/2018 | \$ 50.00 | 89 |
| Chris Snyder | 8/27/2018 | 6149 | 5/31/2018 | \$ 903.51 | 88 |
| Chris Snyder | 8/27/2018 | 6150 | 5/31/2018 | \$ 100.00 | 88 |
| Joan Hultquist | 8/27/2018 | 6151 | 5/31/2018 | \$ 482.69 | 88 |
| Village of Rosalie | 8/27/2018 | 6152 | 5/31/2018 | \$ 1,000.00 | 88 |
| Village of Rosalie | 8/27/2018 | 6153 | 5/31/2018 | \$ 1,509.00 | 88 |
| US Treasury | 8/27/2018 | EFT | 5/15/2018 | \$ 633.26 | 104 |
| Dollar General Store | 8/27/2018 | EFT | 5/9/2018 | \$ 11.18 | 110 |
| Northeast NE Development | 8/27/2018 | 6154 | 6/8/2018 | \$ 1,579.43 | 80 |
| Jan Hawk | 8/27/2018 | 6155 | 6/14/2018 | \$ 46.39 | 74 |
| Post Office | 8/27/2018 | 6156 | 6/19/2018 | \$ 7.20 | 69 |
| Papio-Missouri River NRD | 8/27/2018 | 6157 | 6/14/2018 | \$ 1,170.00 | 74 |
| Constellation | 8/27/2018 | 6158 | 6/12/2018 | \$ 118.36 | 76 |
| Stalp Gravel | 8/27/2018 | 6159 | 6/12/2018 | \$ 376.77 | 76 |
| Pony Express | 8/27/2018 | 6160 | 6/11/2018 | \$ 248.76 | 77 |
| Chris Snyder | 8/27/2018 | 6161 | 6/14/2018 | \$ 994.03 | 74 |
| Chris Snyder | 8/27/2018 | 6162 | 6/29/2018 | \$ 100.00 | 59 |
| Joan Hultquist | 8/27/2018 | 6163 | 6/15/2018 | \$ 458.96 | 73 |
| Chris Snyder | 8/27/2018 | 6164 | 6/14/2018 | \$ 93.28 | 74 |
| Post Office | 8/27/2018 | 6165 | 6/19/2018 | \$ 50.00 | 69 |
| Sapp Bros. | 8/27/2018 | 6166 | 6/19/2018 | \$ 227.46 | 69 |
| Eastern NE Telephone | 8/27/2018 | 6167 | 6/19/2018 | \$ 267.70 | 69 |
| Monica White | 8/27/2018 | 6168 | 6/19/2018 | \$ 600.00 | 69 |
| Kings Disposal | 8/27/2018 | 6169 | 6/22/2018 | \$ 1,066.00 | 66 |
| The Pender Times | 8/27/2018 | 6170 | 6/22/2018 | \$ 64.82 | 66 |
| One Call Concepts | 8/27/2018 | 6171 | 6/26/2018 | \$ 1.14 | 62 |
| Walthill Service | 8/27/2018 | 6172 | 6/21/2018 | \$ 7.25 | 67 |
| Menards | 8/27/2018 | 6173 | 6/22/2018 | \$ 141.77 | 66 |
| Mcguire Iron | 8/27/2018 | 6174 | 6/25/2018 | \$ 1,400.00 | 63 |
| Burt Co. Public Power | 8/27/2018 | 6175 | 6/25/2018 | \$ 1,287.96 | 63 |
| Staples | 8/27/2018 | 6176 | 6/22/2018 | \$ 201.97 | 66 |
| Northeast NE Economic Development | 8/27/2018 | 6177 | 6/29/2018 | \$ 18.80 | 59 |
| Black Hills Energy | 8/27/2018 | 6178 | 6/29/2018 | \$ 56.08 | 59 |
| Ball Insurance Services | 8/27/2018 | 6179 | 7/11/2018 | \$ 1,373.19 | 47 |
| Jan Hawk | 8/27/2018 | 6180 | 7/2/2018 | \$ 118.74 | 56 |
| Chris Snyder | 8/27/2018 | 6181 | 6/28/2018 | \$ 145.22 | 60 |
| Chris Snyder | 8/27/2018 | 6182 | 6/29/2018 | \$ 986.99 | 59 |
| Joan Hultquist | 8/27/2018 | 6183 | 6/29/2018 | \$ 487.16 | 59 |
| Joan Hultquist | 8/27/2018 | 6184 | 6/29/2018 | \$ 164.56 | 59 |
| Joan Hultquist | 8/27/2018 | 6185 | 6/29/2018 | \$ 82.92 | 59 |
| Christopher Snyder Jr. | 8/27/2018 | 6186 | 7/3/2018 | \$ 50.00 | 55 |
| NE Child Support Center | 8/27/2018 | 6187 | 7/3/2018 | \$ 110.77 | 55 |
| Village of Rosalie | 8/27/2018 | 6188 | 6/29/2018 | \$ 1,509.00 | 59 |
| Village of Rosalie | 8/27/2018 | 6189 | 6/29/2018 | \$ 1,000.00 | 59 |
| Village of Rosalie | 8/27/2018 | 6190 | 6/29/2018 | \$ 90.00 | 59 |
| Chris Snyder | 8/27/2018 | 6191 | 7/3/2018 | \$ 187.38 | 55 |
| Dollar General Store | 8/27/2018 | EFT | 6/6/2018 | \$ 20.50 | 82 |

| Name | Approval Date | Check # | Check Clear Date | Check Amount | Days Paid Before Approval |
|--------------------------------------|---------------|---------|------------------|---------------------|---------------------------|
| United States Treasury | 8/27/2018 | EFT | 6/15/2018 | \$ 673.94 | 73 |
| John Bouchal | 8/27/2018 | 6192 | 7/3/2018 | \$ 475.00 | 55 |
| NE Dept Revenue | 8/27/2018 | 6193 | 7/13/2018 | \$ 768.02 | 45 |
| John Deere Financial | 8/27/2018 | 6194 | 7/16/2018 | \$ 572.81 | 42 |
| NE Public Health Enviro. Lab | 8/27/2018 | 6195 | 7/17/2018 | \$ 30.00 | 41 |
| Papio-Missouri River NRD | 8/27/2018 | 6196 | 7/19/2018 | \$ 1,482.50 | 39 |
| Pony Express | 8/27/2018 | 6197 | 7/12/2018 | \$ 13.76 | 46 |
| Post Office | 8/27/2018 | 6198 | 7/19/2018 | \$ 7.20 | 39 |
| Chris Snyder | 8/27/2018 | 6199 | 7/12/2018 | \$ 994.03 | 46 |
| Chris Snyder | 8/27/2018 | 6200 | 7/31/2018 | \$ 100.00 | 27 |
| Joan Hultquist | 8/27/2018 | 6201 | 7/12/2018 | \$ 463.84 | 46 |
| Pender Ace Hardware | 8/27/2018 | 6202 | 7/19/2018 | \$ 78.22 | 39 |
| Pender Times | 8/27/2018 | 6203 | 7/17/2018 | \$ 30.11 | 41 |
| Constellation | 8/27/2018 | 6204 | 7/18/2018 | \$ 25.80 | 40 |
| Jan Hawk | 8/27/2018 | 6205 | 7/17/2018 | \$ 19.26 | 41 |
| Staples | 8/27/2018 | 6206 | 7/20/2018 | \$ 55.07 | 38 |
| Eastern NE Telephone | 8/27/2018 | 6207 | 7/20/2018 | \$ 267.22 | 38 |
| Kings Disposal | 8/27/2018 | 6208 | 7/24/2018 | \$ 1,066.00 | 34 |
| Ru-De's Mart | 8/27/2018 | 6209 | 7/23/2018 | \$ 445.10 | 35 |
| Personal Concepts Compliance | 8/27/2018 | 6210 | 7/26/2018 | \$ 10.90 | 32 |
| Post Office | 8/27/2018 | 6211 | 7/23/2018 | \$ 50.00 | 35 |
| Roto Rooter | 8/27/2018 | 6212 | 7/25/2018 | \$ 1,150.00 | 33 |
| Quality Flow Systems | 8/27/2018 | 6213 | 7/24/2018 | \$ 350.00 | 34 |
| Menards | 8/27/2018 | 6214 | 7/23/2018 | \$ 54.04 | 35 |
| Pender Times | 8/27/2018 | 6215 | 7/24/2018 | \$ 42.56 | 34 |
| Burt Co Public Power | 8/27/2018 | 6216 | 7/25/2018 | \$ 1,422.11 | 33 |
| Chris Snyder | 8/27/2018 | 6217 | 7/19/2018 | \$ 110.82 | 39 |
| Travelers -RMD | 8/27/2018 | 6218 | 7/25/2018 | \$ 1,674.00 | 33 |
| Jan Hawk | 8/27/2018 | 6219 | 7/23/2018 | \$ 287.42 | 35 |
| Menards | 8/27/2018 | 6220 | 7/27/2018 | \$ 142.80 | 31 |
| Chris Snyder | 8/27/2018 | 6221 | 7/25/2018 | \$ 905.15 | 33 |
| Chris Snyder | 8/27/2018 | 6222 | 7/31/2018 | \$ 100.00 | 27 |
| Joan Hultquist | 8/27/2018 | 6223 | 7/26/2018 | \$ 510.46 | 32 |
| Village of Rosalie | 8/27/2018 | 6225 | 7/31/2018 | \$ 1,509.00 | 27 |
| Village of Rosalie | 8/27/2018 | 6226 | 7/31/2018 | \$ 1,000.00 | 27 |
| Village of Rosalie | 8/27/2018 | 6227 | 7/31/2018 | \$ 90.00 | 27 |
| Walmart | 8/27/2018 | EFT | 7/31/2018 | \$ 9.03 | 27 |
| IRS USA Tax Payment | 8/27/2018 | EFT | 7/16/2018 | \$ 1,004.38 | 42 |
| Ne Workforce Development Tax Payment | 8/27/2018 | EFT | 7/31/2018 | \$ 46.45 | 27 |
| Total | | | | \$ 52,365.67 | |

Neb. Rev. Stat. § 17-614(1) (Cum. Supp. 2018) sets out the proper method for the appropriation or payment of money by the Village, as follows:

All ordinances and resolutions or orders for the appropriation or payment of money shall require for their passage or adoption the concurrence of a majority of all members elected to the city council in a city of the second class or village board of trustees

(Emphasis added.) Good internal control requires procedures to ensure that all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

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

We recommend the Board implement procedures to ensure all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

5. Other Issues

The APA also noted the following issues while reviewing the Village's audit waiver request and carrying out the preliminary planning work related to the concerns received:

- The Schedule of Outstanding Debt on the Village's audit waiver request form reported outstanding debt as of September 30, 2019; however, no amount was reported as debt service (line 39) on Exhibit A of the form.
- When hired, the pay of neither the Clerk nor the Maintenance Supervisor was set by ordinance.

Neb. Rev. Stat. § 17-209 (Cum. Supp. 2018) sets out the proper method for setting the compensation of appointed officers and employees of the Village:

The appointive officials and other employees of the village shall receive such compensation as the chairperson and village board of trustees shall designate by ordinance; and the annual salary of the chairperson and other members of the village board of trustees shall be fixed by ordinance.

Because the compensation of neither the Clerk nor the Maintenance Supervisor was set by ordinance, the Village has failed to comply with State statute.

The APA also noted the following issues related to the way time is recorded and tracked for the Maintenance Supervisor:

- While the dates of the pay periods were recorded, the dates of the actual time recorded were not listed on some timesheets.
- Several timesheets did not have legible time-in and time-out hours, making it impossible to verify if the total hours recorded for a certain day were accurate.
- For some timesheets, the totaled hours for the week did not agree to the actual sum of all hours worked.
- In one instance, time worked for one day was recorded on two separate timesheets, but the amounts recorded did not agree.
- The time-in and time-out information recorded on multiple timesheets appears to have been recorded manually, instead of by using the Village's time clock system.

Section 8.3, "Time Keeping," of the Village's employee handbook requires all personnel to record accurately their time worked, as follows:

All employees, including salaried, must accurately record the time they begin and end their work day, the beginning and ending of time of each meal period, as well as if they have taken a personal, vacation, or comp day, unless otherwise specified, time clock must be used, along with activity log.

Good internal control requires procedures to ensure the following: 1) audit waiver request forms are filled out completely and accurately; 2) the pay of Village personnel is set by ordinance; and 3) employee timesheets contain complete, accurate, and verifiable information.

Without such procedures, there is an increased risk for not only noncompliance with State statute and/or Village regulations but also the loss or misuse of municipal funds.

We recommend the Village implement procedures to ensure audit waiver request forms are filled out completely and accurately. Those same procedures should ensure also that the pay of Village personnel is set by ordinance, and employee timesheets contain complete, accurate, and verifiable information.

Overall Village Response: The Village is tirelessly working to correct any and all issues. Please note action taken so far:

- *Steel Door: It has been determined the door was in fact stolen, along with two other items, a theft report is being filed*
- *Purchases: A purchase order system has been approved and put in place for all purchases, with board approval before any purchases are made*
- *Nebraska Department of Revenue Check: Former employee Chris Snyder has been contacted, and given 45 days to reimburse the Village*
- *Explanation of expenditures: Clerk and Supervisors have been instructed to add explanation sheets with receipts for all purchases*
- *Approval of expenses: All expenses will be brought to the board for approval*
- *Time: A new time clock is being looked at, along with additional activity logs to go along with timecards, to ensure accuracy, Village attorney has been contacted to ensure a proper ordinance is written for wages and raises*
- *Audit form: Will be double checked, by Village Clerk and the Village's Accounting Firm, along with Village Chair.*

* * * * *

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 comments and recommendations contained herein. Any formal responses received have been incorporated into this letter. Such responses have been objectively evaluated and recognized, as appropriate, in the letter. Any response indicating that corrective action has been taken was not verified at this time.

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 written in a cursive, flowing style.

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

cc: Joan Hultquist, Village Clerk
Nebraska Accountability and Disclosure Commission
Thurston County Attorney