



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov

PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

July 30, 2018

Brian Yosten, Board Chairperson
Boone County Development Agency
233 S. 4th Street
Albion, NE 68620

Dear Mr. Yosten:

As you know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the Boone County Development Agency (BCDA). Responding thereto, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. In doing so, the APA requested certain information from the BCDA. Based upon the outcome of this preliminary planning work, the APA has determined that it is unnecessary for this office to perform a separate financial audit or attestation of the BCDA is at this time.

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

Background

On June 6, 2018, the APA received a complaint alleging the mishandling of public funds by Mitchell Glesinger, a former employee of the BCDA. The complaint included information that the BCDA credit card had been used to purchase bitcoin, a form of electronic cash.

Mr. Glesinger was hired as the Office Administrator of the BCDA and received his first paycheck on January 16, 2015. According to Michelle Olson, the current Executive Director for the BCDA, "Mr. Glesinger was responsible for bookkeeping, tracking meeting minutes, opening/tracking/and paying bills, and providing financial reports to the board. As well as aiding with projects." A full description of the Office Administrator position is shown as **ATTACHMENT A**.

The BCDA's website, at <http://boone-county.org/about-us/>, provides the following information about the organization:

The Boone County Development Agency was formed under an inter-local agreement in 2000. Two representatives from each of the government entities of Boone County sit on the Executive Committee. Boone County Development Agency transitioned to BCDA Inc. in 2014. BCDA Inc. is still made up from the same government entities, but is no longer a government entity itself. BCDA is awaiting 501C3 non-profit status.

However, according to its own articles of incorporation, signed on September 25, 2000, the BCDA was created as a joint public agency. As of January 23, 2017, the BCDA still files its biennial report with the Nebraska Secretary of State as a joint public agency, and there is nothing in the public records to indicate that a change of status has taken effect.

In addition to BCDA bank and credit card statements, the APA obtained documentation for certain credit card charges that current BCDA staff believe could be fraudulent. Mr. Yosten, the Chairperson of the BCDA Board (Board), stated that some of the credit card statements were not found in the office, and Ms. Olson had to request them from the credit card company.

As a result of our subsequent preliminary planning work, which included a review of the credit card statements, bank statements, and other financial records obtained through Mr. Yosten, the APA, along with the BCDA, identified specific concerns regarding Mr. Glesinger's handling of BCDA funds. Those concerns include the following:

1. A significant number of credit card charges were to Coinbase, a company for buying and selling digital currency, such as bitcoin. Additionally, a number of foreign transactions involved vendors in Shanghai or Beijing, China, for yuan or renminbi, the official currency of the People's Republic of China.
2. Supporting documentation could not be provided for a great majority of the credit card transactions during the period November 16, 2016, through May 17, 2018.
3. The allegedly fraudulent credit card activity, during the period November 16, 2016, through May 17, 2018, was presented to the Board as charges for legitimate office expenses, such as office supplies, food for meetings, stamps, etc.

On May 4, 2018, the Board terminated Mr. Glesinger's employment as the Office Administrator, citing his poor job performance as cause. He was put on a Performance Improvement Plan on April 9, 2018, and did not follow through with all outlined goals on a continuous and ongoing basis. BCDA did not discover the questionable credit card purchases until after he was terminated.

As of June 8, 2018, the Board consisted of the following members:

- Brian Yosten – Chairperson of the Board
- Hilary Maricle – Vice-Chairperson of the Board
- Nicole Hardwick – Trustee
- Marcus Johnson – Trustee
- Larry Temme – Trustee
- Ross Knott – Trustee
- Tim Kayton – Trustee
- Danielle O'Brien – Trustee
- Irene Dresch – Trustee
- Alan Rasmussen – Trustee
- Dean Hamling – Trustee
- Tony Kurtenbach – Trustee
- Mike Sullivan – Trustee
- Brandi Yosten – Trustee
- Tina Stokes – Trustee

Comments and Recommendations

1. Alleged Fraud

The alleged fraud scheme identified by the APA's examination of the BCDA's financial records appears to have entailed Mr. Glesinger paying personal expenses with BCDA funds during his tenure as the Office Administrator.

The following table offers a brief summary of suspected fraudulent transactions by Mr. Glesinger, as identified by the APA, with the help of the BCDA, for the period November 16, 2016, through May 17, 2018:

Description	Number of Transactions	Total Amounts of Possible Fraud
Bitcoin Purchases	39	\$10,313.89
Foreign Transactions	30	\$3,089.76
Other Personal Expenses	31	\$1,466.83
Other Reimbursements	22	\$12,560.56
Total		\$27,431.04

More detailed information pertaining to each of the four categories of suspected theft by Mr. Glesinger, as set out in the above table, is provided below.

Bitcoin Purchases and Foreign Transactions

During the period examined, credit card charges totaling over \$10,000 were paid to Coinbase, a company for buying and selling digital currency, such as bitcoin. Additionally, there were charges totaling over \$3,000 for foreign transactions in China for yuan or renminbi, the official currency of the People’s Republic of China.

The table below details the Coinbase and Chinese currency purchases:

Transaction Date	Transaction Description	Transaction Amount
9/25/2017	COINBASE CHEAPSIDE	\$250.00
9/28/2017	COINBASE CHEAPSIDE	\$207.98
10/1/2017	COINBASE CHEAPSIDE	\$207.98
10/1/2017	COINBASE CHEAPSIDE	\$103.99
10/14/2017	COINBASE CHEAPSIDE	\$285.97
10/24/2017	COINBASE CHEAPSIDE	\$500.00
10/27/2017	COINBASE CHEAPSIDE	\$285.97
11/3/2017	COINBASE CHEAPSIDE	\$200.00
11/5/2017	COINBASE CHEAPSIDE	\$200.00
11/6/2017	COINBASE CHEAPSIDE	\$600.00
11/8/2017	COINBASE CHEAPSIDE	\$200.00
11/10/2017	COINBASE CHEAPSIDE	\$250.00
11/12/2017	COINBASE CHEAPSIDE	\$175.00
11/17/2017	COINBASE CHEAPSIDE	\$590.00
11/19/2017	COINBASE CHEAPSIDE	\$225.00
11/22/2017	COINBASE CHEAPSIDE	\$265.00
11/22/2017	COINBASE CHEAPSIDE	\$82.00
11/30/2017	COINBASE CHEAPSIDE	\$250.00
12/12/2017	COINBASE CHEAPSIDE	\$300.00
12/13/2017	COINBASE CHEAPSIDE	\$220.00
12/15/2017	COINBASE CHEAPSIDE	\$300.00
12/17/2017	COINBASE CHEAPSIDE	\$415.00
12/18/2017	COINBASE CHEAPSIDE	\$150.00
12/23/2017	COINBASE CHEAPSIDE	\$300.00
12/28/2017	COINBASE CHEAPSIDE	\$300.00
1/6/2018	COINBASE CHEAPSIDE	\$250.00
1/9/2018	COINBASE CHEAPSIDE	\$80.00
1/11/2018	COINBASE CHEAPSIDE	\$250.00

Transaction Date	Transaction Description	Transaction Amount
1/12/2018	COINBASE CHEAPSIDE	\$750.00
1/12/2018	COINBASE CHEAPSIDE	\$325.00
1/15/2018	COINBASE CHEAPSIDE	\$450.00
1/16/2018	COINBASE CHEAPSIDE	\$145.00
1/28/2018	COINBASE CHEAPSIDE	\$400.00
1/28/2018	COINBASE TRAV FUNDS CHEAPSIDE	\$(400.00)
1/28/2018	COINBASE TRAV FUNDS CHEAPSIDE	\$400.00
2/6/2018	COINBASE CHEAPSIDE	\$400.00
2/6/2018	COINBASE TRAV FUNDS CHEAPSIDE	\$(400.00)
2/6/2018	COINBASE TRAV FUNDS CHEAPSIDE	\$400.00
2/16/2018	COINBASE CHEAPSIDE	\$400.00
Coinbase Total		\$10,313.89
2/14/2018	PES*QINGONGBGGP SHANGHAI Frgn Amt: \$633.56 YUAN RENMINBI	\$99.93
2/14/2018	FRGN TRAN FEE PUR 05 99.93	\$2.99
2/15/2018	PES*QINGONGBGGP SHANGHAI Frgn Amt: \$1,267.62 YUAN RENMINBI	\$199.95
2/15/2018	FRGN TRAN FEE PUR 05 199.95	\$5.99
2/26/2018	PES*QINGONGBGGP SHANGHAI Frgn Amt: \$1,269.62 YUAN RENMINBI	\$200.89
2/26/2018	FRGN TRAN FEE PUR 05 200.89	\$6.02
2/28/2018	PES*BAOSHUNKT BEIJING Frgn Amt: \$1,261.81 YUAN RENMINBI CN	\$199.40
2/28/2018	FRGN TRAN FEE PUR 05 199.40	\$5.98
3/5/2018	PES*BAOSHUNKT BEIJING Frgn Amt: \$1,581.93 YUAN RENMINBI CN	\$250.05
3/5/2018	FRGN TRAN FEE PUR 05 250.05	\$7.50
3/8/2018	PES*YONGLIANGSW SHANGHAI Frgn Amt: \$1,582.37 YUAN RENMINBI CN	\$249.96
3/8/2018	FRGN TRAN FEE PUR 05 249.96	\$7.49
3/8/2018	PES*YONGLIANGSW SHANGHAI Frgn Amt: \$1,579.43 YUAN RENMINBI CN	\$249.50
3/8/2018	FRGN TRAN FEE PUR 05 249.50	\$7.48
3/9/2018	PES*YONGLIANGSW SHANGHAI Frgn Amt: \$1,587.44 YUAN RENMINBI CN	\$250.34
3/9/2018	FRGN TRAN FEE PUR 05 250.34	\$7.51
3/14/2018	PES*TAMIANSM SHANGHAI Frgn Amt: \$2,211.68 YUAN RENMINBI CN	\$350.12
3/14/2018	FRGN TRAN FEE PUR 05 350.12	\$10.50
3/15/2018	PES*TAMIANSM SHANGHAI Frgn Amt: \$1,577.12 YUAN RENMINBI CN	\$249.80
3/15/2018	FRGN TRAN FEE PUR 05 249.80	\$7.49
3/21/2018	PES*MIAOMS BEIJING Frgn amt: \$1,579.68 YUAN RENMINBI CN	\$249.71
3/21/2018	FRGN TRAN FEE PUR 05 249.71	\$7.49
3/23/2018	PES*MIAOMS BEIJING Frgn amt: \$1,579.49 YUAN RENMINBI CN	\$249.77
3/23/2018	FRGN TRAN FEE PUR 05 249.77	\$7.49
4/4/2018	PES*MJTXKJ BEIGING Frgn Amt: \$1,257.62 YUAN RENMINBI CN	\$199.74
4/4/2018	FRGN TRAN FEE PUR 05 199.74	\$5.99
4/17/2018	PES*ALLHES BEIJING Frgn Amt: \$1,257.50 YUAN RENMINBI CN	\$200.30
4/17/2018	FRGN TRAN FEE PUR 05 200.30	\$6.00
4/17/2018	PES*ALLHES BEIJING Frgn Amt: \$1,257.50 YUAN RENMINBI CN	\$(199.64)
4/17/2018	FRGN TRAN FEE PUR 05 199.64	\$(5.98)
Foreign Transaction Total		\$3,089.76
Total		\$13,403.65

No documentation was available for any of the transactions shown above – see **Comment and Recommendation Number 2** for additional information on this matter.

In a June 21, 2018, email message to the APA, Ms. Olson explained that “[w]hile printing meeting minutes from Mr. Glesinger’s work computer, [she] spotted that a BitCoin program is downloaded to the computer that was used by Mr. Glesinger.”

Without procedures to ensure that only allowable purchases are made on the BCDA credit card, there is an increased risk for the loss of misuse of public funds.

Other Personal Expenses

As detailed in the following table, the BCDA and the APA flagged multiple credit card purchases that appear not to have been made for official purposes:

Transaction Date	Transaction Description	Transaction Amount
12/7/2016	GOOD LIFE PHARMACY ALBION NE	\$25.97
1/30/2017	COACHING-DIRECT.COM +18663918678	\$104.90*
3/4/2017	posupportline.com 1 866 269 388	\$104.90*
3/4/2017	posupportline.com 1 866 269 388	\$52.45*
5/10/2017	CASEYS GEN STORE 0043 ALBION NE	\$8.87
5/25/2017	CASEYS GEN STORE 0043 ALBION NE	\$39.38
7/28/2017	CASEYS GEN STORE 0043 ALBION NE	\$57.79
7/28/2017	ALBION THRIFTWAY ALBION NE	\$95.87
9/12/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$18.95*
9/12/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$22.80*
9/13/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$50.61*
9/16/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$39.99*
9/25/2017	CASEYS GEN STORE 0043 ALBION NE	\$57.85
10/11/2017	ALBION THRIFTWAY ALBION NE	\$68.91
10/25/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$140.28*
10/27/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$19.99*
10/30/2017	Amazon.com AMZN.COM/BILL WA	\$60.06*
10/31/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$(29.99)*
10/31/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$(98.50)*
11/8/2017	FanDual 800-475225 NY	\$100.00*
12/14/2017	AMAZON MKTPLACE PMTS AMZN.COM/BILL WA	\$262.76*
1/28/2018	CASH EQUIV FEB 07 400.00	\$20.00*
1/28/2018	CASH EQUIV FEB 07 400.00	\$20.00*
1/30/2018	CENEX COUNTRY 09891656 SPALDING NE	\$40.86*
2/6/2018	CASH EQUIV FEB 07 400.00	\$20.00*
2/6/2018	CASH EQUIV FEB 07 400.00	\$20.00*
2/8/2018	RUNZA ALBION ALBION NE	\$8.66*
2/9/2018	KEALY'S TAVERN & BOWL, LLSPALDING NE	\$55.25*
2/16/2018	CASH EQUIV FEB 07 400.00	\$20.00*
3/7/2018	PUMP & PANTRY #25 ALBION NE	\$56.88*
4/26/2018	SendinBlue Paris	\$1.34*
Total		\$1,466.83

*No documentation was available for transaction.

The BCDA was not able to provide documentation for over \$1,000 of the charges shown above – see **Comment and Recommendation Number 2** for additional information on this matter. For the Amazon charges, BCDA was able to confirm the purchases were made from Mr. Glesinger’s Amazon account using the BCDA credit card. An email from Amazon customer service was provided.

Although others had access to the credit cards during the period, the BCDA alleges the charges listed above were unauthorized charges made by Mr. Glesinger.

Among those transactions for which BCDA staff could obtain supporting documentation, the APA observed purchases of lottery tickets, fuel, snacks, and drinks. The receipt below is from Casey's General Store on May 25, 2017, and shows purchases of an energy drink, snack, and lottery tickets:

Receipt Lookup								
ALBION (43) 205 W STATE ST ALBION, NE 68620						Ticket:	1199094	
						Date and time:	05/25/2017 at 15:43	
						Cashier:	259	
						Register:	1	
Line	Product	UPC	Status	Promotion	Tank	Qty	Retail	Sales
1	Monster Rehab Raspberry 16oz	7084700614				1.00	\$2.59	\$2.59
2	Peanut Butter Krispy Bites	6045				1.00	\$1.79	\$1.79
3	Lotto - 19 -No Restrictions	15002	(Age Verify Succeeded)			1.00	\$0.00	\$4.00
4	Instant Ticket #923 - No Holding Back	60934100923	(Age Verify Succeeded)			1.00	\$20.00	\$20.00
5	Instant Ticket #947 - \$50 000 Jackpot	60934100947	(Age Verify Succeeded)			1.00	\$5.00	\$5.00
6	Instant Ticket #933 - 10x Bingo Multipl	60934100933	(Age Verify Succeeded)			1.00	\$3.00	\$3.00
7	Instant Ticket #920 - Bonus Crossword	60934100920	(Age Verify Succeeded)			1.00	\$3.00	\$3.00
							Sales	\$39.38
							Tax	\$0.00
							Total	\$39.38
Type	Transaction Type	Credit Card	Check Number	Sales Amount				
Payment	Visa	██████████		\$39.38				

On the following receipt, dated July 28, 2017, from Albion Thriftway, Mr. Glesinger appears to have purchased such personal items as alcohol, chewing gum, and a ribeye steak:

```

SALE
MID: 00000000
TID: 915298
07/28/2017 13:39:42
Entry Method: C
Seq #: 016033
Approval Code: 192635
Visa Credit
CARD #:
AID: A0000000031010
TVR: 8080008000
IAD: 06010A03608000
TSI: 6800
TC: BB2BB0E3CE49CDBF
Total: USD$ 95.87
APPROVED BY ISSUER
BEER
Age Confirmed - 04/02/1988
TITO'S VODKA $21.59 T
CANDY
ECLIPSE SPEARMINT ED $1.25 N F
GENERAL MERCH.
HEF 1-ZIP STOR GAL B $5.25 T
KLEENEX
2 @ $3.19 EA $6.38 T
GROCERY
DR PEPPER $5.29 N F
HEINZ TOMATO KETCHUP $4.39 N F
KELL POP TARTS $4.69 N F
LASAGNA CHEF
4 @ $1.00 EA $4.00 N F
MOUNTAIN DEW 12 PK $5.19 N F
MT DEW $1.89 N F
OCEAN SPRAY
2 @ $4.09 EA $8.18 N F
CEP TACO SCE MILD
2 @ $3.09 EA $6.18 N F
PEPSI 12 PACK $5.19 N F
MEAT
RIB EYE STK $10.39 N F
PRODUCE
GALA APPLES W
2.18 lb @ $1.69/ lb $3.68 N F
Tare Weight: 0.01lb
BALANCE DUE $95.87
VISA $95.87
[S]
Auth Code = 192635
CHANGE $0.00
TAX-CODE TAXABLE-VAL TAX-VALUE
TAX $33.22 $2.33
Total number of items sold = 21
-----
CASHIER NAME:
STORE:00020 REGISTER:001 CASHIER:0280
TICKET#:3284 28JUL2017 13:39:58
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

```

Note: The above highlighting was done by BCDA staff.

For more examples of flagged receipts, see **ATTACHMENT B**.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2012), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to counties, among numerous other entities, by both subsections (2) and (3) of § 13-2202.

Section 13-2203 enumerates specifically allowable disbursements of public funds under the Act, emphasizing that only nonalcoholic beverages are permitted.

Neb. Rev. Stat. § 13-2521 (Reissue 2012) says the following regarding the limited authority of joint public agencies:

A joint public agency may perform any governmental service, activity, or undertaking which at least one of the participating public agencies is authorized to perform. In exercising its powers under this section to perform any governmental service, activity, or undertaking, a joint public agency shall be subject to the same procedures, regulations, and restrictions as the participating public agency which is granted the power by law to perform the governmental service, activity, or undertaking.

Because counties are not permitted to purchase alcohol under the Act, and joint public agencies are subject to the same restrictions as their participating public agencies, alcohol could not be purchased for either the BCDA or any of its member counties. Absent any evidence to the contrary, therefore, it is reasonable to conclude that the alcohol reflected on the above receipt, as well as possibly the other items highlighted, were purchased for personal use.

Without adequate supporting documentation, it is impossible to ensure that all BCDA credit card transactions represent legitimate purchases for official, as opposed to personal, purposes only.

Other Reimbursements

During the period examined, the BCDA made 22 reimbursement payments, totaling \$12,561, to Mr. Glesinger for mileage expenses and other reimbursements. The following table details those disbursements:

Check #	Check Date	Check Memo	Amount
1682	1/15/2017	Mileage, conference expense, etc.	\$563.24
1694	2/1/2017	January Mileage, Office Supplies	\$260.01
1710	3/1/2017	Mileage	\$178.25
1730	4/1/2017	March Mileage	\$243.50
1752	5/1/2017	Mileage/Meeting Expen	\$277.44
1760	5/15/2017	Mileage/Office Supplies	\$211.28
1793	6/21/2017	Reimbursement for Purchases/Meeting Expenses/C	\$309.39
1798	7/1/2017	Travel/Conference/Office Supplies	\$610.48
1799	7/12/2017	Mileage/Governors Summit Reimbursement	\$816.28
1814	8/1/2017	July Mileage	\$313.89
1831	9/1/2017	August Mileage	\$258.73
1845	9/20/2017	Reimbursement for travel/expenses	\$520.44
1850	10/18/2017	Sept/Oct Mileage & Expenses	\$825.21
1866	11/13/2017	Mileage/Other	\$487.41
1898	1/1/2018	Oct/Nov/Dec Travel	\$352.46
1902	1/17/2018	December/January Mileage	\$447.68
1920	2/1/2018		\$545.89
1921	2/7/2018	Mileage - Dec/Jan/Feb	\$1,169.54
1925	2/22/2018	Reimbursement for Purchases (CC Not Working)	\$1,158.18
1931	3/13/2018	Mileage/Reimbursement of Purchases	\$1,032.74
1946	4/21/2018	Meeting Food Reimbursement/Mileage	\$936.34
1980	5/16/2018	Mileage/Supplies/Food	\$1,042.18
Total			\$12,560.56

Of the transactions shown above, the five highlighted in blue, totaling \$3,847, were not included on a claims listing approved by the Board.

No documentation was obtained for any of the transactions reflected in the above table – see **Comment and Recommendation Number 2** for additional information on this matter.

Typically, BCDA staff orders office supplies from Eakes Office Solutions. Ms. Olson does not recall any time that Mr. Glesinger would have needed to personally purchase office supplies. Also, according to Ms. Olson, after she began working, Mr. Glesinger transitioned into a role that required most of his time to be spent in the office; therefore, he should not have needed much in the way of mileage reimbursements.

The following table shows the BCDA reimbursements to Mr. Glesinger after Ms. Olson started as the Executive Director on August 8, 2017:

Check Number	Check Date	Check Memo	Amount
1831	9/1/2017	August Mileage	\$258.73
1845	9/20/2017	Reimbursement for travel/expenses	\$520.44
1850	10/18/2017	Sept/Oct Mileage & Expenses	\$825.21
1866	11/13/2017	Mileage/Other	\$487.41
1898	1/1/2018	Oct/Nov/Dec Travel	\$352.46
1902	1/17/2018	December/January Mileage	\$447.68
1920	2/1/2018		\$545.89
1921	2/7/2018	Mileage - Dec/Jan/Feb	\$1,169.54
1925	2/22/2018	Reimbursement for Purchases (CC Not Working)	\$1,158.18
1931	3/13/2018	Mileage/Reimbursement of Purchases	\$1,032.74
1946	4/21/2018	Meeting Food Reimbursement/Mileage	\$936.34
1980	5/16/2018	Mileage/Supplies/Food	\$1,042.18
Total			\$8,776.80

The amount of mileage claimed by Mr. Glesinger appears excessive for a position that required little travel. However, without adequate supporting documentation, the APA cannot determine how much of each reimbursement was actually for mileage, as opposed to other expenses.

Without adequate supporting documentation, it is impossible to ensure that mileage and other costs reimbursed by the BCDA are legitimate expenses for official, rather than personal, purposes.

Inaccurate Presentation to Board

In his capacity as former Office Administrator of the BCDA, Mr. Glesinger prepared the listing of credit card charge categories and amounts to be paid, which was presented at Board meetings as claims for payments to the credit card company. The information on the claims that he presented to the Board did not always match the charges shown on the correlative credit card statements.

The following table contains a listing of actual credit card charges for which the Board made a payment of \$1,448.01 on December 8, 2017:

Transaction Date	Transaction Description	Transaction Amount
11/17/2017	COINBASE CHEAPSIDE	\$590.00
11/19/2017	COINBASE CHEAPSIDE	\$225.00
11/22/2017	COINBASE CHEAPSIDE	\$265.00
11/22/2017	COINBASE CHEAPSIDE	\$82.00
11/27/2017	DOLLAR-GENERAL #8724 ALBION NE	\$16.86
11/30/2017	COINBASE CHEAPSIDE	\$250.00
12/4/2017	3C'S CLEVELAND'S CAFÉ&CAT ALBION NE	\$19.15
Total		\$1,448.01
12/8/2017	PAYMENT - THANK YOU	\$(1,448.01)

The following is the summary of credit card charges that Mr. Glesinger presented to the Board in order to obtain approval for the \$1,448.01 payment:

CHECK 1867 12/06/17 FIRST BANKCARD VISA	372.77
Office supplies	178.56
Meeting Food	196
Stamps	368.12
Newsletter Supplies	150
Membership Dues	182.56
Hotel for conference/food	
	TOTAL= 1448.01

Although the total amounts do match, the description categories shown on the claim do not correlate to the charges actually made on the credit card. The Board saw neither the original credit card statements nor even a reasonably accurate summary thereof.

According to Mr. Yosten, it was common for Mr. Glesinger to claim that he was expecting more bills to arrive and needed to be paid for them before the next meeting. Therefore, two of the authorized signers for the BCDA, whether the Board Chairperson, Vice-Chairperson, or Director, would sign blank checks that were presented to them by Mr. Glesinger.

Without adequate procedures to ensure that the Board is able to review actual credit card statements before paying for them, there is an increased risk for the loss or misuse of BCDA funds.

Altering of Records

At a 2018 Board meeting, Mr. Glesinger submitted the following claim for approval:

Check	02/07/2018	Michelle Olson	Mileage - Dec/Jan/Feb	
			Mileage - Dec/Jan/Feb	-1,169.54
TOTAL				-1,169.54

On February 7, 2018, Mr. Glesinger prepared the following BCDA check to be signed:

BCDA, INC.
233 S. 4th STREET
ALBION, NE 68620
402-395-3356

CEDAR RAPIDS STATE BANK
CEDAR RAPIDS, NEBRASKA 68017
76-1337/1041

1921

2/7/2018

PAY TO THE ORDER OF Mitch Glesinger

\$ 1,169.54

One Thousand One Hundred Sixty-Nine and 54/100 DOLLARS

Mitch Glesinger
50449 Hwy. 91
Spalding, NE 68865

MEMO
Mileage - Dec/Jan/Feb

Mitchell Olson

AMT: 1,169.54 STS: Paid
CHK: 1921 DATE: 02/08/2018 ADR: 80100350

The claim was approved to be paid to Ms. Olson, but it was actually paid to Mr. Glesinger.

Without an adequate review of BCDA claims listings and bank statements, there is an increased risk for the loss or misuse of public funds.

If it can be shown that the Board was intentionally misled regarding either the nature of recipient of payments made by it, a number of statutory concerns could result.

To start, 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.

Neb. Rev. Stat. § 28-602 (Reissue 2016) states the following:

(1) A person commits forgery in the first degree if, with intent to deceive or harm, he falsely makes, completes, endorses, alters, or utters a written instrument which is or purports to be, or which is calculated to become or to represent if completed:

(a) Part of an issue of money, stamps, securities, or other valuable instruments issued by a government or governmental agency; or

(b) Part of an issue of stock, bonds, bank notes, or other instruments representing interests in or claims against a corporate or other organization or its property.

(2) Forgery in the first degree is a Class III felony.

Neb. Rev. Stat. § 28-603 (Reissue 2016) provides the following:

(1) Whoever, with intent to deceive or harm, falsely makes, completes, endorses, alters, or utters any written instrument which is or purports to be, or which is calculated to become or to represent if completed, a written instrument which does or may evidence, create, transfer, terminate, or otherwise affect a legal right, interest, obligation, or status, commits forgery in the second degree.

(2) Forgery in the second degree is a Class IIA felony when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is five thousand dollars or more.

(3) Forgery in the second degree is a Class IV felony when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is one thousand five hundred dollars or more but is less than five thousand dollars.

(4) Forgery in the second degree is a Class I misdemeanor when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is five hundred dollars or more but is less than one thousand five hundred dollars.

(5) Forgery in the second degree is a Class II misdemeanor when the face value, or purported face value, or the amount of any proceeds wrongfully procured or intended to be procured by the use of such instrument, is less than five hundred dollars.

(6) For the purpose of determining the class of penalty for forgery in the second degree, the face values, or purported face values, or the amounts of any proceeds wrongfully procured or intended to be procured by the use of more than one such instrument, may be aggregated in the indictment or information if such instruments were part of the same scheme or course of conduct which took place within a sixty-day period and within one county. Such values or amounts shall not be aggregated into more than one offense.

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.

These potential statutory concerns aside, it should be noted that good internal controls require procedures to ensure that one person is not in a position both to perpetrate and to conceal financial errors or irregularities.

Without such procedures, there is an increased risk for fraud or the misappropriation of BCDA funds.

We recommend the BCDA implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities. This would include having a Board member, or a separately designated individual, review the monthly bank and credit card statements for any discrepancies with approved claims or unusual charges. We recommend also the BCDA consult and work with the proper authorities regarding Mr. Glesinger’s questionable handling of public funds. The BCDA should implement procedures to recover or otherwise account for any missing funds.

BCDA Response: BCDA is working to implement new policies and procedures that will address the issues regarding internal control and compliance matters outlined in the draft letter.

2. Lack of Supporting Documentation

The BCDA had no supporting documentation for many of the suspect credit card charges or reimbursement payments to Mr. Glesinger, as addressed previously herein.

Specifically, 182 credit card transactions, totaling \$18,843, for which Mr. Glesinger was responsible lack support. Of those, 93, totaling \$14,516, were flagged as being possibly fraudulent. Likewise, there is no supporting documentation for 41 reimbursement payments, totaling \$19,761, that the BCDA made to Mr. Glesinger.

In addition to concerns regarding payment of Mr. Glesinger’s unsupported credit card billings and reimbursement claims, the APA noted that the BCDA made \$7,200 in reimbursement payments for unsupported medical expenses claimed by one of its employees. BCDA employees may deduct up to \$5,000 per year from their paychecks for participating in the organization’s Medical Cafeteria Plan. To be reimbursed for medical claims, however, those same employees must provide receipts or other supporting documentation. Nevertheless, there is no documentation to support the medical reimbursement payments that the BCDA has made to the employee whose claims are summarized in the following table:

Check #	Check Date	Memo	Amount	Check Clear Date
1671	1/4/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$500.00	1/5/2017
1689	2/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$271.73	2/2/2017
1708	3/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$271.73	3/2/2017
1714	3/15/2017	Café Plan Payment for Various Expense	\$256.54	3/16/2017
1727	4/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$271.73	4/4/2017
1750	5/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$271.73	5/3/2017
1759	5/15/2017	Health Care Reimbursement	\$256.54	5/16/2017
1771	6/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$271.73	6/2/2017
1794	7/1/2017	Reimbursement for Medical Expenses	\$528.27	7/3/2017
1810	8/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$273.61	8/2/2017
1823	9/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$526.39	9/5/2017
1843	10/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$273.61	10/2/2017
1860	11/1/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$273.61	11/2/2017
1883	12/6/2017	Cafeteria Plan Reimbursement - Ins. Premium	\$752.78	12/7/2017
		Calendar Year 2017 Subtotal	\$5,000.00	
1896	1/1/2018	Cafeteria Plan Reimbursement - Ins. Premium	\$500.00	1/2/2018
1916	2/1/2018	Cafeteria Plan Reimbursement - Ins. Premium	\$457.99	2/2/2018
1937	3/1/2018	Cafeteria Plan Reimbursement - Ins. Premium	\$442.01	3/5/2018
1951	4/1/2018	Cafeteria Plan Reimbursement - Ins. Premium	\$400.00	3/30/2018
1975	5/1/2018	Cafeteria Plan Reimbursement - Ins. Premium	\$400.00	5/2/2018
Total			\$7,200.00	

After searching the BCDA office and files, Ms. Olson has not been able to locate any medical expense receipts for the above reimbursements.

Without adequate supporting documentation, it is impossible to ensure the legitimacy of expenditures, including various reimbursements, made by the BCDA.

Good internal controls require procedures to ensure that all financial transactions, including reimbursement payments, are adequately documented to allow for the verification of the underlying purchases. Without such procedures, there is an increased risk for the misuse of BCDA funds.

We recommend the Board implement procedures to ensure adequate documentation is obtained to support all BCDA expenditures.

3. Lack of Approval of Claims

After receiving the BCDA's bank statements, the APA reviewed all checks paid to Mr. Glesinger and the credit card company, as well as other questionable transactions. Going through the claims listings provided by Ms. Olson, the APA found seven checks, totaling \$6,528, that were not approved during the period examined. Five of those checks, totaling \$3,847, were paid to Mr. Glesinger.

Additionally, the claims listings provided did not show the date of the Board meeting in which the claims were approved; therefore, it is unknown if claims were paid before the amounts were approved.

Good internal control requires procedures to ensure that all claims are approved by the Board prior to payment and are paid in the approved amounts. Without such procedures, there is an increased risk for the loss or misuse of BCDA funds.

We recommend the BCDA implement procedures to ensure the Board approves all claims prior to payment, and such claims are paid in the approved amounts.

* * * * *

Due to the seriousness of the issues addressed above, including indications of possible fraud and theft of public funds, the information presented herein is being forwarded to the Nebraska Attorney General for further review and any action deemed appropriate by that office.

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 BCDA'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 BCDA.

Draft copies of this letter were furnished to the BCDA 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. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the BCDA 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,



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

cc: Nebraska Attorney General

BOONE COUNTY DEVELOPMENT AGENCY
OFFICE ADMINISTRATOR JOB DESCRIPTION

ATTACHMENT A



233 South 4th Street Albion, NE 68620 • (402) 395-3356 • boone-county.org

JOB DESCRIPTION

Job Title: Office Administrator
Reports to: Executive Director

Job Summary

The office administrator will provide administrative support to the Executive Director. This position will be responsible for all administration duties for BCDA and AEDC, including: business development, workforce recruitment, promotion, and other needs as they arise. This person will also be responsible for maintaining office hours as much as possible, increasing accessibility to the public/customers in need of information or guidance.

Job Responsibilities:

1. General Administration

- Assist Director with fulfilling requests and questions in a prompt, professional, and courteous manner. This is extremely critical in the absence of the Executive Director.
- Assist Director with meetings, financials, and other tasks as needed, including updates to the board on specific initiatives assigned to you.
- Coordinate regularly scheduled meetings to include: schedules, agenda, minutes and reminders.
- Keep all necessary forms, calendars, etc. updated at all times.
- Attend and take minutes for BCDA board and committees, AEDC Board, and cities/villages as requested.
- Keep community and BCDA information current on all platforms (website, social, email, print): workforce development, including job openings; upcoming events, contact information, etc.
- Represent Boone County on behalf of the Executive Director on occasion. This could include meetings, training opportunities, presentations, etc. Will likely have to professionally prepare and present information to a range of audiences to provide information/education regarding Boone County projects and initiatives.

2. Business Development

- Assist with incoming information requests.
- Help prepare for and complete BR&E visits, including data entry and follow up.
- Research funding sources for grant applications and financial assistance requests.

**BOONE COUNTY DEVELOPMENT AGENCY
RECEIPTS OBTAINED**

ATTACHMENT B

Receipt Lookup								
ALBION (43) 205 W STATE ST ALBION, NE 68620						Ticket: 1248481		
						Date and time: 07/28/2017 at 17:28		
						Cashier: 152		
						Register: 1		
						Pump: 6		
Line	Product	UPC	Status	Promotion	Tank	Qty	Retail	Sales
1	Monster Rehab Orange 16oz	7084701046				1.00	\$2.59	\$2.59
2	Super Unleaded Fuel	1540			2	14.86	\$2.10	\$31.20
3	Lotto - 19 -No Restrictions	15002	(Age Verify Succeeded)			1.00	\$0.00	\$4.00
4	Instant Ticket #930 - Multitude Of Money	6093410093 0	(Age Verify Succeeded)			1.00	\$20.00	\$20.00
							Sales	\$57.79
							Tax	\$0.00
							Total	\$57.79
Type	Transaction Type	Credit Card	Check Number	Sales Amount				
Payment	Visa	██████████		\$57.79				

Receipt Lookup								
ALBION (43) 205 W STATE ST ALBION, NE 68620						Ticket: 1293021		
						Date and time: 09/25/2017 at 17:33		
						Cashier: 323		
						Register: 1		
						Pump: 4		
Line	Product	UPC	Status	Promotion	Tank	Qty	Retail	Sales
1	Super Unleaded Fuel	1540			2	15.98	\$2.37	\$37.85
2	Lotto - 19 -No Restrictions	15002	(Age Verify Succeeded)			1.00	\$0.00	\$4.00
3	Instant Ticket #952 - Crossword inferno	6093410095 2	(Age Verify Succeeded)			1.00	\$10.00	\$10.00
4	Instant Ticket #920 - Bonus Crossword	6093410092 0	(Age Verify Succeeded)			1.00	\$3.00	\$3.00
5	Instant Ticket #933 - 10x Bingo Multipli	6093410093 3	(Age Verify Succeeded)			1.00	\$3.00	\$3.00
							Sales	\$57.85
							Tax	\$0.00
							Total	\$57.85
Type	Transaction Type	Credit Card	Check Number	Sales Amount				
Payment	Visa	██████████		\$57.85				

BOONE COUNTY DEVELOPMENT AGENCY
 RECEIPTS OBTAINED

ATTACHMENT B

GOOD LIFE DISCOUNT PHCY.
 124 SOUTH FOURTH STREET
 ALBION, NE 68620
 402-395-3353

8.93
 2.83
 5.03
 5.19
 2.29
 24.27
 1.70
 25.97
 25.97

DAYQUIL
 RICOLA BAG19
 ENERGIZER MX
 DURACEL AA 4
 HM ALCOHOL I
 SUBTOTAL
 SALES TAX
 TOTAL DUE
 VISA

CARD NO. : ██████████
 EXP DATE : **/**
 TRANS TYPE: PURCHASE
 ENTRY : CONTACT CHIP READ

PIN VERIFIED
 NO SIGNATURE REQUIRED

12/07/16 14:05 VLG 00356480 01

R E P R I N T 06/14/18

00356480 12/07/16 VISA
 BCDA Staff

SALE

MID: 00000000
 TID: 915298
 10/11/2017 15:21:14
 Entry Method: C
 Seq #: 024890
 Approval Code: 224967
 Visa Credit
 CARD #: ██████████
 AID: A0000000031010
 TVR: 8080008000
 IAD: 06010A03600000
 TSI: 6800
 TC: ED43FP34BE482F2C
 Total: USD\$ 68.91

APPROVED BY ISSUER

CANDY
 CANDY \$1.05 N F
 ECLIPSE SPEARMINT ED
 3 @ \$1.19 EA \$3.57 N F
 TIC TAC FRESHMINT \$1.35 N F

GENERAL MERCH.
 BST-CH FOAM CUPS 16Z
 2 @ \$1.69 EA \$3.38 T
 CH COMFORT CUPS 16Z \$4.25 T
 DIAMOND FORKS \$2.79 T
 GLDE AERO WHITE TEA/ \$1.65 T
 HEF SLIDER BAG GAL S \$2.29 T
 HEFTY FOAM PLATES \$3.59 T
 KLNK FACIAL ULTRA WH
 4 @ \$1.89 EA \$7.56 T

GROCERY
 5 HR ENERGY DRINK BE
 2 @ \$2.45 EA \$4.90 N F
 AQ FINA WATER \$4.99 N F
 CUBES PEPSI \$7.99 N F
 DR PEPPER \$5.29 N F
 MOUNTAIN DEW 12 PK \$5.19 N F
 PEPSI \$1.89 N F

HBA
 BAND-AID ASST SHEER \$3.65 T
 CARMEX ORIG CARDED S \$1.39 T
 BALANCE DUE \$68.91
 VISA \$68.91
 [S] ██████████
 Auth Code = 224967
 CHANGE \$0.00

TAX-CODE TAXABLE-VAL TAX-VALUE
 TAX \$30.55 \$2.14
 Total number of items sold = 25

 CASHIER NAME: ██████████
 STORE:00020 REGISTER:002 CASHIER:0279
 TICKET#:6360 11OCT2017 15:21:33
 XXX

Note: The above highlighting was done by BCDA staff.