



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 14, 2019

William Newton, Chairperson
Village of Pender Board of Trustees
P.O. Box S
Pender, NE 68047

Dear Mr. Newton:

As you may know, the Nebraska Auditor of Public Accounts (APA) received some financial concerns regarding the Village of Pender (Village). Consequently, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. As a result, the APA requested certain financial information from the Village. Based upon the outcome of the preliminary planning work, the APA has determined that it is unnecessary for this office to perform a separate financial audit or attestation of the Village at this time.

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

Comments and Recommendations

1. Utility Rates Billed

The APA tested 15 customer accounts for the August 2018 billing period – 10 residential and 5 commercial – and found issues with most of the utility account billed, as detailed below.

Electric Rates

The Village Clerk failed to provide documentation to support the amount of kilowatt hours (kWh) used for three of the four commercial customers tested (the fifth commercial customer tested did not have a charge for electricity). A multiplier of sorts appears to be used when calculating the rates charged to commercial meters. The multiplier varies among customers, meaning that a uniform rate is not charged for each kWh used. When asked, however, the Village Clerk was unable to explain – much less provide supporting documentation for – how the different multiplier rates are chosen and applied. Consequently, the APA is unable to determine whether the various multipliers used are in accordance with the Village's electrical rate ordinance.

The following table details the unexplained variances between three of the four commercial electric rates tested for the August 2018 billing:

Meter Number	Present Meter Reading	Prior Meter Reading	Usage	Flat Fee	Rate 1	Rate 2	APA Calculation	Amount Charged	Variance	APA Notes
1-6-E	9,471	8,959	512	\$ 32.00	0.12317	0.11233	\$ 95.06	\$ 648.32	\$ 553.26	<i>Present Less Prior usage = 512. Usage actually charged was 5,120 – a multiplier of 10.</i>
5-97-E	619	286	333	\$ 32.00	0.12317	0.11233	\$ 73.02	\$ 1,569.43	\$ 1,496.41	<i>Present Less Prior usage = 333. Usage actually charged was 13,320 – a multiplier of 40.</i>
8-10-E	9,575	9,414	161	\$ 32.00	0.12317	0.11233	\$ 51.83	\$ 1,520.00	\$ 1,468.17	<i>Present Less Prior usage = 161. Usage actually charged was 12,880 – a multiplier of 80.</i>

Village Ordinance Number 613 (July 11, 2016), the section entitled “Commercial Electric/General Service (Three Phase),” makes no mention of the multiplier rate addressed in this comment:

<u>Commercial Electric / General Service (Three Phase):</u>	
<u>Applicable:</u> This schedule is applicable to all Kwh sales to all establishments which are operating as a business and have three-phase power and less than 75 kW demand with a usage not to exceed 30,000 Kwh for any (2) consecutive months. This schedule shall include: apartments, churches, offices, care centers, small manufacturers, retail stores, shops and similar operations where metered under one customer, all at the system’s standard voltage. To be eligible for this rate the customer must demonstrate that the Kwh consumption will meet the minimum requirement and the customer load factor will be sufficient as not to cause an abnormal Kw demand.	
<u>Character of Service:</u> 60 cycle, AC, three-phase, 120/208-240 Volt ; 3 or 4 wire, or 277/480 Volt; 3 or 4 wire.	
Summer Rate	
Customer Service Charge	\$32.00
First 3,800 Kwh, per Kwh	\$0.12317
Over 3,800 Kwh, per Kwh	\$0.11233

Sewer Rates

The Village failed to bill the sewer rates in accordance with Village Ordinance Number 578 (February 13, 2012), which requires the rate charged to be “based on the average water consumption during the winter months, for the billing from December 1st through January 1st for residential, multifamily.”

The APA reviewed the December 2017 water usage, and the sewer rate charged in August 2018 did not agree to the average usage for December 2017. Per discussion with the Village Clerk, the sewer rates have not been changed since December 2015. The table below shows the sewer rates charged for the August 2018 billing:

Meter Number	Usage	Flat Fee	Rate 1	APA Calculation	Amount Charged	Variance	APA Notes
3-93-E	410	\$ 16.00	0.0075	\$ 19.08	\$ 16.38	\$ (2.70)	A water usage of 50 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 410.
5-30-E	450	\$ 16.00	0.0075	\$ 19.38	\$ 19.00	\$ (0.38)	A water usage of 400 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 450.
5-1258-E	560	\$ 16.00	0.0075	\$ 20.20	\$ 20.95	\$ 0.75	A water usage of 660 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 560.
7-54-E	570	\$ 16.00	0.0075	\$ 20.28	\$ 19.23	\$ (1.05)	A water usage of 430 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 570.
3-52-E	510	\$ 16.00	0.0075	\$ 19.83	\$ 18.93	\$ (0.90)	A water usage of 390 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 510.
1-6-E	1,280	\$ 16.00	0.0085	\$ 26.88	\$ 30.20	\$ 3.32	A water usage of 1,670 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 1,280.
5-97-E	300	\$ 16.00	0.0085	\$ 18.55	\$ 27.96	\$ 9.41	A water usage of 1,407 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 300.
1-124-E	60	\$ 16.00	0.0085	\$ 16.51	\$ 16.43	\$ (0.08)	A water usage of 50 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 60.
2-83-E	630	\$ 16.00	0.0075	\$ 20.73	\$ 19.45	\$ (1.28)	A water usage of 460 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 630.
3-87-E	840	\$ 16.00	0.0075	\$ 22.30	\$ 19.15	\$ (3.15)	A water usage of 420 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 840.
5-24-E	350	\$ 16.00	0.0075	\$ 18.63	\$ 17.95	\$ (0.68)	A water usage of 260 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 350.
6-41-E	240	\$ 16.00	0.0075	\$ 17.80	\$ 17.73	\$ (0.07)	A water usage of 230 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 240.
7-89-E	620	\$ 16.00	0.0075	\$ 20.65	\$ 21.70	\$ 1.05	A water usage of 760 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 620.
8-10-E	950	\$ 16.00	0.0085	\$ 24.08	\$ 25.86	\$ 1.79	A water usage of 1,160 was used, which is the December 2015 usage. The December 2017 usage that should have been used was 950.

As noted, the sewer rate should have been based on the December 2017 water usage, but it was not for all 14 sewer accounts tested. There are a total of approximately 680 accounts that would be affected by this billing issue.

Gas Rates

While the Village Clerk was able to explain the calculation of the gas rate used, the rate does not appear to be correct according to the governing ordinance. The following accounts were charged for gas, as follows:

Meter Number	Present Meter Reading	Prior Meter Reading	Usage	Flat Fee	Rate 1	APA Calculation	Amount Charged	Variance	APA Notes
5-30-E	9,444	9,434	10	\$ 15.00	\$ 0.53	\$ 20.30	\$ 21.80	\$ 1.50	The Village used a rate of \$0.68.
7040	3,921	3,917	4	\$ 20.00	\$ 0.53	\$ 22.12	\$ 22.95	\$ 0.83	The Village used 4.3448 in the "Usage" column but could not explain this multiplier or where it is allowed in ordinance. The Village also used a rate of \$0.68.
7-54-E	2,296	2,286	10	\$ 15.00	\$ 0.53	\$ 20.30	\$ 21.80	\$ 1.50	The Village used a rate of \$0.68.
3-52-E	6,809	6,803	6	\$ 15.00	\$ 0.53	\$ 18.18	\$ 19.08	\$ 0.90	The Village used a rate of \$0.68.
1-6-E	6,190	6,022	168	\$ 20.00	\$ 0.53	\$ 109.04	\$ 134.24	\$ 25.20	The Village used a rate of \$0.68.
5-97-E	285	282	3	\$ 20.00	\$ 0.53	\$ 21.59	\$ 22.04	\$ 0.45	The Village used a rate of \$0.68.
1-124-E	6,110	6,101	9	\$ 20.00	\$ 0.53	\$ 24.77	\$ 26.12	\$ 1.35	The Village used a rate of \$0.68.
2-83-E	1,123	1,111	12	\$ 15.00	\$ 0.53	\$ 21.36	\$ 23.16	\$ 1.80	The Village used a rate of \$0.68.
3-87-E	4,623	4,622	1	\$ 15.00	\$ 0.53	\$ 15.53	\$ 15.68	\$ 0.15	The Village used a rate of \$0.68.
6-41-E	8,146	8,144	2	\$ 15.00	\$ 0.53	\$ 16.06	\$ 16.36	\$ 0.30	The Village used a rate of \$0.68.

Village Ordinance Number 630 (April 9, 2018) is as follows:

<p><u>RESIDENTIAL /RURAL/ SMALL COMMERCIAL</u></p> <p>Customers Service Charge \$15.00/ Monthly Summer Charge.</p> <p>Cost of the Commodity plus an additional \$.07 added to Commodity charge.</p> <p style="text-align: center;"><u>COMMERCIAL</u></p> <p>Customer Service Charge, \$20.00/Monthly Charge.</p> <p>Cost of Commodity plus an additional \$.07 added to Commodity Charge.</p>

The Village Ordinance does not define the "Commodity Charge." However, from our discussions with the Village Attorney and the Village Clerk, the commodity charge fluctuates each month based on the invoices received for the Village's purchases of gas.

The invoice received in August 2018 is shown below:

NATIONAL PUBLIC GAS AGENCY 8377 GLYNOAKS DRIVE LINCOLN, NE 68516-8304 402-474-4759 FAX: 402-474-0473				
Village of Pender Attn: Franklin Fendrick P.O. Box 549 Pender, NE 68047 Fax: 402-385-2349		Billing Month/Year Invoice Date: Invoice Number: Payment Due Date(net 30 days)	Jul-18 8/13/2018 071823901 9/12/2018	
	<u>Quantity</u>	<u>Units</u>	<u>Price</u>	<u>Amount</u>
Pipeline NNG				
<u>Current Month Commodity Charges</u>				
	2,439	MMBtu	\$4,000	\$9,756.00
Commodity Charge	2,439	MMBtu	(\$1.360)	(\$3,317.04)
Estimated PGA				
<u>Prior Month Commodity Charges</u>				
	2,346	MMBtu	\$1.410	\$3,307.86
Reverse Estimated PGA	2,346	MMBtu	(\$1.390)	(\$3,260.94)
Final PGA				
<u>Public Gas Partners Pool 3 Credit</u>	1,743	MMBtu	(\$0.200)	(\$348.87)
<u>Member Fee⁽¹⁾</u>				\$2,882.00
<u>Current Month Transportation Charges</u>				
Reservation				\$1,481.81
Commodity Transport				\$167.99
AMA Credit				(\$84.74)
AMA Administration Fee				\$134.75
Cashout				\$0.00
<u>Adjustments</u>				
Prior Period:				
Over/Under Collected June 2018				(\$20.64)
⁽¹⁾ Per Revised Schedule of Rates and Charges Section 3.06 and Attachment 1				
TOTAL AMOUNT DUE				\$10,818.38
<u>Payment Options</u>				
NPGA ACH Instructions (ACH payments are preferred)				
Wells Fargo Bank, N.A.				
ABA 104000058 (ACH)				
National Public Gas Agency				
Account #7910637557				
If by check, please make your check payable to: National Public Gas Agency and include the invoice number with your remittance.				
Contact Jamie Barrett with any questions regarding this invoice. Direct 402-473-8217				
THANK YOU!				

The Village calculated the "Commodity Charge" as follows, using the figures from the above invoice:

Commodity Charge	\$ 9,756.00
Reverse Estimated PGA	\$ 3,307.86
Final PGA	\$ (3,260.94)
Member Fee	\$ 2,982.00
Reservation	\$ 1,481.81
Commodity Transport	\$ 167.99
AMA Administrative Fee	\$ 134.75
Subtotal	\$ 14,569.47
Quantity Purchased	2,439
Price Per Unit	\$ 5.97
Village Factor	0.10
Village Price Per Unit	\$ 0.60
Additional Charge Per Ordinance	\$ 0.07
Cost to Customer	\$ 0.67

Note: The Village actually charged \$.68 per customer, as identified in the hand-written note on the invoice above.

Neither the Village Clerk nor the Village Utility Superintendent were able to explain the Village’s calculation.

The APA calculated the “Commodity Charge” as included in the table below based on the total cost to the Village for the month. On the aforementioned invoice, the Village is billed per One Million British Thermal Units (MMBTu); however, the Village bills its customers per hundred cubic feet (CCF). Therefore, it is necessary to convert the MMBtu to CCF.

Time Period	Invoice Date	MMBTU	Divide by Conversion Constant	Calculated CCFs	Bill Amount	\$ per CCF	From Ordinance	Total Customer Charge
Jul-18	8/13/2018	2,439	0.1027	23,748.78	\$ 10,818.38	\$ 0.4555	\$ 0.0700	\$ 0.53

To check the APA calculation, we can take the calculated CCFs from the table above to get to the MMBtu:

Calculated CCFs	Multiplier to Obtain Cubic Feet	Cubic Feet	Conversion Constant	Subtotal	Divide by 1 million	MMBTu
23,748.78	100	2,374,878.29	1027	2,439,000,000	1,000,000	2,439

Therefore, the APA has determined that, for the month tested, a charge of \$0.53 would be sufficient to cover the amount on the gas invoice, plus the additional \$0.07 from the ordinance.

Water Rates

The Village bills each customer based on the size of the water meter used. However, the Village did not maintain documentation to support the meter used for each customer, so the APA must simply assume the type of meter used based on the amount charged by the Village.

Additionally, similar to the commercial electrical accounts, 3 of the 4 commercial water accounts tested included a meter multiplier of 10. The Village failed to provide documentation to support which meters contained this multiplier. See below for details of those accounts.

Meter Number	Present. Meter Reading	Prior Meter Reading	Usage	Flat Fee	Rate 1	APA Calculation	Amount Charged	Variance	APA Notes
1-6-E	1,883	1,626	257	\$ 15.00	0.0250	\$ 15.00	\$ 69.25	\$ (54.25)	There is a 10 times multiplier on the usage. Present less prior usage = 257. Actual usage charged was 2,570.
5-97-E	679	645	34	\$ 15.00	0.0250	\$ 15.00	\$ 15.00	\$ -	There is a 10 times multiplier on the usage. Present less prior usage = 34. Actual usage charged was 340.
8-10-E	6,504	6,398	106	\$ 17.00	0.0250	\$ 17.00	\$ 33.50	\$ (16.50)	There is a 10 times multiplier on the usage. Present less prior usage = 106. Actual usage charged was 1,060.

Village Ordinance Number 627 (December 11, 2017) states the following:

Minimum Monthly Charge Schedule:	
¾ inch meter	@ \$15.00 per Month .0375
1 inch meter	@ \$17.00 per Month .0425
1 ½ inch meter	@ \$26.50 per Month .0663
2 inch meter	@ \$36.00 per Month .0900
3 inch meter	@ \$55.00 per Month .1375
4 inch meter	@ \$74.25 per Month .1856

The above minimum is for 400 cubic feet. All overage over 400 cubic feet will be charged at @ \$2.50/100 cubic feet.

Sales Tax

The APA could not determine how the sales tax was calculated on 1 of the 15 accounts tested. The Village's bill is included below:

Electric	CHARGE	9575	9414	31	12880	1,520.00
Sewer	CHARGE					25.86
Water	CHARGE	6504	6398	31	1060	33.50
	TAX					0.26
8/31/2018	TOTAL					1,579.62

The customer was charged \$0.26 on each bill for the tax amount.

Good internal control includes documented procedures and records to support fully all amounts billed to customers. It also requires an adequate understanding, based upon readily available documentation, of all such amounts – including, among other things, the proper use of any multipliers on the meter readings;

how base utility rates are determined; the specific amount of any applicable “commodity charge;” conversions and calculations used for gas rates billed; the specification of meter types used; and the basis for any taxes charged. Without such procedures, there is an increased risk for not only inaccurate utility charges but also the loss of Village funds.

We recommend the Village ensure that its Board members and staff have a proper understanding of the calculations used to determine proper utility rates and customer billings. We also recommend the Village ensure that all aspects of such calculations, as well as the subsequent rates and billings, are supported by adequate documentation. Finally, we recommend the Village perform a thorough review of all customer utility accounts to ensure the accuracy of the amounts billed, including the taxes thereon and determine if refunds or collections to correct past billings need to be made.

2. Board Approval of Claims

The APA found claims, totaling in excess of \$22,000 that were paid prior to Board approval. The following table provides the detail of those claims.

Check Number	Check Register Date	Account	Payee	Amount	Date Cleared Bank	Date Approved by Board
23463	November 2017	Operating Maintenance	Hugo Plumbing & Heating	\$ 1,400.11	10/30/2017	11/13/2017
23679	January 2018	Operating Maintenance	BC/BS	\$ 4,583.95	2/6/2018	2/12/2018
22133	February 2018	General Account	BC/BS	\$ 1,749.38	3/8/2018	3/12/2018
23774	February 2018	Operating Maintenance	BC/BS	\$ 4,583.96	3/8/2018	3/12/2018
22143	March 2018	General Account	NE Dept of Economic Devel.	\$ 375.00	3/6/2018	3/12/2018
22188	March 2018	General Account	BC/BS	\$ 1,749.38	4/6/2018	4/9/2018
23860	March 2018	Operating Maintenance	BC/BS	\$ 4,583.95	4/6/2018	4/9/2018
22271	May 2018	General Account	R & R Painting	\$ 3,000.00	5/14/2018	5/15/2018
23964	May 2018	Operating Maintenance	Pender Post Office	\$ 288.60	5/11/2018	5/15/2018
Totals				\$ 22,314.33		

The APA determined also that many other claims were not approved by the Board prior to payment. For example, during the month of August 2018, the following claims were reflected on the Village’s check register:

August 2018	General Account	Library Trust	Operating Maintenance	Rescue	Revolving Meter
Amounts Approved	\$ 36,567.26	\$ 0.00	\$ 59,894.15	\$ 1,934.10	\$ 0.00
Amounts Not Approved	\$ 47,450.44	\$ 694.79	\$ 80,219.83	\$ 0.00	\$ 975.00
Total Check Register	\$ 84,017.70	\$ 694.79	\$ 140,113.98	\$ 1,934.10	\$ 975.00

A majority of the claims not approved appear to have been for payroll. The APA has included a listing of the General Account and Operating Maintenance Account claims in **Exhibits A and B** herein.

Finally, the APA found that the Board's meeting minutes failed to describe adequately all claims approved. The following is an excerpt from the August 13, 2018, meeting minutes:

OPERATION AND MAINTENANCE

Aflec, Ins, 174.96, EMC Ins, Ins, 8286.96, Thomsen Electric, Se, 464. 25, Farabee Mechanical, Se, 3000.47 American Broadband, Se, 355.08, Grainger, Se, 865.07, League of Neb. Municipalities, Dues, 2237.00, Gill Hauling, Dfs, 5694.00, Appera, Se, 215.26, Pender Times, Pub, 381.89, Century, Se, 139.79, Lorensen Lumber & Grain, Su, 263.60, Ace Hardware, Su, 830.89, WAPA, Se, 6655.18, One call concepts, Se, 40.53, Frazey's food and fuel, Su, 360.01, Renz Electric, Se, 130.00, Galheer Ins, Ins, 2132.50, Breitbarth one stop, Su, 410.23, Smith Farm Service, Se, 4719.14, Quality Printing and supply Co, Su, 371.27, WESCO, Su, 930.81, Lamp Auto Parts, Su, 157.36, JEO, Pfs, 2700.00, Dutton Lanson, Su, 557.04, Altec Parts, Su, 74.14, K & Grain, Su, 3989.31, Pender Community Center, Se, 910.00, Midwest Lab, Se, 211.78, Village of Pender, Dfs, 849.00, Village of Pender, Uts 11717.57, Petty Cash, Misc, 59.59.

GENERAL FUND

Library Bills, 5839.57, Aflec, Se, 105.48, EMC Ins, Ins, 2110.50, summer Rec, Misc, 1000.00, Stan Houston Equipment, Se, 435.00, Cubby's, Su, 1854.93, Breitbarth One Stop, Su, 1451.95, Smtih Farm Service, Se, 268.45, Lamp Auto Parts, Su, 819.37, Thomsen Electric, Se, 100.00, Frazey's food and fuel, Su, 123.04, Pender Times, Publication, 78.03, Lorensen Lumber & Grain, Su, 68.00, American Broadband, Se, 39.85, Grainger, Su, 393.08, Cooney Fertilizer, Se, 1000.00, Uptown Pix, Su, 10.41, Gill Hauling, Se, 2040.33, Smidts Dumpall, Se, 5615.00, Thurston Co. Sheriff Dept. Se, 13,339.25, Toyne Se, 3900.08, Mel's Small engine, Se, 33.10, Burt Co. Public power, Uts, 67.77, Wanda Kelly, Re, 116.00, M & T subs, Misc, 147.75, Aqua Chemical Inc, Su, 536.,81, Wigman, Su, 519.36, Fleet US LLC, Su, 163.01, Pender Grain, Se, 221.00,

In addition to not including all Village claims paid, the above listing neither reflects any payroll or salary amounts nor sufficiently identifies the purpose of each claim.

Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2018) of the Open Meetings Act 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.

(Emphasis added.) Additionally, Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2018) requires, in part, the following:

It shall be the duty of each village or city clerk . . . to prepare and publish the official proceedings of the village or city board The publication . . . 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.

Further, all claims should be approved by the Board prior to payment. Neb. Rev. Stat. § 17-614(1) (Neb. Laws 2018, LB 865, § 4) 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 council or board of trustees. . . .

Good internal control requires procedures to ensure that all claims are properly approved by the Village Board prior to payment. Additionally, such procedures should ensure that Board meeting minutes provide an adequate description of all claims paid. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Village ensure all claims are approved by the Board prior to payment. We also recommend the Village implement procedures to ensure each claim is adequately described, including the purpose, name, amount, and date, in the meeting minutes.

3. Internal Controls

During discussions with the Board Chairman, the APA identified the following control issues:

- At times, Village checks are signed in advance of their approval by the Board. The Village checks require two signatures. There is no review of the bank statements by the Board.
- The Village's accounting records consist of handwritten ledgers, which lends itself to errors or irregularities.

Good internal control requires procedures to ensure: 1) Village checks are signed only after Board approval; 2) the Board reviews bank statements regularly; and 3) the Village's accounting records are maintained electronically to help prevent errors or irregularities. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Village implement procedures to ensure Village checks are signed only after Board approval. Those same procedures should ensure also that the Board reviews bank statements regularly, and the Village's accounting records are maintained electronically to help prevent errors or irregularities.

Overall Village Response: As of your audit with the Village of Pender and your responses from that audit, I would like to reply as to what steps the Village of Pender board has taken. As of last spring 2018, the board bonded money for all new electronic meters that can be read electronically and input into a new computer system for billing, this will cover all meters, electric, gas and water. Our superintendent of utilities decided his crew could do the install without outside help, but as we have seen this has been a slow process and not near complete as of this date, but we are working on it when they have the time. This step will give Pender customers more accurate and timely readings of their utilities and make it more convenient for all involved.

During this audit, we as the Pender board decided that maybe we should seek out a more in-depth City auditor, we have been in contact with Williams & Co. from Sioux City, Iowa, and they have talked to our current auditor Mr. Pommer and are getting this past years information from his office so we can proceed with Williams & Co. for the next year.

Also during this audit as you are aware, Connie Miller our city clerk has put her notice to retire in. This I had seen coming eventually due to Pender's increase in younger board members lately and their need for more information from Pender's operations within the City. We as the board knew that if we wanted to update our office system and its operations, Connie would not want to be involved, so we as a board felt reluctant to switch with her still in that position as we did not want any type of repercussions that might have come from that. Now that Connie Miller has given her notice, the Village of Pender board has signed a contract with Data Tech to install a Summit software system so the city office should have everything in computer form and available for the complete board at all times. This will be installed starting when we hire a new clerk so this person can receive the right training to be able to use it for its full potential.

I truly hope that this satisfies some of your questions and thoughts about the Village of Pender. We are a great community and we deserve the best from our community, but our Village board has to give them that option and as I would like to think this should be easy, all boards change every 2 years. Sometimes this is the biggest challenge, as we see in most government boards. I want to thank you personally for working with us and your patience with us.

* * * * *

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,



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

Village of Pender
August 2018 General Account Claims Paid

Exhibit A

Check Number	Payee	Check Register Amount	Bank Cleared Date	Bank Amount
August General Fund Check Register Claims Approved				
22546	Aflac	\$ 105.48	8/20/2018	\$ 105.48
22547	EMC Insurance	\$ 2,110.50	8/13/2018	\$ 2,110.50
22627	Summer Rec	\$ 1,000.00	8/20/2018	\$ 1,000.00
22628	Stan Houston Equipment	\$ 435.00	8/17/2018	\$ 435.00
22629	Cubby's	\$ 1,854.93	8/17/2018	\$ 1,854.93
22630	Bretbauth One Stop	\$ 1,451.95	8/17/2018	\$ 1,451.95
22631	Smith Farm Services	\$ 268.46	8/20/2018	\$ 268.46
22632	Lamp Auto Parts	\$ 819.37	8/20/2018	\$ 819.37
22633	Thomsen Electric	\$ 100.00	8/21/2018	\$ 100.00
22634	Frazey's Food & Fuel	\$ 123.04	8/20/2018	\$ 123.04
22635	Pender Times	\$ 78.03	8/16/2018	\$ 78.03
22636	Lorensen Lumber	\$ 68.00	8/16/2018	\$ 68.00
22639	American Broadband	\$ 39.85	8/20/2018	\$ 39.85
22640	Grainger	\$ 398.08	8/17/2018	\$ 398.08
22642	Cooney Fertilizer	\$ 1,000.00	8/20/2018	\$ 1,000.00
22643	Uptown Pix	\$ 10.41	8/23/2018	\$ 10.41
22644	Gill Hauling	\$ 2,040.33	8/20/2018	\$ 2,040.33
22645	Snilts Dumpall	\$ 5,615.00	8/20/2018	\$ 5,615.00
22647	Thurston Co. Sheriff Dept	\$13,339.25	9/20/2018	\$13,339.25
22648	Toma	\$ 3,900.08	8/23/2018	\$ 3,900.08
22651	Mels Small Engine	\$ 38.10	8/20/2018	\$ 38.10
22652	Burt Co. Public Power Dist.	\$ 67.77	8/20/2018	\$ 67.77
22653	Wanda Kelly	\$ 116.00	9/7/2018	\$ 116.00
22654	M & T Sales	\$ 147.45	8/24/2018	\$ 147.45
22655	Aqua Chem Inc.	\$ 536.81	8/20/2018	\$ 536.81
22657	Wigman Co.	\$ 519.36	8/20/2018	\$ 519.36
22659	Fleet US LLC	\$ 163.01	8/17/2018	\$ 163.01
22661	Pender Grain	\$ 221.00	8/17/2018	\$ 221.00
Total		\$36,567.26		\$36,567.26
August General Fund Check Register Claims Not Approved				
22594	Linda Renz	\$ 1,081.26	8/10/2018	\$ 1,081.26
22595	John Bessmer	\$ 301.48	8/9/2018	\$ 301.48
22596	Justice Sorensen	\$ 569.53	8/10/2018	\$ 569.53
22597	Joshua Baker	\$ 1,447.60	8/13/2018	\$ 1,447.60
22598	Chris Bessmer	\$ 306.48	8/13/2018	\$ 306.48
22599	Tyler Nelson	\$ 138.18	8/14/2018	\$ 138.18
22600	Norman Bihr	\$ 1,144.89	8/15/2018	\$ 1,144.89
22601	Broderick Brader	\$ 628.36	8/10/2018	\$ 628.36
22602	Tymarious Krusmark	\$ 246.07	9/27/2018	\$ 246.07
22605	Brady Oliver	\$ 171.78	8/20/2018	\$ 171.78
22606	Kimberly Hofmeister	\$ 119.48	8/20/2018	\$ 119.48
22607	Jayne Bihr	\$ 543.65	8/15/2018	\$ 543.65
22608	Glorious Reaber	\$ 350.03	8/10/2018	\$ 350.03
22609	Ashley Kneifl	\$ 301.13	8/13/2018	\$ 301.13
22610	Jacob Zuhlke	\$ 143.37	8/17/2018	\$ 143.37
22611	Amber English	\$ 204.04	8/21/2018	\$ 204.04
22613	Zachary Bihr	\$ 707.56	8/20/2018	\$ 707.56
22614	Combined Pub Ut's	\$ 2,550.63	9/20/2018	\$ 2,550.63

Amount approved was \$393.08.

Amount approved was \$33.10.

Amount approved was \$147.75.

Village of Pender
August 2018 General Account Claims Paid

Exhibit A

Check Number	Payee	Check Register Amount	Bank Cleared Date	Bank Amount
22615	Harloquin Reader	\$ 121.79	9/6/2018	\$ 121.79
22616	Ingram Library Services	\$ 757.15	9/4/2018	\$ 757.15
22617	Mid-American Books	\$ 274.30	8/22/2018	\$ 274.30
22618	World Book	\$ 109.00	8/29/2018	\$ 109.00
22619	Neb. Library Commission	\$ 500.00	8/17/2018	\$ 500.00
22620	Ann Bachman	\$ 160.78	8/28/2018	\$ 160.78
22621	DEMCO	\$ 1,920.00	8/27/2018	\$ 1,920.00
22622	Computer Innovation	\$ 335.74		
22623	Follett	\$ 1,165.20	8/17/2018	\$ 1,165.20
22624	DEMCO	\$ 105.24	9/12/2018	\$ 105.24
22625	Maise Enterprises	\$ 250.00	8/21/2018	\$ 250.00
22626	Matt's Plumbing & Heating	\$ 136.80	8/17/2018	\$ 136.80
22637	Pender Ace Hardware	\$ 884.36	8/17/2018	\$ 884.36
22638	Combined Pub Ut's	\$ 721.64	9/20/2018	\$ 721.64
22641	Bruce Paeson	\$ 41.06	8/15/2018	\$ 41.06
22646	Zimco Supply Co.	\$ 140.80	8/17/2018	\$ 140.80
22649	Richard Vrbanc	\$ 110.09	8/20/2018	\$ 110.09
22650	Terry Maillseek	\$ 110.09	8/20/2018	\$ 110.09
22656	Aqua Products KC	\$ 736.66	8/17/2018	\$ 736.66
22658	Van Diest Supply Co.	\$ 1,431.40	8/17/2018	\$ 1,431.40
22660	John Deere Financial	\$ 351.02	8/20/2017	\$ 351.02
22662	Terminix	\$ 53.00	8/21/2018	\$ 53.00
22663	Combined Pub Ut's	\$ 1,776.49	9/20/2018	\$ 1,776.49
22664	Century Link	\$ 73.80	9/14/2018	\$ 73.80
22665	Village of Pender	\$ 5,854.74	8/28/2018	\$ 5,854.74
22666	Principal Financial	\$ 42.12	8/31/2018	\$ 42.12
22667	Ebix Health Admin Exchange	\$ 259.72	9/4/2018	\$ 259.72
22668	BC/BS	\$ 2,123.55	8/31/2018	\$ 2,123.55
22669	Aflac	\$ 105.48	9/7/2018	\$ 105.48
22670	Combined Pub Ut's	\$ 879.55	9/20/2018	\$ 879.55
22671	Frontier Bank	\$ 100.00	8/28/2018	\$ 100.00
22672	Oppenheimer Funds	\$ 270.67	9/12/2018	\$ 270.67
22673	Premier Pyrotecnics Inc.	\$ 3,000.00	8/21/2018	\$ 3,000.00
22674	Austin Bruning	\$ 666.07	8/28/2018	\$ 666.07
22675	Linda Renz	\$ 849.48	8/31/2018	\$ 849.48
22676	John Bessmer	\$ 588.42	8/22/2018	\$ 588.42
22677	Justice Sorensen	\$ 326.20	8/27/2018	\$ 326.20
22678	American Broadband	\$ 206.92	8/27/2018	\$ 206.92
22679	Joshua Baker	\$ 1,413.00	8/27/2018	\$ 1,413.00
22680	Chris Bessmer	\$ 593.42	8/27/2018	\$ 593.42
22681	Tyler Nelson	\$ 190.44	8/29/2018	\$ 190.44
22682	Norman Bihr	\$ 1,095.21	8/27/2018	\$ 1,095.21
22683	Broderick Brader	\$ 770.29	8/24/2018	\$ 770.29
22684	Tymarious Krusmark	\$ 96.50		
22685	Brady Oliver	\$ 150.17	9/5/2018	\$ 150.17
22686	Kimberly Hofmeister	\$ 435.43	8/27/2018	\$ 435.43
22687	Glorious Reaber	\$ 269.92	8/28/2018	\$ 269.92
22688	Ashley Kneifl	\$ 129.99	8/29/2018	\$ 129.99
22689	Jacob Zuhlke	\$ 147.53	8/29/2018	\$ 147.53
22690	Amber English	\$ 211.16	8/28/2018	\$ 211.16

Check not cleared bank.

Check not cleared bank.

Village of Pender
August 2018 General Account Claims Paid

Exhibit A

Check Number	Payee	Check Register Amount	Bank Cleared Date	Bank Amount
22691	Ann Bachman	\$ 2,542.69	9/24/2018	\$ 2,542.69
22692	Carol Springer	\$ 177.77	8/31/2018	\$ 177.77
22693	Larry Dufak	\$ 682.20	9/4/2018	\$ 682.20
22694	Daniel Springer	\$ 49.87	8/31/2018	\$ 49.87
ACH	Checks	\$ 0.00	8/27/2018	\$ 282.95
Total		\$47,450.44		\$47,301.15

Amount not in August check register.

Note: The amount approved by the Board also includes \$5,839.57 for "Library bills." See p. 9. The APA was unable to determine all of the expenses related to this broad approval. Therefore, those specific line items are included in the unapproved amount of \$47,450.44.

Village of Pender
August 2018 Operating Maintenance Account Claims Paid

Exhibit B

Check Number	Payee	Check Register Amount	Bank Cleared Date	Bank Amount
August Operating Maintenance Check Register Claims Approved				
24167	Aflac	\$ 174.96	8/20/2018	\$ 174.96
24176	EMC Insurance	\$ 8,286.96	8/13/2018	\$ 8,286.96
24205	Thomsen Electric	\$ 464.25	8/24/2018	\$ 464.25
24206	Farabee Mechanical	\$ 3,000.47	8/17/2018	\$ 3,000.47
24207	American Broadband	\$ 355.08	8/20/2018	\$ 355.08
24208	Grainger	\$ 865.07	8/16/2018	\$ 865.07
24210	League of NE Municipalities	\$ 2,237.00	8/17/2018	\$ 2,237.00
24211	Gill Hauling	\$ 5,694.00	8/20/2018	\$ 5,694.00
24212	Appeara	\$ 215.26	8/21/2018	\$ 215.26
24215	Pender Times	\$ 381.29	8/16/2018	\$ 381.29
24216	Century Link	\$ 139.79	8/31/2018	\$ 139.79
24217	Lorensen Lumber	\$ 263.60	8/16/2018	\$ 263.60
24218	Ace Hardware	\$ 830.86	8/17/2018	\$ 830.86
24219	WAPA	\$ 6,655.18	9/5/2018	\$ 6,655.18
24220	One Call Concepts	\$ 40.53	8/24/2018	\$ 40.53
24222	Frazey's Food & Fuel	\$ 360.01	8/20/2018	\$ 360.01
24223	Rinz Electric & Plumbing Inc.	\$ 130.00	8/23/2018	\$ 130.00
24224	Grabber Insurance	\$ 2,132.50	8/22/2018	\$ 2,132.50
24225	Breitbauth One Stop	\$ 410.23	8/17/2018	\$ 410.23
24226	Smith Farm Services	\$ 4,719.14	8/20/2018	\$ 4,719.14
24227	Quality Printing & Supply	\$ 371.27	9/7/2018	\$ 371.27
24228	Wesco	\$ 930.81	9/7/2018	\$ 930.81
24230	Lamp Auto Parts	\$ 157.36	8/20/2018	\$ 157.36
24232	JEO	\$ 2,700.00	8/17/2018	\$ 2,700.00
24233	Dutton Lainson	\$ 557.04	8/17/2018	\$ 557.04
24234	Altei Parts	\$ 74.24	9/7/2018	\$ 74.24
24237	KC Grain	\$ 3,989.31	8/17/2018	\$ 3,989.31
24238	Pender Community Center	\$ 910.00	8/14/2018	\$ 910.00
24240	Midwest Lab Inc.	\$ 211.78	9/4/2018	\$ 211.78
24243	Village of Pender	\$ 849.00		
24244	Village of Pender	\$11,727.57	8/28/2018	\$11,727.57
24246	Petty Cash	\$ 59.59	8/21/2018	\$ 59.59
Total		\$59,894.15		\$59,045.15
August Operating Maintenance Check Register Claims Not Approved				
24196	Connie Miller	\$ 990.18	8/7/2018	\$ 990.18
24197	Steven Benne	\$ 1,563.79	8/9/2018	\$ 1,563.79
24198	Donna Schilling	\$ 281.16	8/8/2018	\$ 281.16
24199	Chris Braden	\$ 1,553.35	8/13/2018	\$ 1,553.35
24200	Jacob Johnson	\$ 1,385.75	8/13/2018	\$ 1,385.75
24201	Brady Singer	\$ 1,454.75	8/16/2018	\$ 1,454.75
24202	Frontier Bank	\$ 600.00	8/7/2018	\$ 600.00
24203	Oppenheimer Funds	\$ 351.02	9/12/2018	\$ 351.02
24204	Post Office	\$ 281.25	8/14/2018	\$ 281.25

Cleared 10/26/2018. The Village holds its own checks, depending on cash flows.

Village of Pender
August 2018 Operating Maintenance Account Claims Paid

Exhibit B

Check Number	Payee	Check Register Amount	Bank Cleared Date	Bank Amount
24209	Brown Supply	\$ 764.18	9/5/2018	\$ 764.18
24213	Bruce Paeper	\$ 697.26	8/15/2018	\$ 697.26
24214	Frontier Bank	\$ 624.75	8/21/2018	\$ 624.75
24221	Nebraska Financial Services	\$ 575.00	9/6/2018	\$ 575.00
24229	Papio-Missouri NRD	\$ 167.50	8/24/2018	\$ 167.50
24231	Motion Industries	\$11,403.13	8/31/2018	\$11,403.13
24235	Cubby's	\$ 13.90	8/17/2018	\$ 13.90
24236	Neb. Public Health Env. Lab	\$ 89.00	9/5/2018	\$ 89.00
24239	Century Link	\$ 615.54	9/7/2018	\$ 615.54
24241	Siouxland District Health	\$ 30.00	8/22/2018	\$ 30.00
24242	Stan Houston Equipment	\$ 1,740.00	8/17/2018	\$ 1,740.00
24245	Gas Savings	\$ 896.97	8/21/2018	\$ 896.97
24247	Oppenheimer Funds	\$ 136.36	9/12/2018	\$ 136.36
24248	Frontier Bank	\$ 50.00	8/15/2018	\$ 50.00
24249	Frontier Bank	\$ 75.00	8/21/2018	\$ 75.00
24250	Oppenheimer Funds	\$ 319.27	9/12/2018	\$ 319.27
24251	Frontier Bank	\$ 50.00	8/28/2018	\$ 50.00
24252	Oppenheimer Funds	\$ 136.36	9/12/2018	\$ 136.36
24253	Principal Financial	\$ 58.23	8/31/2018	\$ 58.23
24254	Ebix Health Admin Exchange	\$ 314.48	9/4/2018	\$ 314.48
24255	BC/BS	\$ 5,872.73	8/31/2018	\$ 5,872.73
24256	Aflac	\$ 174.96	9/7/2018	\$ 174.96
24257	Municipal Gas	\$10,818.38	9/4/2018	\$10,818.38
ACH	Taxes	\$ 504.26	8/15/2018	\$ 504.26
ACH	Taxes	\$ 1,397.97	8/31/2018	\$ 1,397.97
ACH	Taxes	\$ 4,294.03	8/24/2018	\$ 4,294.03
ACH	Sales Tax	\$12,361.39	8/13/2018	\$12,361.39
ACH	Taxes	\$ 5,146.46	8/10/2018	\$ 5,146.46
ACH	NWH	\$ 1,839.31	8/8/2018	\$ 1,839.31
24258	Chris Obermeyer	\$ 17.25	9/10/2018	\$ 17.25
24259	Connie Miller	\$ 1,463.07	8/21/2018	\$ 1,463.07
24260	Bruce Paeper	\$ 1,691.66	8/14/2018	\$ 1,691.66
24261	Gaylann McClain	\$ 34.55	8/28/2018	\$ 34.55
24262	Steve Benne	\$ 1,307.92	8/23/2018	\$ 1,307.92
24263	Donna Schilling	\$ 265.31	8/23/2018	\$ 265.31
24264	Chris Braden	\$ 1,564.57	8/27/2018	\$ 1,564.57
24265	Jacob Johnson	\$ 1,231.10	8/24/2018	\$ 1,231.10
24266	Brady Singer	\$ 1,325.07	8/29/2018	\$ 1,325.07
24267	Bruce Paeper	\$ 1,691.66	8/29/2018	\$ 1,691.66
Total		\$80,219.83		\$80,219.83