

**ATTESTATION REPORT
OF THE
VILLAGE OF CHAMBERS**

OCTOBER 1, 2013 THROUGH JANUARY 31, 2015

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Issued on September 2, 2015

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VILLAGE OF CHAMBERS

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VILLAGE OF CHAMBERS

BACKGROUND INFORMATION

The Village of Chambers (Village) is located in Holt County, Nebraska. The Village Board of Trustees (Board) is the governmental body that exercises financial accountability and control over activities relevant to the operations of the Village. The Board receives funding from local, State, and Federal government sources and must comply with the requirements of these funding source entities. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, the ability to exert significant influence over all Village operations, and primary accountability for related fiscal matters.

On February 3, 2015, the Nebraska Auditor of Public Accounts (APA) sent a letter to the Village stating the APA's intent to perform an attestation examination of that political subdivision for the period October 1, 2013, through January 31, 2015.

The APA had received a complaint from a concerned citizen about the Village's financial records. After making inquiries pertaining thereto, the APA learned that the CPA firm that normally audits the Village could not complete its fiscal year 2014 audit within the time frame established by statute. This inability was due to serious financial reporting issues – primarily, the Village's inability to reconcile its fiscal records to the correlating bank statements. Additionally, the Village has a history of theft, as one of its former Clerks, Samantha Mandl, was convicted of stealing public funds in November 2013.

Following Ms. Mandl's termination as Clerk, a Board member performed the Clerk's duties for most of the prior fiscal year. During the current review period, the Board continued to struggle with retaining a Clerk, as there was a rather high turnover in that position. The following provides a timeline of the individuals who served as the Clerk during the review period.

Name	Employment Dates	Termination Reason
Chanda Schnoor	July 2013 to November 2014	Resigned
Jen Ryding	September 2014 to January 2015	Terminated
Chanda Schnoor	February 2015 to March 2015	Temporary
Jo Harkins	March 2015 to Current	N/A

State law requires a Nebraska village to be governed by a five-member Board with each member elected to a four-year term. The Board was comprised of the following members during the review period:

Board Member	Notes
Brian Rowse	Board Chair
Linda Hubel	
Tanya Marcellus	Resigned December 2014
Barry Pospichal	Resigned December 2014
Bev McConnell	Resigned December 2014
Dane Metschke	Elected December 2014
Troy Tracy	Elected December 2014
Tom Scott	Elected December 2014

The Village maintained the following bank accounts, which the APA reconciled to the accounting records for the review period.

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BACKGROUND INFORMATION

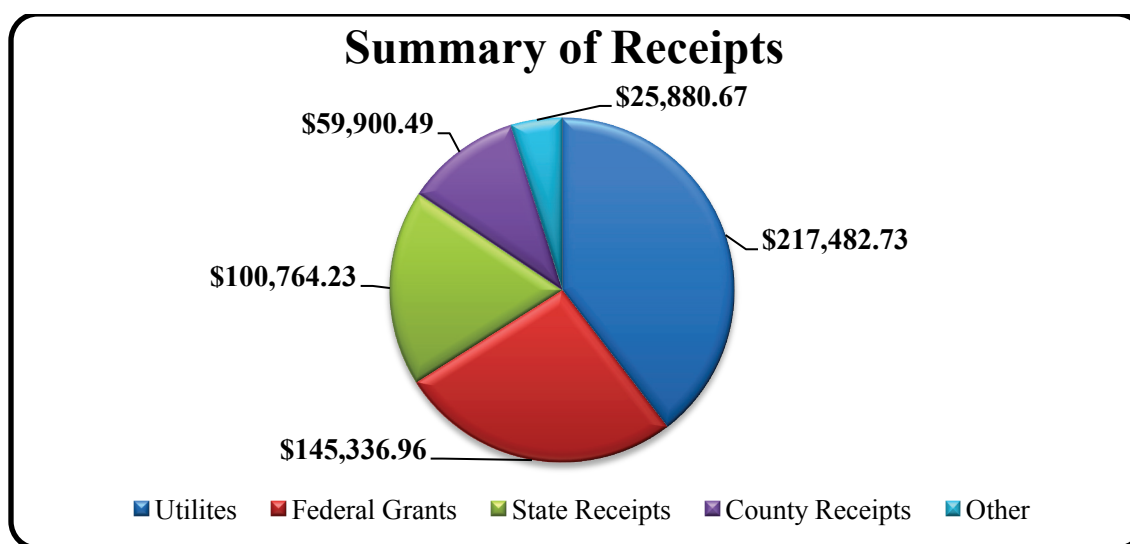
Account Owner per Bank	Account Name per Bank	Bank Name	Account Nickname
Chambers Village	Business Super Now	Chambers State Bank	General Checking
Chambers Village Waste Water Account	Regular Checking Acct	Chambers State Bank	Wastewater Account
Village of Chambers Special Account	Business Checking	Chambers State Bank	Special Account
Chambers Village USDA Reserve-Asset Account	Business Savings Acct	Chambers State Bank	USDA Savings
Chambers Village	Certificate of Deposit	Chambers State Bank	CD 1
Chambers Village	Certificate of Deposit	Chambers State Bank	CD 2
Chambers Village	Certificate of Deposit	Chambers State Bank	CD 3

Financial Overview

The APA prepared the financial schedule based on the financial transactions recorded on the Village accounting records. During the review period, the Village utilized a Data Technologies, Inc., (DataTech) software called Summit Municipal Accounting Solutions (Summit). The Village's activity can be coded among four separate funds in the Summit software. Those funds are designated in the table below.

Fund Number	Fund Description	Fund Type	Fund Restrictions
10	General Fund	Governmental	Unrestricted
20	Street Fund	Governmental	Restricted for street-related purposes
30	Sewer Fund	Proprietary	Restricted for sewer system-related purposes
35	Water Fund	Proprietary	Restricted for water system-related purposes

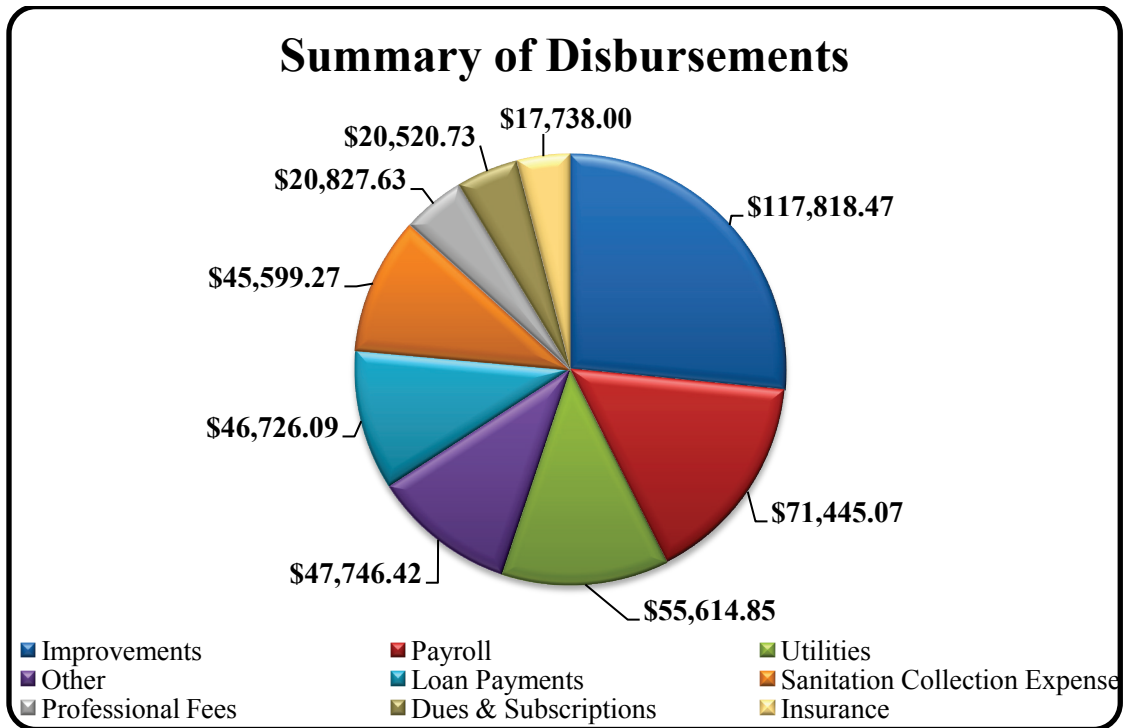
According to the accounting records, the Village received a total of \$549,365.08 during the period October 1, 2013, through January 31, 2015, as illustrated by the following chart:



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The Village also had disbursements totaling \$444,036.53 during the period, as summarized below:



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SUMMARY OF COMMENTS

During our examination of the Village, we noted certain deficiencies and other operational matters that are presented here.

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

1. ***Internal Control Concerns:*** The Village's control environment was not conducive to fair and complete financial statements for a number of reasons, including the following:

General

- Insufficient monitoring and oversight of financial records
- Financial statement adjustments totaling over \$140,000 needed to reconcile the accounting records to the bank records due to a lack of controls to ensure transactions were properly coded
- Insufficient fund balance monitoring, resulting in a negative General Fund balance

Receipts

- Inadequate segregation of duties over receipts
- Lack of written receipts provided to customers
- Lack of detailed listing of deposits to ensure all customer payments were deposited

Utilities and Service Fees and Collections

- Lack of current ordinances that agree to amounts charged for utilities and properly define terms for water deposits
- Inconsistent application of the requirement for garbage services, as well as instances in which late fees were not consistently assessed
- Inability of the current Clerk to provide monthly utility reports for two months
- Incorrect water usage included in utility billing software

Disbursements

- Inadequate segregation of duties over disbursements
- Failure of the Clerk to sign checks, as required by statute
- Treasurer duties apparently being handled by the Clerk when the Board appoints a Board member as Treasurer
- Lack of adequate documentation to support payments to vendors

Payroll

- Inadequate segregation of duties over payroll
- Lack of formal, written policies
- Salaries not published in accordance with statutes
- Salary ordinances not including salaries for all employees
- Hourly rate for temporary summer workers not included in Board minutes
- No contract for street superintendent
- No secondary review of employee times worked
- Overtime paid without Board approval, contrary to contract provisions

2. ***Coding Errors:*** The APA identified numerous accounting system coding errors that were significant enough to require adjustments to the Village's financial schedule due to either the dollar amount or in order to reconcile the accounting records to the bank

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SUMMARY OF COMMENTS

records. Those errors are summarized by fund in the table below. The details of the adjustments can be found on **Exhibit A**.

Account	General Fund	Street Fund	Sewer Fund	Water Fund
Receipts	(\$8,012.49)	(\$1,885.50)	\$5,177.75	\$4,712.25
Transfers In	(\$2.01)	\$0.00	(\$3,785.88)	\$0.00
Disbursements	(\$26,525.50)	\$0.00	\$12,497.45	\$15,474.25
Transfers Out	(\$135,438.97)	\$0.00	\$135,436.96	\$0.00
Net Effect on Fund Balance	\$153,949.97	(\$1,885.50)	(\$146,542.54)	(\$10,762.00)

Note: This table represents the net effect on the fund balance. In the General Fund, for example, the negative receipts decrease the fund balance; the negative disbursements increase the fund balance; the negative transfer in decreases the funds balance; and the negative transfers out increase the fund balance.

3. ***Lack of Adequate Documentation:*** The Village failed to maintain adequate supporting documentation for a number of transactions. This failure included the following:
 - Missing files for the period October 2014 to January 2015
 - Lack of support for a number of significant transactions, including a contract worth \$267,280
 - Missing August 2014 Board minutes and Board-approved claims reports for January 2014 and January 2015
 - Lack of documentation to support expenditure of over \$34,000 for the Fire Department
4. ***Payroll Issues:*** The APA noted a number of issues related to the Village's payroll processes, including hours paid to employees that did not agree to time cards, hours worked that were not in accordance with or in excess of signed employment contracts, payroll withholdings that were not properly calculated or remitted, and cleared check numbers that did not agree to the check numbers in the accounting records.
5. ***Retirement Benefit:*** In December 2011, the Board granted a monthly \$100 retirement benefit to its maintenance supervisor. Uncertainty surrounding the nature of these payments gives rise to concerns regarding not only their tax consequences but also their legality under the Nebraska State Constitution.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature, containing only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Village.

Draft copies of this report were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this report. Where no response has been included, the Village of Chambers declined to respond. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next examination.

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COMMENTS AND RECOMMENDATIONS

1. **Internal Control Concerns**

A control environment conducive to fair and complete financial reporting includes an adequate segregation of duties so that no one individual can process an accounting transaction from beginning to end. When an adequate segregation of duties is not possible, the control environment should include an effective monitoring process of the policies, procedures, and accounting functions of the Village.

The APA identified several significant issues that created a control environment not conducive to fair and complete financial reporting, among all aspects of Village recordkeeping, as described below.

General Processes

- The Board bears the overall responsibility for the operations of the Village. The Board did not properly monitor its Clerks to ensure the accuracy and completeness of the Village's financial records. This concern is even more critical given the high turnover the Village has experienced in the Clerk position. Each new Clerk arrives lacking sufficient knowledge of the Village processes. Consequently, the Board must increase its monitoring during that transition period, maintaining such heightened oversight until the new Clerk has received enough training and experience to acquire a full understanding of the proper procedures.
- The APA identified numerous coding errors in the Village's accounting system that necessitated making adjustments to the financial data contained therein in order to reconcile the accounting records to the bank records. These accounting adjustments amounted to over \$140,000. The same adjustments were identified throughout the period tested, which indicated that the Clerk had not properly reconciled the accounting records to the bank records for the period October 2013 through January 2015. The APA also identified coding errors during our testing procedures. See Comment and Recommendation Number 2 for the details of these coding errors.
- Once the accounting system had been reconciled to the bank records, the APA determined that the General Fund had a negative fund balance as of January 31, 2015, as illustrated below.

	General Fund	Street Fund	Sewer Fund	Water Fund	Totals
Beginning Balances	(25,283.85)	11,610.94	167,105.76	113,999.76	267,432.61
Receipts	141,022.03	91,820.48	227,668.08	88,854.49	549,365.08
Disbursements	150,918.43	47,814.97	192,233.13	53,070.00	444,036.53
Ending Balances	(35,180.25)	55,616.45	202,540.71	149,784.25	372,761.16

Prior to the adjustments to the financial records, the Village had a much larger negative General Fund balance of \$189,130.22.

Receipt Processes

- The Village lacked an adequate segregation of duties over funds received. The Clerk was in a position both to perpetrate and to conceal errors and irregularities because she had total control over the receipt process without proper monitoring by the Board. The Clerk was responsible for receiving payments on behalf of the Village, endorsing checks received, recording receipts in the accounting system, making deposits, and reconciling the accounting

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records to the bank statements. Although the Board Treasurer was to have reviewed the Clerk's reconciliation, a lack of documentation relating thereto prevented the APA from determining whether any such review actually occurred.

- The Village failed to maintain a receipt book and, therefore, did not provide receipts to its customers. Neb. Rev. Stat. § 17-606(1) (Cum. Supp. 2014) requires, in relevant part, the following:

The treasurer of each city and village shall be the custodian of all money belonging to the corporation. He or she shall keep a separate account of each fund or appropriation and the debts and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt therefor, specifying the date of payment and on what account paid.

The failure of the former Clerk, who appears to have serviced also as the Treasurer for the Village, to issue receipts for payments received, as required by § 17-606(1), could constitute "official misconduct" under Neb. Rev. Stat. § 28-924 (Reissue 2008), which states the following:

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

(2) Official misconduct is a Class II misdemeanor.

- Finally, the Village failed to maintain a detailed listing of its deposits. Without a receipt book or a comprehensive listing of deposits, it is impossible to determine which customer payments were included in each deposit during the audit period. In some cases, the deposit slip was detailed enough to enable such a determination; however, for 123 out of 160 utility collections tested, the APA was unable to ensure the amount was properly deposited.

Utilities and Service Fees and Collections

The APA also identified several concerns related to the Village's utility billing and collection process.

- The Village charged a flat fee for sewer services of \$31 for residents and \$232.50 for schools during the period tested. However, Village Ordinance 03-7, dated November 11, 2003, set the sewer rates at \$20 for residents and \$150 for schools. The Village was unable to provide a more current ordinance that agreed to the rates actually charged.
- Likewise, the Village charged a flat fee for garbage services of \$17.43 for residents, \$13.54 for seniors, and \$197.88 for schools. However, Village Ordinance 03-7 also set the garbage rates at \$13.75 for residents, \$10.75 for seniors, \$28.75 for commercial customers, and \$20.75 for small businesses. No rate was provided for schools. The Village was unable to provide a more current ordinance that agreed to the rates actually charged.
- One customer who received water and sewer services was not charged for garbage collection services. The July 9, 2014, Board meeting minutes stated that customers must pay for garbage services if they receive sewer and water services. The garbage service rate charged could have been from \$20 to \$73.64 per month, based upon the type of dumpster used.
- The Village charged a \$10 late fee for utility payments not received by the 10th of each month. However, for 2 of 135 utility collections tested, the \$10 penalty was not charged for payments recorded as having been received on the 16th and the 22nd of the month.
- The Village refunded one resident's water deposit. Ordinance 14-4, dated February 12, 2014, appears to have indicated that a separate water deposit was needed for

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rental properties; however, that ordinance neither specified the deposit amount nor identified the terms for refunding water deposits.

As described above, the Village does not appear to have current ordinances regarding its utilities. Neb. Rev. Stat. § 17-605 (Cum. Supp. 2014) requires, in relevant part, the following:

The city or village clerk shall have the custody of all laws and ordinances and shall keep a correct journal of the proceedings of the council or board of trustees.

- The current Clerk was unable to provide complete monthly utility reports for two months, requiring the APA to contact DataTech directly to obtain the utility information.
- For one utility bill tested, the software included an incorrect meter reading. Therefore, the utility bill was calculated based on 4,000 gallons of water used, but the correct usage should have been 3,000 gallons of water, resulting in the customer being overcharged by a small amount.

Disbursements Processes

- The Village also lacked an adequate segregation of duties over disbursements. The Clerk was responsible for receiving invoices, entering expenses into the accounting system, printing checks, and reconciling the bank statements. At times during the review period, the Clerk also co-signed checks. The Board approved the listing of claims at each monthly Board meeting; however, no documentation was available to indicate whether the Board reviewed invoices or other support to ensure the claims listing was accurate. Consequently, this procedure appears to have been insufficient to mitigate the risk of loss or misuse of funds.
- The Board Chair and the Board Treasurer signed all of the Village checks at each monthly meeting. However, Neb. Rev. Stat. § 17-711 (Reissue 2012), designates the Chairman and the Clerk as the proper signatories, as follows:

All warrants drawn upon the treasurer must be signed by the mayor or chairman and countersigned by the clerk . . . No money shall be otherwise paid than upon such warrants so drawn.

Currently, the Clerk is authorized to sign only two checks each month – those written to the Board Chair and the Board Treasurer. Likewise, according to the APA's review of the bank statements, former Clerks did not typically sign Village checks. An exception, Jen Ryding, signed checks during November 2014.

- Furthermore, Neb. Rev. Stat. § 17-606 (1) (Cum. Supp. 2014), sets out the duties of a Village treasurer, as follows:

The treasurer of each city and village shall be the custodian of all money belonging to the corporation. He or she shall keep a separate account of each fund or appropriation and the debts and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt therefor, specifying the date of payment and on what account paid. He or she shall also file copies of such receipts with his or her monthly reports, and he or she shall, at the end of every month, and as often as may be required, render an account to the city council or board of trustees, under oath, showing the state of the treasury at the date of such account and the balance of money in the treasury. He or she shall also accompany such accounts with a statement of all receipts and disbursements, together with all warrants redeemed and paid by him or her, which warrants, with any and all vouchers held by him or her, shall be filed with his or her account in the clerk's office. If the treasurer fails to render his or her account within twenty days after the end of the month, or by a later date established by the governing body, the mayor in a city of the second class or the chairperson of the village board with the advice and consent of the trustees may use this failure as cause to remove the treasurer from office.

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In December 2014, the Board appointed one of its members to serve as the Village Treasurer. It appears, however, that the Clerk performed the Treasurer's duties, as set out in the above statute. The Clerk continues to handle the day-to-day operations of the Village and, at the end of each month, provides a financial summary to the Board Treasurer.

- Finally, the Village failed to maintain adequate documentation to support its activities. The details of the inadequate and missing documentation have been outlined in Comment and Recommendation Number 3.

Payroll Processes

- The Village lacked an adequate segregation of duties over payroll disbursements. One person, the Clerk, was responsible for receiving employee time cards, calculating time worked, entering work time into the accounting system, printing checks, and reconciling the bank statements. Although the Board did approve all new hires, no documentation was available to support the Board's review of time cards to ensure the accuracy of monthly paychecks. Consequently, this procedure appears to have been insufficient to mitigate the risk of loss or misuse of funds.
- The Village had no formal, written personnel policies. Examples of standard personnel policies include procedures for lunch breaks, leave, overtime earnings, calculations of time worked, etc.
- Neb. Rev. Stat. § 19-1102 (Reissue 2012) requires the publication of Village employee job titles, as follows:

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.

Additionally, Neb. Rev. Stat. § 17-209 (Reissue 2012) states the following regarding compensation paid to Village officials:

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

The Village did not comply with either of these statutory provisions because the salaries were not published, and the ordinance designating salaries, while correct for Board members, was not current for all other Village employees.

- The Village had employment contracts for most of its permanent employees, and the hiring and termination of employees was typically documented in the Board minutes. However, the hourly rate for its temporary summer workers was not documented in the Board meeting minutes.
- The Village Board also lacked an employment contract or agreement with the Village Street Superintendent. The Board Chair said that the annual rate of pay should have been approved at a Board meeting, but the APA found no evidence to support his assertion. On February 26, 2014, the Board approved a claim for \$325 to the Village Street Superintendent.
- There was no secondary review or approval of employee time worked during the review period. An adequate review would include a Board member, or other supervisor, signing time cards after verification that the time worked was appropriate.
- Similarly, one employee's contract stated that overtime pay was allowed only for emergency situations, and all overtime hours required Board approval. That employee was paid for 64.64

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overtime hours, totaling \$1,338.99 in gross wages; however, there is no evidence that the Board approved the hours worked or that the overtime was caused by an emergency situation.

An adequate control environment conducive to fair and complete financial reporting requires proper monitoring and oversight by the Board. Otherwise, there is a significant risk for fraud or errors to occur and remain undetected.

Additionally, as explained already, a public servant's failure to carry out the duties of his or her office, as required by statute or otherwise, could constitute "official misconduct" § 28-924.

We consider this finding to be a significant deficiency.

We recommend the Board:

- Implement procedures to provide adequate review and monitoring of the financial transactions of the Village.
- Perform a documented review of the bank reconciliation each month, ensuring any reconciling or outstanding items are adequately documented and explained.
- Implement procedures for the proper monitoring of Village fund balances and develop a plan to correct the negative General Fund balance.
- Implement appropriate monitoring procedures to compensate for the lack of segregation of duties over financial transactions.
- Ensure compliance with State statute by issuing receipts.
- Implement monitoring procedures to ensure all deposits are properly supported by receipts and/or detailed deposit listings, which should then be compared to the bank statements.
- Update and maintain utility ordinances, in accordance with State statutes, to ensure the correct sewer and garbage rates are published and approved.
- Ensure penalties for late utility payments are assessed uniformly and in compliance with Village ordinance.
- Clarify the terms of water utility deposits in the pertinent Village ordinance.
- Provide training and other technical assistance to the Clerk to enable a better understanding of the utility billing software.
- Perform periodic reviews of the meter readings and compare those to the amounts recorded in the utility software program to ensure amounts are correctly entered and calculated.
- Ensure compliance with State statute by having the Clerk co-sign all Village checks.
- Implement adequate monitoring procedures to ensure all checks drawn are supported by appropriate documentation and approved by the Board. Review the aforementioned statutes to determine if the Clerk should be designated as the Treasurer.

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- Implement adequate procedures to ensure all paychecks are based on the correct number of hours per approved/reviewed time cards and published salary rates.
- Develop formal, written personnel policies.
- Publish annually all employee job titles and current salaries for each position and similarly update related ordinances in accordance with State statute.
- Document a secondary review process for employee time cards, including approval and the reasoning behind overtime hours, if applicable.
- Review all statutes related to Villages and the duties of the Board, Clerk, and Treasurer, and implement procedures to ensure compliance with such laws.

2. Coding Errors

The APA identified numerous accounting system coding errors that were significant enough to require adjustments to the Village's financial schedule due to either their dollar amount or in order to reconcile the accounting records to the bank records. These coding errors are summarized by fund in the table below. The details of the adjustments can be found on **Exhibit A**.

Account	General Fund	Street Fund	Sewer Fund	Water Fund
Receipts	(\$8,012.49)	(\$1,885.50)	\$5,177.75	\$4,712.25
Transfers In	(\$2.01)	\$0.00	(\$3,785.88)	\$0.00
Disbursements	(\$26,525.50)	\$0.00	\$12,497.45	\$15,474.25
Transfers Out	(\$135,438.97)	\$0.00	\$135,436.96	\$0.00
Net Effect on Fund Balance	\$153,949.97	(\$1,885.50)	(\$146,542.54)	(\$10,762.00)

Note: This table represents the net effect on the fund balance. In the General Fund, for example, the negative receipts decrease the fund balance; the negative disbursements increase the fund balance; the negative transfer in decreases the funds balance; and the negative transfers out increase the fund balance.

The APA identified 18 adjustments to the financial schedule, as follows:

- The APA reconciled the accounting system records to the bank records and found 10 coding errors that required adjustments. These 10 errors amounted to more than \$140,000 in adjustments. See **Adjustments 5, 6, 7, 8, 9, 14, 15, 16, 17, and 18** on **Exhibit A**.
- The APA confirmed 38 Village receipts from the State of Nebraska and found two miscoded receipts. See **Adjustments 1 and 2** on **Exhibit A**.
- The APA confirmed 16 Village receipts from the Holt County Treasurer and found 14 instances in which the coding was incorrect. See **Adjustment 3** on **Exhibit A**.
- The APA found that all sales tax payable transactions were coded 100% to the Water Fund, despite the collections being related to both water and sewer utilities. The APA estimated approximately 57% of those collections related to sewer bills, leaving only 43% that should have been coded to the Water Fund, instead of the full 100%. See **Adjustments 4 and 10** on **Exhibit A**.
- The APA tested loan payments made to the Nebraska Department of Environmental Quality and determined that all three semi-annual payments were improperly coded. The

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loan was obtained for repairs to the Village's sewer system, yet all of the payments, amounting to more than \$7,000, were coded to the General Fund instead of the Sewer Fund. See **Adjustment 12** on **Exhibit A**.

- The APA also determined the coding was incorrect on 3 of 11 vendor payments tested. See **Adjustments 11 and 13** on **Exhibit A**.

Finally, the APA identified \$10,194.36 in duplicated payroll liability transactions. The amount of these duplicated transactions is significant, but none of the duplications had been recorded to expense or revenue accounts, so no adjustment to the cash basis financial schedule was needed. However, it is important for the Village to be aware of these errors in order to properly reconcile the accounting records to the bank and to prevent such mistakes in the future.

Good internal control requires procedures to ensure Village receipts and disbursements are properly recorded to the correct fund and account in the accounting system. Without such procedures, there is an increased risk for misstatement of financial schedules, budgets, and other reporting mechanisms that may be used to make management decisions.

Additionally, the restricted nature of the Village's Street, Sewer, and Water Funds would require the Village to utilize those funds only for the allowable purposes. Using restricted funds for unallowable purposes could violate Federal or State laws and regulations. Conversely, using unrestricted General Fund monies for disbursements related to street, sewer, or water purposes could result in the General Fund being overspent.

We consider this finding to be a significant deficiency.

We recommend the Board implement adequate procedures to ensure accounting transactions are accurately recorded.

3. Lack of Adequate Documentation

The Village failed to maintain adequate supporting documentation for a number of transactions, as detailed below.

Missing Files

The APA's testing of ten payments to individuals revealed that four of those payments, totaling \$620, lacked any supporting documentation at all. Upon further inquiry, the current Clerk informed the APA that the Village was missing files to support the expenses paid from October 2014 through January 2015, which is the time period that the former Clerk, Jen Ryding, was employed.

The total amount of expenses paid during that time frame was \$89,957, according to the accounting records. A detailed list of those expenses is included in **Exhibit B**.

Because the \$89,957 in expenses were material to the financial statements, the APA performed procedures to ensure the majority of expenses were valid. The APA either had already received documentation to support the expenses or contacted certain vendors to obtain the missing documentation, as follows:

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Payment Type	Amount	Notes
Transactions for which the APA had previously received documentation		
USDA Loan	\$19,978.00	The loan required annual payments of the same amount. The amount paid on 10/1/2014 agreed to documentation that was obtained from the prior year payment.
Payroll	\$16,837.61	Payroll expenses were tested separately and tied to authorized rates and time cards.
Insurance	\$3,534.00	The Village provided an invoice dated May 2014 to support the payment made in January 2015.
Accounting Software	\$1,944.12	The Village provided an invoice from Data Tech to support this payment. The Clerk appears to have obtained the invoice from the vendor.
Larry Strubel Retirement	\$400.00	The \$100 monthly retirement payments were approved in the Board minutes.
Ron Doty Cell Phone Reimbursement	\$200.00	The \$50 monthly cell phone reimbursement amount was approved in the Board minutes.
Bank Charges	\$43.75	The bank charges were traced to bank statements.
Subtotal	\$42,937.48	Transactions for which the APA previous received documentation
Transactions for which the APA contacted the vendor to obtain documentation		
Garbage Services	\$10,926.50	The APA contacted J&J Sanitation, which provided documentation on May 29, 2015, to support the four monthly payments related to garbage services.
Electricity	\$7,920.35	The APA contacted Niobrara Valley, which provided documentation on May 29, 2015, to support the four monthly payments related to electric services.
E-911 Services	\$6,968.00	The Village provided an agreement with Boyd-Holt for E-911 services and an invoice for this annual payment; however, the agreement did not include amounts that could be tied to the invoice. As such, the APA contacted Boyd-Holt, which provided documentation on June 3, 2015, to support the amounts noted on the annual invoice.
NDEQ Loan	\$2,424.97	The APA contacted NDEQ, which provided documentation on May 13, 2015, to support the semi-annual loan payment amount.
Subtotal	\$28,239.82	Disbursements for which the APA obtained support
Subtotal	\$18,779.96	Disbursements remaining unsupported
Total	\$89,957.26	Disbursements made October 2014 to January 2015

According to the finding described above, the Village was not in compliance with Neb. Rev. Stat. § 17-714 (Reissue 2012), which requires, in relevant part, the following:

All liquidated and unliquidated claims and accounts payable against a city of the second class or village shall: (1) Be presented in writing; (2) state the name and address of the claimant and the amount of the claim; and (3) fully and accurately identify the items or services for which payment is claimed or the time, place, nature, and circumstances giving rise to the claim.

Other Missing Documentation

In addition to the four months of missing files, as described above, the APA also found that the Village lacked documentation for other transactions, as follows:

- On December 11, 2013, the Board approved a claim for \$115,038 to Rutjens Construction for Village lagoon irrigation improvements based on an application for payment from the vendor. Neither the Village nor the vendor could locate a copy of the original contract and change orders. The APA obtained the missing documentation from the engineer on the project. The total contract amount was \$267,280.

VILLAGE OF CHAMBERS

COMMENTS AND RECOMMENDATIONS

- The Village paid \$885 to an individual for the removal of a tree; however, the receipt provided did not include sufficient details to support the payment.
- The Village lacked adequate supporting documentation for \$135,437 in grant funds received from the U.S. Department of Agriculture (USDA) during the period tested. Contacting the USDA in May 2015, the APA received the record of the grant advances made to the Village.

Additionally, during the APA's testing, the Village did not have adequate documentation available for the following expenses.

Payment Type	Amount	Notes
Insurance	\$14,204.00	The Village provided invoices from Adams & Adams Agency to support this payment; however, the invoices did not specify what was covered under the insurance policy. The APA contacted Adams & Adams Agency, and the Village's insurance agent provided documentation on June 12, 2015, to support the insurance policy coverage amounts.
E-911 Services	\$5,628.00	The Village provided an agreement with Boyd-Holt for E-911 services and an invoice for this annual payment. However, neither the agreement nor the invoice included the information that agreed to the amount owed. The APA contacted Boyd-Holt, which provided documentation on June 3, 2015, to support the amounts noted on the annual invoice.
NDEQ Loan	\$4,875.69	The APA contacted NDEQ, which provided documentation on May 13, 2015, to support the semi-annual loan payment amount.
Total	\$24,707.69	Disbursements for which the APA obtained support

Missing Minutes and Board-Approved Claims Reports

The Village was unable to provide Board meeting minutes for the August 2014 meeting.

Additionally, the Village failed to maintain the Board-approved claims reports for the months of January 2014 and January 2015. The total amount of claims is not typically included in the Board meeting minutes, so the claims reports are attached to the Board meeting minutes and represent the claims approved by the Board at each meeting. The total amounts purportedly approved for each month are as follows:

Month	Claim Dates	Approved Amount
January 2014	12/12/2013 - 01/08/2014	\$28,823.68
January 2015	12/10/2014 - 01/15/2015	\$30,316.62
Total		\$59,140.30

In May 2015, the current Clerk, Jo Harkins, re-ran the claims reports; however, because the total claims or amounts are not listed in the Board meeting minutes, the APA could not determine if the claims on the regenerated report were the same claims that were approved by the Board.

Due to the Village's failure to maintain the claims reports properly, none of the disbursements tested during those months could be traced to the Board's approval of the claim. The APA tested the following disbursements during that time period:

Payee	Description	Date	Amount
JEO	Payment for a Water Mapping Project	1/7/2014	\$ 11,000
Adams & Adams Agency	Payment for Fire and Rescue Worker's Compensation Insurance	1/14/2015	\$ 3,534
Ron Doty	Reimbursement for monthly personal cell phone expenses	1/14/2015	\$ 50
Jennie Ryding	Reimbursement for 66 miles at a rate of \$0.56/mile	1/14/2015	\$ 37
Total			\$ 14,621

VILLAGE OF CHAMBERS

COMMENTS AND RECOMMENDATIONS

Neb. Rev. Stat. § 84-1413 (Reissue 2014) of the Open Meetings Act, which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2014), requires, in relevant part, the following:

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

....

(4) The minutes of all meetings and evidence and documentation received or disclosed in open session shall be public records and open to public inspection during normal business hours.

(5) Minutes shall be written and available for inspection within ten working days or prior to the next convened meeting, whichever occurs earlier, except that cities of the second class and villages may have an additional ten working days if the employee responsible for writing the minutes is absent due to a serious illness or emergency.

Additionally, Record Retention and Disposition Schedule 24 (Local Agencies), promulgated on January 5, 2015, by the Nebraska Records Management Division, requires the permanent retention of items subject to the Opens Meetings Act.

Expenses Paid for the Fire Department

The Village made several payments on behalf of the Chambers Rural Fire Protection District (District) and/or the Chambers Volunteer Fire Department (Department). According to Brian Rowse, current Board Chair, there is no formal written agreement outlining the cost sharing arrangement between the Village and the District/Department.

During the period tested, the Village paid over \$34,000 in expenses that were coded to the District/Department, as shown below:

Payee	Description	Amount
Boyd-Holt	E-911 Annual Contractual Assessment Fees	\$ 12,596
Great Western	Propane	\$ 9,324
Adams & Adams Agency	Insurance	\$ 7,210
Niobrara Valley	Electricity	\$ 2,535
K & M	Internet and Phone Charges	\$ 1,431
Ed Pavel	Reimbursement for Water Heater	\$ 315
Rowse Electric	Firehouse Heater Repair	\$ 225
Ron's Mobil	Exhaust Pipe Repair	\$ 211
Northeast NE Fire Extin	Extinguisher Recertification	\$ 83
Bomgaars	Lawn, Weed and Miscellaneous Supplies	\$ 64
Dexter Feeds	Fire Hydrants Tags	\$ 49
Chambers Shopper	Village Cleanup Day	\$ 11
Green Acres	Electrical Supplies	\$ 7
Carhart Lumber Company	Key for Fire Hall	\$ 3
Total		\$ 34,064

The APA also determined that the Chambers Volunteer Fire Department was not registered as a non-profit corporation in Nebraska. No corporate documents were on file with the Nebraska Secretary of State. The Volunteer Fire Department should be incorporated as a non-profit entity, with its own tax identification number that is separate from either the Village or the District.

Good internal controls require procedures to ensure that all claims against the Village are proper and supported by adequate documentation prior to the payment. Without the appropriate records

VILLAGE OF CHAMBERS

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and documentation to support all claims, there is an increased risk for loss or misuse of Village funds.

As described in the findings above, the Village was not in compliance with the Records Management Act, which is set out at Neb. Rev. Stat. §§ 84-1201 to 84-1227 (Reissue 2014). Specifically, § 84-1207(2) requires the Village to do the following:

Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency, designed to furnish information to protect the legal and financial rights of the state, and of persons directly affected by the agency's activities[.]

We consider this finding to be a significant deficiency.

We recommend the Board implement procedures to ensure supporting documentation for expenses is properly maintained, all claims against the Village are presented to the Board for approval prior to payment, and meeting minutes accurately reflect the proceeds of each Board transaction, including all claims paid. We recommend further the Board implement procedures to ensure the Village is in compliance with all statutes regarding record retention. We recommend the Board memorialize the details of the cost sharing arrangement between the Village and the Fire Protection District and/or Volunteer Fire Department in a formal written agreement. Finally, the Chambers Volunteer Fire Department should be incorporated as a non-profit entity with a tax identification number that is separate from either the Village or the District.

4. Payroll Issues

In addition to the internal control issues noted in Comment and Recommendation Number 1 herein, the APA identified certain other issues during testing of the Village's payroll.

Payroll issues include the following: 1) employee time cards did not accurately reflect claimed work hours; 2) employee hours worked were in excess of those specified by, or otherwise not in compliance with, the terms of the signed employment contracts; 3) payroll withholdings were not properly withheld or remitted; and 4) cleared check numbers that did not agree to the check numbers in the accounting records.

The Village employed a total of 15 individuals during the period of October 1, 2013, through January 31, 2015. The APA selected five of those individuals and tested every pay period worked during the period tested.

Time Cards

Village employees use an electronic time clock to document time worked. Despite a lack of formal policies for the monthly calculating of employee work hours, the current Clerk explained that monthly hours paid are calculated by accumulating the hours worked each day during the month and rounding that monthly total to the nearest quarter hour.

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In addition to the rounding method described above, the current Clerk stated that employees are required to take a least a half-hour lunch when they work eight hours or longer, and it is recommended that employees take one hour. The Clerk said also that employees are required to punch in and out of each work shift on the electronic time clock, including for their lunch period. If an employee fails to clock in or out, the Clerk will make a manual correction to the time card, which should then be initialed by both the employee and a Board member.

The APA used the above methods to determine the correct number of employee work hours that should have been paid, as illustrated in the table below. Both over and underpayments were noted for all five employees tested.

Employee	Time Card Hours	Time Card Lunch	Total Time Card Hours	Actual Hours Paid	Adjusted Lunch (Note 1)	Time Card Hours Less Adjusted Lunch	APA Calculated Hours (Note 2)	Hours Over (Under) Paid
Ron Doty	2,867.13	204.55	2,662.58	2,690.31	251.65	2,615.48	2,615.50	74.81
Erin DeVries	396.87	21.20	375.67	375.25	24.88	371.99	372.00	3.25
Katelyn Gottsch	406.17	30.20	375.97	375.25	31.85	374.32	374.50	0.75
Chanda Schnoor	946.42	20.64	925.78	926.18	21.16	925.26	925.50	0.68
Jen Ryding	415.78	5.67	410.11	399.74	8.67	407.11	407.00	(7.26)
Total	5,032.37	282.26	4,750.11	4,766.73	338.21	4,694.16	4,694.50	72.23
Note 1: The APA adjusted the lunch hours each day if an employee failed to punch in and out for lunch and worked over eight hours that day. The APA added .5 hours to the lunch hours for each day no lunch was taken or a full ½ hour was not taken.								
Note 2: The APA rounded the Time Card hours, less the Adjusted Lunch column, to the nearest quarter hour.								

As shown above, the hours recorded on the employees' time cards did not agree to the amounts paid. Overall, the Village paid more hours than were recorded on the employees' time cards.

Additionally, the lunch hours were not recorded correctly for all five employees tested. In each case, the employee should have had more lunch hours than actually recorded. In particular, the Village Maintenance Superintendent was overpaid almost 75 hours, mostly due to the failure to clock in and out for lunch when working eight hours or more per day.

Finally, the APA found the following instances of the time clocked in or out on the employee time card being handwritten, missing, or illegible.

Employee Name	Days with Handwritten Times	Days with Illegible or Missing Times	Total Days with Handwritten, Missing, and/or Illegible Times	Total Percentage of Days
Jen Ryding	22 of 78	1 of 78	22 of 78	28.2%
Ron Doty	77 of 387	10 of 387	84 of 387	21.7%
Chanda Schnoor	39 of 214	4 of 214	42 of 214	19.6%
Katelyn Gottsch	9 of 56	0 of 56	9 of 56	16.1%
Erin Devries	6 of 46	0 of 46	6 of 46	13.0%
Total	153 of 781	15 of 781	163 of 781	20.9%

Note: The column "Total Days with Handwritten, Missing, and/or Illegible Times" is not always the sum of the previous two columns because some days had both handwritten and missing.

The APA did not identify any instances in which a correction was made on the time card for an employee's failure to clock in and/or out for lunch. The time cards also lacked initials of the employee or Board member for any corrections.

VILLAGE OF CHAMBERS

COMMENTS AND RECOMMENDATIONS

Employment Contracts

Two employees tested had contracts that limited the amount of hours worked per month, as follows:

SALARY

The starting salary for this position will be \$10.00 per hour. Hours are limited to 70 per month. Employee is paid on a monthly basis. Employee has a 1 year probationary period, with a Board review each year in August.

The laptop computer is not to be removed from the Village Clerk's office except for educational classes or training.

All salary adjustments will be in written form, signed by both the Village Board Chairman and employee, dated and attached as an addendum to this contract.

I have read, understand and agree to the job description for the Village Clerk/Treasurer position with the Village of Chambers, NE.

Chanda Schmoor
Signature of Employee

Tony Marullo
Village Board Chairman/Chairperson

9-18-13
Date

SALARY

The starting salary for this position will be \$10.00 per hour. Hours are limited to 70 ^{hours} per month. Employee is paid on a monthly basis. Employee has a 1 year probationary period, with a Board Review each year in August.

The laptop computer is not to be removed from the Village Clerk's office except for education classes or training.

All salary adjustments will be in written form, signed by both the Village Board Chairman and employee, dated and attached as an addendum to this contract.

I have read, understand and agree to the job description for the Village Clerk/Treasurer position with the Village of Chambers, NE.

[Signature]
Signature of Employee

Tony Marullo
Village Board Chairman/Chairperson

9-10-2014
Date

VILLAGE OF CHAMBERS

COMMENTS AND RECOMMENDATIONS

However, the APA found that, at times, both employees worked more than the limited hours specified in their respective employment contracts, as follows:

Name	Employee Number	Check Date	Hours Worked	Hours in Excess of 70	Rate of Pay	Amount Paid in Excess of 70 Hours
Chanda Schnoor	17	10/31/2013	82.24	12.24	\$10	\$122.40
Chanda Schnoor	17	12/27/2013	85.24	15.24	\$10	\$152.40
Chanda Schnoor	17	1/30/2014	83.24	13.24	\$10	\$132.40
Chanda Schnoor	17	2/27/2014	72.75	2.75	\$10	\$27.50
Chanda Schnoor	17	3/31/2014	74.24	4.24	\$10	\$42.40
Chanda Schnoor	17	4/29/2014	87.24	17.24	\$10	\$172.40
Chanda Schnoor	17	5/28/2014	73.75	3.75	\$10	\$37.50
Chanda Schnoor	17	6/30/2014	80.24	10.24	\$10	\$102.40
Chanda Schnoor	17	8/28/2014	74.75	4.75	\$10	\$47.50
Chanda Schnoor Total			713.69	83.69	\$10	\$836.90
Jen Ryding	22	12/23/2014	94.75	24.75	\$10	\$247.50
Jen Ryding	22	1/29/2015	124	54	\$10	\$540.00
Jen Ryding Total			218.75	78.75	\$10	\$787.50
Total			932.44	162.44	\$10	\$1,624.40

Payroll Withholdings

The APA determined that the Village incorrectly calculated the payroll withholdings on at least one paycheck for all five employees tested, as follows:

Employee	Pay Check Months	Variance	Type of Error
Chanda Schnoor	January 2014 to June 2014 and August 2014	(\$8.76)	Incorrect Federal Income Tax
Jen Ryding	September 2014 to January 2015	(\$74.84)	Incorrect State Income Tax
Ron Doty	January 2014 to December 2014	(\$30.00)	Incorrect Federal Income Tax
Erin Devries	June 2014 to August 2014	(\$151.37)	Incorrect Federal & State Income Tax
Katelyn Gottsch	May 2014 to August 2014	(\$4.40)	Incorrect Federal Income Tax
Grand Total		(\$269.37)	

Four of the five employees tested had incorrect Federal income tax withholdings, and two of the five employees had incorrect State income taxes withheld. It appears that the majority of incorrect tax withholdings resulted from the Village using the 2013 Federal tax tables, instead of the updated 2014 Federal tax tables, to calculate the employees' income tax withholdings.

The Village incorrectly calculated one employee's Federal and State income tax withholdings due to using the incorrect number of exemptions. The employee listed one personal allowance on the signed 2013 W-4 tax form. However, per the payroll history report, the Village appears to have incorrectly calculated the employee's tax withholdings by using zero exemptions.

Additionally, one monthly remittance of Federal payroll taxes to the IRS appeared to have been paid for the incorrect amount. Paychecks issued on January 8, 2015, included Federal withholdings amounting to \$19.14. However, the Village actually paid \$175.38 in withholdings to the IRS, an overpayment of \$156.04.

VILLAGE OF CHAMBERS

COMMENTS AND RECOMMENDATIONS

Payroll History Reports

The Village maintains a payroll history report that documents the wage paid each month, the check date, and the number of the check issued to the employee. Two check numbers listed on the report did not agree to the cleared checks, per the bank statements.

Good internal control requires adequate records and documentation to support all payments made by the Village. Additionally, the Fair Labor Standards Act of 1938 (FLSA), codified at 29 U.S. Code Chapter 8, prescribes standards affecting most private and public employment. The FLSA requires every covered employer to keep certain records for each covered, non-exempt worker. While there is no required form for the records, the records must include accurate information about the employee and data about the hours worked and wages earned.

A lack of adequate records and documentation to support all payroll expenditures, along with a failure to correctly calculate payroll deductions, increases the risk for loss or misuse of Village funds, as well as increases exposure to potential litigation should employees dispute their pay from the Village.

We recommend the Board ensure that proper records are maintained to support all Village payroll expenditures. Details of employee salary rates paid should be formalized, and appropriate documentation of time worked should be obtained prior to, as well as retained after, payment.

5. Retirement Benefit

On December 14, 2011, the Village Board approved a monthly \$100 retirement benefit for the Village's maintenance supervisor. However, the Village was unable to provide any written agreement supporting those payments, and the Board meeting minutes do not adequately outline the specific terms thereof, including such essentials as when the distributions begin or cease.

The minutes for the meeting during which the vote was taken contain the following brief description of the Board's decision:

The Village Board thanked Maintenance Strubel for his years of service. Trustee Grubb made a motion to give Strubel \$100 a month for retirement; seconded by Trustee Pospichal. Roll Call: AYE – Marcellus, Grubb, McConnell, and Pospichal. NAY – none. ABSENT – Baker[.]

Because of the uncertainty surrounding the exact nature of the retirement payments at issue, their tax consequences are unknown. The Village does not appear, for instance, to report the payments to the Internal Revenue Service (IRS) on a Form 1099. The 2015 Instructions for IRS Forms 1099-R and 5498 contain the following directive:

File Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., for each person to whom you have made a designated distribution or are treated as having made a distribution of \$10 or more from profit-sharing or retirement plans, any individual retirement arrangements (IRAs), annuities, pensions, insurance contracts, survivor income benefit plans, permanent and total disability payments under life insurance contracts, charitable gift annuities, etc.

Of far more immediate concern, the Board's decision to grant retirement benefits to the maintenance supervisor could prove legally problematic depending upon his employment status at the time the above-described vote was taken.

VILLAGE OF CHAMBERS

COMMENTS AND RECOMMENDATIONS

Article III, § 19, of the Nebraska Constitution provides, in relevant part:

The Legislature shall never grant any extra compensation to any public officer, agent, or servant after the services have been rendered nor to any contractor after the contract has been entered into, except that retirement benefits of retired public officers and employees may be adjusted to reflect changes in the cost of living and wage levels that have occurred subsequent to the date of retirement.

According to the Nebraska Supreme Court (Court), “[T]he prohibition contained in Article III, section 19, Constitution of Nebraska, applies to the state and to all political subdivisions thereof.” *Retired City Civilian Employees Club of City of Omaha v. City of Omaha Employees' Retirement System et al.*, 199 Neb. 507, 512, 260 N.W.2d 472, 475 (1977). Consequently, this constitutional provision is applicable to the Village of Chambers.

Discussing the terminology found in Article III, § 19, the Court has explained, “A payment of compensation to a public servant constitutes extra compensation whenever there is no legal obligation to pay such compensation.” *Myers v. Nebraska Equal Opportunity Com'n*, 255 Neb. 156, 163, 582 N.W.2d 362, 367 (1998) (quoting *Matter of Mullane v. McKenzie*, 269 N.Y. 369, 377, 199 N.E. 624, 627 (1936)).

The Nebraska Attorney General (Attorney General) has shed additional light on the prohibition in Article III, §19, as follows:

As we stated in Op. Att'y Gen. No. 94064 (August 22, 1994), the purpose of state constitutional provisions such as Art. III, § 19 which prohibit extra compensation to public employees after services are rendered is to prevent payments in the nature of gratuities for past services.

Att’y Gen. No. 95063 (Aug. 9, 1995). In determining whether a violation of Article III, § 19, has occurred, the Court has emphasized the importance of timing in the decision to pay the compensation at issue:

We have said that when the “services” for which compensation is granted are rendered prior to the date on which the terms of compensation are determined, the “benefits awarded are not compensation but are a gratuity.” See Wilson v. Marsh, 162 Neb. 237, 252, 75 N.W.2d 723, 732 (1956). It follows that when the “services” for which compensation is paid are rendered after the date on which the terms of compensation are established, the benefits awarded are not a gratuity.

City of Omaha v. City of Elkhorn, 276 Neb. 70, 83, 752 N.W.2d 137, 147 (2008). More specifically, the Attorney General has opined upon the interplay between Article III, § 19, and the payment of retirement benefits to a public employee. In Op. Att’y Gen. 97026 (April 29, 1997), for instance, the Attorney General stated the following:

Generally, the granting of a retirement or pension benefit in instances where no part of the service was rendered subsequent to the enactment of the law is a gratuity in violation of Neb. Const. art. III, § 19.

Additionally, in the previously cited Op. Att’y Gen. 95063 (August 9, 1995), the Attorney General addressed the potential problem with making a congratulatory payment to a public employee upon his or her retirement:

With this rule in mind, it becomes apparent that a payment to a state employee upon his or her termination for which the state receives nothing would constitute a gratuity forbidden by Art. III, § 19. For example, if a state employee voluntarily retires after 50 years of service and receives a payment of \$ 25,000 solely for his long and faithful service, such a payment could be characterized as a gratuity and would clearly be improper.

VILLAGE OF CHAMBERS

COMMENTS AND RECOMMENDATIONS

The Court has also illustrated how providing a retirement benefit for a public employee can give rise to an unconstitutional gratuity under Article III, § 19:

A pension is a gratuity where it is granted for services previously rendered and which, at the time they were rendered, were fully paid for and gave rise to no legal obligation for further compensation.

Ledwith v. Bankers Life Ins. Co., 156 Neb. 107, 126, 54 N.W.2d 409, 421 (1952). Finally, the Court summarized how Article III, § 19, applies to the payment of public employee retirement benefits as follows:

It could hardly be made clearer or more positive that retirement benefits are either earned compensation for services rendered after the grant of them and that they are therefore valid or that they are a gratuity and not a part of compensation and therefore invalid.

Wilson v. Marsh, 162 Neb. 237, 253, 75 N.W.2d 723, 733 (1956). As illustrated by the opinions cited above, both judicial and advisory, it is constitutionally impermissible under Article III, § 19, to pay additional compensation – including in the form of retirement benefits – to a public employee for work already performed.

The meeting minutes pertaining to the Board's decision to grant the maintenance supervisor a retirement pension of \$100 per month are unclear as to whether that money was intended for past or future services. According to the minutes, "The Village Board thanked Maintenance Strubel for his years of service." This could be taken as an indication that the retirement benefits were granted solely out of appreciation for services already provided. If such is indeed the case, the pension awarded to the maintenance supervisor is an unconstitutional gratuity in violation of Article III, § 19.

We recommend that the Board seek immediate legal guidance as to the constitutionality of the retirement pension granted to the maintenance supervisor. Moreover, should that pension be deemed improper, we recommend also that the Board seek additional legal guidance regarding not only halting any further pension payments to the maintenance supervisor but also recovering any Village funds paid to him already in the form of unlawful retirement benefits.



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VILLAGE OF CHAMBERS

INDEPENDENT ACCOUNTANT'S REPORT

Village of Chambers
Chambers, Nebraska

We have examined the accompanying Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances of the Village of Chambers for the period October 1, 2013, through January 31, 2015. The Village of Chambers' management is responsible for the Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances of the Village of Chambers for the period October 1, 2013, through January 31, 2015, based on the accounting system and procedures prescribed by the Village Board, as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances is

presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards*, and those findings, along with the views of management, are described in the Comments Section of the report.

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

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

Charlie Janssen
Auditor of Public Accounts

August 27, 2015

VILLAGE OF CHAMBERS

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES

For the period October 1, 2013, through January 31, 2015

	<i>Governmental Funds</i>			<i>Proprietary Funds</i>			Entity-wide Totals
	General Fund	Street Fund	Totals	Sewer Fund	Water Fund	Totals	
RECEIPTS							
<i>Utility Receipts:</i>							
Service Fees	\$ -	\$ -	\$ -	\$ 86,762.61	\$70,073.49	\$156,836.10	\$156,836.10
Service Fees - Garbage	47,818.68	-	47,818.68	-	-	-	47,818.68
Service Fees - Sales Tax	-	-	-	5,177.75	3,940.20	9,117.95	9,117.95
Service Fees - Water Deposits	-	-	-	-	1,000.00	1,000.00	1,000.00
Late Fees	-	-	-	90.00	2,620.00	2,710.00	2,710.00
Federal Grant Receipts	-	-	-	135,436.96	9,900.00	145,336.96	145,336.96
<i>State Receipts:</i>							
Highway Allocation	-	54,566.68	54,566.68	-	-	-	54,566.68
Sales Tax Revenue	-	31,983.80	31,983.80	-	-	-	31,983.80
Municipal Equalization	14,213.75	-	14,213.75	-	-	-	14,213.75
<i>County Receipts:</i>							
Property Tax Revenue	44,945.55	-	44,945.55	-	-	-	44,945.55
Motor Vehicle Tax	8,410.49	-	8,410.49	-	-	-	8,410.49
Homestead Exemption	4,373.35	-	4,373.35	-	-	-	4,373.35
Property Tax Credit	1,161.82	-	1,161.82	-	-	-	1,161.82
Property Tax Interest	899.13	-	899.13	-	-	-	899.13
Prorate Motor Vehicle Tax	110.15	-	110.15	-	-	-	110.15
<i>Other Receipts:</i>							
Property Rent	14,402.00	-	14,402.00	-	-	-	14,402.00
Machine Hire Revenue	-	5,270.00	5,270.00	-	-	-	5,270.00
Community Center Revenue	771.00	-	771.00	-	-	-	771.00
Interest Income	807.95	-	807.95	160.55	-	160.55	968.50
License/Fee/Permits	559.00	-	559.00	-	-	-	559.00
Park Revenue	370.00	-	370.00	-	-	-	370.00
Water Labor	-	-	-	-	133.00	133.00	133.00
Water Parts	-	-	-	-	95.00	95.00	95.00
Restitution/Legal	100.00	-	100.00	-	-	-	100.00
Misc Income	2,079.16	-	2,079.16	40.21	1,092.80	1,133.01	3,212.17
TOTAL RECEIPTS	141,022.03	91,820.48	232,842.51	227,668.08	88,854.49	316,522.57	549,365.08

VILLAGE OF CHAMBERS

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES

For the period October 1, 2013, through January 31, 2015

	<i>Governmental Funds</i>			<i>Proprietary Funds</i>			Entity-wide Totals
	General Fund	Street Fund	Totals	Sewer Fund	Water Fund	Totals	
DISBURSEMENTS							
Improvements	\$ 964.99	\$ 1,815.98	\$ 2,780.97	\$115,037.50	\$ -	\$115,037.50	\$117,818.47
<i>Payroll Disbursements:</i>							
Salaries And Wages	16,895.08	16,579.84	33,474.92	15,696.15	15,855.82	31,551.97	65,026.89
FICA Payroll Expenses	2,243.66	1,243.60	3,487.26	1,200.86	1,493.03	2,693.89	6,181.15
Sanitation	175.95	-	175.95	-	-	-	175.95
State Unemployment Tax	-	-	-	-	61.08	61.08	61.08
<i>Utilities:</i>							
Utilities	5,469.09	13,683.52	19,152.61	3,038.57	13,503.71	16,542.28	35,694.89
Propane	12,303.95	-	12,303.95	-	-	-	12,303.95
Gas & Oil	1,960.91	5,033.28	6,994.19	483.91	137.91	621.82	7,616.01
Loan Payments	-	-	-	46,726.09	-	46,726.09	46,726.09
Sanitation Collection Expense	45,599.27	-	45,599.27	-	-	-	45,599.27
<i>Professional Fees:</i>							
Professional Services	5,037.12	-	5,037.12	12.50	11,037.50	11,050.00	16,087.12
Prof Fees-Acctng & Audit	2,001.50	851.25	2,852.75	851.25	1,036.51	1,887.76	4,740.51
Dues & Subscriptions	20,066.74	353.99	20,420.73	-	100.00	100.00	20,520.73
Insurance	14,953.00	1,479.00	16,432.00	150.00	1,156.00	1,306.00	17,738.00
<i>Other:</i>							
Service Fees - Sales Tax	-	-	-	5,196.79	3,954.68	9,151.47	9,151.47
Repairs And Maintenance	1,771.80	3,716.83	5,488.63	189.00	741.10	930.10	6,418.73
Misc Expenses	4,513.87	389.00	4,902.87	421.94	905.00	1,326.94	6,229.81
Supplies	2,173.31	1,012.64	3,185.95	780.73	1,288.07	2,068.80	5,254.75
Telephone	4,263.01	-	4,263.01	-	-	-	4,263.01
Equipment	1,027.94	1,032.06	2,060.00	62.06	975.21	1,037.27	3,097.27
Seminars & Training	2,655.88	77.17	2,733.05	299.67	59.66	359.33	3,092.38
Water Lab Fees	2,288.12	-	2,288.12	-	384.05	384.05	2,672.17
Printing And Publishing	1,575.58	23.83	1,599.41	417.90	296.42	714.32	2,313.73
Postage & Delivery	1,287.40	-	1,287.40	789.65	43.82	833.47	2,120.87
Office Supplies	1,236.96	122.98	1,359.94	147.99	40.43	188.42	1,548.36
Cell Phone	200.00	400.00	600.00	200.00	-	200.00	800.00
Finance Charges	253.30	-	253.30	530.57	-	530.57	783.87
TOTAL DISBURSEMENTS	150,918.43	47,814.97	198,733.40	192,233.13	53,070.00	245,303.13	444,036.53

VILLAGE OF CHAMBERS

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES

For the period October 1, 2013, through January 31, 2015

	<i>Governmental Funds</i>			<i>Proprietary Funds</i>			Entity-wide Totals
	General Fund	Street Fund	<i>Totals</i>	Sewer Fund	Water Fund	<i>Totals</i>	
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (9,896.40)	\$44,005.51	<i>\$34,109.11</i>	\$35,434.95	\$35,784.49	<i>\$71,219.44</i>	\$105,328.55
TRANSFERS							
Transfers In	-	-	-	236,554.00	-	<i>236,554.00</i>	<i>236,554.00</i>
Transfers Out	-	-	-	(236,554.00)	-	<i>(236,554.00)</i>	<i>(236,554.00)</i>
TOTAL TRANSFERS	-	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(9,896.40)	44,005.51	<i>34,109.11</i>	35,434.95	35,784.49	<i>71,219.44</i>	105,328.55
CASH BASIS FUND BALANCES - BEGINNING	(25,283.85)	11,610.94	<i>(13,672.91)</i>	167,105.76	113,999.76	<i>281,105.52</i>	267,432.61
CASH BASIS FUND BALANCES - ENDING	<u>(35,180.25)</u>	<u>55,616.45</u>	<u><i>20,436.20</i></u>	<u>202,540.71</u>	<u>149,784.25</u>	<u><i>352,324.96</i></u>	<u>372,761.16</u>

The accompanying notes are an integral part of the schedule.

VILLAGE OF CHAMBERS

NOTES TO THE SCHEDULE

For the period October 1, 2013, through January 31, 2015

1. Criteria

The financial information used to prepare the Schedule of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances (Schedule) was obtained directly from the general ledger and fund balance information maintained in the Village's Summit Municipal Accounting Solutions (Summit) software. The Schedule is presented on the cash basis of accounting.

The Schedule is a fund financial schedule which provides information about the Village's funds. The Village uses only the governmental and proprietary fund categories.

The Village reports the following major governmental funds:

General Fund. This is the Village's primary operating fund. It accounts for financial resources of the general government, except those required to be accounted for in another fund.

Street Fund. This fund accounts for the proceeds from specific receipt sources that are restricted to disbursement for a specified purpose – namely, related to the construction and maintenance of the Village's streets.

The Village reports the following major proprietary funds:

Sewer Fund. This fund accounts for the financial resources related to the maintenance and operation of the Village's sewer system.

Water Fund. This fund accounts for the financial resources related to the maintenance and operation of the Village's water system.

In addition to those four funds, the Village's accounting system included numerous asset, liability, equity, revenue, and expense accounts. For cash basis financial schedule presentation purposes, the activity recorded through the liability accounts was adjusted in order to be properly reflected as receipts and disbursements on the Schedule. The asset accounts could be tied to the bank statements as illustrated in the table below.

Summit Software Account Description	Related Bank Account Nickname
Cash-Operating - General	General Checking
Cash-Operating - Street	General Checking
Cash-Operating - Sewer	General Checking
Cash-Operating - Water	General Checking
USDA Savings	USDA Savings
Cash-Special Account-General	Special Account
Wastewater Project	Wastewater Account
CD-Sewer CD#xxxxx	CD 2
CD General CD#xxxxx	CD 3
CD General Fund #xxxxx	CD 1

VILLAGE OF CHAMBERS

NOTES TO THE SCHEDULE

For the period October 1, 2013, through January 31, 2015

2. Reporting Entity

The Village of Chambers is a municipal agency established under and governed by the laws of the State of Nebraska. As such, the Village of Chambers is exempt from State and Federal income taxes. The Schedule includes all funds of the Village of Chambers included in the general ledger.

The Village operates under a Board of Trustees form of government which has financial accountability and control over all activities related to the operations of the services provided by the Village. The Village provides the following services: general operations, streets, water, and sewer. The Village receives funding from local, State, and Federal government sources and must comply with the requirements of those funding sources. However, the Village is not included in any other governmental reporting entity, since Board members are elected by the public and have decision making authority, the ability to significantly influence operation and primary accountability for fiscal matters.

3. Beginning Balance Reconciliation

The prior audit of the Village of Chambers for fiscal year October 1, 2012, through September 30, 2013, was presented on the modified cash basis of accounting. As such, several reconciling items were needed to exclude certain non-cash amounts, such as receivables and payables, which have not been presented in the current period cash basis Schedule. Those reconciling items are displayed below.

	General Fund	Street Fund	Sewer Fund	Water Fund
9/30/13 Ending Fund Balances	(\$21,053)	\$11,611	\$652,535	\$339,177
<i>Reconciling Items to adjust from Modified Cash Basis to Cash Basis:</i>				
Cash Held by County Treasurer	(\$4,131)			
Accrued Interest Income			(\$103)	(\$45)
Accounts Receivable			(\$146,836)	(\$5,991)
Fixed Assets			(\$1,078,216)	(\$235,767)
Accumulated Depreciation			\$9,615	\$15,630
Accounts Payable			\$155,527	\$996
Accrued Interest Payable			\$11,504	
Notes Payable			\$563,080	
Subtotals	(\$4,131)	\$0	(\$485,429)	(\$225,177)
<i>Other Reconciling Item:</i>				
Petty Cash*	(\$100)			
Total Reconciling Items	(\$4,231)	\$0	(\$485,429)	(\$225,177)
10/1/13 Beginning Fund Balances	(\$25,284)	\$11,611	\$167,106	\$114,000

* Per discussion with the Clerk, the petty cash fund is maintained at \$50, but is not replenished until it is spent down to around \$10. At the time of discussion in May 2015, the Clerk reported the petty cash fund having just \$12.09. As the amount was clearly immaterial, and was not independently verified, the APA excluded petty cash from the financial schedule.

VILLAGE OF CHAMBERS

NOTES TO THE SCHEDULE

For the period October 1, 2013, through January 31, 2015

4. Deposits and Investments

The Village has invested monies on deposit in certain Certificates of Deposit (CD), as well as both checking and savings accounts. The interest earnings on these accounts were recorded as receipts on the Schedule. As of January 31, 2015, the Village had bank deposits and interest earnings for the review period as follows:

Bank Account Type	Deposits Balance	Interest Earned
Checking Accounts	\$265,504.14	\$294.70
Savings Accounts	\$15,406.53	\$15.21
Certificates of Deposit	\$96,092.33	\$673.80
Totals	\$377,003.00	\$983.71

All of the deposits were covered by the Federal depository insurance. Some of the CD accounts may be subject to a forfeiture amounts if withdrawn prior to the maturity date.

Deposits as disclosed above reconcile to the ending balance on the Schedule as follows:

Total Deposits	\$377,003.00
Outstanding Checks/Deposits	(\$4,241.84)
Ending Balance per Schedule	<u>\$372,761.16</u>

5. Outstanding Village Loans

The Village had two loans outstanding at January 31, 2015. The first was a long-term loan from the United States Department of Agriculture (USDA) for the Village's Sanitary Sewer Improvement Project. The other was a loan from the Nebraska Department of Environmental Quality (NDEQ) for upgrading sewer lift stations. The table below summarizes the terms of each loan.

Loan	Issuance Date	Interest Rate	Final Maturity Date	Original Loan Amount	Loan Payments During Period*	Principal Balance at 1/31/2015
USDA	9/25/2012	2.125%	10/1/2051	\$526,000	\$39,956	\$508,195
NDEQ	3/12/2002	3% & 1% Fee	12/15/2022	\$67,511	\$7,301	\$31,902
			Totals	\$593,511	\$47,257	\$540,097

*Loan Payments During Period includes principal, interest, and any additional fees.

6. Transfers

The Village had the following transfers among their bank accounts during the period.

Date	Transfer Out Bank Account	Transfer Out Fund	Transfer In Bank Account	Transfer In Fund	Amount
10/10/2013	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75
10/10/2013	Wastewater Checking	Sewer	USDA Reserve	Sewer	\$5,128.00
11/14/2013	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
12/12/2013	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75

VILLAGE OF CHAMBERS

NOTES TO THE SCHEDULE

For the period October 1, 2013, through January 31, 2015

Date	Transfer Out Bank Account	Transfer Out Fund	Transfer In Bank Account	Transfer In Fund	Amount
12/12/2013	General Checking	Sewer	Wastewater Checking	Sewer	\$135,436.96
1/9/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
2/13/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75
3/13/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
4/10/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75
5/15/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
6/12/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75
7/10/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
8/14/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75
9/11/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
10/9/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75
10/9/2014	Wastewater Checking	Sewer	USDA Reserve	Sewer	\$5,128.00
11/17/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
12/12/2014	General Checking	Sewer	Wastewater Checking	Sewer	\$7,571.75
1/20/2015	General Checking	Sewer	Wastewater Checking	Sewer	\$3,785.88
	Total Transfers				\$236,554.00

VILLAGE OF CHAMBERS

SUPPLEMENTARY INFORMATION

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

VILLAGE OF CHAMBERS
SUMMARY OF ADJUSTMENTS
OCTOBER 1, 2013, THROUGH JANUARY 31, 2015

EXHIBIT A

Account	Description	General Fund	Street Fund	Sewer Fund	Water Fund
RECEIPTS					
<i>Grant Receipts</i>	<i>Original Balance</i>	<i>\$9,900.00</i>			<i>\$0.00</i>
Grant Receipts	APA Adjustment 1	<u>(\$9,900.00)</u>			<u>\$9,900.00</u>
Grant Receipts	Adjusted Balance	\$0.00			\$9,900.00
APA Adjustment 1: A grant received from the Nebraska Department of Health and Human Services, passed through from the Environmental Protection Agency, for a water project was erroneously coded to the General Fund instead of the Water Fund.					
<i>Sales Tax Revenue</i>	<i>Original Balance</i>		<i>\$33,869.30</i>		
Sales Tax Revenue	APA Adjustment 2	<u>(\$1,885.50)</u>			
Sales Tax Revenue	Adjusted Balance		\$31,983.80		
<i>Municipal Equalization</i>	<i>Original Balance</i>	<i>\$12,328.25</i>			
Municipal Equalization	APA Adjustment 2	<u>\$1,885.50</u>			
Municipal Equalization	Adjusted Balance	\$14,213.75			
APA Adjustment 2: One State receipt of Municipal Equalization funds was erroneously coded as Sales Tax Revenue into the Street Fund, but should have been coded as a Municipal Equalization receipt into the General Fund.					
<i>Property Tax Revenue</i>	<i>Original Balance</i>	<i>\$52,083.72</i>			
Property Tax Revenue	APA Adjustment 3	<u>(\$7,138.17)</u>			
Property Tax Revenue	Adjusted Balance	\$44,945.55			
<i>Motor Vehicle Tax</i>	<i>Original Balance</i>	<i>\$1,238.13</i>			
Motor Vehicle Tax	APA Adjustment 3	<u>\$7,172.36</u>			
Motor Vehicle Tax	Adjusted Balance	\$8,410.49			
<i>Homestead Exemption</i>	<i>Original Balance</i>	<i>\$4,417.51</i>			
Homestead Exemption	APA Adjustment 3	<u>(\$44.16)</u>			
Homestead Exemption	Adjusted Balance	\$4,373.35			
<i>Prorate Motor Vehicle Tax</i>	<i>Original Balance</i>	<i>\$100.18</i>			
Prorate Motor Vehicle Tax	APA Adjustment 3	<u>\$9.97</u>			
Prorate Motor Vehicle Tax	Adjusted Balance	\$110.15			
APA Adjustment 3: For 14 of 16 receipts from the Holt County Treasurer, the coding was not correct for the individual accounts that made up each receipt. The differences primarily related to \$7,182.33 in Motor Vehicle Taxes received that were coded as Property Tax Revenue instead. Additionally, one \$9.97 receipt for Motor Vehicle Property Tax Prorate was coded to Motor Vehicle Property Tax instead. (Net effect on Motor Vehicle Tax is \$7,182.33 - \$9.97 = \$7,172.36.) Lastly, \$44.16 in Homestead Exemption Commission amounts were netted against Property Tax Revenue instead of being properly netted with the Homestead Exemption.					
<i>Service Fees - Sales Tax Rev</i>	<i>Original Balance*</i>			<i>\$0.00</i>	<i>\$9,117.95</i>
Service Fees - Sales Tax Rev	APA Adjustment 4			<u>\$5,177.75</u>	<u>(\$5,177.75)</u>
Service Fees - Sales Tax Rev	Adjusted Balance			\$5,177.75	\$3,940.20
APA Adjustment 4: All sales tax payable transactions were coded 100% to the Water Fund, despite the collections being related to both water and sewer utilities. The Village collected \$9,117.95 in sales tax and the APA estimated approximately 57% of those collections related to sewer bills, leaving just 43% that should have been coded to the Water Fund, instead of the full 100%. An adjustment of \$5,177.75 was needed to move an estimated 57% of the sewer receipts out of the Water Fund and into the Sewer Fund.					
<i>Water Parts</i>	<i>Original Balance</i>				<i>\$105.00</i>
Water Parts	APA Adjustment 5				<u>(\$10.00)</u>
Water Parts	Adjusted Balance				\$95.00
APA Adjustment 5: A receipt for water parts was recorded twice in the accounting system.					
<i>Misc Income</i>	<i>Original Balance</i>	<i>\$2,077.15</i>			
Misc Income	APA Adjustment 6	<u>\$2.01</u>			
Misc Income	Adjusted Balance	\$2,079.16			
Total Receipt Adjustments By Fund		(\$8,012.49)	(\$1,885.50)	\$5,177.75	\$4,712.25

VILLAGE OF CHAMBERS
SUMMARY OF ADJUSTMENTS
OCTOBER 1, 2013, THROUGH JANUARY 31, 2015

EXHIBIT A

Account	Description	General Fund	Street Fund	Sewer Fund	Water Fund
TRANSFERS IN					
<i>Transfers In</i>	<i>Original Balance*</i>	\$2.01		\$240,339.88	
Transfers In	APA Adjustment 6	<u>(\$2.01)</u>			
Transfers In	APA Adjustment 7			<u>(\$3,785.88)</u>	
Transfers In	Adjusted Balance	\$0.00		\$236,554.00	
APA Adjustment 6: It appeared a customer paid \$2.01 more than the amount owed for utilities, so the customer received that amount back in change. The Village erroneously recorded this transaction as a Transfer In and Transfer Out. Instead of a Transfer In, the APA believes the extra \$2.01 received should have been recorded as an increase to the Miscellaneous Income account. APA Adjustment 7: A transfer from the general account to the wastewater account was recorded twice in the accounting system.					
Total Transfer In Adjustments By Fund		(\$2.01)	\$0.00	(\$3,785.88)	\$0.00
DISBURSEMENTS					
<i>FICA Payroll Expenses</i>	<i>Original Balance</i>	\$1,163.42			\$1,212.85
FICA Payroll Expenses	APA Adjustment 8	\$1,080.44			<u>\$280.18</u>
FICA Payroll Expenses	APA Adjustment 9	<u>(\$0.20)</u>			
FICA Payroll Expenses	Adjusted Balance	\$2,243.66			\$1,493.03
APA Adjustment 8: Several payroll liabilities were recorded erroneously when the payment was issued. The payment for these payroll liabilities was recorded as a decrease to the liability account and a decrease to a cash account; however, there was no previous corresponding increase to the liability account. The activity never hit the expense accounts, despite these payments actually being issued and clearing the bank. As such, the APA adjusted the financial schedule to record this activity as disbursements. APA Adjustment 9: An error was noted related to a payroll withholding remittance to the Internal Revenue Service (IRS). The amount withheld from employee pay, plus the employer's share of payroll taxes for the November 2014 pay period was recorded in the accounting system correctly for \$622.76. However, the actual payment made to the IRS, per the bank, was for \$622.56. The payment being \$0.20 short should technically be remedied with an additional \$0.20 added to the next IRS payment. However, as this is such a small amount, the APA corrected the error by reducing the FICA Payroll Taxes expense account by \$0.20 in the interest of reconciling to the bank activity.					
<i>Service Fees - Sales Tax Exp</i>	<i>Original Balance*</i>			\$0.00	\$9,151.47
Service Fees - Sales Tax Exp	APA Adjustment 10			<u>\$5,196.79</u>	<u>(\$5,196.79)</u>
Service Fees - Sales Tax Exp	Adjusted Balance			\$5,196.79	\$3,954.68
APA Adjustment 10: All sales tax payable transactions were coded 100% to the Water Fund, despite the collections, and subsequent disbursements to the Nebraska Department of Revenue (Revenue), being related to both water and sewer utilities. The Village remitted \$9,151.47 in sales tax to Revenue, and the APA estimated approximately 57% of the tax collections related to sewer bills, leaving just 43% that should have been coded to the Water Fund, instead of the full 100%. An adjustment of \$5,196.79 was needed to move the estimated 57% of the sewer disbursements out of the Water Fund and into the Sewer Fund.					
<i>Utilities</i>	<i>Original Balance</i>	\$2,268.05	\$3,398.90	\$485.60	\$4,112.85
Utilities	APA Adjustment 11	<u>\$3,201.04</u>	<u>\$10,284.62</u>	<u>\$2,552.97</u>	<u>\$9,390.86</u>
Utilities	Adjusted Balance	\$5,469.09	\$13,683.52	\$3,038.57	\$13,503.71
<i>Dues & Subscriptions</i>	<i>Original Balance</i>	\$34,915.34	\$10,638.61	\$2,552.97	
Dues & Subscriptions	APA Adjustment 11	<u>(\$12,591.90)</u>	<u>(\$10,284.62)</u>	<u>(\$2,552.97)</u>	
Dues & Subscriptions	APA Adjustment 12	<u>(\$2,256.70)</u>	<u>\$0.00</u>	<u>\$0.00</u>	
Dues & Subscriptions	Adjusted Balance	\$20,066.74	\$353.99	\$0.00	
APA Adjustment 11: During testing of vendor payments, it was noted that the Village did not properly code two Niobrara Valley Electric payments tested. As such, the APA reviewed 100% of payments to that particular vendor and noted similar coding errors throughout the entire review period. Payments amounting to \$25,429.49, split among the General, Street, and Sewer Funds, were coded to the Dues & Subscriptions account, but should have been coded to the Utilities account. Additionally, \$9,390.86 in payments was coded to the General Fund, despite the description indicating the amounts were for water.					
<i>Loan Payments</i>	<i>Original Balance</i>	\$4,698.79		\$39,956.00	
Loan Payments	APA Adjustment 12	<u>(\$4,698.79)</u>		<u>\$6,770.09</u>	
Loan Payments	Adjusted Balance	\$0.00		\$46,726.09	
<i>Finance Charges</i>	<i>Original Balance</i>	\$598.47		\$0.00	
Finance Charges	APA Adjustment 12	<u>(\$345.17)</u>		<u>\$530.57</u>	
Finance Charges	Adjusted Balance	\$253.30		\$530.57	

VILLAGE OF CHAMBERS
SUMMARY OF ADJUSTMENTS
OCTOBER 1, 2013, THROUGH JANUARY 31, 2015

EXHIBIT A

Account	Description	General Fund	Street Fund	Sewer Fund	Water Fund
APA Adjustment 12: Testing of loan payments revealed that all three semi-annual payments made to the Nebraska Department of Environmental Quality were improperly coded. All three payments, amounting to \$7,300.66 and including \$6,770.09 of principal and interest and \$530.57 in finance charges, were coded to the General Fund, but should have been coded to the Sewer Fund as the loan was obtained for repairs to the Village's sewer system. Additionally, the full amount of the first payment was coded to the Loan Payments account, but \$185.40 should have been coded to the Finance Charges account. Lastly, the \$2,256.70 loan payment portion of the second payment was erroneously coded to the Dues & Subscriptions account instead of the Loan Payments account.					
<i>Professional Services</i>	<i>Original Balance</i>	<i>\$16,037.12</i>			<i>\$37.50</i>
Professional Services	APA Adjustment 13	<u>(\$11,000.00)</u>			<u>\$11,000.00</u>
Professional Services	Adjusted Balance	\$5,037.12			\$11,037.50
APA Adjustment 13: During testing of vendor payments, it was noted that the Village did not properly code the payment made to JEO for water mapping, which was a water-related project, but was coded to the General Fund instead of the Water Fund.					
<i>Misc Expenses</i>	<i>Original Balance</i>	<i>\$4,428.09</i>			
Misc Expenses	APA Adjustment 14	\$33.49			
Misc Expenses	APA Adjustment 15	\$50.00			
Misc Expenses	APA Adjustment 16	\$0.28			
Misc Expenses	APA Adjustment 17	<u>\$2.01</u>			
Misc Expenses	Adjusted Balance	\$4,513.87			
APA Adjustment 14: This one transaction was not recorded in the accounting system at all. It appears to be an automatic withdrawal related to the purchase of check stock for \$33.49 in December 2014.					
APA Adjustment 15: A check made payable to Chambers Petty Cash was recorded incorrectly. The check was recorded as a replenishment to cover water testing postage \$32.32 (expense account) and general postage fees of \$17.68 (expense account), then the remaining \$50, to make up the full \$100 check, was recorded to a Transfer to Petty Cash asset account, instead of an expense account. The APA corrected the error by moving the additional \$50 to the Misc. Expenses expense account.					
APA Adjustment 16: There were two minor balance adjusting entries recorded erroneously in the accounting system. It is unknown why such entries were made as the balances reconciled to the bank without these entries. As such, the following two entries should be reversed. The reversal of the first December 2013 entry resulted in a reduction to the Miscellaneous Expense account by \$0.01 while the second December 2014 entry resulted in an increase to the same account by \$0.29, for a net increase of \$0.28 to Miscellaneous Expenses.					
Total Disbursement Adjustments By Fund		(\$26,525.50)	\$0.00	\$12,497.45	\$15,474.25
TRANSFERS OUT					
<i>Transfers Out</i>	<i>Original Balance*</i>	<i>\$135,438.97</i>		<i>\$101,117.04</i>	
Transfers Out	APA Adjustment 17	(\$2.01)			
Transfers Out	APA Adjustment 18	<u>(\$135,436.96)</u>		<u>\$135,436.96</u>	
Transfers Out	Adjusted Balance	\$0.00		\$236,554.00	
APA Adjustment 17: It appeared a customer paid \$2.01 more than the amount owed for utilities, so the customer received that amount back in change. The Village erroneously recorded this transaction as a Transfer In and Transfer Out. Instead of a Transfer Out, the APA believes the \$2.01 refunded back to the customer should have been recorded as an increase to the Miscellaneous Expense account.					
APA Adjustment 18: The fund for this transfer was not correct as it related to USDA loan proceeds received for the same amounts which were deposited into the Sewer Fund. As such, the APA moved the Transfer Out expense from the General Fund to the Sewer Fund.					
Total Transfer Out Adjustments By Fund		(\$135,438.97)	\$0.00	\$135,436.96	\$0.00

SUMMARY OF ADJUSTMENTS				
Total Receipt Adjustments By Fund	(\$8,012.49)	(\$1,885.50)	\$5,177.75	\$4,712.25
Total Transfer In Adjustments By Fund	(\$2.01)	\$0.00	(\$3,785.88)	\$0.00
Total Disbursement Adjustments By Fund	(\$26,525.50)	\$0.00	\$12,497.45	\$15,474.25
Total Transfer Out Adjustments By Fund	(\$135,438.97)	\$0.00	\$135,436.96	\$0.00
Net Effect on Fund Balances	\$153,949.97	(\$1,885.50)	(\$146,542.54)	(\$10,762.00)

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ACCOUNT NAME	FUND	LINE ACCT	DATE	Amount	REFERENCE	OTHER REFERENCE
LOAN PAYMENTS	30	5050	10/1/2014	\$19,978.00	USDA Loan Payment	USDA LOAN PAYMENT
				\$19,978.00		USDA LOAN PAYMENT Total
SALARIES AND WAGES	10	5000	10/29/2014	\$440.01	PR DT: 10/28/14	PAYROLL
SALARIES AND WAGES	10	5000	10/29/2014	\$200.00	PR DT: 10/28/14	PAYROLL
FICA PAYROLL EXPENSES	10	5001	10/29/2014	\$33.68	PR DT: 10/28/14	PAYROLL
SANITATION	10	5001	10/29/2014	\$15.30	PR DT: 10/28/14	PAYROLL
SALARIES AND WAGES	20	5000	10/29/2014	\$937.40	PR DT: 10/28/14	PAYROLL
FICA PAYROLL EXPENSES	20	5001	10/29/2014	\$71.72	PR DT: 10/28/14	PAYROLL
SALARIES AND WAGES	30	5000	10/29/2014	\$937.19	PR DT: 10/28/14	PAYROLL
FICA PAYROLL EXPENSES	30	5001	10/29/2014	\$71.70	PR DT: 10/28/14	PAYROLL
SALARIES AND WAGES	35	5000	10/29/2014	\$967.15	PR DT: 10/28/14	PAYROLL
FICA PAYROLL EXPENSES	35	5001	10/29/2014	\$73.99	PR DT: 10/28/14	PAYROLL
SALARIES AND WAGES	10	5000	11/24/2014	\$414.38	PR DT: 11/22/14	PAYROLL
SALARIES AND WAGES	10	5000	11/24/2014	\$100.00	PR DT: 11/22/14	PAYROLL
FICA PAYROLL EXPENSES	10	5001	11/24/2014	\$31.72	PR DT: 11/22/14	PAYROLL
SANITATION	10	5001	11/24/2014	\$7.65	PR DT: 11/22/14	PAYROLL
SALARIES AND WAGES	20	5000	11/24/2014	\$1,011.36	PR DT: 11/22/14	PAYROLL
FICA PAYROLL EXPENSES	20	5001	11/24/2014	\$77.37	PR DT: 11/22/14	PAYROLL
SALARIES AND WAGES	30	5000	11/24/2014	\$1,011.11	PR DT: 11/22/14	PAYROLL
FICA PAYROLL EXPENSES	30	5001	11/24/2014	\$77.36	PR DT: 11/22/14	PAYROLL
SALARIES AND WAGES	35	5000	11/24/2014	\$1,011.09	PR DT: 11/22/14	PAYROLL
FICA PAYROLL EXPENSES	35	5001	11/24/2014	\$77.34	PR DT: 11/22/14	PAYROLL
SALARIES AND WAGES	10	5000	12/23/2014	\$461.88	PR DT: 12/20/14	PAYROLL
FICA PAYROLL EXPENSES	10	5001	12/23/2014	\$35.36	PR DT: 12/20/14	PAYROLL
SALARIES AND WAGES	20	5000	12/23/2014	\$1,029.87	PR DT: 12/20/14	PAYROLL
FICA PAYROLL EXPENSES	20	5001	12/23/2014	\$78.81	PR DT: 12/20/14	PAYROLL
SALARIES AND WAGES	30	5000	12/23/2014	\$829.69	PR DT: 12/20/14	PAYROLL
FICA PAYROLL EXPENSES	30	5001	12/23/2014	\$63.49	PR DT: 12/20/14	PAYROLL
SALARIES AND WAGES	35	5000	12/23/2014	\$829.69	PR DT: 12/20/14	PAYROLL
FICA PAYROLL EXPENSES	35	5001	12/23/2014	\$63.44	PR DT: 12/20/14	PAYROLL
SALARIES AND WAGES	10	5000	1/8/2015	\$125.00	PR DT: 12/31/14	PAYROLL
FICA PAYROLL EXPENSES	10	5001	1/8/2015	\$9.57	PR DT: 12/31/14	PAYROLL
SALARIES AND WAGES	10	5000	1/29/2015	\$585.00	PR DT:1/28/15	PAYROLL
SALARIES AND WAGES	10	5000	1/29/2015	\$100.00	PR DT:1/28/15	PAYROLL
FICA PAYROLL EXPENSES	10	5001	1/29/2015	\$44.78	PR DT:1/28/15	PAYROLL
SANITATION	10	5001	1/29/2015	\$7.65	PR DT:1/28/15	PAYROLL
SALARIES AND WAGES	20	5000	1/29/2015	\$1,585.87	PR DT:1/28/15	PAYROLL
FICA PAYROLL EXPENSES	20	5001	1/29/2015	\$121.32	PR DT:1/28/15	PAYROLL
SALARIES AND WAGES	30	5000	1/29/2015	\$1,510.51	PR DT:1/28/15	PAYROLL
FICA PAYROLL EXPENSES	30	5001	1/29/2015	\$115.56	PR DT:1/28/15	PAYROLL
SALARIES AND WAGES	35	5000	1/29/2015	\$1,510.50	PR DT:1/28/15	PAYROLL
FICA PAYROLL EXPENSES	35	5001	1/29/2015	\$115.55	PR DT:1/28/15	PAYROLL
				\$16,791.06		PAYROLL Total
SANITATION COLLECTION EXP	10	5700	10/7/2014	\$2,738.00	Sanitation contract	J & J
SANITATION COLLECTION EXP	10	5700	11/10/2014	\$2,729.50	Monthly bill, garbage p/u	J & J
SANITATION COLLECTION EXP	10	5700	12/9/2014	\$2,729.50	Monthly Bill, Garbage p/u	J & J
SANITATION COLLECTION EXP	10	5700	1/14/2015	\$2,729.50	Monthly Garbage P/U	J & J
				\$10,926.50		J & J Total
DUES & SUBSCRIPTIONS	10	5140	10/7/2014	\$6,968.00	Annual Contractual Assessment	BOYD-HOLT
				\$6,968.00		BOYD-HOLT Total
UTILITIES	10	5100	11/10/2014	\$96.68	Electric bill, airport	NIOBRARA VALLEY EMC
UTILITIES	10	5100	11/10/2014	\$166.09	Electric bill, fire hall	NIOBRARA VALLEY EMC
UTILITIES	10	5100	11/10/2014	\$363.30	Electric bill, Tower & wells	NIOBRARA VALLEY EMC
UTILITIES	20	5100	11/10/2014	\$696.82	Electric bill, street lights	NIOBRARA VALLEY EMC
UTILITIES	20	5100	11/10/2014	\$84.04	Electric bill, garage	NIOBRARA VALLEY EMC
UTILITIES	30	5100	11/10/2014	\$87.22	Electric bill, lift stations	NIOBRARA VALLEY EMC
UTILITIES	10	5100	12/9/2014	\$111.11	Electric, Airport	NIOBRARA VALLEY EMC
UTILITIES	10	5100	12/9/2014	\$236.41	Electric, Booster Stn, Fire	NIOBRARA VALLEY EMC
UTILITIES	20	5100	12/9/2014	\$912.80	Electric, St Lights, Garage	NIOBRARA VALLEY EMC

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UTILITIES	30	5100	12/9/2014	\$96.82	Electric, Sewer	NIOBRARA VALLEY EMC
UTILITIES	35	5100	12/9/2014	\$939.20	Electric, Wells & Water Twr	NIOBRARA VALLEY EMC
				\$3,790.49		NIOBRARA VALLEY EMC Total
INSURANCE	10	5275	1/14/2015	\$3,534.00	Fire & Rescue, Workers' Comp	ADAMS & ADAMS AGENCY
				\$3,534.00		ADAMS & ADAMS AGENCY Total
PROPANE	10	5115	10/6/2014	\$614.89	Village shop/office propane	GREAT WESTERN
PROPANE	10	5115	10/6/2014	\$479.98	Fire dept propane	GREAT WESTERN
PROPANE	10	5115	11/10/2014	\$75.00	Propane tank monthly rent	GREAT WESTERN
PROPANE	10	5115	12/9/2014	\$608.58	Propane, Refill tank-fire hall	GREAT WESTERN
PROPANE	10	5115	1/14/2015	\$724.50	Propane, Refill Village Shop	GREAT WESTERN
PROPANE	10	5115	1/14/2015	\$971.41	Propane, Refill Fire Hall	GREAT WESTERN
				\$3,474.36		GREAT WESTERN Total
DUES & SUBSCRIPTIONS	10	5140	10/7/2014	\$1,365.31	Summit software maint. agrmt.	DTI/ITRON
DUES & SUBSCRIPTIONS	10	5140	12/9/2014	\$1,944.12	Summit Sftwr License & Support	DTI/ITRON
				\$3,309.43		DTI/ITRON Total
UTILITIES	10	5100	1/14/2015	\$95.46	Electricity, Airport	NIOBRARA VALLEY-MAIN ACCT
UTILITIES	10	5100	1/14/2015	\$247.83	Electricity,Bstr Stn,Fire Hall	NIOBRARA VALLEY-MAIN ACCT
UTILITIES	20	5100	1/14/2015	\$937.81	Electricity, St. Lts, Garage	NIOBRARA VALLEY-MAIN ACCT
UTILITIES	30	5100	1/14/2015	\$117.01	Electricity,Lift Stns	NIOBRARA VALLEY-MAIN ACCT
UTILITIES	35	5100	1/14/2015	\$1,141.52	Electricity,Lift Stn, Wells	NIOBRARA VALLEY-MAIN ACCT
				\$2,539.63		NIOBRARA VALLEY-MAIN ACCT Total
LOAN PAYMENTS	10	5050	12/9/2014	\$2,256.70	Loan pmt, Interest & Principal	DEQ
FINANCE CHARGES	10	5280	12/9/2014	\$168.27	Loan pmt, Admin Fee	DEQ
				\$2,424.97		DEQ Total
GAS & OIL	10	5285	10/6/2014	\$57.39	Walker Mower Fuel	GREEN ACRES
GAS & OIL	10	5285	10/6/2014	\$57.36	Walker Mower Fuel	GREEN ACRES
GAS & OIL	10	5285	10/6/2014	\$27.05	H Tractor Fuel	GREEN ACRES
GAS & OIL	10	5285	10/6/2014	\$86.03	Payloader Fuel	GREEN ACRES
GAS & OIL	20	5285	10/6/2014	\$229.00	Gas - Green Dodge	GREEN ACRES
GAS & OIL	20	5285	10/6/2014	\$97.00	Street Sweeper Diesel	GREEN ACRES
GAS & OIL	10	5285	11/10/2014	\$84.04	Green Dodge, fuel, 24.9gal	GREEN ACRES
GAS & OIL	10	5285	11/10/2014	\$63.05	Green Dodge, fuel, 18.7gal	GREEN ACRES
GAS & OIL	20	5285	11/10/2014	\$62.00	Green Dodge, fuel, 18.4gal	GREEN ACRES
GAS & OIL	20	5285	11/10/2014	\$69.92	Green Dodge, fuel, 26.1gal	GREEN ACRES
GAS & OIL	20	5285	11/11/2014	(\$62.00)	Green Dodge, fuel, 18.4gal	GREEN ACRES
GAS & OIL	20	5285	11/11/2014	(\$69.92)	Green Dodge, fuel, 26.1gal	GREEN ACRES
GAS & OIL	20	5285	11/11/2014	\$86.04	Green Dodge, fuel, 26.1gal	GREEN ACRES
GAS & OIL	20	5285	11/11/2014	\$62.00	Green Dodge, fuel, 18.4gal	GREEN ACRES
REPAIRS AND MAINT.	20	5260	12/9/2014	\$112.34	Supplies, St Sweeper & Payload	GREEN ACRES
GAS & OIL	20	5285	12/9/2014	\$435.01	Fuel, Green Dodge & Payloader	GREEN ACRES
REPAIRS AND MAINT.	20	5260	1/14/2015	\$244.00	Supplies & Parts	GREEN ACRES
GAS & OIL	20	5285	1/14/2015	\$250.00	Fuel, Gr Dodge & Motor Grader	GREEN ACRES
GAS & OIL	30	5285	1/14/2015	\$244.36	Fuel, Gr Dodge & Payloader	GREEN ACRES
				\$2,134.67		GREEN ACRES Total
DUES & SUBSCRIPTIONS	10	5140	10/7/2014	\$122.92	Park	NIOBRA
DUES & SUBSCRIPTIONS	10	5140	10/7/2014	\$163.34	Fire	NIOBRA
DUES & SUBSCRIPTIONS	10	5140	10/7/2014	\$376.59	Water	NIOBRA
DUES & SUBSCRIPTIONS	20	5140	10/7/2014	\$779.53	Streets	NIOBRA
DUES & SUBSCRIPTIONS	30	5140	10/7/2014	\$147.85	Sewer	NIOBRA
				\$1,590.23		NIOBRA Total
PROFESSIONAL SERVICES	10	5300	10/7/2014	\$500.00	Legal fees	MCNALLY
PROFESSIONAL SERVICES	10	5300	11/10/2014	\$125.00	Municipal atty, 1hr minimum	MCNALLY
PROFESSIONAL SERVICES	10	5300	12/9/2014	\$287.50	Municipal Attorney Fees	MCNALLY
PROFESSIONAL SERVICES	10	5300	1/14/2015	\$494.80	Municipal Attorney Fees	MCNALLY
				\$1,407.30		MCNALLY Total

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ACCOUNT NAME	FUND	LINE ACCT	DATE	Amount	REFERENCE	OTHER REFERENCE
MISC EXPENSES	10	5500	1/14/2015	\$19.88	Holt Co Taxes-G. Roth Property	HOLT CO TREASURER
MISC EXPENSES	10	5500	1/14/2015	\$1,286.24	Holt Co Taxes-Village Property	HOLT CO TREASURER
				\$1,306.12		HOLT CO TREASURER Total
DUES & SUBSCRIPTIONS	10	5140	11/10/2014	\$224.20	HCED partnership, 2014-15	HOLT CO ECONOMIC DEVELOP
DUES & SUBSCRIPTIONS	10	5140	11/10/2014	\$224.20	HCED partnership, 2014-15	HOLT CO ECONOMIC DEVELOP
DUES & SUBSCRIPTIONS	10	5140	11/10/2014	\$224.20	HCED partnership, 2014-15	HOLT CO ECONOMIC DEVELOP
DUES & SUBSCRIPTIONS	10	5140	11/10/2014	\$224.20	HCED partnership, 2014-15	HOLT CO ECONOMIC DEVELOP
DUES & SUBSCRIPTIONS	20	5140	11/10/2014	\$224.20	HCED partnership, 2014-15	HOLT CO ECONOMIC DEVELOP
				\$1,121.00		HOLT CO ECONOMIC DEVELOP Total
TELEPHONE	10	5110	10/7/2014	\$103.33	Phone & internet charges	K & M
TELEPHONE	10	5110	10/7/2014	\$148.08	Fire hall charges	K & M
TELEPHONE	10	5110	11/10/2014	\$103.33	Shop/office phone & internet	K & M
TELEPHONE	10	5110	11/10/2014	\$148.08	Fire hall phone & internet	K & M
UTILITIES	10	5100	12/9/2014	\$52.60	Shop/Office Internet Service	K & M
UTILITIES	10	5100	12/9/2014	\$52.60	Fire Hall Internet Service	K & M
TELEPHONE	10	5110	12/9/2014	\$49.77	Shop/Office Phone Service	K & M
TELEPHONE	10	5110	12/9/2014	\$94.52	Fire Hall Phone Service	K & M
TELEPHONE	10	5110	1/14/2015	\$102.57	Phone/Internet Svc-Shop/Office	K & M
TELEPHONE	10	5110	1/14/2015	\$147.32	Phone/Internet Svc-Fire Hall	K & M
				\$1,002.20		K & M Total
EQUIPMENT	35	5150	10/7/2014	\$825.38	Meters & meter parts	LINCOLN WINWATER WORKS
				\$825.38		LINCOLN WINWATER WORKS Total
EQUIPMENT	10	5150	10/6/2014	\$11.22	Parts for H Tractor	BOMGAARS
SUPPLIES	10	5200	10/6/2014	\$35.22	Park restrooms anti-freeze	BOMGAARS
EQUIPMENT	20	5150	10/6/2014	\$18.14	Parts for H Tractor	BOMGAARS
EQUIPMENT	30	5150	10/6/2014	\$18.14	Parts for H Tractor	BOMGAARS
EQUIPMENT	35	5150	10/6/2014	\$18.13	Parts for H Tractor	BOMGAARS
SUPPLIES	10	5200	11/10/2014	\$112.71	Payloader, oil & grease gun	BOMGAARS
SUPPLIES	10	5200	11/10/2014	\$43.75	St sweeper, oil & grease gun	BOMGAARS
SUPPLIES	20	5200	11/10/2014	\$217.67	Grader, oil & grease gun	BOMGAARS
SUPPLIES	35	5200	11/10/2014	\$43.75	Dump truck, oil & grease gun	BOMGAARS
GAS & OIL	20	5285	1/14/2015	\$198.77	Payloader, Oil	BOMGAARS
				\$717.50		BOMGAARS Total
REPAIRS AND MAINT.	35	5260	11/11/2014	\$675.00	Efficiency tests, Wells 2,3,4	SARGENT DRILLING
				\$675.00		SARGENT DRILLING Total
OFFICE SUPPLIES	10	5240	10/7/2014	\$20.53	Pens, Sharpies, Ink Ribbon	WESTERN OFFICE
PRINTING AND PUBLISHING	10	5250	10/7/2014	\$326.86	Printer Ink Cartridges	WESTERN OFFICE
DUES & SUBSCRIPTIONS	10	5140	11/11/2014	(\$3.49)	Returned purchase	WESTERN OFFICE
OFFICE SUPPLIES	10	5240	11/11/2014	\$54.95	Shop office, ink cartridges	WESTERN OFFICE
OFFICE SUPPLIES	10	5240	12/9/2014	\$18.65	Misc office supplies	WESTERN OFFICE
OFFICE SUPPLIES	10	5240	1/14/2015	\$50.98	General Office Supplies	WESTERN OFFICE
				\$468.48		WESTERN OFFICE Total
REPAIRS AND MAINT.	10	5260	10/6/2014	\$422.56	Walker mower parts	GB ENT
				\$422.56		GB ENT Total
MISC EXPENSES	10	5500	10/6/2014	\$100.00	Retirement	LARRY STRUBEL
MISC EXPENSES	10	5500	11/11/2014	\$100.00	Retirement, November 2014	LARRY STRUBEL
MISC EXPENSES	10	5500	12/9/2014	\$100.00	Retirement	LARRY STRUBEL
MISC EXPENSES	10	5500	1/26/2015	\$100.00	Retirement for Jan 2015	LARRY STRUBEL
				\$400.00		LARRY STRUBEL Total
PRINTING AND PUBLISHING	10	5250	10/6/2014	\$60.00	Board proceedings & bills	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	10/6/2014	\$40.00	Budget proceedings	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	10/6/2014	\$10.00	Village office hours	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	10/6/2014	\$8.00	Village employee wages	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	11/10/2014	\$70.00	Oct board mtg mins, claims	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	11/10/2014	\$8.00	Park restrooms closed	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	11/10/2014	\$8.00	Dump hours changed	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	12/9/2014	\$70.00	Publishing,Bd Proc & Claims	CHAMBERS SHOPPER
PRINTING AND PUBLISHING	10	5250	1/14/2015	\$68.00	Publishing Fees	CHAMBERS SHOPPER
				\$342.00		CHAMBERS SHOPPER Total
DUES & SUBSCRIPTIONS	20	5140	12/9/2014	\$48.29	Fire Exting Recert/Service	NORTHEAST NE FIRE EXTIN
EQUIPMENT	20	5150	12/9/2014	\$281.93	Fire Exting Replacements	NORTHEAST NE FIRE EXTIN

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ACCOUNT NAME	FUND	LINE ACCT	DATE	Amount	REFERENCE	OTHER REFERENCE
				\$330.22		NORTHEAST NE FIRE EXTIN Total
UTILITIES	10	5100	1/14/2015	\$305.28	Electricity, Ball Field	NIOBRARA VALLEY- BALLFIELD
				\$305.28		NIOBRARA VALLEY- BALLFIELD Total
POSTAGE & DELIVERY	10	5245	11/11/2014	\$13.11	Shipping for blank util bills	MATT PARROTT
PRINTING AND PUBLISHING	35	5250	11/11/2014	\$290.62	Blank utility bills	MATT PARROTT
				\$303.73		MATT PARROTT Total
WATER LAB FEES	10	5255	10/7/2014	\$98.00	Lab fees for water testing	NE PUBLIC HEALTH ENVIR
WATER LAB FEES	10	5255	11/10/2014	\$128.00	Water sample testing	NE PUBLIC HEALTH ENVIR
WATER LAB FEES	35	5255	12/9/2014	\$58.00	Water Samples	NE PUBLIC HEALTH ENVIR
WATER LAB FEES	35	5255	1/14/2015	\$15.00	Water Testing Fees	NE PUBLIC HEALTH ENVIR
				\$299.00		NE PUBLIC HEALTH ENVIR Total
PROF FEES-ACCTNG & AUDIT	10	5290	1/14/2015	\$265.00	Q3&4 Payroll, W2s & W3	SEVERSON LAMMERS & ABEL
				\$265.00		SEVERSON LAMMERS & ABEL Total
REPAIRS AND MAINT.	20	5260	11/10/2014	\$230.00	Parts & labor, st sweeper	B & M
				\$230.00		B & M Total
WATER LAB FEES	10	5255	11/10/2014	\$15.18	Water sample bottles	MIDWEST LABORATORIES, INC
SUPPLIES	35	5200	12/9/2014	\$10.00	ARS Labels	MIDWEST LABORATORIES, INC
WATER LAB FEES	35	5255	1/14/2015	\$189.00	Water Testing Fees	MIDWEST LABORATORIES, INC
				\$214.18		MIDWEST LABORATORIES, INC Total
CELL PHONE	10	5111	10/6/2014	\$12.50	Cell phone	RON DOTY
CELL PHONE	20	5111	10/6/2014	\$25.00	Cell phone	RON DOTY
CELL PHONE	30	5111	10/6/2014	\$12.50	Cell phone	RON DOTY
CELL PHONE	10	5111	11/10/2014	\$12.50	Ron's cell phone	RON DOTY
CELL PHONE	20	5111	11/10/2014	\$25.00	Ron's cell phone	RON DOTY
CELL PHONE	30	5111	11/10/2014	\$12.50	Ron's cell phone	RON DOTY
CELL PHONE	10	5111	12/9/2014	\$12.50	Ron's Cell Phone	RON DOTY
CELL PHONE	20	5111	12/9/2014	\$25.00	Ron's Cell Phone	RON DOTY
CELL PHONE	30	5111	12/9/2014	\$12.50	Ron's Cell Phone	RON DOTY
CELL PHONE	10	5111	1/14/2015	\$12.50	Cell Phone Reimbursement	RON DOTY
CELL PHONE	20	5111	1/14/2015	\$25.00	Cell Phone Reimbursement	RON DOTY
CELL PHONE	30	5111	1/14/2015	\$12.50	Cell Phone Reimbursement	RON DOTY
				\$200.00		RON DOTY Total
SEMINARS & TRAINING	20	5220	12/9/2014	\$59.67	OSHA Training for Ron	FRED PRYOR
SEMINARS & TRAINING	30	5220	12/9/2014	\$59.67	OSHA Training for Ron	FRED PRYOR
SEMINARS & TRAINING	35	5220	12/9/2014	\$59.66	OSHA Training for Ron	FRED PRYOR
				\$179.00		FRED PRYOR Total
EQUIPMENT	20	5150	12/9/2014	\$74.54	Payloader Repair Parts	NMC
SUPPLIES	20	5200	12/9/2014	\$74.51	Payloader Repair Parts	NMC
				\$149.05		NMC Total
TELEPHONE	10	5110	10/7/2014	\$45.00	Long Distance Phone Bill	AT&T
TELEPHONE	10	5110	11/11/2014	\$31.66	Long distance phone service	AT&T
TELEPHONE	10	5110	12/9/2014	\$40.00	Long Distance Phone Service	AT&T
TELEPHONE	10	5110	1/14/2015	\$31.75	Long Distance Phone Service	AT&T
				\$148.41		AT&T Total
POSTAGE & DELIVERY	10	5245	10/6/2014	\$51.00	Postage	USPS
POSTAGE & DELIVERY	30	5245	10/6/2014	\$51.00	Postage	USPS
				\$102.00		USPS Total
OFFICE SUPPLIES	10	5240	12/9/2014	\$101.15	Office Equip, keyboard, chair	QUILL
				\$101.15		QUILL Total
POSTAGE & DELIVERY	10	5245	10/7/2014	\$15.55	Postage	CHAMBERS PETTY CASH
POSTAGE & DELIVERY	10	5245	11/10/2014	\$17.45	Postage for water samples	CHAMBERS PETTY CASH
MISC EXPENSES	10	5500	11/10/2014	\$14.00	UB payment change made	CHAMBERS PETTY CASH
POSTAGE & DELIVERY	10	5245	12/9/2014	\$2.04	Water Sample Postage	CHAMBERS PETTY CASH
TRANSFERS OUT	10	5900	12/9/2014	\$2.01	Change for UB Payment	CHAMBERS PETTY CASH
POSTAGE & DELIVERY	10	5245	1/14/2015	\$17.68	General Postage Fees	CHAMBERS PETTY CASH
POSTAGE & DELIVERY	35	5245	1/14/2015	\$32.32	Water Testing Postage	CHAMBERS PETTY CASH
				\$101.05		CHAMBERS PETTY CASH Total

VILLAGE OF CHAMBERS
MISSING DOCUMENTATION OCTOBER 2014 THROUGH JANUARY 2015
OCTOBER 1, 2013, THROUGH JANUARY 31, 2015

EXHIBIT B

ACCOUNT NAME	FUND	LINE ACCT	DATE	Amount	REFERENCE	OTHER REFERENCE
DUES & SUBSCRIPTIONS	10	5140	10/7/2014	\$100.00	Nebraska Rural Water Dues	NEBRASKA RURAL WATER ASS
				\$100.00		NEBRASKA RURAL WATER ASS Total
MISC EXPENSES	35	5500	10/7/2014	\$100.00	Utility Deposit Refund	CORY CARLSON
				\$100.00		CORY CARLSON Total
PRINTING AND PUBLISHING	10	5250	1/14/2015	\$92.92	Publishing Fees-G. Roth Prpty	HOLT COUNTY INDEPENDENT
				\$92.92		HOLT COUNTY INDEPENDENT Total
MISC EXPENSES	20	5500	11/10/2014	\$92.00	Replacement bulbs, Xmas lights	DISPLAY
				\$92.00		DISPLAY Total
SUPPLIES	10	5200	10/7/2014	\$7.98	Batteries	VILLAGE MARKET
SUPPLIES	10	5200	10/7/2014	\$20.78	Cleaning supplies	VILLAGE MARKET
SUPPLIES	35	5200	10/7/2014	\$5.08	Clorox & gloves	VILLAGE MARKET
SUPPLIES	10	5200	11/11/2014	\$7.99	Office, batteries	VILLAGE MARKET
SUPPLIES	10	5200	11/11/2014	\$8.19	Shop, trash bags	VILLAGE MARKET
SUPPLIES	10	5200	11/11/2014	\$19.77	Shop, shop towels & Clorox	VILLAGE MARKET
SUPPLIES	35	5200	12/9/2014	\$2.99	Testing Supplies, Clorox	VILLAGE MARKET
OFFICE SUPPLIES	35	5240	1/14/2015	\$15.43	Shop Supplies	VILLAGE MARKET
				\$88.21		VILLAGE MARKET Total
SUPPLIES	10	5200	10/6/2014	\$3.18	Key for fire hall	CARHART LUMBER COMPANY
IMPROVEMENTS	10	5600	11/10/2014	\$79.99	Village Office, svc window	CARHART LUMBER COMPANY
				\$83.17		CARHART LUMBER COMPANY Total
MISC EXPENSES	10	5500	1/14/2015	\$72.03	General Election Ballots	HOLT CO CLERK
				\$72.03		HOLT CO CLERK Total
PRINTING AND PUBLISHING	10	5250	10/7/2014	\$52.25	Publication of budget	HOLT COUNTY INDEPT.
				\$52.25		HOLT COUNTY INDEPT. Total
FICA PAYROLL EXPENSES	10	5001	10/31/2014	\$46.55	FY2014 Q3 Wages & Taxes	STATE OF NEBRASKA
				\$46.55		STATE OF NEBRASKA Total
FINANCE CHARGES	10	5280	10/30/2014	\$12.00	Annual Deposit Box Rent	CHAMBERS STATE BANK
FINANCE CHARGES	10	5280	10/31/2014	\$8.25	Checking Maintenance Fee	CHAMBERS STATE BANK
FINANCE CHARGES	10	5280	11/30/2014	\$7.25	Maintenance Fee & Svc Chg	CHAMBERS STATE BANK
FINANCE CHARGES	10	5280	11/30/2014	(\$7.25)	Maintenance Fee & Svc Chg	CHAMBERS STATE BANK
FINANCE CHARGES	10	5280	11/30/2014	\$7.25	Maintenance fee & service chg	CHAMBERS STATE BANK
DUES & SUBSCRIPTIONS	10	5140	12/31/2014	\$8.50	Gen Fund Maint. Fee	CHAMBERS STATE BANK
FINANCE CHARGES	10	5280	1/31/2015	\$7.75	Maintenance Fee	CHAMBERS STATE BANK
				\$43.75		CHAMBERS STATE BANK Total
GAS & OIL	10	5285	1/14/2015	\$36.96	Rmbmnt, mileage \$.56x66mi	RYDING, JENNIE
				\$36.96		RYDING, JENNIE Total
REPAIRS AND MAINT.	20	5260	1/14/2015	\$35.60	Repairs to Sewer Grate	BOOG'S
				\$35.60		BOOG'S Total
GAS & OIL	20	5285	12/9/2014	\$32.01	Fuel, Green Dodge	95 WEST EXPRESS
				\$32.01		95 WEST EXPRESS Total
REPAIRS AND MAINT.	20	5260	11/11/2014	\$4.05	Utility dmg, 4 locates	ONE CALL CONCEPTS, INC.
REPAIRS AND MAINT.	35	5260	1/14/2015	\$1.10	Underground Util Maint	ONE CALL CONCEPTS, INC.
				\$5.15		ONE CALL CONCEPTS, INC. Total
MISC EXPENSES	10	5500	12/31/2014		ing BK	BALANCE
MISC EXPENSES	10	5500	12/31/2014	(\$0.29)	Balance BK	BALANCE
				(\$0.29)		BALANCE Total
				\$89,957.26		Grand Total

Source: The APA filtered the general ledger provided by the Village for all transactions with a date between October 1, 2014, and January 31, 2015. Those resulting transactions were sorted and subtotaled by vendor.

VILLAGE OF CHAMBERS
FY2014 FINANCIAL SCHEDULE – UNAUDITED
 OCTOBER 1, 2013, THROUGH JANUARY 31, 2015

EXHIBIT C

	<i>Governmental Funds</i>			<i>Proprietary Funds</i>			Entity-wide Totals
	General Fund	Street Fund	Totals	Sewer Fund	Water Fund	Totals	
RECEIPTS							
<i>Utility Receipts:</i>							
Service Fees	-	-	0.00	65,305.77	53,544.93	118,850.70	118,850.70
Service Fees - Garbage	36,230.72	-	36,230.72	-	-	0.00	36,230.72
Service Fees - Sales Tax	-	-	0.00	3,935.09	3,052.50	6,987.59	6,987.59
Service Fees - Water Deposits	-	-	0.00	-	700.00	700.00	700.00
Late Fees	-	-	0.00	70.00	2,090.00	2,160.00	2,160.00
Federal Grant Receipts	-	-	0.00	135,436.96	9,900.00	145,336.96	145,336.96
<i>State Receipts:</i>							
Highway Allocation	-	40,393.17	40,393.17	-	-	0.00	40,393.17
Sales Tax Revenue	-	25,450.21	25,450.21	-	-	0.00	25,450.21
Municipal Equalization	12,328.25	-	12,328.25	-	-	0.00	12,328.25
<i>County Receipts:</i>							
Property Tax Revenue	33,614.14	-	33,614.14	-	-	0.00	33,614.14
Motor Vehicle Tax	6,373.95	-	6,373.95	-	-	0.00	6,373.95
Homestead Exemption	4,373.35	-	4,373.35	-	-	0.00	4,373.35
Property Tax Credit	1,161.82	-	1,161.82	-	-	0.00	1,161.82
Property Tax Interest	704.37	-	704.37	-	-	0.00	704.37
Prorate Motor Vehicle Tax	89.29	-	89.29	-	-	0.00	89.29
<i>Other Receipts:</i>							
Property Rent	13,502.00	-	13,502.00	-	-	0.00	13,502.00
Machine Hire Revenue	-	5,270.00	5,270.00	-	-	0.00	5,270.00
Community Center Revenue	771.00	-	771.00	-	-	0.00	771.00
Interest Income	567.81	-	567.81	106.93	-	106.93	674.74
License/Fee/Permits	529.00	-	529.00	-	-	0.00	529.00
Park Revenue	318.00	-	318.00	-	-	0.00	318.00
Water Labor	-	-	0.00	-	103.00	103.00	103.00
Water Parts	-	-	0.00	-	95.00	95.00	95.00
Restitution/Legal	100.00	-	100.00	-	-	0.00	100.00
Misc Income	1,156.43	-	1,156.43	15.21	917.80	933.01	2,089.44
TOTAL RECEIPTS	111,820.13	71,113.38	182,933.51	204,869.96	70,403.23	275,273.19	458,206.70

VILLAGE OF CHAMBERS
FY2014 FINANCIAL SCHEDULE – UNAUDITED
OCTOBER 1, 2013, THROUGH JANUARY 31, 2015

EXHIBIT C

	<i>Governmental Funds</i>			<i>Proprietary Funds</i>			Entity-wide Totals
	General Fund	Street Fund	Totals	Sewer Fund	Water Fund	Totals	
DISBURSEMENTS							
Improvements	885.00	1,815.98	2,700.98	115,037.50	-	115,037.50	117,738.48
<i>Payroll Disbursements:</i>							
Salaries And Wages	14,468.81	12,015.34	26,484.15	11,407.65	11,537.39	22,945.04	49,429.19
FICA Payroll Expenses	1,866.82	894.38	2,761.20	872.75	1,162.71	2,035.46	4,796.66
Sanitation	145.35	-	145.35	-	-	0.00	145.35
State Unemployment Tax	-	-	0.00	-	61.08	61.08	61.08
<i>Utilities:</i>							
Utilities	3,455.47	10,272.52	13,727.99	2,589.67	11,046.40	13,636.07	27,364.06
Propane	8,829.59	-	8,829.59	-	-	0.00	8,829.59
Gas & Oil	1,549.03	3,643.45	5,192.48	239.55	137.91	377.46	5,569.94
Loan Payments	4,884.18	-	4,884.18	24,491.39	-	24,491.39	29,375.57
Sanitation Collection Expense	34,672.77	-	34,672.77	-	-	0.00	34,672.77
<i>Professional Fees:</i>							
Professional Services	3,629.82	-	3,629.82	12.50	11,037.50	11,050.00	14,679.82
Prof Fees-Acctng & Audit	1,736.50	851.25	2,587.75	851.25	1,036.51	1,887.76	4,475.51
Dues & Subscriptions	8,787.50	81.50	8,869.00	-	100.00	100.00	8,969.00
Insurance	11,419.00	1,479.00	12,898.00	150.00	1,156.00	1,306.00	14,204.00
<i>Other:</i>							
Service Fees - Sales Tax	-	-	0.00	3,930.70	3,049.10	6,979.80	6,979.80
Repairs And Maintenance	1,349.24	3,090.84	4,440.08	189.00	65.00	254.00	4,694.08
Misc Expenses	2,636.23	297.00	2,933.23	421.94	805.00	1,226.94	4,160.17
Supplies	1,913.74	720.46	2,634.20	780.73	1,226.25	2,006.98	4,641.18
Telephone	3,217.60	-	3,217.60	-	-	0.00	3,217.60
Equipment	1,016.72	657.45	1,674.17	43.92	131.70	175.62	1,849.79
Seminars & Training	2,655.88	17.50	2,673.38	240.00	-	240.00	2,913.38
Water Lab Fees	2,046.94	-	2,046.94	-	122.05	122.05	2,168.99
Printing And Publishing	761.55	23.83	785.38	417.90	5.80	423.70	1,209.08
Postage & Delivery	1,170.57	-	1,170.57	738.65	11.50	750.15	1,920.72
Office Supplies	990.70	122.98	1,113.68	147.99	25.00	172.99	1,286.67
Cell Phone	150.00	300.00	450.00	150.00	-	150.00	600.00
Finance Charges	571.85	-	571.85	362.30	-	362.30	934.15
TOTAL DISBURSEMENTS	114,810.86	36,283.48	151,094.34	163,075.39	42,716.90	205,792.29	356,886.63

VILLAGE OF CHAMBERS
FY2014 FINANCIAL SCHEDULE – UNAUDITED
 OCTOBER 1, 2013, THROUGH JANUARY 31, 2015

EXHIBIT C

	<i>Governmental Funds</i>			<i>Proprietary Funds</i>			
	General Fund	Street Fund	Totals	Sewer Fund	Water Fund	Totals	Entity-wide Totals
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(2,990.73)	34,829.90	31,839.17	41,794.57	27,686.33	69,480.90	101,320.07
TRANSFERS							
Transfers In	-	-	0.00	208,710.74	-	208,710.74	208,710.74
Transfers Out	-	-	0.00	(208,710.74)	-	(208,710.74)	(208,710.74)
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET CHANGES IN FUND BALANCES	(2,990.73)	34,829.90	31,839.17	41,794.57	27,686.33	69,480.90	101,320.07
CASH BASIS FUND BALANCES - BEGINNING	(25,283.85)	11,610.94	(13,672.91)	167,105.76	113,999.76	281,105.52	267,432.61
CASH BASIS FUND BALANCES - ENDING	(28,274.58)	46,440.84	18,166.26	208,900.33	141,686.09	350,586.42	368,752.68

Note: This exhibit was prepared using the general ledger activity for the Village's fiscal year 2014 data only (October 1, 2013, through September 30, 2014). That data did require several adjustments similar to those noted in **Exhibit A**; although, the adjustment amounts were revised to reflect only the amounts recorded in fiscal year 2014.