

May 19, 2025

To Mayor Hartman, Council and Board of Works:

I discovered on April 17th that the large industrial billing was not being billed at the correct rates. Mayor Hartman asked for an example of how the large industries were billed and that led to the discovery that the rates that were passed in 2023 were not being charged. We're not exactly sure what happened, but we have put several steps in place to ensure that it does not happen again. The State Board of Accounts even audited these billings last summer and did not find the error.

I reached out to Baker Tilly when I discovered the problem. They said that we needed to determine the amounts that should have been invoiced and invoice those amounts out. They called this a "True-Up" calculation. I have now completed those calculations and determined that an additional \$207,023.65 need to be invoiced to the large industrial customers. A summary of the amounts per business is attached.

Steel Dynamics is aware that a problem was discovered. I emailed them today with the exact amount. They may ask for payment terms, which is something that we had done in the past for situations like this. When I first started, they had been overbilled for quite some time and the City spread the credit amount over a period of 12 to 24 months. There was also another instance where they were underbilled for quite some time because of an issue with the SDI meter, the correct for this was also spread out over time.

We will be mailing all of the correct invoices this week to the various businesses that were affected by the error.

To prevent this from happening in the future, we have instituted the following:

1. Each invoice actually includes the rates that are being charged. Calculations are no longer performed in the background.
2. Each spreadsheet is locked for editing so that formulas within the sheets cannot be removed.
3. A second person signs off on each large industrial invoice that is mailed.
4. A checklist has been created with step by step instructions on where rates need to be updated in the computer. There are multiple locations.

I will also be discussing this with the State Board of Accounts when they arrive to audit 2024, which should be within the next couple of weeks.

Please let me know what questions you have.

A handwritten signature in cursive script that reads "Angela".

Industrial Billing Corrections
5/2023 to 4/2025

		Operations & Maint. Charges	SDI Replacement Charges	Yearly under/over billed
<u>Air Products</u>	2023	-198.05	0.28	(197.77)
	2024	-348.31	-3.63	(351.94)
	2025	-78.76	-0.96	(79.72)
				<u>(629.43)</u>
<u>Heidtman Plant 1</u>	2023	-9164.46	196.59	(8,967.87)
	2024	-11429.26	457.94	(10,971.32)
	2025	-4368.43	69.68	(4,298.75)
				<u>(24,237.94)</u>
<u>Heidtman Plant 2</u>	2023	-196.4		(196.40)
	2024	-294.6		(294.60)
	2025	-98.2		(98.20)
				<u>(589.20)</u>
<u>Magic Coil</u>	2023	-187.34		(187.34)
	2024	-232.19		(232.19)
	2025	-71.55		(71.55)
				<u>(491.08)</u>
<u>New Millennium</u>	2023	-670.97		(670.97)
	2024	-929.7		(929.70)
	2025	-333.83		(333.83)
				<u>(1,934.50)</u>
<u>New Process</u>	2023	-106.69		(106.69)
	2024	-172.81		(172.81)
	2025	-57.63		(57.63)
				<u>(337.13)</u>
<u>Paragon</u>	2023	-81.97		(81.97)
	2024	-122.62		(122.62)
	2025	-40.1		(40.10)
				<u>(244.69)</u>
<u>Paragon - Office</u>	2023	-264.36		(264.36)
	2024	-294.6		(294.60)
	2025	-98.2		(98.20)
				<u>(657.16)</u>
<u>Paragon 2</u>	2023	-58.05		(58.05)
	2024	-86.86		(86.86)
	2025	-23.56		(23.56)
				<u>(168.47)</u>

Industrial Billing Corrections

5/2023 to 4/2025

Pettisville

2023	-205.41	(205.41)
2024	-289.69	(289.69)
2025	-98.2	(98.20)
		(593.30)

Steel Dynamics

2023	-67759.14	-196.87	(67,956.01)
2024	-83591.72	-456.05	(84,047.77)
2025	-25068.25	-68.72	(25,136.97)
			(177,140.75)

Grand Total

(207,023.65)