



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

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

March 1, 2021

Marty Hayes, Chairperson
Village of Brownville
P.O. Box 67
Brownville, NE 68321

Dear Chairperson Hayes:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Brownville (Village) for the fiscal year ending 2020. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2020), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Lack of Supporting Documentation

Our review of the bank statements obtained from the Village's audit waiver request revealed a withdrawal for \$4,895.37, as shown below, to Whiskey Run Creek Winery. The APA contacted the Village to obtain supporting documentation for this payment; however, the District did not provide a copy of the documentation to support that the funds disbursed pursuant thereto were indeed allowable and reasonable.

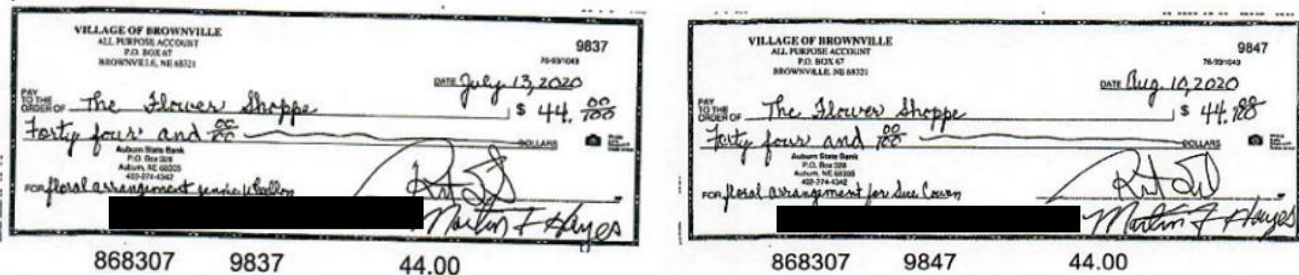


Sound business practices and good internal controls require procedures to ensure all disbursements have adequate supporting documentation on file. When such procedures do not exist, there is an increased risk of loss, misuse, or theft of Village funds.

We recommend the District implement procedures to ensure all disbursements have adequate supporting documentation on file.

2. Possibly Disallowed Purchases

During our review of the bank statements accompanying the Village's audit waiver request, the APA noted that the Village made two payments, totaling \$88, to The Flower Shoppe in July and August 2020. These purchases were made from the Village's checking account, which contained property tax revenues. According to the Village, these payments were for the purchase of flowers for memorial services. Images of such checks are shown below.



The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2012) et seq., specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Districts, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Supp. 2019).

Neb. Rev. Stat. § 13-2203 (Supp. 2019) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Purchases of flowers – whether for funerals, memorials, or other personal occasions – are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline addresses a number of different scenarios involving the expenditure of public funds. Though issued almost three decades ago, the Guideline remains relevant to various Nebraska public entities, including Districts.

Regarding the issue of flower and memorial purchases, the Guideline provides the following:

Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?

Response – No.

Good internal control requires procedures to ensure compliance with the provisions of the Act.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of District funds.

We recommend the Board implement procedures to ensure all District purchases are allowable under State statute, including the provisions of the Act.

3. Holding of Checks

Through discussion with the preparer of the Village's audit waiver, it was uncovered that the Village had three checks that were issued on July 13, 2020, totaling \$9,787.98, and were being held by the Village until December 2020. Per the Village, these checks were issued but held as the Village was waiting to receive State funding.

Good internal controls and sound business practices require procedures to ensure that all checks are issued when sufficient funding is available and any issued checks are promptly provided to the vendor. Without such procedures, there is an increased risk for loss, misuse, or theft of Village funds.

We recommend the Board implement procedures to ensure that all checks are issued when sufficient funding is available and any issued checks are promptly provided to the vendor.

* * * * *

The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the Village's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Village.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions, please contact **Dakota Christensen at 402-499-8702 or dakota.christensen@nebraska.gov.**

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor