



# 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

February 25, 2021

Ron Sunday, Chairperson  
Village of Guide Rock  
120 West Douglas Ave.  
Guide Rock, NE 68942

Dear Chairperson Sunday:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Guide Rock (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 Dual Signatures

The APA obtained the bank statements for the Village's accounts from its fiscal year 2020 audit waiver request. From these statements, the APA noted that one of the Village checks written during the examination period contained only one signature. An example of such check is shown below.

GUIDE ROCK VILLAGE TREASURER  
120 WEST DOUGLAS AVE. - P.O. BOX 11  
GUIDE ROCK, NE 68942  
PH 402-237-2045

Cornerstone  
PAGE

14849

DATE 10/23/19

PAY TO THE ORDER OF Computer Hardware, Inc. \$ 1,322.85

One Thousand Three Hundred Twenty-Two and 85/100 DOLLARS

Computer Hardware  
1001 W. 2nd St  
Hastings, NE 68901

MEMO #HC8732 & #C8138 2101-5675

14849 \$1,322.85 10/23/2019

State statute requires Village checks to be signed by both the Board Chairperson and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Cum. Supp. 2020) provides the following:

*All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.*

Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements. Without such procedures, there is an increased risk of not only failure to comply with State statute but also the loss and/or misuse of Village funds.

We recommend the Board implement procedures to require dual signatures, from the Board Chairperson and the Village Clerk, on all Village checks, as required by law.

**2. Negative Fund Balance**

On Exhibit A of the Village’s audit waiver request form, the APA noted that the Street Fund and Sewer Fund had deficit fund balances of \$49,670.05 and \$82,667.30, respectively, as of September 30, 2020.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village Board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take any action needed to resolve deficits therein.

\* \* \* \* \*

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,



Mark Avery, CPA  
Assistant Deputy Auditor