



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Jeffrey Hartung, Chairperson  
Village of Dixon  
PO Box 64  
Dixon, NE 68732

Dear Chairperson Hartung:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Dixon (Village) for the fiscal year ending 2021. **That request has been approved.**

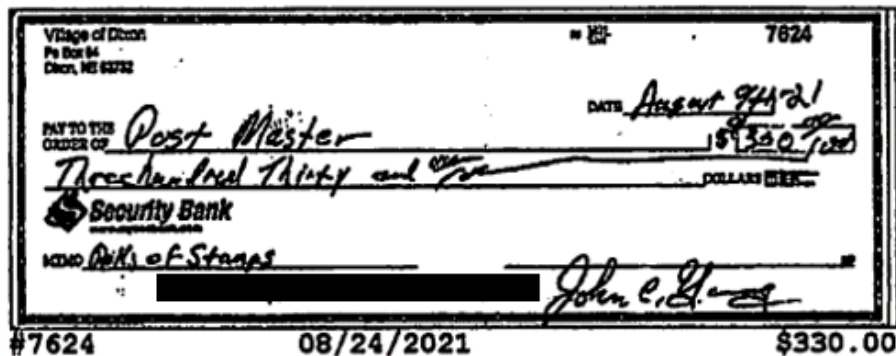
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2021), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within 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 2021 audit waiver request. From these statements, the APA noted that five of the Village checks written during the examination period contained only one signature. An example of such checks is shown below.



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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA's letter dated March 8, 2021, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

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. Utility Receipts**

During our review of the Village's bank statements, we noted that all deposits were coming from the Dixon Elevator Company. After further inquiry, the APA was informed that all cash and checks received for utility services are paid to Dixon Elevator Company and, in return, the Dixon Elevator Company then creates one electronic check to the Village for the total collected. During fiscal year 2021, the amount deposited from the Dixon Elevator Company was \$58,937.

Neb. Rev. Stat. § 17-606(1) (Cum. Supp. 2020) provides, in relevant part, the following:

*The treasurer of each city of the second class or village shall be the custodian of all money belong to the city or village . . . .*

Likewise, Neb. Rev. Stat. § 17-607(1) (Cum. Supp. 2020) states the following, in relevant part:

*The treasurer of a city of the second class or village shall deposit, and at all times keep on deposit, for safekeeping, in banks, capital stock financial institutions, or qualifying mutual financial institutions of approved and responsible standing, all money collected, received, or held by him or her as city treasurer or village treasurer.*

Good internal control requires procedures to ensure that public funds are receipted directly with the Village Treasurer and deposited directly in a Village bank account. Without such procedures, there is an increased risk for not only loss or misuse of Village funds but also noncompliance with State statute.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA's letter dated March 8, 2021, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

We recommend the Board implement procedures to ensure that public funds are receipted directly with the Village Treasurer and deposited directly in a Village bank account.

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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". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor