



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 24, 2022

Jason Reuter, Chairperson
Village of Martinsburg
5109 Lockwood Street
Ponca, NE 68770

Dear Chairperson Reuter:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Martinsburg (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 Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA observed meeting minutes dated January 6, 2021, and October 6, 2021, and noted that the claims listed in the Board's official proceedings lacked descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for January 6, 2021:

VILLAGE OF MARTINSBURG
MONTHLY BOARD MEETING
October 6, 2021– Martinsburg Fire Hall

The Village Board of Trustees met in regular session October 6, 2021 at 6:00 p.m. in the Martinsburg Fire Hall. Chairman Jason Reuter called the meeting to order with Jaime Anderson and Cole Roeber answering roll. Absent – Randy Sullivan and Matt Michl. Also present was Jean Rahn Clerk. The Pledge of Allegiance was said. Chairman Reuter informed the audience where to find the posted copy of the Open Meetings Act.

Motion was made by Cole to approve the minutes of the last meeting, seconded by Jaimie. All present voted aye, motion carried. The monthly bills were presented NNPPD – 646.60, Reserve Account – 160.00, NE Public Health Environmental Lab – 38.00, Jean Rahn – 373.75, Steve Sullivan – 480.00, Wells Fargo Vender Fin Serv. – 983.63, One Call Concepts – 1.92, USDA – 18927.00, Jason Reuter – 30.00, Miller Building Supply – 9.18, Ekberg Auto – 27.76, McNally Law – 90.00, CAN Surety – 541.88. Barco – 109.94, Harder & Ankeny – 500000, Post Office – 116.00, Nebraska Dept. of Revenue -553.84. Motion by Cole, seconded by Jason to approve and pay the bills presented. All present voted aye, motion carried. Motion was made by Jaime, seconded by Cole to approve the treasurer report. All present voted aye, motion carried.

Neb. Rev. Stat. § 19-1102 (Cum. Supp. 2020) requires publication of the Board’s official proceedings, which must include, among other things, the purpose of each claim allowed, as follows:

It shall be the duty of each city clerk or village clerk in every city or village having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the city council or village board of trustees within thirty days after any meeting of the city council or village board of trustees. The publication shall be in a legal newspaper in or of general circulation in the city or village, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. 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. The charge for the publication shall not exceed the rates provided for in section 23-122.

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that the Board’s official proceedings describe the purpose of each claim allowed. Without such procedures, there is an increased risk of not only failure to comply with statutory publication requirements but also a lack of transparency regarding the nature of public expenditures.

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 2, 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 the purpose of each claim allowed is included in the Board’s official proceedings and published in accordance with State statute.

2. Unclaimed Property

During a review of the audit waiver request for the Village, the APA noted that two checks from June 2012 and September 2016, totaling \$85, had been documented as outstanding on the QuickBooks reconciliation that was provided. However, these checks were not remitted to the State Treasurer as unclaimed property, as required by State statute.

Below is an excerpt from the October 4, 2021, reconciliation provided by the Village.

Uncleared Transactions					
Checks and Payments - 3 items					
Check	06/06/2012	3415	B. J. Reinert	-65.00	-65.00
Check	09/14/2016	3984	Dakota County MFO	-20.00	-85.00
Check	06/02/2021	4727	Bobbie Lamprocht	-100.00	-185.00
Total Checks and Payments				-185.00	-185.00
Total Uncleared Transactions				-185.00	-185.00

Neb. Rev. Stat. § 69-1317 (Cum. Supp. 2020), which is found in the Uniform Disposition of Unclaimed Property Act, presumes intangible personal property held by a village and unclaimed for more than three years to be abandoned. Neb. Rev. Stat. § 69-1310 (Reissue 2018), requires any property presumed abandoned, as of June 30 each year, to be reported and remitted to the State Treasurer by November 1 annually.

Additionally, a good internal control plan includes procedures to ensure unclaimed property is remitted to the State Treasurer in compliance with the Unclaimed Property Act.

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 2, 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 Village work to remit promptly to the State Treasurer all property in its possession that is presumed abandoned, as required by State statute.

* * * * *

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