



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 22, 2022

Timeree Andreasen, Chairperson
Village of Farwell
P.O. Box 138
Farwell, NE 68838

Dear Chairperson Andreasen:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Farwell (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. Negative Bank Balance

During a review of the bank statements obtained from the Village's audit waiver request, it was noted that the Village's Water Fund checking account had a negative balance for nine days during the fiscal year. The table below summarizes the negative account balances for those nine days. Additionally, the Village paid \$125.00 in overdraft charges.

Date Range	Largest Negative Balance	Overdraft Fees
6/8/21 - 6/9/21	\$ (565.35)	\$ 50.00
7/16/21 - 7/20/21	\$ (228.35)	\$ 50.00
9/14/21 - 9/15/21	\$ (54.80)	\$ 25.00
Total		\$ 125.00

Good internal controls and sound business practices require procedures to ensure sufficient funds are available in the Village's bank accounts to pay claims.

Without such procedures, there is an increased risk for not only the loss, misuse, or theft of Village funds, but also the accumulation of overdraft fees.

We recommend the Village implement procedures to ensure sufficient funds are available in the Village's bank accounts to pay claims.

2. CD Interest

During a review of the bank statements obtained from the Village's audit waiver request, it was noted that the Village had \$230 in CD interest earned and posted to CDs as of September 30, 2021, that was not included in the ending fund balance on the fiscal year 2021 audit waiver request.

Good internal controls and sound business practices require procedures to ensure all revenues are appropriately reported in the Village fund balance. Without such procedures, there is an increased risk of loss, misuse, or theft of Village funds.

We recommend the Village implement procedures to ensure all revenues are appropriately reported and included in the Village fund balance.

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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,



Mark Avery, CPA
Assistant Deputy Auditor