



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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February 11, 2022

Dale Paider, Chairperson
Village of Arcadia
PO Box 95
Arcadia, NE 68815

Dear Chairperson Paider:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Arcadia (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 11, 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 11, 2021:

CLAIMS FOR PAYMENT DECEMBER 2020 VILLAGE OF ARCADIA

Vendor	Amount
Arcadia Guide	\$120.00
Black Hills Energy	\$260.24
Custer County Chief	\$140.00
Custer County Recycling	\$34.20
Dale Paider - Mileage Reimbursement	\$73.60
Downey Drilling, Inc.	\$250.00
Eakes Office Plus	\$189.65
Heath Kursave	\$37.49
Hometown Leasing	\$1,174.56
Wayne Hunt	\$40.00
Intuit QuickBooks	\$8.52
KCNI-AM/KBBN-FM	\$40.80
Loup Central Landfill	\$506.98
Loup Valleys Rural Public Power District	\$2,352.81
Maschka's Building Center	\$393.16
Nebraska Central Telephone Company	\$160.39
Nebraska Public Health Environmental Lab	\$70.00
Nebraska U.C. Fund	\$7.25
One Call Concepts, Inc.	\$8.82
Quit Graphics Arts, Inc.	\$68.00
Rick Harrahill	\$11.58
Rosmarie Ritz	\$223.56
Sherman County Times	\$232.44
Trotter Propane	\$551.65
Trotter Service	\$714.63
USPS	\$110.00
Valley County Clerk	\$100.00
Valley County Treasurer	\$2,708.33
Verizon Wireless	\$94.31
Village of Elm Creek	\$100,001.00
Wolfgang Grocery & Spirits	\$150.92
Payroll Expenses	
<i>MFS (Hunt)</i>	\$50.00
<i>Braithwaite, Lea</i>	\$224.26
<i>Fells, John</i>	\$504.00
<i>Hunt, Wayne</i>	\$6,208.02
<i>Hurlburt, Laura</i>	\$59.62
<i>Kursave, Heath</i>	\$5,020.00
<i>Ritz, Rosmarie</i>	\$1,286.51
<i>Trustees' Salaries Quarterly</i>	\$448.80
<i>Payroll Taxes December 2020</i>	\$1,051.98
	\$125,688.08

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.

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. Payment of Claims Prior to Board Approval

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted that all of the checks written in the above listing were issued before the underlying claims were approved by the Board.

Neb. Rev. Stat. § 17-614(1) (Supp. 2021) sets out the proper method for the appropriation or payment of money by the Village, as follows:

All ordinances and resolutions or orders for the appropriation or payment of money shall require for their passage or adoption the concurrence of a majority of all members elected to the city council in a city of the second class or village board of trustees.

(Emphasis added.) Good internal control requires procedures to ensure that all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all claims are approved by the Board prior to payment, and are adequately documented in the meeting minutes of the month in which they are approved.

3. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified the following checks, totaling \$134.49, which were paid but not included on the claims listing to be approved by the Board.

Details of the unapproved payments are included in the table below:

Ck Date	Ck #	Name/Vendor	Amount
12/31/20	10052	Colonial Life & Accident Insurance Co.	\$ 65.24
3/31/20	10058	Richard Spencer - Reissue	\$ 69.25
		Total	\$ 134.49

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We recommend the Board implement procedures to ensure all claims are approved by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

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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 that reads "Mark Avery". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor