



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 19, 2024

Dean Krueger, Chairman
Thayer County Board of Commissioners
225 N. 4th St., Room 201
Hebron, NE 68370

Dear Mr. Krueger:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding a \$350,000 payment that Thayer County (County) made – using monies from the County’s Inheritance Tax Fund – to the Thayer County Economic Development Alliance, Inc. (TCEDA). As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the County. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time.

Nevertheless, during the course of the preliminary planning work, the APA noted a certain issue that merits corrective action.

Background Information

Thayer County, Nebraska, (County) is a political subdivision established under and governed by the laws of the State of Nebraska (State). The County Board of Commissioners (Board) is the governmental body responsible for exercising financial accountability and control over activities relevant to the operations of the County. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes, the ability to exert significant influence over all County operations, and the primary responsibility for related fiscal matters.

The TCEDA is located in Thayer County, Nebraska. According to the Nebraska Secretary of State’s website (<https://sos.nebraska.gov/>), the TCEDA is a public benefit non-profit corporation established on April 24, 2001. The TCEDA’s website (<https://www.tceda.org/>) states that it “works to help local businesses grow, to create workforce training programs, and to invest in the quality of life” in Thayer County.

The APA has created the following timeline of events that occurred prior to the County’s payment to the TCEDA:

- On November 15, 2023, the Thayer County Attorney (County Attorney) informed the Board during its regular meeting that a Memorandum of Understanding (MOU) presented from the TCEDA for a \$500,000 housing investment did not meet the necessary requirements for the County to make such a payment. After further discussion, TCEDA representatives agreed to revise and resubmit the MOU for the County Attorney’s review.
- On November 29, 2023, the Director of the TCEDA, along with its board members, met with the County Attorney and the Board during its regular meeting to discuss the MOU for the housing project and the \$500,000 investment. According to the meeting minutes, “it was discussed that to proceed with the Memorandum of Understanding, it must be clarified in the document that there is an income guideline that must be followed for the investment to be allowable.” However, the TCEDA representatives opposed any

guidelines, which might potentially restrict eligible home buyers. The County Attorney then made the Board aware of Neb. Rev. Stat. § 13-315 (Reissue 2022), which authorizes counties to expend funds “for the purpose of encouraging immigration, new industries, and investment and to conduct and carry on a publicity campaign” After some consideration, the Board approved a lesser payment of \$350,000 to the TCEDA, doing so pursuant to § 13-315 instead of entering into the MOU.

- On December 6, 2023, the Board approved various claims to be processed by the County Clerk, including the \$350,000 payment to the TCEDA.

The following comment and recommendation, which has been discussed with the appropriate County authorities, is intended to improve internal control or result in other operating efficiencies.

Comment and Recommendation

Lack of Supporting Documentation

The Board approved claim # 23120166 on December 6, 2023, to pay \$350,000 to the TCEDA for the above-described purposes. To support this claim, the County provided only the claim document itself, which was signed and dated by the County Board Chairman. The description of the claim document states, “*Claim for purpose of encouraging immigration, new industries, and investment and to conduct and carry on a publicity campaign, including publicity.*” Below is an image of this claim document:

CLAIM	HEBRON, NEBRASKA	DATE: 11/30/23	
THE COUNTY OF THAYER			
PAY TO: TCEDA 310 Lincoln Avenue Hebron, NE 68370			
	ACCT NO	DESCRIPTION	AMOUNT
		Claim for purpose of encouraging immigration, new industries, and investment and to conduct and carry on a publicity campaign, including publicity <i>2700-000-000-9900</i>	\$ 350,000.00
			\$ 350,000.00
11/30/2023		Signature X <i>[Signature]</i> TCEDA treasurer	
<small>WHOEVER SHALL FILE ANY CLAIM AGAINST ANY COUNTY AS PROVIDED IN SECTION 23-135, KNOWING SAID CLAIM TO CONTAIN ANY FALSE STATEMENT OR REPRESENTATION AS TO A MATERIAL FACT OR WHOEVER SHALL OBTAIN OR RECEIVE ANY MONEY OR ANY WARRANT FOR MONEY AND COUNTY KNOWING THAT THE CLAIM THEREFORE WAS BASED ON A FALSE STATEMENT OR REPRESENTATION AS TO A MATERIAL FACT, IF THE AMOUNT CLAIMED OR MONEY OBTAINED OR RECEIVED, OR IF THE FACE VALUE OF THE WARRANT FOR MONEY SHALL BE ONE THOUSAND DOLLARS OR MORE SHALL BE GUILTY OF A CLASS IV FELONY. IF THE AMOUNT IS MORE THAN ONE HUNDRED DOLLARS BUT LESS THAN ONE THOUSAND DOLLARS, THE PERSON SO OFFENDING SHALL BE GUILTY OF A CLASS II MISDEMEANOR. IF THE AMOUNT IS LESS THAN ONE HUNDRED DOLLARS, THE PERSON SO OFFENDING SHALL BE GUILTY OF A CLASS III MISDEMEANOR.</small>			
FOR OFFICE	<i>MISC</i>	Audited and allowed <i>[Signature]</i> Chairman	<i>[Signature]</i>
FUND	<i>Innerdence</i>	<i>Dean Rueger</i>	CLAIM/WARRANT NO <i>23120166</i>

Although this payment may be allowable under § 13-315, no actual documentation from the TCEDA, such as a formal agreement or invoices, was produced to ensure that the funding provided by the County was used appropriately and for the purposes stated in the claim document.

Good internal controls require procedures to ensure that adequate documentation is available to support all amounts paid by the County. Without such procedures, there is an increased risk for the loss, misuse, or improper expenditure of County funds.

We recommend the implementation of procedures to ensure adequate supporting documentation, such as agreements, receipts, or invoices, is received for all expenditures of County funds. We also recommend the County enter into an agreement with the TCEDA to formalize: 1) the purpose of the project; 2) the intended use of the funds granted; and 3) the responsibility of the County to ensure the monies are being used as intended. The County should also monitor the housing project to verify the proper use of the grant funds.

TCEDA Inquiry: As noted above, the County failed to provide documentation from the TCEDA, such as invoices, to ensure that the funding provided by the County was used appropriately. Due to this, the APA reached out to the TCEDA directly in order to obtain supporting documentation for the payments that were made with the \$350,000 provided by the County. The TCEDA deposited the \$350,000 from the County into a new, separate bank account at Bruning Bank on December 21, 2023. Prior to receiving this payment from the County, the TCEDA had taken out a \$150,165 loan with the Thayer County Bank to finance the construction of a house in Davenport, NE.

According to the documentation received, the TCEDA made three payments, totaling \$237,143.85, to Jeffery Consulting for the home construction, as shown below:

Invoice Date	Invoice #	Check Date	Check #	Payee	Amount
10/21/2023	257	11/3/2023	806	Jeffery Consulting	\$100,523.39
11/6/2023	261	12/12/2023	811	Jeffery Consulting	\$49,208.98
11/6/2023	261	1/16/2024	101	Jeffery Consulting	\$87,411.48
Total					\$237,143.85

Since the County funding was not received until the end of December 2023, the first two payments noted above, check #806 and #811, totaling \$149,732.37, were made using the Thayer County Bank loan funds. On January 16, 2024, the TCEDA used \$151,905.97 of the County funding received to pay off its loan with the Thayer County Bank. The final payment shown above to Jeffery Consulting was made directly with the funding received from the County. As of February 29, 2024, the TCEDA had a balance of \$111,855.32 remaining from the \$350,000 in its Bruning Bank account.

During examination of the corresponding invoices for the Jeffrey Consulting payments, it appears that the \$87,411.48 paid in January 2024, may have actually included a duplicate payment of the \$49,208.98 amount paid in December 2023. Not only are the invoice dates and invoice numbers the same, but the product or services and amounts are also identical. Below are images of the two invoices:

Original Invoice #261

INVOICE

Jeffery Consulting
7408 Ringneck Dr
Lincoln, NE 68506

Jefferyconsulting@mail.com
+1 (308) 991-4527



TCEDA SENND- Davenport

Bill to

TCEDA SENND- Davenport
202 E. 12th St.
Davenport, Nebraska 68335 USA

Invoice details

Invoice no.: 261
Invoice date: 11/06/2023

#	Date	Product or service	SKU	Qty	Rate	Amount
1.		Material Materials (Builders)		1	\$24,238.58	\$24,238.58
2.		Concrete Total (Stephens & Smith Construction)		1	\$21,405.00	\$21,405.00
3.		Rock Rock (Nutsch Inc.)		1	\$3,565.40	\$3,565.40
					Total	\$49,208.98

Note to customer

Thank you for your business!

Subsequent Invoice #261 with Duplicate Amounts

INVOICE

Jeffery Consulting
7408 Ringneck Dr
Lincoln, NE 68506

Jefferyconsulting@mail.com
+1 (308) 991-4527



TCEDA SENND- Davenport

Bill to
TCEDA SENND- Davenport
202 E. 12th St.
Davenport, Nebraska 68335 USA

Invoice details
Invoice no.: 261
Invoice date: 11/06/2023

#	Date	Product or service	SKU	Qty	Rate	Amount
1.		Material Materials (Builders)		1	\$24,238.58	\$24,238.58
2.		Concrete Total (Stephens & Smith Construction)		1	\$21,405.00	\$21,405.00
3.		Sitework Site Work (Jeffery Consulting)		1	\$15,000.00	\$15,000.00
4.		Rock Rock (Nutsch Inc.)		1	\$3,565.40	\$3,565.40
5.		HVAC Service HVAC Rough In (Wellman Heating and Air)		1	\$11,250.00	\$11,250.00
6.		Electric Service Electric (Younger Electric)		1	\$11,952.50	\$11,952.50
Total						\$87,411.48

Note to customer
Thank you for your business!

The APA questioned TCEDA staff regarding the supposed duplicate payment. TCEDA staff agreed that the second invoice #261 dated November 6, 2023, included duplicate amounts, and stated that they worked with the Southeast Nebraska Development District (SENDD), which is the TCEDA’s housing partner, and Jeffery Consulting in an attempt to remedy this overpayment. The TCEDA received a new, “corrected,” invoice from Jeffery Consulting; however, the APA still questions the amounts paid on the “corrected” invoice, as it appears that the duplicate payment has still not been fully addressed or corrected.

* * * * *

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the County.

Draft copies of this letter were furnished to the County to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. The County declined to respond.

This communication is intended solely for the information and use of the County and its management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor
Mason Culver – Auditor-In-Charge
Destini Morales – Auditor
Kelsey Lutz – Examiner

Sincerely,



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cc. TCEDA