



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

January 22, 2024

Patrick Anderson, Chairperson
Village of Meadow Grove
PO Box 258
Meadow Grove, NE 68752

Dear Chairperson Anderson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Meadow Grove (Village) for the fiscal year ending 2023. **That request has been approved.**

However, the Village's amount of disbursements for the fiscal year ending September 30, 2023, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2023, totaled \$515,611, which exceeds the normal audit waiver threshold. Additionally, we noted the budgeted expenditures for fiscal year 2024 are \$1,009,500. Due to the Village's submission of supporting documentation for one-time, low risk expenditures, that accounted for a percentage of the current year's expenditures, we were able to consider for this year, the Village's activity to be low enough to grant the audit waiver request.

However, if the September 30, 2024, fiscal year end disbursements are similar to or greater than the fiscal year 2023's expenditures or near the budgeted amount of expenditures, an audit of fiscal year end September 30, 2024, may be required. This information is only for your consideration of planning for fiscal year 2024 and forward.

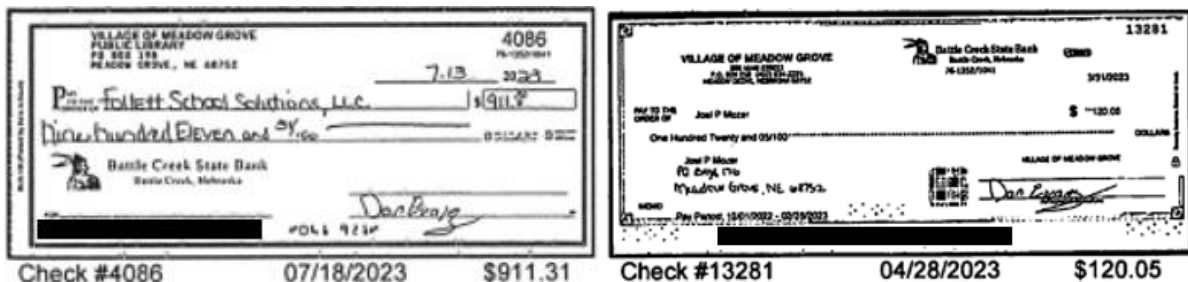
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within 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 2023 audit waiver request. From these statements, the APA noted that nine 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 Chairperson of the Board of Trustees (Board) and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Reissue 2022) 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.

(Emphasis added.) 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 for not only failure to comply with State statute but also loss and/or misuse of Village funds.

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. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified four payments, totaling \$865.82, 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:

Name/Vendor	Check Date	Amount	Check #
Troy Krick	4/11/23	\$ 250.00	13304
USPS	4/26/23	47.30	EFT
Unemployment Tax	4/27/23	17.89	EFT
NE Department of Revenue	4/28/23	550.63	EFT
Total		\$ 865.82	

Neb. Rev. Stat. § 17-614(1)(a) (Supp. 2023) 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 authorized 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.

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 30, 2023, 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 all claims are authorized 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 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 Village checks, totaling \$4,117.39, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Name/Vendor	Amount	Approval Date	Check Date	Days Paid Before Approval
Carbonite	\$ 119.99	4/11/23	3/29/23	13
JEO Construction	160.00	4/11/23	3/23/23	19
Intuit	58.85	4/11/23	4/10/23	1
MCI	36.50	4/11/23	3/14/23	28
NE Public Health Environmental Lab	163.00	4/11/23	3/14/23	28
MCI	1.17	4/11/23	3/27/23	15
NE Public Health Environmental Lab	150.00	4/11/23	3/27/23	15
Regina Krebs	2,625.00	4/11/23	3/27/23	15
Appearra	33.02	4/11/23	3/15/23	27
Amazon	202.32	4/11/23	3/29/23	13
Dollar General	28.61	4/11/23	3/16/23	26
Dollar General	12.79	4/11/23	3/22/23	20
Hobby Lobby	112.56	4/11/23	3/6/23	36
Target	89.11	4/11/23	3/20/23	22
Walmart	70.50	4/11/23	3/6/23	36
Woodworkers Journal	19.95	4/11/23	2/7/23	63
Bound Tree Medical	234.02	4/11/23	3/31/23	11
Total	\$ 4,117.39			

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

4. Negative Fund Balance

On Exhibit A of the Village’s audit waiver request form, the APA noted that the Library, Fire and Rescue, and Sanitation funds had deficit balances of \$18,381, \$24,463, and \$13,779, respectively, as of September 30, 2023.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take necessary action to resolve any deficits therein.

Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take necessary action to resolve any deficits therein.

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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", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor