



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 13, 2025

Scott Nelson, Chairperson
Village of Wolbach
PO Box 97
Wolbach, NE 68882

Dear Chairperson Nelson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Wolbach (Village) for the fiscal year ending 2024. **That request has been approved.**

However, the Village's amount of disbursements for the fiscal year ending September 30, 2024, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2024, totaled \$540,966, which exceeds the normal audit waiver threshold. Due to the Village's submission of supporting documentation for one-time, low risk expenditures, that accounted for a significant 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, 2025, fiscal year end disbursements are similar to or greater than the fiscal year 2024's expenditures, or near the budgeted disbursements for fiscal year 2025, an audit of fiscal year end September 30, 2025, may be required. This information is only for your consideration of planning for fiscal year 2025 and forward.

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2024), 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. 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 11 Village checks, totaling \$9,662.71, 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
Employee 1	\$ 1,786.02	4/2/24	3/19/24	14
Employee 1	1,786.51	4/2/24	3/5/24	28
Postmaster	213.20	4/2/24	3/13/24	20
Postmaster	33.75	4/2/24	3/9/24	24

Name/Vendor	Amount	Approval Date	Check Date	Days Paid Before Approval
Employee 2	573.14	5/1/24	4/22/24	9
Employee 3	378.49	5/1/24	4/2/24	29
Employee 3	211.05	5/1/24	4/16/24	15
Employee 4	645.32	5/1/24	4/17/24	14
Employee 1	2,072.19	5/1/24	4/3/24	28
Employee 1	1,884.79	5/1/24	4/17/24	14
Postmaster	78.25	5/1/24	4/11/24	20
Total	\$ 9,662.71			

Neb. Rev. Stat. § 17-614(1)(a) (Cum. Supp. 2024) 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.

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.

2. Negative Fund Balance

On Exhibit A of the Village’s audit waiver request form, the APA noted that the General Fund had a deficit balance of \$157,978 as of September 30, 2024. The APA inquired about the Village’s plan of action to correct the deficit balance. Per the Village Clerk, the Village plans to pay off outstanding bonds and will consider other revenue sources such as taxes and transfers to cover the deficit balance observed in the General Fund.

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

Mark Avery, CPA
Assistant Deputy Auditor