



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 19, 2025

Brian Rowse, Chairperson  
Village of Chambers  
PO Box 143  
Chambers, NE 68725

Dear Chairperson Rowse:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Chambers (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 \$549,525, 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. Credit Card Issues

During fiscal year 2024, the Village utilized purchasing cards to make miscellaneous purchases. During review of these payments, the APA identified the following issues with the Village's credit card procedures:

#### ***Lack of Adequate Documentation***

We noted that the Village lacked sufficient documentation for two credit card charges, totaling \$447.28. No itemized bill or receipt was on file to support the items purchased; however, the APA observed the following letter. However, no subsequent follow-up with the vendor was completed to obtain adequate support.

7/18/2024

RE: USCC ACH \$223.64  
USCC ACH \$223.64

Chairman Rowse,

I certify that I attempted to obtain copies of original receipts from the US Cellular for the cameras that were installed at the dump site and have been unable to do so.

The Village General Fund debit card was used for the purchase to expedite the receipt of the cameras.

If you have any questions or concerns, please let me know.

Respectfully,

  
Jo Harkins,  
Village clerk

*Rec'd  
7/18/2024*  


Neb. Rev. Stat. § 13-610(4) (Reissue 2022) provides, in relevant part, the following guidance regarding the use of a purchasing card:

*An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.*

Good internal controls require procedures to ensure adequate documentation is obtained and maintained for subsequent review.

***Payment of Late Fees***

The APA also noted that the Village paid \$40 in late fees to the credit card company, as summarized in the table below.

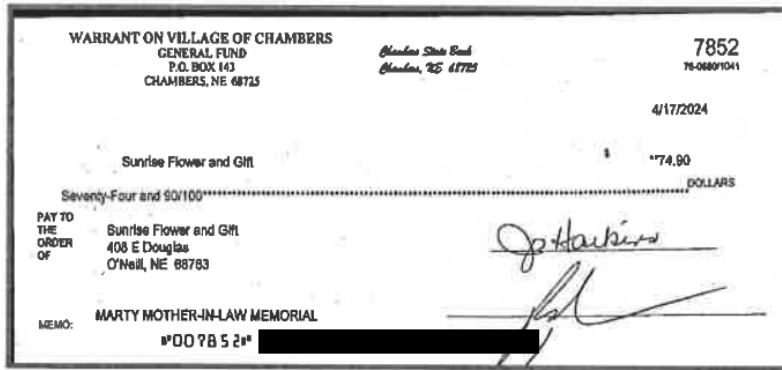
Date	Vendor	Charge	Amount
1/1/24	Tri County Bank - VISA	Late Fee	\$ 40.00

Good internal control requires procedures to ensure that credit card billings are paid timely to avoid unnecessary interest penalties.

We recommend the Board implement procedures to ensure the following 1) proper documentation is maintained for all disbursement transactions, including itemized receipts for purchases made with the Village’s purchasing cards; and 2) credit card billings are paid timely to avoid unnecessary late fees and charges.

**2. Potentially Disallowed Purchases**

During review of fiscal year 2024 claims, the APA observed one Village payment, totaling \$74.90, for a memorial, which is shown below.



100727 04/25/2024 7852 \$74.90

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 et seq. (Reissue 2022, Cum. Supp. 2024), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Villages, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Cum. Supp. 2024).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Memorials and purchases of flowers – whether for funerals, memorials, or other personal occasions – are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline addresses a number of different scenarios involving the expenditure of public funds. Though issued three decades ago, the Guideline remains relevant to various Nebraska public entities, including Villages.

Regarding the issue of flower and memorial purchases, the Guideline provides the following:

*Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?*

*Response – No.*

Good internal control requires procedures to ensure compliance with the provisions of the Act. Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all Village expenditures are allowable under State statute, including the provisions of the Act.

### **3. 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 \$203,201, as of September 30, 2024. The Village plans to transfer unrestricted funds back to the General Fund to resolve this deficit fund balance.

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.

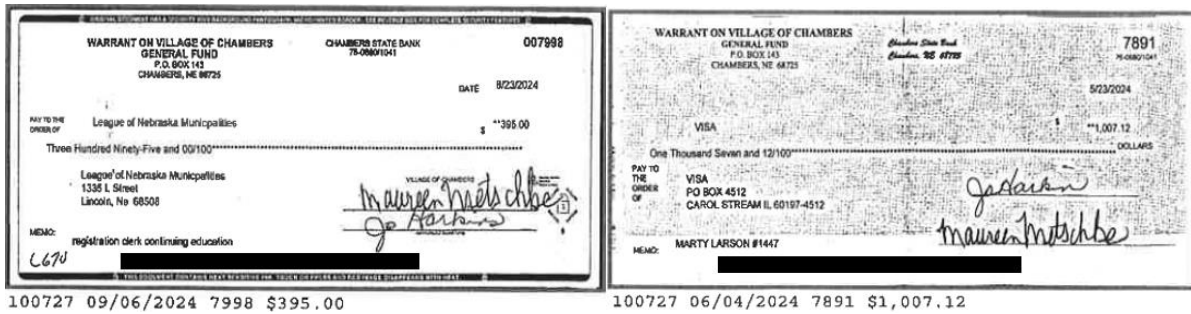
Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA’s letter dated January 22, 2024, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

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.

**4. Lack of Board Chairman Signatures**

The APA obtained the bank statements for the Village’s accounts from its fiscal year 2024 audit waiver request. From these statements, the APA noted that some of the Village checks written during the examination period lacked the Board Chairman’s signature. Instead, another Board member signed the checks. Examples of such checks are 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.

**5. 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 \$2,766.81, 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 #
Amazon	4/8/24	\$ 40.34	EFT
Bank Maintenance Fee	4/30/24	9.25	EFT
NE Department of Revenue	4/30/24	544.88	EFT
NE Department of Revenue	4/16/24	392.23	EFT
Internal Revenue Service	4/15/24	1,280.11	EFT
Employee 1	4/22/24	500.00	7835
<b>Total</b>		<b>\$ 2,766.81</b>	

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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA’s letter dated January 22, 2024, which can be found on the APA’s website. However, this issue does not appear to have been 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.

## 6. 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 the following Village checks, totaling \$2,504.58, 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
UPS	\$ 45.37	4/17/24	3/7/24	41
[UPS]	13.90	4/17/24	3/8/24	40
Amazon	8.70	4/17/24	3/13/24	35
Foreclosure.com	39.80	4/17/24	4/15/24	2
UPS	13.90	4/17/24	3/8/24	40
UPS	45.28	4/17/24	3/15/24	33
Internal Revenue Service	1,577.59	4/17/24	3/15/24	33
Amazon	43.86	4/17/24	3/18/24	30
NE Department of Revenue	393.99	4/17/24	3/18/24	30
Amazon	13.80	4/17/24	3/19/24	29
UPS	43.46	5/15/24	4/18/24	27
Amazon	253.76	5/15/24	4/22/24	23
Amazon	11.17	5/15/24	4/23/24	22
<b>Total</b>		<b>\$ 2,504.58</b>		

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.

**7. Job and Wage Publication**

The APA noted that the Village failed to publish its annual job and wage publication between July 15, 2024, and August 15, 2024, as required by State statute. No publication was made by the Village.

Neb. Rev. Stat. § 19-1102 (Reissue 2022) states, in relevant part, the following:

*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.*

Good internal control requires procedures to ensure that the Village’s annual job and wage publication is published between July 15 and August 15 annually, as required by law. Without such procedures, there is an increased risk of not only statutory noncompliance but also lack of transparency and loss or misuse of funds.

We recommend the Board implement procedures to ensure the Village’s annual job and wage publication is published between July 15 and August 15 annually, as required by law.

**8. Payment of Sales Tax on Purchases**

While reviewing documentation to support purchases made during fiscal year 2024, we noted that the Village paid \$52.27 in sales tax. The purchases that included payment of sales tax are shown below:

Date	Vendor	Amount of Sales Tax Paid
4/19/2024	Amazon	\$ 13.23
3/27/2024	Amazon	14.08
4/21/2024	Viaero Wireless	24.96
<b>Total</b>		<b>\$ 52.27</b>

Per Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024), purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

*Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city, village . . .*

Good internal control requires procedures to ensure that State and local sales taxes are not paid on municipal purchases. Without such procedures, there is an increased risk for not only loss or misuse of Village funds but also noncompliance with State statute.

We recommend the Board implement procedures to ensure that the Village does not pay Nebraska and local sales tax.

\* \* \* \* \*

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