



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 11, 2025

Dave Parshall, Chairperson
Village of Dix
PO Box 23
Dix, NE 69133

Dear Chairperson Parshall:

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

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. Lack of Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA reviewed meeting minutes dated April 15, 2024, and noted that the claims listed therein lacked descriptions of their respective purposes.

The following is an example of the approved claims listing provided by the Village for April 15, 2024:

Claims, High West Energy 2019.61, R&R Services 222.85, Eakes 111.95, United States Treasury 1,447.68, Payroll 56627.71, Peetz Farmers Coop 592.64, Eakes Office Solutions 170.48, Highline 335.74, City of Kimball 2544.20, Howard Ramsey 328.30, Menards 259.98, USPS 100.20, Staples One Call Concepts 1.18, Ted Vakoc 87.99, Prestige Manufacturing 1,369.58, J Leef 1369.58, Vicky Goodner 686.84, NE Public Health Environmental Lab 353.30, Ace Hardware 16.14, Nebraska UC Fund 632.89, NE Department of Revenue 619.85, NAPA Auto Parts 44.64, Viaero 83.74, Total 18,807.34

Neb. Rev. Stat. § 84-1413(1) (Reissue 2024) of the Open Meetings Act (Act), which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2024), requires political subdivisions and other public entities to “keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.” (Emphasis added.)

Additionally, Neb. Rev. Stat. § 19-1102 (Reissue 2022) 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 meeting minutes describe the purpose of each claim allowed.

Without such procedures, there is an increased risk of not only failure to comply with statutory requirements pertaining to the keeping of proper meeting minutes and the publication of the municipality’s “official proceedings” 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 both the Board’s meeting minutes and the “official proceedings” required to be published afterwards.

2. 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 \$2,772.52, 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 #
Potter State Bank	4/4/24	\$ 464.33	EFT
Viaero	4/10/24	83.53	20461
Ace Hardware	4/12/24	134.87	20464
NE Department of Revenue	4/12/24	50.95	20465
US Treasury	4/24/24	1,478.84	EFT
Potter State Bank	4/29/24	560.00	EFT
Total		\$ 2,772.52	

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 October 24, 2023, 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.

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 the following checks, totaling \$5,443.30, 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
United States Treasury	\$ 1,447.68	4/15/24	4/4/24	11
Howard Ramsey	1,484.83	4/15/24	4/8/24	7
Vicky Goodner	1,258.05	4/15/24	4/8/24	7
Nebraska UC Fund	632.89	4/15/24	4/9/24	6
NE Department of Revenue	619.85	4/15/24	4/9/24	6
Total	\$ 5,443.30			

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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 Water Fund had a deficit balance of \$1,333.51 as of September 30, 2024. To resolve the deficit, the Village Board approved new water rates on June 10, 2024.

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.

5. Improper Reconciling Items

During review of the Village’s bank account reconciliation as of September 30, 2024, we noted that the reconciliation included multiple reconciling items that do not appear reasonable. The outstanding debits and checks listing included the following items that appear unreasonable.

Date	Transaction Type	Name	Amount
8/11/2023	General Journal	Kimball Auto Parts	\$ (238.70)
11/9/2023	Liability Check - EFT	United States Treasury	(1,329.60)
11/12/2023	Deposit	[BLANK]	(317.00)
12/13/2023	General Journal	Kimball County	(25.00)
3/15/2024	Deposit	[BLANK]	(317.00)
3/18/2024	General Journal	Menards	(259.98)
3/29/2024	General Journal	Highline	(167.54)
4/8/2024	General Journal	High Wet Energy	(2,019.61)
6/14/2024	Deposit	[BLANK]	(317.00)
7/22/2024	General Journal	NE Rural Water Association	(200.00)
7/26/2024	Deposit	[BLANK]	(844.00)
8/19/2024	Deposit	[BLANK]	(844.00)
9/26/2024	Deposit	[BLANK]	(4,500.00)
Total			\$ (11,379.43)

The outstanding credits and deposits listing included the following items that appear unreasonable.

Date	Transaction Type	Name	Amount
9/15/2023	Check	Kimberly K Gotfrey	\$ 60.00
9/15/2023	Check	Linda L Rasmussen	105.00
9/15/2023	Check	Melissa A. Gorsuch	630.00
12/14/2023	General Journal	Kimball Auto Parts	238.70
4/9/2024	General Journal	Kimball County	25.00
4/9/2024	General Journal	High West Energy	2,019.61
4/25/2024	General Journal	Menards	259.98
5/10/2024	General Journal	Highline	167.54
7/22/2024	General Journal	NE Rural Water Association	200.00
8/31/2024	Deposit	[BLANK]	3,891.88
Total			\$ 7,597.71

Good internal controls require procedures to ensure that reconciling items are appropriate and reasonable. Without such procedures, there is an increased risk for not only the loss or misuse of funds but also inaccurate financial reporting.

We recommend the Village implement procedures to ensure that reconciling items are appropriate and reasonable.

6. Lack of Purchasing Card Policy

During our analysis of the Village’s bank statements, the APA noted multiple debit card transactions, totaling \$3,317.53, during the period October 1, 2024, to September 30, 2024.

With the use of a debit card, the Village increases its risk of unrecoverable loss of funds because such cards do not provide as much fraud protection as credit cards or other purchasing cards. Use of a debit card also increases the risk of public funds being spent without Board approval because no monthly billing statements are created. With credit cards, however, the Village's payments for the monthly billing statements must, per Neb. Rev. Stat. § 17-711 (Reissue 2022), be signed by both the chairperson of the Board and the Village Clerk. While a debit card purchase results in an immediate transfer of funds requiring no supervisory approval, therefore, payment on a municipal credit card billing necessitates not only Board authorization but also the increased oversight of two official signatories.

Of no less concern is the Village's lack of a formal, written purchasing card policy outlining procedures for the proper use of the municipal debit card, including the designation of allowable purchases and authorized users.

Neb. Rev. Stat. § 13-610 (Reissue 2022) provides, in relevant part, the following requirements for a political subdivision's purchasing card program:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision's purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

* * * *

(4) 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.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

(Emphasis added.) Compliance with the above statutory requirements – including, aside from the underlying creation of an actual “purchasing card program” itself, acting “in accordance with rules and regulations adopted and promulgated by the political subdivision” and determining what constitutes “any unauthorized use” of a municipal card – is virtually impossible without adoption of a formal purchasing card policy.

Good internal control requires the Village: (1) to consider whether use of a debit card or a credit card would prove most conducive to the security of municipal transactions and the protection of public funds; and (2) to implement a formal purchasing card policy that outlines the proper use of the card, including the designation of allowable purchases and authorized users.

Without such procedures, there is an increased risk for not only the loss, theft, or misuse of Village funds but also the inability to comply fully with State statute.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA's letter dated October 24, 2023, 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 consider whether use of a debit card or a credit card would prove most conducive to the security of municipal transactions and the protection of public funds. We recommend also the implementation of a formal purchasing card policy that outlines the proper use of the card, including the designation of allowable purchases and authorized users.

* * * * *

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