



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 27, 2025

Joe Hobelman, Chairperson
Village of Denton
PO Box 132
Denton, NE 68339-0132

Dear Chairperson Hobelman:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Denton (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 \$860,192, 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, and the completion of the agreed-upon procedures engagement conducted by HBE, LLP, for the year ended September 30, 2024, 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.

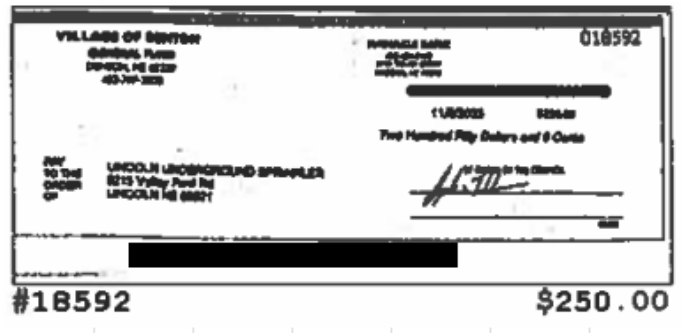
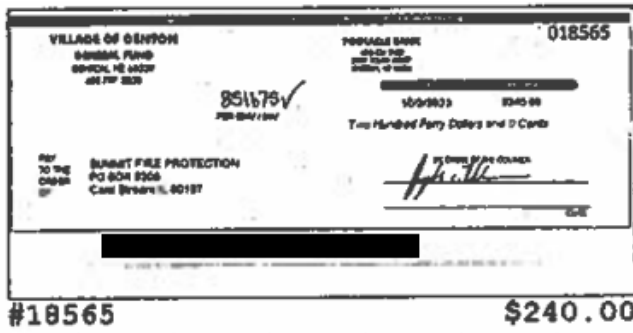
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2024), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Lack of Dual 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 four of the Village checks written during the examination period contained only one signature. 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.

2. 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 1, 2024, and noted multiple 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 1, 2024:

April 24 Claims	
Claims List A	
Ross Blackledge	\$287.90
Great America	\$143.35
Norland Pure	\$18.00
Uribe Refuse	\$105.50
Norris Public Power	\$918.74
Riteway	\$200.87
TeBrink	\$811.06
LAE	\$2,529.49
Lancaster Sheriff	\$1,288.38
League of Nebraska Muni	✓ \$605.00
Fairfield Inn Kearney	\$239.90
Rural Water Association	\$425.00
US Postal Service	\$174.00
Charlene Hobelman	\$114.71

NE HHS Labs	\$251.00	
GPM	\$448.00	
American Legal Publishing	\$695.00	
ODEYS	\$375.86	
Lindahl Edstrom Bromm	\$52.50	
Jackson Services	\$53.16	
Verizon	\$86.39	
Windstream	\$155.15	
NE Revenue	\$577.38	941 state tax
NE Revenue	\$297.32	Sales tax
Lancaster County Sheriff	\$1,279.53	
Kimball Midwest	\$389.34	
USA Blue Book	\$1,177.13	
Great America	\$169.35	
Hergert Oil	\$328.00	
SAMS Club	\$401.69	

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.

3. 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 \$4,691.59, 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 #
NAPA Auto Parts	4/1/24	\$ 279.47	18782
Joseph Hobelman	4/1/24	277.05	18798
John Juricek	4/1/24	207.79	18799
Douglas Rosenkrans	4/1/24	207.79	18800
Trent Whealty	4/1/24	138.52	18802
Amanda Fangmeier	4/1/24	207.79	18797
IRS	4/8/24	3,373.18	ACH
Total		\$ 4,691.59	

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.

4. 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 \$3,575.69, 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 Cleared Date	Days Paid Before Approval
Lancaster County Sheriff	\$ 1,279.53	4/1/24	2/9/24	47
Kimball Midwest	389.34	4/1/24	2/9/24	47
USA Blue Book	1,177.13	4/1/24	2/9/24	40
Hergert Oil	328.00	4/1/24	2/9/24	45
SAMS Club	401.69	4/1/24	2/9/24	33
Total		\$ 3,575.69		

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.

5. Payment in Excess of Approved Amount

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified one check in excess of the amount approved by the Board. The following table summarizes the overpayment:

Name	Claim Date	Approved Amount	Amount Paid	Overpayment
OISSMEYER, MERIEL	4/1/24	\$ 967.32	\$ 1,001.58	\$ 34.26

Good internal control requires procedures to ensure that all claims are made in the amounts approved by the Board. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Village implement procedures to ensure payments are made in the amounts approved by the Board.

6. 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.

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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". The signature is written in a cursive style with a long, sweeping tail that extends to the right.

Mark Avery, CPA
Assistant Deputy Auditor