



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Travis Filing, Chairperson  
Village of Panama  
PO Box 117  
Panama, NE 68419

Dear Chairperson Filing:

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

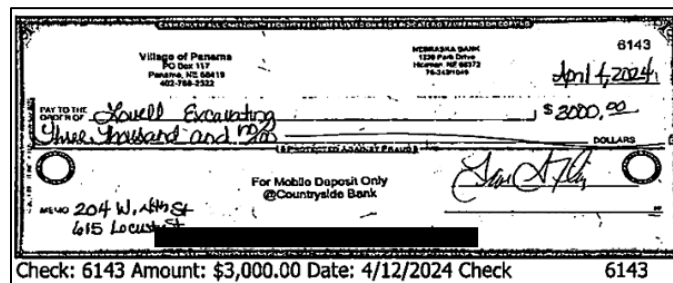
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2024), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within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

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

## Comments and Recommendations

### 1. Lack of 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 one of the Village checks written during the examination period, totaling \$3,000, contained only one signature, as 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. List of Approved Payments Issues**

The APA obtained a copy of the April 4, 2024, meeting minutes for the Village Board (Board). Although those minutes reflect the approval of the Village’s expenditures, the minutes lack a detailed listing of “each claim allowed” as required by State law. Rather, there were four approved claims, totaling \$414.73, that contained several individual payments for the same vendor approved in an aggregate amount; however, only payroll is allowed to be reported in aggregate. Those claims are included in the vendor lines shown in red below.

Claims	
AKRS Equipment	\$513.14
Allpro Plumbing	\$910.00
BMG Certified Public Accountants	\$1940.00
Dale Hays (Reimbursement)	\$263.05
Federal Income Tax	\$455.86
Firth Tire Store	\$487.98
Jan Hart (Reimbursement)	\$226.46
Lancaster Rural Water	\$750.00
Lovell Excavating	\$3000.00
Menards	\$89.47
Municipal Supply	\$191.74
NE Public Hlth Lab	\$66.00
NE Income Tax	\$150.26
NE Municipal Clerks Association	\$50.00
NeRWA	\$200.00
Norris Public Power District	\$1014.91
Payroll	\$8449.75
Solheim Law Firm	\$109.00
Uribe Refuse Services, Inc.	\$1337.07
US Bank	\$2160.90
Voice News	\$39.93

Additionally, the claims listed therein lacked descriptions of their respective purposes.

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 individually list each non-payroll payment made, and includes the amount of each claim, describes the purpose of each claim allowed, and the name of the claimant as required by State statute.

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 that the Board’s meeting minutes individually list each non-payroll payment made, and includes the amount of each claim, describes the purpose of each claim allowed, and the name of the claimant as required by State statute.

**3. Payment of Unapproved Claims**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified three payments, totaling \$681.30, 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:

Cleared Date	Name/Vendor	Ck #	Amount
4/4/2024	Summit Fire Protection	6145	\$ 124.00
4/18/2024	Black Hills Energy	ACH	224.96
4/30/2024	Verizon	ACH	332.34
<b>Total</b>			<b>\$ 681.30</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.

**4. 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 two payments, totaling \$3,195.48, that were paid in excess of the amount approved by the Board. The following table summarizes these overpayments.

Payee	Claim Date	Approved Amount	Amount Paid	Overpayment
Federal Income Tax (IRS)	4/4/2024	\$ 455.86	\$ 1,613.49	\$ 1,157.63
Nebraska Department of Revenue	4/4/2024	150.26	1,581.99	1,431.73
<b>Total</b>		<b>\$ 606.12</b>	<b>\$ 3,195.48</b>	<b>\$ 2,589.36</b>

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

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

**5. Payment Cleared Prior to Board Approval**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA noted one payment, totaling \$1,014.91, was issued before the underlying claims were approved by the Board. The table below provides a summary of the premature payment:

<b>Name/Vendor</b>	<b>Amount</b>	<b>Approval Date</b>	<b>Date Cleared</b>	<b>Days Paid Before Approval</b>
Norris Public Power District	\$ 1,014.91	4/4/2024	3/25/2024	10

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.

**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. However, the publication was done on August 29, 2024.

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.

**7. Payment of Sales Tax**

During our examination of supporting documentation for the credit card purchases tested, the APA noted that the Village paid a total of \$29.49 in Nebraska sales tax.

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 sales taxes are not paid on municipal purchases. Without such procedures, there is an increased risk for not only the 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 sales tax.

**8. Lack of Adequate Documentation**

The Village lacked sufficient documentation, including an invoice, agreement, or itemized receipts for the following purchases:

<b>Date Cleared</b>	<b>Check #</b>	<b>Payee</b>	<b>Amount</b>
12/26/2023	6076	Austin Hart	\$ 500.00
3/18/2024	Credit Card	Applebee’s	23.78
3/21/2024	Credit Card	Valentinos	17.86
<b>Total</b>			<b>\$ 541.64</b>

Good internal control requires procedures to ensure that proper documentation, such as an invoice, bill, or an agreement, is maintained for all disbursement transactions. Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Board implement procedures to ensure that proper documentation, such as an invoice, bill, or an agreement, is maintained for all disbursement transactions.

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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,



Mark Avery, CPA  
Assistant Deputy Auditor