



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

March 18, 2025

Zach Humphrey, Chairperson  
Village of Meadow Grove  
PO Box 258  
Meadow Grove, NE 68752

Dear Chairperson Humphrey:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Meadow Grove (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 \$599,742, 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 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 amount of \$661,550 in expenditures, 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. Unapproved Reimbursement Payment**

During our examination of the Village's fiscal year 2024 waiver request submission, the APA became aware of a reimbursement payment to the former Board Chairperson (Chairperson) that was made subsequent to the fiscal year end. On October 10, 2024, the Village reimbursed the former Chairperson in the amount of \$1,033.54 for a trip made to Gering, NE, and back to the Village, to obtain his water operator license in July 2024.

The APA noted that the meeting minutes of the Village Board of Trustees (Board) recorded no formal action, discussion, or approval regarding either the need for the former Chairperson to obtain the water operator license or the resulting reimbursement payment.

Using the Nebraska Department of Environment and Energy’s (NDEE) website (<https://dee.nebraska.gov/>), the APA was able to obtain a copy of the initial registration application submitted by the former Chairperson to NDEE. He initially requested the “Grade 4 Course” in North Platte, NE, from March 26, 2024, through March 28, 2024, but he was later informed by NDEE that the course was full. Therefore, the next available option was to travel to Gering, NE, for the July 23, 2024, through July 25, 2024, examination period.

The following table summarizes the Grade 4 Courses held by NDEE in 2024:

Start Date	End Date	Location	Miles from Meadow Grove & Back
2/6/2024	2/8/2024	Norfolk, NE	34
3/26/2024	3/28/2024	North Platte, NE	422
5/21/2024	5/23/2024	Beatrice, NE	344
7/23/2024	7/25/2024	Gering, NE	711
9/4/2024	9/6/2024	Lincoln, NE	268
12/3/2024	12/5/2024	Grand Island, NE	200

As shown in the above table, the former Chairperson traveled to the furthest location from the Village to obtain his water operator license. According to Village representatives, the former Chairperson obtained the license as a “back up” in case the other individuals with their water licenses were unavailable. As mentioned previously, however, the APA did not note any documented discussion in the Board’s meeting minutes indicating the urgent need for the former Chairperson to obtain the license. Therefore, the Village may have incurred unnecessary additional costs as there were exam periods with closer locations throughout the year.

The APA noted also that the former Chairperson’s wife submitted a registration application to NDEE for the same course initially for North Platte, NE, but later attended the same Gering, NE, course as the former Chairperson. His wife’s application indicated that she was attending the course because she needed “to take [the] class before employment” with the City of Norfolk, NE, which began on August 12, 2024.

It should be emphasized that the Village did not make any payments either on behalf of the former Chairperson’s wife or relating to her registration fees or license.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022, Cum. Supp. 2024), specifies the 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. Subsection (1)(a) of that statute authorizes the following:

*The expenditure of public funds for the payment or reimbursement of actual and necessary expenses incurred by elected and appointed officials, employees, or volunteers at educational workshops, conferences, training programs, official functions, hearings, or meetings, whether incurred within or outside the boundaries of the local government, if the governing body gave prior approval for participation or attendance at the event and for payment or reimbursement either by the formal adoption of a uniform policy or by a formal vote of the governing body.*

Additionally, Neb. Rev. Stat. § 84-1413 (Reissue 2024) provides the following, in relevant part:

*(1) Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.*

(Emphasis added.) Neb. Rev. Stat. § 17-614(1)(a) (Cum. Supp. 2024) sets out, moreover, 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 elected members of 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: 1) reasonable and necessary; 2) authorized by the Board prior to payment; and 3) adequately documented in the meeting minutes of the month in which they are approved. Without such procedures, there is an increased risk for not only failure to comply with statutory requirements and lack of transparency regarding the nature of public expenditures but also the theft, loss, or misuse of Village funds.

We recommend that the Village implement procedures to ensure that all claims are: 1) reasonable and necessary; 2) authorized by the Board prior to payment; and 3) adequately documented in the meeting minutes of the month in which they are approved.

## **2. Extra Compensation to Board Member**

While examining the Village’s bank statements, the APA noted that, contrary to State statute, the former Board Chairperson was being paid extra compensation for serving as the Village’s Emergency Manager. The table lists the compensation paid to him for holding the Emergency Manager position:

<b>Date Cleared</b>	<b>Check #</b>	<b>Payee</b>	<b>Amount</b>
1/2/2024	13614	Dan Evans	\$ 240
3/18/2024	13716	Dan Evans	250
4/23/2024	13766	Dan Evans	125
6/18/2024	13809	Dan Evans	125
7/19/2024	13848	Dan Evans	125
7/22/2024	13875	Dan Evans	125
<b>Total</b>			<b>\$ 990</b>

According to Village representatives, the Village was unaware that Board members could not receive extra compensation for additional services other than their Board salary. Village Board members are authorized under State statute to receive compensation for performing additional work for the Village only if such work is seasonal and/or an emergency.

Neb. Rev. Stat. § 17-209.02(2)(a) (Reissue 2022) provides the following:

*The office of village trustee shall not be combined or merged with any other village office or village employment, except that a member of the village board of trustees may receive compensation to perform seasonal or emergency work upon approval by the village board of trustees.*

(Emphasis added.) Chapter 17, Article 2, of the Nebraska Revised Statutes provides no definition of “emergency” for purposes of § 17-209.02. Without such guidance, it is necessary to rely upon a long-standing rule of statutory interpretation that requires statutory language to be given its “plain and ordinary” meaning. The Nebraska Supreme Court has utilized this rule numerous times, as follows:

*In the absence of anything to the contrary, statutory language is to be given its plain and ordinary meaning; an appellate court will not resort to interpretation to ascertain the meaning of statutory words which are plain, direct, and unambiguous.*

*Nelson v. City of Omaha*, 256 Neb. 303, 311, 589 N.W.2d 522, 527 (1999). Typical of the many virtually synonymous meanings accorded to the word is that provided by Webster’s New World Dictionary and Thesaurus (1996), which defines an “emergency” as “a sudden, generally unexpected occurrence demanding immediate action.” When applied to § 17-209.02, that standard definition appears to entail a necessary and immediate short-term response to a particular exigency.

Good internal controls require procedures to ensure compliance with applicable statutory restrictions placed upon payment of extra compensation to Board members. Without such procedures, there is an increased risk for both statutory violations and the loss of Village funds.

We recommend the implementation of procedures to ensure extra compensation paid to Board members is for seasonal or emergency work only, as required by statute.

### 3. Potentially Impermissible Gratuity

In December 2023, the Village made a payment of \$312 to Meadow Grove Credit Union for what appears to be Visa cards. The cleared check image from the Village’s general bank account showing this transaction is provided below:



According to the minutes for its meeting on December 12, 2023, the Board approved the purchase of “Christmas / Appreciation gifts for employees.” The following image is an excerpt of the minutes showing the Board’s approval of this purchase:

**Christmas / Appreciation gifts for employees:** A motion was made by Trustee Sparr to repeat last year, which was gift cards from the Credit Union. The motion was seconded. Roll call: All ayes, Pehrson was absent.

Article III, § 19, of the Nebraska Constitution contains the following prohibition against gratuitous payments to public employees:

*The Legislature shall never grant any extra compensation to any public officer, agent, or servant after the services have been rendered nor to any contractor after the contract has been entered into, except that retirement benefits of retired public officers and employees may be adjusted to reflect changes in the cost of living and wage levels that have occurred subsequent to the date of retirement.*

The Nebraska Attorney General (Attorney General) has summarized this constitutional provision by explaining, “Nebraska law generally requires work be performed in order for payment to be received.” Op. Att’y Gen. No. 95071 (Sept. 13, 1995).

Discussing the terminology found in Article III, § 19, the Nebraska Supreme Court has explained, “A payment of compensation to a public servant constitutes extra compensation whenever there is no legal obligation to pay such compensation.” *Myers v. Nebraska Equal Opportunity Com’n*, 255 Neb. 156, 163, 582 N.W.2d 362, 367 (1998) (quoting *Matter of Mullane v. McKenzie*, 269 N.Y. 369, 377, 199 N.E. 624, 627 (1936)).

The Attorney General has shed additional light on the prohibition in Article III, § 19, as follows:

*As we stated in Op. Att’y Gen. No. 94064 (August 22, 1994), the purpose of state constitutional provisions such as Art. III, § 19 which prohibit extra compensation to public employees after services are rendered is to prevent payments in the nature of gratuities for past services.*

Op. Att’y Gen. No. 95063 (August 10, 1995). According to the Nebraska Supreme Court, this constitutional prohibition is applicable to both the State and its many political subdivisions. *Retired City Civilian Employees Club of City of Omaha v. City of Omaha Employees’ Retirement System et al.*, 199 Neb. 507, 512, 260 N.W.2d 472, 475 (1977).

Good internal control requires procedures to ensure that any payments, including gift cards, to Village employees are made in strict accordance with Article III, § 19. Those same procedures should ensure also that adequate documentation is maintained for all Village transactions. Without such procedures, there is an increased risk for not only loss or misuse of funds but also violation of the Nebraska Constitution.

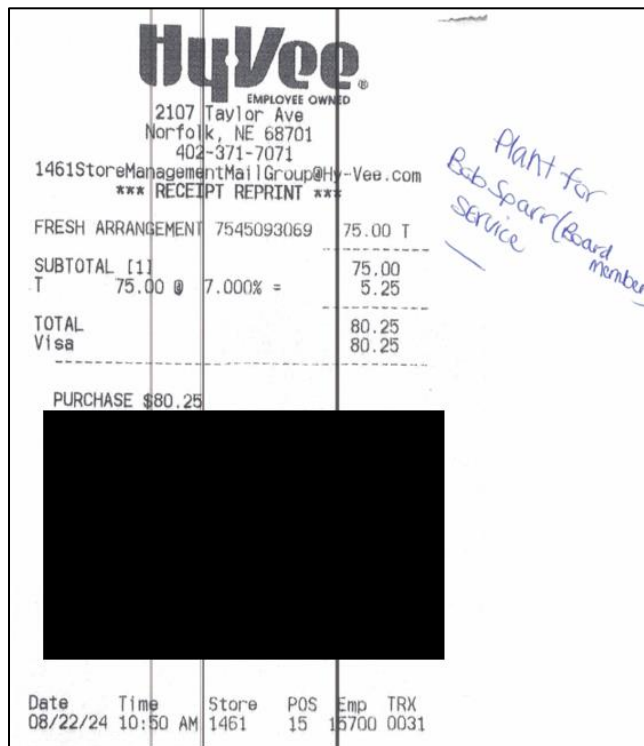
We recommend that the Village implement procedures to ensure all expenditures are made in accordance with Article III, § 19, and adequate documentation is maintained for all of its transactions.

**4. Potentially Disallowed Purchase**

The APA observed one Village debit card purchase made at Hy-Vee for a plant for a former Board member’s memorial service. The following table summarizes this bank transaction:

Date	Type	Description	Payee	Amount
8/22/2024	Debit Card	PURCHASE 08-22 HY-VEE NORFOLK 1461 NORFOLK, NE VNT 9790	Hy-Vee	\$ 80.25

Further, an image of the itemized receipt is shown below.



As explained in **Comment and Recommendation Number 1** (“Unapproved Reimbursement Payment”) herein, the Local Government Miscellaneous Expenditure Act (Act), as set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022, Cum. Supp. 2024), governs expenditures by political subdivisions, including villages.

Memorials and purchases of flowers – whether for funerals, memorials, or other personal occasions – are not among the various expenditures authorized under either the Act or any other statute of which the APA is aware. 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 more than 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.

## **5. Lack of Purchasing Card Policy**

While examining the Village’s bank account statements, the APA noted that municipal debit cards were used to make purchases, totaling \$16,605.82, during fiscal year 2024. Upon inquiry by the APA, Village representatives were unable to provide a formal, written purchasing card policy that not only specified allowable purchases and authorized users but also outlined procedures for safeguarding Village assets when using a municipal debit card.

Furthermore, with the use of a debit card, the Village increases its risk of unrecoverable loss of funds due to fraud because such cards do not provide as much fraud protection as a credit card or other types of purchasing cards. The Village also increases its risk of payments being made without proper Board authorization because expenditures with the debit card do not require dual signatures for approval.

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.) Ensuring that Village purchasing cards are used only for authorized purposes, or the privilege of their use is properly suspended, as required by law, is difficult, if not impossible, without formal municipal guidelines or, as referenced in statute, “rules and regulations adopted and promulgated by the political subdivision,” to establish the parameters for such legitimate use.

Good internal control requires written guidelines for the proper use of the Village’s purchasing cards, including formal designation of both the authorized users and the allowable uses thereof. 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 a formal, written policy regarding the Village’s purchasing card, specifying the appropriate use of the municipal purchasing card and its authorized users.

## **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 December 25, 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 debit card purchases tested, the APA noted that the Village paid a total of \$42.93 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 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. Negative Fund Balance**

On Exhibit A of the Village’s audit waiver request form, the APA noted that the Fire and Rescue, Library, Sanitation, and Police and Stop funds had deficit balances. The following table summarizes those deficit balances as of September 30, 2024.

<b>Fund</b>	<b>Balance</b>
Fire and Rescue	\$ (44,564.09)
Library	\$ (40,318.36)
Sanitation	\$ (28,243.53)
Police and Stop Fund	\$ (20,614.54)

The Village Board has not determined a plan of action to resolve these deficit fund balances.

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.

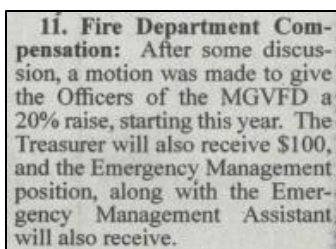
**9. Lack of Adequate Documentation**

The APA noted three payments, totaling \$580.36, that lacked adequate documentation, including itemized receipts, or agreements. The following table summarizes those payments:

<b>Date Cleared</b>	<b>Check #</b>	<b>Payee</b>	<b>Amount</b>
12/8/2023	1578	Gini Goracke	\$ 300.00
6/12/2024	1593	Buffalo Creek Coffee Shop	155.36
6/18/2024	13809	Dan Evans	125.00
<b>Total</b>			<b>\$ 580.36</b>

Per the February 13, 2024, meeting minutes, the Board appears to have approved a monthly compensation rate for the Emergency Management position; however, the published meeting minutes do not appear to specify that rate.

An excerpt of the Board minutes is provided below:



**11. Fire Department Compensation:** After some discussion, a motion was made to give the Officers of the MGVFD a 20% raise, starting this year. The Treasurer will also receive \$100, and the Emergency Management position, along with the Emergency Management Assistant, will also receive.

Neb. Rev. Stat. § 84-1413(1) (Reissue 2024), states the following:

*Each public body shall keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.*



(Emphasis added.) Good internal control requires procedures to ensure that proper documentation is maintained for all disbursement transactions. Without such procedures, there is an increased risk for not only loss or misuse of public funds but also noncompliance with State statute.

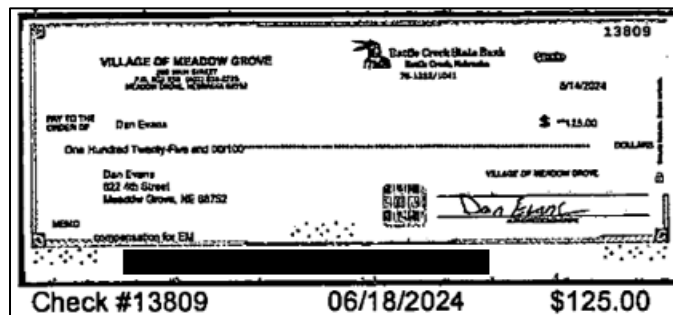
We recommend the Village implement procedures to ensure proper documentation, including appropriately descriptive Board meeting minutes, is maintained for all disbursement transactions.

## 10. Claims Issues

The APA noted the following issues relating to the Village’s claims made during fiscal year 2024.

### *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 \$125, contained only one signature, as shown below:



State statute requires Village checks to be signed by both the Chairperson of the 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.

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.

### *List of Approved Payments Issues*

The APA obtained a copy of the minutes for the Board’s April 9, 2024, meeting. Despite reflecting the approval of the Village’s expenditures, the minutes lack a detailed listing of “each claim allowed,” as required by State law. Rather, three payments, totaling \$1,444.19, were approved in an aggregate amount. However, only payroll is allowed to be reported in aggregate.

The payments at issue are shown below:

Approved Bills
<b>General Fund:</b> Battle Creek State Bank – \$3,050.00-monthly transfers to savings accounts, Battle Creek State Bank-\$884.41-Tractor payment, Black Hills Energy-\$1049.08 gas bills for Village, Bomgaars-\$14.28, Carbonite-\$131.99-used for backing up the computer, CN A Surety-\$125.00-clerks bond, City of Norfolk-\$279.50-lab fees sewer, Cornhusker Press \$89.96-2024 dog tags, Dan Evans-\$125.00-compensation for EM, Erin McCartney-\$1065.00-garnishment, Fastwyre Broadband-\$98.36-Phone for clerk's office and fire dept, Floor Maintenance-\$89.48-supplies for firehall bathroom, Hammerdown Construction-\$18500.00-ADA compliant bathrooms at fire hall-16000.00 / kitchen floor-2500.00, Intuit-\$32.10-Quickbooks payroll, JEO Consulting, \$1917.50-waste water testing /sewer lining project, Jesse's Sanitation- \$2765.00-trash service, Jewell & Collins-5650.00-retainer, community building and firehall, JoAnn Leonard-painting at fire hall, Village clerk-\$400.00 for ins., City Super. \$30.00 phone use, Madison County Sheriff-\$1739.25 -police protection, MCI-long distance-\$38.99, Madison County Treasurer-\$195.93-property taxes for 501 Grove, Menards-\$103.85-items for bathrooms at firehall, NE Dept. of Revenue-\$258.70-sales/use tax, NE Dept. of Revenue-\$432.10-NE quarterly tax, NE Dept. of Revenue-\$213.00-KENO quarterly, NE Public Health Environmental Lab-\$15.00 sample testing, NPPD-\$1635.98-Electric service for Village, NeRWA-\$400.00-Marti conference in Kearney, Nebraska Workforce development-\$23.44-Quarterly 2024 Northeast Community College-\$360.00-BLS for health care providers, Northeast NE Economic Development-\$670.00-membership, Office Depot-\$175.86-2 cases of paper/envelopes, One Call Concepts-\$1.60-diggers hotline, Payroll-\$5629.00, Prime Sanitation-\$350.00-deposit for roll-off, Rick Smutny-\$125.00-compensation for EM, Sigo Signs-\$46.94-parking signs for Methodist Church, T Bone North-\$250.90-fuel for pickup, tractor, and mower, The Tilden Citizen-\$-proceedings, USPS-\$31.70-mail water sample, USPS-\$136.00-2 rolls of stamps, US Treasury-\$1171.24-payroll taxes, TWD-\$1364.75-rekey firehall and library
<b>Library Fund:</b> Appera-\$33.22, Amazon.com-\$757.97-books, ink cartridges, DVDs, lego storage, Fastwyre Broadband-\$101.00 -nbr. Phone, Heather Suckstorf-\$135.79-reimburse for books purchased at book fair, Hobby Lobby-\$58.15-4 books, Olson's Pest Tech. -\$115.00-spray for bugs, People Magazine-\$64.00-renewal, Target-\$113.18-6 books, Walmart-\$407.12-DVDs games, storage boxes, trash bags, file folders, Keurig, K cups, kids prizes
<b>MG Fire and Rescue Account:</b> Rick Smutny-2216.13-defibrillator, Generation Consultants-\$89.97-code messaging

Additionally, the claims approved to Bomgaars and Appera, as recorded in the meeting minutes, lacked descriptions for 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 list individually all non-payroll payments made, specifying the amount, purpose, and claimant for each, as required by State statute.

### Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified one payment, totaling \$266.12, that was paid but not included on the claims listing submitted for Board approval.

Details of that unapproved payment are provided in the table below:

Cleared Date	Name/Vendor	Ck #	Amount
4/23/2024	Quick Med Claims, LLC	ACH	\$ 266.12

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 elected members of 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.

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.

***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 six payments, totaling \$414.80, were issued before the Board approved the underlying claims.

The table below provides a summary of the premature payments at issue:

Name/Vendor	Amount	Approval Date	Date Cleared	Days Paid Before Approval
Carbonite	\$ 131.99	4/9/24	4/2/24	7
Intuit	32.10	4/9/24	4/8/24	1
Target	113.18	4/9/24	3/15/24	25
Amazon	11.91	4/9/24	4/5/24	4
Amazon	18.10	4/9/24	4/8/24	1
Walmart	107.52	4/9/24	4/5/24	4
<b>Total</b>	<b>\$ 414.80</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 elected members of 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.

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.

***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 payment, totaling \$16,250, that was paid in excess of the amount approved by the Board. The following table summarizes this overpayment.

Payee	Claim Date	Approved Amount	Amount Paid	Overpayment
Hammerdown Construction	4/9/2024	\$ 16,000.00	\$ 16,250.00	\$ 250.00

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 not only failure to comply with statutory requirements and lack of transparency regarding the nature of public expenditures but also the theft, loss, or misuse of Village funds.

We recommend the Board implement procedures to ensure the following: 1) dual signatures, from the Board Chairperson and the Village Clerk, are contained on all Village checks, as required by law; 2) the Board’s meeting minutes list individually each non-payroll payment made, specifying the amount, purpose, and claimant for each, as required by State statute; 3) 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; and 4) payments are made in the amount approved by the Board.

\* \* \* \* \*

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