



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 11, 2025

Tony Cain, Chairperson
Village of Gresham
PO Box 164
Gresham, NE 68367

Dear Chairperson Cain:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Gresham (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 \$695,158, 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.

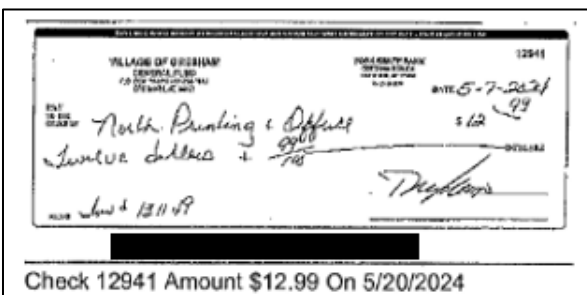
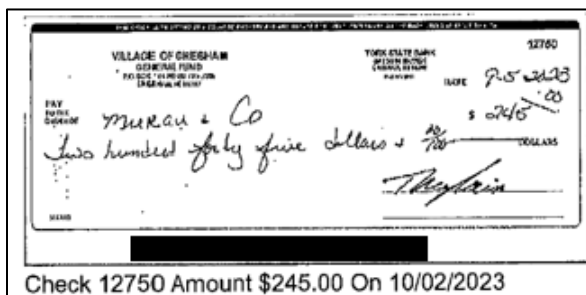
However, if the September 30, 2025, fiscal year end disbursements are similar to or greater than the fiscal year 2024's expenditures or near the budgeted amount of \$2,974,500 in expenditures, an audit of fiscal year end September 30, 2025, may be required. This information is only for your consideration 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. 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 two of the Village checks written during the examination period, totaling \$257.99, contained only one signature, which 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. Payments 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 \$692.67, that were paid in excess of the amounts approved by the Board. The following table summarizes these overpayments.

Payee	Claim Date	Approved Amount	Amount Paid	Overpayment
Nebraska Department of Revenue	4/2/2024	\$ 233.82	\$ 252.32	\$ 18.50
Nebraska Department of Revenue	4/2/2024	159.63	440.35	280.72
Total		\$ 393.45	\$ 692.67	\$ 299.22

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.

3. 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 \$14.86 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 Village Board implement procedures to ensure that the Village does not pay Nebraska or local sales tax on municipal purchases.

4. Petty Cash Procedures

During examination of the supporting documentation, we noted that the Village lacked adequate procedures for properly administering and safeguarding its petty cash funds. To start, the Village did not reconcile the petty cash balance to the authorized amount of \$100, which was approved by the Village Board.

The APA noted that the Village wrote four checks during fiscal year 2024, totaling \$213.28, that were made out to “Petty Cash.” Therefore, the APA requested documentation from the Village to support the petty cash payments. Included in the documentation provided, were four petty cash logs. An excerpt of one of the logs provided is shown below:

VILLAGE OF GRESHAM PETTY CASH November 2021–February 2022					
DATE	NAME OF VENDOR	DESCRIPTION OF PURCHASE	POSTAGE	OFFICE SUPPLIES	TOTAL AMOUNT
9/21/2023	USPS	State Auitors Office Postage	6.66		6.66
11/27/2023	USPS	water testubg postage	29.90		29.90
1/2/2024	USPS	water testing postage	9.55		9.55
1/24/2024	USPS	water testing postage	32.70		32.70
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
TOTAL			78.81	0.00	78.81

Petty cash bag	\$100.00		
Petty cash on Hand		\$25.36	
Expenses		<u>\$78.81</u>	
Total Petty Cash		\$104.17	
Over or Short			\$4.17

Replenished Petty Cash Check # 12883 Date-2024

As shown in the above excerpt, the Village was \$4.17 over the Board authorized amount of \$100. Similarly, the other two logs that were provided were \$4.33 and \$5.33 over the Board authorized amount.

It is important to note that the Village was able to provide supporting documentation for all payments, except for two payments, which totaled \$66.90.

Good internal controls require procedures for fully administering and safeguarding the Village’s petty cash funds. Those procedures should include a reconciliation of the petty cash balance to an approved amount set by the Village Board and periodic – at least monthly – reimbursements to replenish the balance based on actual petty cash expenses.

Without such procedures, there is an increased risk for the loss, misuse, or theft of Village funds.

We recommend the Village implement adequate procedures for properly administering and safeguarding the Village’s petty cash funds. Those procedures should include a reconciliation of the petty cash balance to an approved amount set by the Village Board and periodic, at least monthly, reimbursements to replenish that balance based on actual petty cash expenses.

5. Lack of Adequate Documentation

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

Date Cleared	Check #	Payee	Amount
6/11/2024	12968	York Adopt A Pet	\$ 150.00

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

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

6. Negative Fund Balance

On Exhibit A of the Village’s audit waiver request form, the APA noted that the Street and Sewer funds had deficit balances of \$78,659.99 and \$36,440.26, respectively, as of September 30, 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.

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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