



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

July 22, 2025

David Spencer, Chairperson
Village of Brule
P.O. Box 100
Brule, NE 69127

Dear Chairperson Spencer:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Brule (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. Mileage Reimbursement Issue

During our examination of the Village's bank statements, we identified one reimbursement, totaling \$718.24, made to a Village employee during the fiscal year. Based on the documentation received, this payment was for mileage to drop off a water sample in Scottsbluff, Nebraska.

The following is an excerpt of the mileage log that was submitted to the Village by the Village employee:

June 27, 2024	268 miles
July 16, 2024	268 miles
Aug 13, 2024	268 miles
Aug 27, 2024	268 miles
Total	1,072 miles
Per mile rate .67	
1,072	
x .67	
\$718.24	
Total Due \$718.24	

As shown in the above excerpt, the Village calculated that the employee drove a total of 1,072 miles over four different days. However, the log does not record the exact starting and stopping locations of each trip, nor does it list the specific route that was taken. According to Google Maps, the total mileage for the shortest route from Brule, NE, to Scottsbluff, NE, and back, each day was around 237 miles, or a total of 948 miles.

When recalculating the total mileage to be reimbursed, the APA multiplied the 2024 IRS mileage rate of \$0.67 by 948 total miles and calculated that the reimbursement amount to be paid to the employee totaled \$635.16, which results in an overpayment of \$83.08. The following table shows the APA's calculation:

Date	Description	Miles per Mileage Log	IRS Rate	Total	Miles per Google Maps	APA Total	Variance
06/27/2024	Brule > Scotts Bluff > Brule	268	\$0.67	\$ 179.56	237	\$ 158.79	\$ 20.77
07/16/2024	Brule > Scotts Bluff > Brule	268	\$0.67	179.56	237	158.79	20.77
08/13/2024	Brule > Scotts Bluff > Brule	268	\$0.67	179.56	237	158.79	20.77
08/27/2024	Brule > Scotts Bluff > Brule	268	\$0.67	179.56	237	158.79	20.77
Totals		1,072		\$ 718.24	948	\$ 635.16	\$ 83.08

Good internal controls require procedures to ensure that all travel-related expenditures are reasonable, necessary, adequately documented, and calculated correctly. Without such procedures, there is an increased risk for the loss, theft, or misuse of State funds.

We recommend the Village implement procedures to ensure that all travel-related expenditures are reasonable, necessary, adequately documented, and calculated correctly. Such procedures should include a detailed review of all expense reimbursement requests, which should be completed prior to the reimbursement being made.

2. Utility Billing Procedures

The APA examined the Village's utility billing procedures during review of the fiscal year 2024 audit waiver request. As part of this analysis, the APA obtained a listing of the Village's utility customers list and a list of the September 2024 utility billing report.

During our comparison of the "Village of Brule Customer Listing – By Route Book" and the "UB – Payments Detail" list to the parcels shown on the Keith County Geographical Information System (GIS) website, we noted that: 1) some customers were either not on the customer list or the payments list; 2) some customers were shown on the County's GIS website but not listed on the customer list for utilities; and 3) some customers were not on the payment list. As a result, the Village appears to have been neither billing all utility customers consistently nor collecting and depositing customer payments in a timely manner.

Upon inquiry with the Village, the APA was informed that the lack of adequate utility billing procedures was due mainly to increased turnover in the Village Clerk position, the vacant Maintenance Superintendent position, and the inaccurate meter readings during the fiscal year. However, the current Village Clerk is in the process of collecting payments from customers who did not make utility payments due to the lack of utility bills or inaccuracy of the meter readings. Village representatives stated also that new replacement utility meters that have been installed are now producing accurate usage readings, and customer utility billings are being issued monthly.

Good internal controls require procedures to ensure the following: 1) utility billings are sent to customers in accordance with prescribed ordinances; and 2) amounts due are collected and recorded timely. Without such procedures, there is an increased risk for the loss, misuse, or theft of Village funds.

We recommend the Village Board implement procedures to ensure the following:
1) utility billings are sent to customers in accordance with prescribed ordinances;
and 2) amounts due are collected and recorded timely.

3. Other Issues

In addition to the mileage reimbursement and utility billing procedures issues described in the previous comments herein, the APA noted the following issues related to municipal operations:

Nonpayment of Federal Tax Payments

During the fiscal year ended September 30, 2024, taxes were withheld from wages paid to Village employees but were not remitted to the Internal Revenue Service (IRS). The Village is required to withhold Federal taxes, including income tax, Social Security tax, and Medicare tax, as well as State income tax from compensation paid to municipal employees.

Per discussions with municipal representatives, the Village did file the Form 941, which was observed by the APA. However, the IRS informed the Village that the employee tax withholdings have not been remitted since 2013. According to the Village Clerk, she is now working with the IRS to pay these delinquent Federal tax payments.

The due date for remittance of Federal payroll taxes is discussed in IRS “Topic no. 757, Forms 941 and 944 – deposit requirements” (December 30, 2024). That publication states the following, in relevant part:

You must make deposits according to one of two deposit schedules—monthly or semiweekly. The schedule you use for the current calendar year depends on the amount of employment taxes you reported during your lookback period. If you’ve filed only Form 941, the lookback period is the 12 months (covering four quarters) starting July 1st of the second preceding year and ending on June 30th of the prior year. If you filed Form 944 in either of the two previous years or you’re filing Form 944 in the current year, the lookback period is the calendar year two years prior to the year for which you’re depositing (see Publication 15 (Circular E), Employer’s Tax Guide, Section 11, Depositing Taxes).

* * * *

If you reported taxes of \$50,000 or less during the lookback period, you’re a monthly schedule depositor, and you generally must deposit your employment taxes on payments made during a given month on or before the 15th day of the following month.

(Emphasis added.) Good internal controls require procedures to ensure that Federal taxes withheld from compensation paid to municipal employees are remitted timely, per IRS regulations and guidelines, to avoid incurring unnecessary late penalties and interest.

Reconciliation Issues

On the September 30, 2024, bank reconciliation that the Village provided with its audit waiver request form, the APA noted that the Village reconciled to a negative book balance of \$2,575.37. However, it is important to note that the Village’s bank balance as of September 30, 2024, was not negative, and several of the Village’s reconciling items were open deposits and checks from 2022.

The September 30, 2024, reconciliation provided by the Village is shown below:

Cash-operating September 1, 2024 - September 30, 2024				
Reference	Date	GL Account	Description	Amount
				Total (3.00)
				Adjusted General Ledger Balance (2,575.37)
Bank Account Reconciliation Summary				
Bank Statement Information				
Beginning Bank Balance				43,815.19
+ Cleared Deposits & Additions				140,642.02
- Cleared Checks & Payments				178,154.07
Ending Bank Balance				6,303.14
Reconciled Bank Information				
+ Open Deposits & Additions				737.17
- Open Checks & Payments				9,615.68
Reconciled Bank Balance				(2,575.37)
General Ledger Information				
Unadjusted General Ledger Balance				(2,572.37)
+/- Total Adjustments				(3.00)
Adjusted General Ledger Balance				(2,575.37)
Unreconciled Amount				0.00

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 Village Board (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.

Lack of Supporting Documentation

The Village lacked sufficient documentation, including an invoice, for the following two purchases:

Check Date	Check #	Payee	Description	Amount
12/22/2023	24203	Kevin Tjaden	Mowing	\$ 950.00
04/07/2024	24344	Kevin Tjaden	Equipment repair	575.00
Total				\$ 1,525.00

Good internal control requires procedures to ensure that proper documentation, including an invoice, is maintained for all disbursement transactions.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA's letter dated May 8, 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.

Payments in Excess of Board-Approved Amount

During our comparison of the Village's bank account details to claims approved by the Board, the APA identified one payment, totaling \$370.19, that exceeded the amount approved by the Board. The following table summarizes this overpayment:

Name	Cleared Date	Approved Amount	Amount Paid	Overpayment
Megan Heflin	06/18/2024	\$ 26.75	\$ 370.19	\$ 343.44

Good internal controls require procedures to ensure that all claims are made in the amount approved by the Board.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA's letter dated May 8, 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.

Lack of Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA reviewed the minutes for the Board's June 11, 2024, meeting 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 the June 11, 2024, meeting:

Motion by Mike Gibson to approve the check registrar report and the following payments: Office Service - \$312.72, One Call Concepts - \$24.76, McQuillan & Wendell, P.C., L.L.O - \$4,654.50, Waste Management - \$238.01 (to bill Brule Activity Center for half), E-Logic \$510.00, T.C Engineering Inc. - \$595.00, Megan Heflin (Village Clerk) - \$26.75, Brule Activity Center - \$175.00, Clean Water State Revolving Fund - \$1,843.32, Environmental Analysis South, Inc - \$459.24, Wiest Hardware - \$500.07, Keith County News - \$13.65, Paulsen Inc - \$726.74, Nebraska Rural Water Association - \$400.00, Enviro Service - \$87.00, Bomgaars - \$45.55, Keith County Clerk - \$2,370.67. Seconded by BJ Franken. Yeas: Gibson, Franken, McNeff. Motion carried.

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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA's letter dated May 8, 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 Unapproved Claims

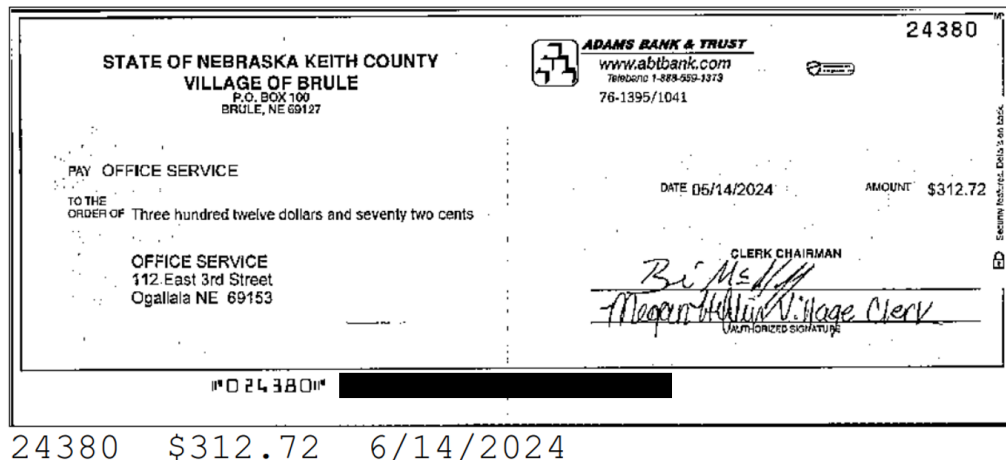
During our comparison of the Village's bank account details to claims approved by the Board, the APA identified seven payments, totaling \$2,151.81, which were paid but not included on the claims listing to be approved by the Board.

Details of the unapproved payments are included in the table below:

Name/Vendor	Check Date	Type	Amount
ATC Communications	06/11/2024	ACH	\$ 209.76
Freedom Life Insurance Company	06/14/2024	ACH	239.74
Nebraska Department of Labor	06/21/2024	ACH	117.17
Black Hills Energy	06/27/2024	ACH	43.85
Black Hills Energy	06/27/2024	ACH	45.16
Megan Heflin	06/18/2024	24407	1,284.13
USPS	06/20/2024	24408	212.00
Total			\$ 2,151.81

In addition, the APA noted that the Board does not appear to have approved any claims in any meetings held between April 17, 2024, and June 10, 2024. However, the APA observed from the Village's bank statements that checks continued to be issued and cleared the bank during this period.

Shown below is an image of one such cleared Village check:



Although the Board approved this particular payment during its June 11, 2024, meeting, the check was issued almost a month prior thereto, on May 14, 2024.

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 minutes of the meeting during which they were 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 May 8, 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.

Job and Wage Publication

The APA noted that the Village failed to publish its annual employee 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 employee annual job and wage publication is published between July 15 and August 15 annually, as required by law.

With such procedures, there is an increased risk of not only the loss, misuse, or theft of public funds, but also noncompliance with statutory requirements, Federal regulations, and the lack of transparency regarding the nature of public expenditures.

We recommend the Village implement procedures to ensure the following: 1) Federal taxes withheld from compensation paid to municipal employees are remitted timely, per IRS regulations and guidelines, to avoid incurring unnecessary late penalties and interest; 2) 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; 3) adequate, proper documentation, such as an invoice, bill, or agreement, is maintained for all disbursement transactions; 4) payments are made in the amount approved by the Board; 5) the purpose of each claim allowed is included in both the Board's meeting minutes and the "official proceedings" required to be published afterwards; 6) all claims are authorized by the Board prior to payment and are adequately documented in the minutes of the meeting during which they were approved; and 7) the Village's employee job and wage publication is published between July 15 and August 15 annually, as required by law.

* * * * *

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, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor