



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 15, 2026

Gregory Loomis, Chairperson
Village of Farnam
PO Box 7
Farnam, NE 69029

Dear Chairperson Loomis:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Farnam (Village) for the fiscal year ending 2025. **That request has been approved.**

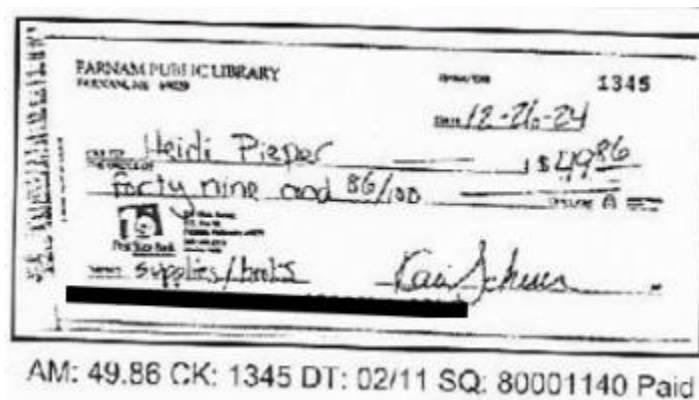
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within 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 2025 audit waiver request. From these statements, the APA noted that one of the Village checks written during the examination period contained only one signature, which is 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.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated May 30, 2025, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

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 March 11, 2025, 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 March 11, 2025:

Claims for March 2025 were presented ATC (\$146.34), Black Hills Energy (\$599.92), Dawson Public Power District (\$1965.09), Great Plains Tire & Service (\$401.87), Malcom, Nelsen, Windrum LLC (\$374.00), Schaben’s (\$2,087.76), Credit Card Services (\$150.17), Internal Revenue Service 941 (\$1,201.84), Clover Credit Card Subscription (\$20.82), U.S. Cellular (110.78), CAMAS Publishing (\$10.03), Rodney Klein (\$35), Mindy Redenbaugh Reimbursement (\$58.28), Dan Widick Reimbursement (131.08), Michael C Russman Gravel Reimbursement (\$374.44). Wages: Mindy Redenbaugh (\$501.64), Tira Shifflet (\$1,357.44), Rod Klein (\$3,294.52), & Crysten Saner (\$105.96). Total Claims: \$13,526.90
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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, Supp. 2025), 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 \$255.17, 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 #
BANKCARD1 AR NACHA	3/14/25	\$ 10.00	EFT
BANKCARD1 RETRY PYMT	3/14/25	45.00	EFT
BANKCARD1 AR NACHA	3/27/25	50.00	EFT
SERVISFIRST BANK VISA PAY	3/17/25	150.17	EFT
Total		\$ 255.17	

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 are approved.

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

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated May 30, 2025, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

We recommend the Board implement procedures to ensure all claims are authorized by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

4. Expenditure in Excess of Budget

For the fiscal year ended September 30, 2025, actual Village expenditures exceeded the adopted budget by \$47,183. No amended budget was filed with our office for these additional expenditures.

Neb. Rev. Stat. § 13-510 (Reissue 2022) states, in relevant part, the following:

No expenditure during any fiscal year or biennial period shall be made in excess of the amounts indicated in the adopted budget statement, except as authorized in section 13-511, or by state law. Any officer or officers of any governing body who obligates funds contrary to the provisions of this section shall be guilty of a Class V misdemeanor.

Neb. Rev. Stat. § 13-511 (Reissue 2022) sets out the procedures for amending the adopted budget accordingly.

When expenditures are made in excess of the amounts budgeted, with no appropriate budget amendment by the Board to address those excesses, the Village is noncompliant with State statute, further increasing the risk for loss and/or misuse of funds.

We recommend the Board implement procedures for monitoring closely its budget status on an ongoing basis to avoid incurring expenditures in excess of the amount budgeted, amending the budget as necessary to accommodate any unforeseen expenses.

5. Negative Fund Balance

On Exhibit A of the Village’s audit waiver request form, the APA noted that the Street fund had a deficit balance of \$67,655.23 as of September 30, 2025. The Village plans to transfer funds from the General fund to the Street fund to reduce this deficit balance.

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.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated May 30, 2025, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

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.

6. Job and Wage Publication

The APA noted that the Village failed to publish its annual job and wage publication between July 15, 2025, and August 15, 2025, as required by State statute. However, the publication was done on December 4, 2025.

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.

(Emphasis added.) The Internal Revenue Service (IRS) guidance “Tax Withholding for Government Workers” (last updated October 2, 2025), which appears on the IRS website, states the following, as is relevant:

Internal Revenue Code section 3401(c) indicates that an “officer, employee, or elected official” of government is an employee for income tax withholding purposes.

* * * *

The courts generally define “public official” and “public officer” to mean anyone who exercises significant authority pursuant to public laws. This includes any official who administers or enforces public laws whether the public elected the individual or an office appointed them.

(Emphasis added.) Good internal control requires procedures to ensure that the Village's annual job and wage publication is completed between July 15 and August 15 annually, as required by law. Such newspaper publication, not posting, should include all Village positions, such as Clerk, Treasurer, and Board positions even if that position receives no compensation.

Without such procedures, there is an increased risk of not only statutory noncompliance but also lack of transparency and loss or misuse of funds.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated May 30, 2025, which can be found on the APA's website. However, this issue does not appear to have been corrected after the APA's notification.

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, and such newspaper publication, not posting, should include all Village positions, such as Clerk, Treasurer, and Board positions even if that position receives no compensation.

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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 offer 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