



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 19, 2026

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 2025. **That request has been approved.**

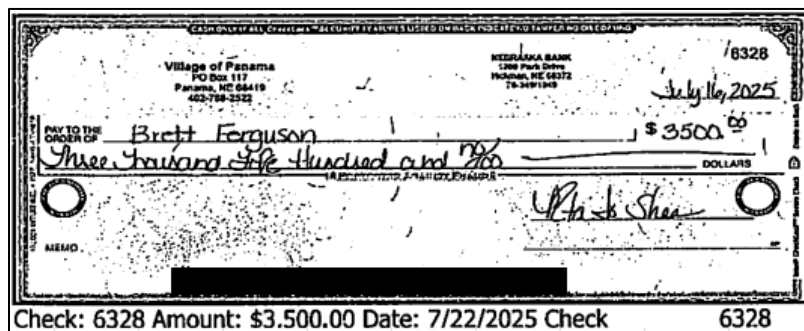
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

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

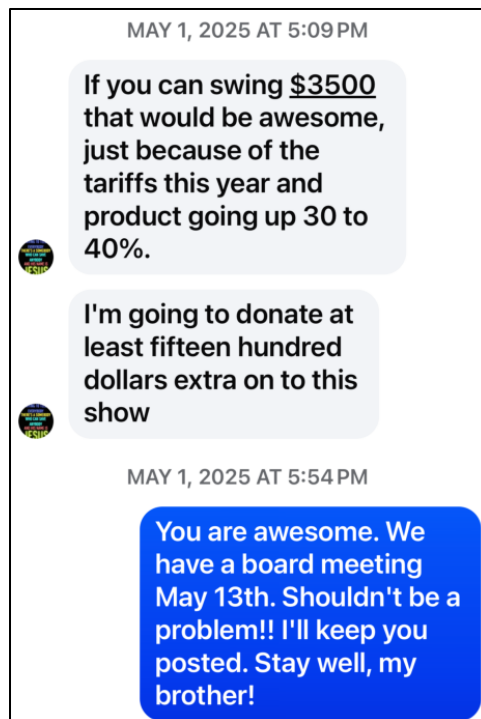
Comments and Recommendations

1. Lack of Dual Signatures and Lack of Supporting Documentation

During the examination of the Village's bank account statements from its fiscal year 2025 audit waiver request, the APA noted one check, totaling \$3,500, written during the examination period that contained only one signature, which is shown below:



It is also important to note that the APA inquired with the Village regarding the nature of this payment. According to Village representatives, this payment was for the Panama Day Firework's Show. However, the Village was unable to provide any adequate documentation, other than the following screenshot of a text message, to support such payment:



Further, it does not appear that the Village adequately reviews that such payment is being used appropriately and for allowable purposes. Therefore, the APA was unable to verify that such \$3,500 payment was used in its entirety for allowable and appropriate expenses.

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 1) all checks contain the statutorily required endorsements; and 2) all payments are accompanied by adequate supporting documentation.

Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss, misuse, or theft of Village funds.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated February 18, 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 that 1) all checks contain the statutorily required endorsements; and 2) all payments are accompanied by adequate supporting documentation.

2. Lack of Claim Purpose

During our comparison of the Village's bank account details to claims approved by the Board, the APA reviewed the meeting minutes dated April 8, 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 the April 8, 2025, meeting:

Claims Approved for Payment: Payroll \$6,818.74, employer tax \$484.57, Sales & Use Tax \$72.98, BMG \$303.00, Dale Hays (reimburse) \$322.34, Jan Hart (reimburse) \$222.90, Rural Water \$750, Menards \$69.99, NAPA \$80.32, NE Environmental Lab \$90, US Bank \$631.75, Voice \$44.92, Black Hills Energy \$318.90, Norris Public Power \$986.69, and Uribe \$1,656.80.

As seen in the above image, the Village also failed to list the “name of the claimant” for the “employer tax” and “Sales & Use Tax” payments listed in the listing of claims approved above.

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.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated February 18, 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 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 two payments, totaling \$298.54, 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:

Date	Type	Payee	Amount
4/23/2025	ACH	Nebraska Department of Revenue	\$ 76.18
4/24/2025	ACH	Verizon	222.36
Total			\$ 298.54

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 February 18, 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. 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 11 payments, totaling \$6,891.72, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Payee	Amount	Approval Date	Check Date	Days Paid Before Approval
Sales and Use Tax	\$ 72.98	4/8/25	3/18/25	21
March Payroll	200.00	4/8/25	3/14/25	25
March Payroll	448.78	4/8/25	3/14/25	25
March Payroll	651.95	4/8/25	3/14/25	25
March Payroll	849.30	4/8/25	3/14/25	25
March Payroll	1,136.34	4/8/25	3/14/25	25
March Payroll	200.00	4/8/25	3/31/25	8
March Payroll	496.61	4/8/25	3/31/25	8
March Payroll	942.13	4/8/25	3/31/25	8
March Payroll	1,185.82	4/8/25	3/31/25	8
March Payroll	707.81	4/8/25	3/31/25	8
Total	\$ 6,891.72			

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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.

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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,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor