



# 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

April 15, 2026

Fredrick Rumery, Chairperson  
Village of Unadilla  
PO Box 87  
Unadilla, NE 68454

Dear Chairperson Rumery:

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

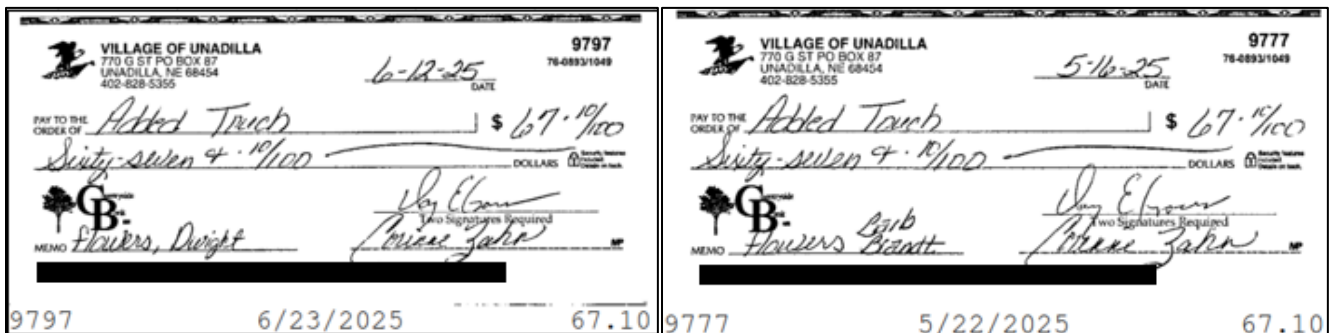
While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), the preliminary examination necessary to determine whether the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within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

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

## Comments and Recommendations

### 1. Possibly Disallowed Purchases

During our review of the bank statements accompanying the Village’s audit waiver request, the APA noted that the Village made two payments, totaling \$134.20, to Added Touch in May and June 2025. These purchase were made from the Village’s checking account, which contained property tax revenues. According to the Village, these payments were for the purchase of flowers for memorial services. Images of such checks are shown below.



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 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. Purchases of flowers – whether for funerals, memorials, or other personal occasions – are not found among that select statutory list of permissible expenditures. Unless authorized elsewhere in State statute, therefore, 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.

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 purchases are allowable under State statute, including the provisions of the Act.

**2. 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 five Village checks, totaling \$5,317.06, were issued before the underlying claims were approved by the Board.

The table below provides a summary of the premature payments:

Name/Vendor	Amount	Approval Date	Check Date	Days Paid Before Approval
Employee 1	\$ 2,232.02	4/9/25	4/1/25	8
Employee 2	269.75	4/9/25	4/1/25	8
Employee 3	2,423.15	4/9/25	4/1/25	8
Employee 4	272.06	4/9/25	4/1/25	8
Amazon	120.08	4/9/25	4/4/25	5
<b>Total</b>	<b>\$ 5,317.06</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 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 April 2, 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.

**3. Payment of Sales Tax**

While reviewing documentation to support purchases made by the Village, we noted that the Village paid \$8.93 in sales tax on 12 separate purchases at a local gas and convenience store. The purchases that included payment of sales tax are shown below:

Cleared Date	Vendor	Amount of Sales Tax Paid
5/16/2025	Nitty Gritty	\$ 3.74
7/17/2025	Nitty Gritty	5.19
<b>Total</b>		<b>\$ 8.93</b>

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 . . .*

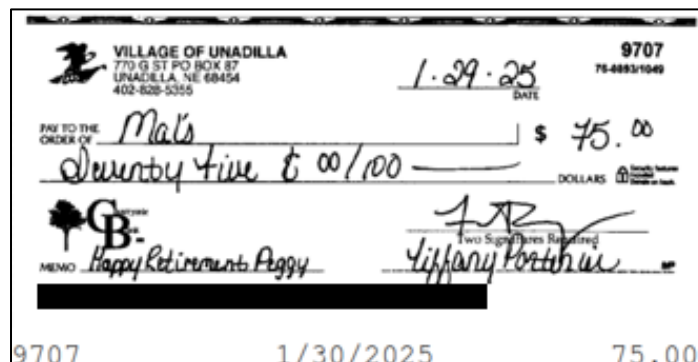
(Emphasis added.) Good internal control requires procedures to ensure that Nebraska and Local sales taxes are not paid on municipal purchases. Without such procedures, there is an increased risk for not only loss or misuse of Village funds but also noncompliance with State statute.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated April 2, 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 Village funds are not expended for the payment of Nebraska and Local sales tax.

**4. Lack of Adequate Documentation**

The Village lacked sufficient documentation, such as an itemized receipt, to support the following check disbursement paid to Mal’s Bar and Grill during the year:



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 the loss or misuse of Village funds.

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

**5. Payment of Unapproved Claims**

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified one transaction, totaling \$717.19, which was paid but not included on the claims listing to be approved by the Board, which is summarized in the table below.

Name/Vendor	Check Date	Amount	Check #
USDA RD DCFO Payment	4/18/25	\$ 717.19	EFT

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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