



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

March 19, 2026

Robert Thompson, Chairperson
Village of Ithaca
530 Main Street
Ithaca, NE 68033

Dear Chairperson Thompson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Ithaca (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. Mandatory Continuing Education Reporting Noncompliance

During our review of the Village's audit waiver request, the APA examined the annual continuing education hours completed and reported by the Village Treasurer for the calendar year 2025. The calendar year 2025 continuing education hours were required to be reported to the APA by January 31, 2026, and it was noted that the Village Treasurer failed to complete the required continuing education hours for the 2025 calendar year.

On March 6, 2026, as required by Neb. Rev. Stat. § 84-304(13) (Supp. 2025), the APA notified the Attorney General, County Attorney, and Village Board of Trustees of the Village Treasurer's noncompliance with the required annual continuing education program.

Legislative Bill 781 (2020) was approved by the Governor on August 15, 2020, which required the APA to approve a continuing education program. The program established by the APA, effective January 1, 2021, requires all county, city, and village treasurers to complete eight (8) hours of APA-approved continuing education during each calendar year (January 1 through December 31), with a reduction to four (4) hours allowed for any municipality with less than \$100,000 of expenditures during the previous fiscal year. Continuing education hours for the calendar year are required to be filed no later than January 31 subsequent to the reporting calendar year.

Further, Neb. Rev. Stat. § 17-606(3) (Reissue 2022) states the following:

The city treasurer or village treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.

A proper system of internal control requires procedures to ensure the Village Treasurer completes the minimum required continuing education hours for the reporting calendar year, and those hours are submitted to the APA by January 31 subsequent to the reporting calendar year. Without such procedures, there is an increased risk of statutory noncompliance and noncompliance with the required annual continuing education program.

We recommend the Village Board and Village Treasurer implement procedures to ensure the Village Treasurer completes the minimum required continuing education hours for the reporting calendar year, and those hours are submitted to the APA by January 31 subsequent to the reporting calendar year.

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 the following checks, totaling \$1,108.52, 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
Omaha Public Power District	\$ 779.48	4/17/25	4/3/25	14
Windstream	329.04	4/17/25	4/16/25	1
Total	\$ 1,108.52			

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 letters dated February 11, 2025, and February 20, 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.

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. Negative Bank Balance

During a review of the bank statements obtained from the Village’s audit waiver request, the APA noted that the Village’s checking account had a negative balance for 13 consecutive days. The table below summarizes the negative account balance for those 13 days:

Date Range	Largest Negative Balance	Overdraft Fees
11/6/24 - 11/19/24	\$ 2,758.42	\$ 35.00

As a result of that negative balance, the Village paid \$35 in overdraft charges.

Good internal controls and sound business practices require procedures to ensure that the Village's bank account contains sufficient funds to pay claims. Without such procedures, there is an increased risk for not only loss, misuse, or theft of Village funds but also accumulation of overdraft fees.

We recommend the Village implement procedures to ensure the Village's bank account contains sufficient funds to pay claims.

4. 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. 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.

(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 letters dated February 11, 2025, and February 20, 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.

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.

5. Lack of Purchasing Card Policy

During our review of the Village's bank statements, the APA noted multiple debit card transactions, totaling \$2,720.79, during the period October 1, 2024, to September 30, 2025.

With the use of a debit card, the Village increases its risk of unrecoverable loss of funds because such cards do not provide as much fraud protection as credit cards or other purchasing cards. Use of a debit card also increases the risk of public funds being spent without Board approval because no monthly billing statements are created. With credit cards, however, the Village's payments for the monthly billing statements must, per Neb. Rev. Stat. § 17-711 (Reissue 2022), be signed by both the chairperson of the Board and the Village Clerk. While a debit card purchase results in an immediate transfer of funds requiring no supervisory approval, therefore, payment on a municipal credit card billing necessitates not only Board authorization but also the increased oversight of two official signatories.

Of no less concern is the Village's lack of a formal, written purchasing card policy outlining procedures for the proper use of the municipal debit card, including the designation of allowable purchases and authorized users.

Neb. Rev. Stat. § 13-610 (Reissue 2022) provides, in relevant part, the following requirements for a political subdivision's purchasing card program:

(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision's purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.

* * * *

(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.

* * * *

(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.

(Emphasis added.) Compliance with the above statutory requirements – including, aside from the underlying creation of an actual “purchasing card program” itself, acting “in accordance with rules and regulations adopted and promulgated by the political subdivision” and determining what constitutes “any unauthorized use” of a municipal card – is virtually impossible without adoption of a formal purchasing card policy.

Good internal control requires the Village: 1) to consider whether use of a debit card or a credit card would prove most conducive to the security of municipal transactions and the protection of public funds; and 2) to implement a formal purchasing card policy that outlines the proper use of the card, including the designation of allowable purchases and authorized users. Without such procedures, there is an increased risk for not only the loss, theft, or misuse of Village funds but also the inability to comply fully with State statute.

The APA identified a similar issue in a prior review and disclosed it to the Village in letters dated February 11, 2025, and February 20, 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.

We recommend the Board consider whether use of a debit card or a credit card would prove most conducive to the security of municipal transactions and the protection of public funds. We recommend also the implementation of a formal purchasing card policy that outlines the proper use of the card, including the designation of allowable purchases and authorized users.

* * * * *

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