

“Best Practices” and some information for Village Boards related to Financials Records.
Prepared by the Nebraska Auditor of Public Accounts on October 17, 2018

Village Boards should appoint the Village Clerk/Treasurer.

- Neb. Rev. Stat. § 17-204 (Supp. 2017) requires Village Boards to appoint officers:
All trustees elected to office shall qualify and meet on the first regular meeting of the village board of trustees in December thereafter, organize, elect a chairperson of the board of trustees, and appoint the officers required by law.

- Neb. Rev. Stat. § 17-208 (Supp. 2017) allows for the appointment of a Village Clerk, Treasurer, and other officers:
(1) The village board of trustees may appoint a village clerk, treasurer, attorney, engineer, overseer of the streets, and chief of police and other such officers as shall be required by ordinance or otherwise required by law.
* * * *
(4) The village clerk, treasurer, attorney, engineer, overseer of the streets, members of the board of health, and other appointed officers, except regular police officers, shall hold office for one year unless removed by the chairperson of the village board of trustees with the advice and consent of the village board of trustees.

- Village Boards should document in Board proceedings, and may wish to memorialize in a written employment agreement with the Clerk, the rights, responsibilities, rates of pay, and other employment information for that position. We also recommend the Board require the Clerk, as well as all Village employees, to complete timesheets or otherwise document the actual hours worked.

Make sure Village officers, especially those handling public funds, are protected by a security bond.

Most of the Villages recently victimized by thefts did not have sufficient insurance to cover their losses. Neb. Rev. Stat. § 17-604 (Supp. 2017) says the following regarding surety bonds:

A city of the second class or village may enact ordinances or bylaws to regulate and prescribe the powers, duties, and compensation of officers and to require from all officers, elected or appointed, bonds and security or evidence of equivalent insurance for the faithful performance of their duties. The city or village may pay the premium for such bonds or insurance coverage.

Ensure Clerk/Treasurer understands the duties of the office.

- Neb. Rev. Stat. § 19-1102 (Supp. 2017) sets out the primary duties of the Village Clerk:
It shall be the duty of each village or city clerk in every village . . . to prepare and publish the official proceedings of the village or city board, council, or commission within thirty days after any meeting of the board, council, or commission. The publication shall be in a newspaper in or of general circulation in the village or city, 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.)

- Neb. Rev. Stat. § 17-605 (Supp. 2017) sets out additional duties of the Village Clerk:
The city clerk or village clerk shall have the custody of all laws and ordinances and shall keep a correct journal of the proceedings of the city council of a city of the second class or village board of trustees. . . . He or she shall also perform such other duties as may be required by the ordinances of the city or village.

- Among the various duties and responsibilities of a Village treasurer, as set out in Neb. Rev. Stat. § 17-606(1) (Supp. 2017), are the following:
The treasurer of each city of the second class or village shall be the custodian of all money belonging to the city or village. He or she shall keep a separate account of each fund or appropriation and the debts and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt for such money, specifying the date of payment and on what account paid. He or she shall also file copies of such receipts with his or her monthly reports, and he or she shall, at the end of every month, and as often as may be required, render an account to the city council or village board of trustees, under oath, showing the state of the treasury at the date of such account and the balance of money in the treasury. He or she shall also accompany such accounts with a statement of all receipts and disbursements, together with all warrants redeemed and paid by him or her, which warrants, with any and all vouchers held by him or her, shall be filed with his or her account in the clerk's office. . . . (Emphasis added.)

- Neb. Rev. Stat. § 19-1101 (Supp. 2017) requires the Village Treasurer to prepare and publish an annual statement of the Village’s receipts and expenditures:

The treasurer of each city or village that has 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 shall prepare and publish annually within sixty days after the close of its municipal fiscal year a statement of the receipts and expenditures of funds of the city or village for the preceding fiscal year. The statement shall also include the information required by subsection (3) of section 16-318 or subsection (2) of section 17-606. Not more than the legal rate provided for in section 33-141 shall be charged and paid for such publication.

Recommendations for Village Boards related to financial records.

- We recommend the Village implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities. This would include ensuring the following:
 - A Board member, or a separately designated individual, reviews the monthly bank statements, obtained directly from the bank, for any discrepancies with approved claims. (This may be done via electronic access to bank statements online.)
 - All claims are adequately documented with receipts, invoices, or reason for payment. Neb. Rev. Stat. § 17-714(1) (Supp. 2017) sets out the following claim requirements for the Village:

All liquidated and unliquidated claims and accounts payable against a city of the second class or village shall (a) be presented in writing, (b) state the name and address of the claimant and the amount of the claim, and (c) fully and accurately identify the items or services for which payment is claimed or the time, place, nature, and circumstances giving rise to the claim.
 - All claims are approved by the Board prior to payment. Neb. Rev. Stat. § 17-614(1) (Neb. Laws 2018, LB 865, § 4) 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 members elected to the council or board of trustees. . . .
 - All warrants/checks bear two signatures before payment. Neb. Rev. Stat. § 17-711 (Supp. 2017) requires the Village’s warrants to be authorized by two signatures, as follows:

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.
 - Each actual claim amount paid agrees to the claim amount approved by the Board, and no adjustment is made to such payment without formal Board approval.
 - Village purchase/credit cards are used only by specifically named and authorized municipal personnel. Receipts should be maintained, reviewed, and reconciled to the monthly charge card statements to establish that all expenditures are reasonable, having been made by those authorized individuals for official purposes only, and no personal or other inappropriate expenses are included.
 - Signature cards on file at all banks used by the Village are current and list only active municipal officers, including the Clerk and at least one Board member – preferably the Board Chair.
 - A periodic review is performed with local banks to confirm that the Village’s Federal Taxpayer Identification Number (FTIN) is being used only for financial accounts authorized by the Board to contain Village funds.

Audit Information

- In accordance with Neb. Rev. Stat. § 19-2903 (Cum. Supp. 2016) and § 84-304(4)(b) (Supp. 2017), Villages may request audit waivers. Starting this year, when requesting an audit waiver for fiscal year 2018, the Village will be required to provide copies of its bank statements for the year, the September 30 bank reconciliation, a completed audit waiver form, and a copy of the Board meeting minutes recording the formal decision to request a waiver. Details are available on the Nebraska Auditor of Public Accounts’ website: <http://www.auditors.nebraska.gov/>.
- The Nebraska Auditor of Public Accounts may audit any village when it is deemed necessary to do so. In light of several recent frauds, thefts, and instances of financial abuse among Nebraska’s municipalities, this office will be undertaking a process to examine Villages on a rotational basis. Neb. Rev. Stat. § 84-304(4)(a) (Supp. 2017) authorizes the Auditor of Public Accounts to do the following:

To examine or cause to be examined, at the expense of the political subdivision, when the Auditor of Public Accounts determines such examination necessary or when requested by the political subdivision, the books, accounts, vouchers, records, and expenditures of . . . any village, . . . any political subdivision with the authority to levy a property tax or a toll, or any entity created pursuant to the Joint Public Agency Act.