



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

February 11, 2025

Dennis Johnson, Chairperson
Village of Comstock
PO Box 55
Comstock, NE 68828

Dear Chairperson Johnson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Comstock (Village) for the fiscal year ending 2024. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2024), 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 2024 audit waiver request. From these statements, the APA noted that one of the Village checks written during the examination period contained only one signature, as shown below.

VILLAGE OF COMSTOCK
COMSTOCK, NE 68828

FIRST NATIONAL BANK OF OMAHA
48-1057541

000536

2/14/2024

PAY TO THE ORDER OF LVRPPD \$ 2,943.60

Two Thousand Nine Hundred Forty-Three and 60/100 DOLLARS

LVRPPD
608 S GL
Ord. No 00002

Memo: [Redacted]

Matt Dahl

536 \$2,943.60 2/20/2024

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.

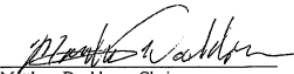
(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements.

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.

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 April 4, 2024, and noted that several of 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 April 4, 2024:

APRIL CLAIMS	
<u>GENERAL</u>	
LVRPPD-----	\$205.03
COLONIAL LIFE INSURANCE-----	\$355.55
VSP INSURANCE-----	\$42.78
HAMILTON-----	\$111.62
BLACK HILLS ENERGY-----	\$595.13
DEBORAH RITZ (WAGES)-----	\$457.13
WAGES WH-----	\$7.18
BURWELL TRIBUNE: PUBLISHING-----	\$47.99
POST OFFICE-----	\$21.20
SUBTOTAL	
GENERAL	<u>\$1,843.61</u>
<u>STREET</u>	
LVRPPD-----	\$489.98
SHAWNA ABRAHAM WAGES-----	\$2,141.35
WAGES WH-----	\$490.65
ACE HARDWARE: CONCRETE MIX-----	\$7.99
ONE CALL CONCEPTS: 811 LOCATION-----	\$2.78
CITY OF ORD: TAR/STREET REPAIR-----	\$690.00
PUBLIC HEALTH LAB: WATER TEST-----	\$148.00
SUBTOTAL STREET	<u>\$3,970.75</u>
<u>UTILITES</u>	
LVRPPD-----	\$506.49
J&J SANITATION-----	\$994.68
SHAWNA ABRAHAM: HOTEL FOR WATER CONF-----	\$363.79
SHAWNA ABRAHAM: MILEAGE-----	\$129.98
SUBTOTAL UTILITIES	<u>\$1,501.17</u>
TOTAL EXPENSES	<u>\$7,315.53</u>
  Matthew Dockhorn, Chairman	
 Deborah Ritz, Clerk	

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), 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.

A similar issue was identified by the APA in a prior review and was disclosed to the Village in the APA’s letter dated January 22, 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 purpose of each claim allowed is included in both the Board’s meeting minutes and the “official proceedings” required to be published afterwards.

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 one day. The table below summarizes the negative account balance for the one day:

Date	Negative Balance	Overdraft Fees
1/9/2024	\$ (87.70)	\$ 30.00

As a result of that negative balance, the Village paid \$30.00 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.

* * * * *

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 make 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, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor