



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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August 22, 2017

Justin Hutcheson, Chairman
Village of Elsie
103 Perkins Avenue
Elsie, NE 69134

Dear Mr. Hutcheson:

As you know, the Nebraska Auditor of Public Accounts (APA) has an anonymous hotline telephone number and email address for Nebraskans to raise issues about possible waste, mismanagement, or fraud within government. In connection with this, we help to provide accurate information to taxpayers and attempt to correct misperceptions about government. We try to do so in a timely manner, believing this to be a valuable service to the State's citizens.

Recently, the APA received concerns regarding certain financial transactions at the Village of Elsie (Village), including whether some Board member salaries were in violation of the Municipal Code. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA requested specific information regarding the Village's financial transactions or compliance matters.

Based upon the outcome of this preliminary planning work, the APA has determined that a separate financial audit or attestation of the Village is unnecessary at this time. However, during the course of the preliminary planning work, we noted certain internal control or compliance matters, or other operational matters within the Village, that are presented below. The following information, along with the related recommendation, will provide the Village an opportunity to improve internal controls and overall financial operations.

Our consideration of internal control was for the limited purpose described above, and it was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified.

Comment and Recommendation

1. Chairman Pay

The Board Chairman received a monthly payment of \$155 regardless of whether he attended any Board meetings during that month. However, all other Board members were paid only if they attended such monthly meetings. The reason for this apparent discrepancy is not clear from the language of either the ordinance or resolution cited below. The APA identified three board meetings (3/12/2015, 7/9/2015, and 1/14/2016) that the Chairman did not attend; nevertheless, he still received a \$155 payment for each month during which those missed meetings occurred.

Chapter 1, Article 9 (“Compensation”), § 1-901 (“Compensation; Municipal Officials”), of the Village’s Municipal Code provides the following:

All salaries shall be set by ordinance of the Governing Body and will be available for public inspection at the office of the Municipal Clerk. Compensation shall be paid on a monthly basis for meetings actually attended payable the next meeting following.

(Emphasis added.) On June 12, 2014, the Board adopted Resolution No. 2014-6-B. A copy of the Resolution has been included at the end of this letter as **Attachment A**. The first and second paragraphs of that document state the following:

1. Every Village Trustee, except the Village Board Chairman, shall receive emoluments in the amount of \$25.00 per meeting.

2. The Village Board of Trustees Chairman shall receive emoluments in the amount of \$155.00 per meeting.

On December 11, 2014, Resolution No. 12-2-2014 increased the pay for new Board members to \$50 per meeting attended.

Per Neb. Rev. Stat. § 17-209 (Reissue 2012), the “annual salary of the chairman and other members of the [village] board of trustees shall be fixed by ordinance.” As noted above, the applicable provision of the Village’s Municipal Code permits trustees to be paid only for “meetings actually attended.”

Payments to Board members, including the Chairman, are improper when not made in compliance with the requirements of the Village’s Municipal Code.

We recommend the Village take action to ensure that Board members, including the Chairman, are paid as directed by the Municipal Code – that is, per each meeting attended. If the Village wishes to compensate the Chairman or other Board members in some alternative fashion, we encourage amending the current ordinance language accordingly.

* * * * *

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 recommendations that we hope will prove useful to the Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein; however, the Village declined to provide a formal response.

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 regarding the above information, please contact our office.

Sincerely,

A handwritten signature in black ink that reads "Mary Avery". The signature is written in a cursive style with a large, looped initial "M".

Mary Avery
Special Audits and Finance Manager
Phone 402-471-3686
mary.avery@nebraska.gov

cc: Village of Elsie Attorney

VILLAGE OF ELSIE
RESOLUTION

ATTACHMENT A

RESOLUTION NO. 2014-6-13

AN ORDINANCE OF THE VILLAGE OF ELSIE, PERKINS COUNTY, NEBRASKA, SETTING THE SALARY OF THE VILLAGE BOARD MEMBERS AND OF THE VILLAGE BOARD CHAIRMAN PURSUANT TO THE VILLAGE CODE OF THE VILLAGE OF ELSIE; AND TO REPEAL ALL OTHER ORDINANCES AND RESOLUTIONS, OR PARTS THEREOF IN CONFLICT; AND TO PROVIDE WHEN THIS ORDINANCE SHALL BE IN FULL FORCE AND EFFECT.

Be it resolved by the Village Board of the Village of Elsie, Nebraska that:

SECTION 1.

Pursuant to the Village Code of the Village of Elsie the Village of Elsie does hereby fix the salary of the Board of Trustees of the Village of Elsie as follows:

1. Every Village Trustee, except the Village Board Chairman, shall receive emoluments in the amount of \$ 25.00 per meeting.
2. The Village Board of Trustees Chairman shall receive emoluments in the amount of \$ 155.00 per meeting.
3. All emoluments and compensation required by this ordinance shall be paid to the Village Board Members on a monthly basis by the City Clerk at the end of each month.

SECTION 2.

Any section or resolution in conflict with this ordinance are hereby repealed.

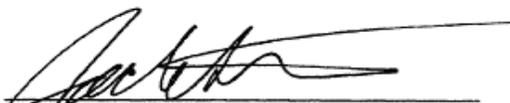
SECTION 3.

This ordinance shall be in full force and effect from and after its passage, approval and publication according to law. Provided, however, that the Village Board Members of the Village of Elsie shall not receive any emolument or compensation until such time that a person that is properly elected installed as a Village Board Member for a full term, upon the installation of any Village Board Member for a full term all Village Boards shall be eligible for salary and emoluments provided in this ordinance pursuant to Neb. Rev. Stat. §17-612.

Passed, approved and adopted on this 12th day of June, 2014.


_____, Chairman,
Village of Elsie Board of Trustees

Attest:



Village Clerk