



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 21, 2025

David McGregor, Chairman
Cedar County Board of Commissioners
101 S. Broadway
Hartington, NE 68739

Dear Mr. McGregor:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding: 1) personal use of vehicles and equipment owned by Cedar County (County); 2) failure to remit to the County Treasurer payments for services provided; and 3) inadequate County bidding and procurement practices. 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 obtained financial records and other relevant documentation from the County. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time, as the County is audited on an annual basis.

Nevertheless, during the course of the preliminary planning work, the APA noted certain issues that merit corrective action.

Background Information

The County is a political subdivision established under and governed by the laws of the State of Nebraska (State). The County Board of Commissioners (Board) is the governmental body responsible for exercising financial accountability and control over activities relevant to the operations of the County. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes, the ability to exert significant influence over all County operations, and the primary responsibility for related fiscal matters.

The following comments and recommendations, which have been discussed with the appropriate members of the County and its management, are intended to improve internal control or result in other operating efficiencies.

Comments and Recommendations

1. Use of County Vehicles and Equipment

The APA has received complaints that former County Commissioner Craig Bartels both used and authorized the use of County vehicles and equipment for the personal benefit of himself and others. The APA's findings regarding those allegations are provided below.

Personal Use of County Vehicle

The County pickup truck assigned to former Commissioner Bartels was allegedly seen on multiple occasions parked, as well as being utilized to haul materials, at a local farm in Coleridge, Nebraska – about a 15-minute drive from the County Courthouse in Hartington, Nebraska.

Displayed below is a photograph, taken on October 28, 2024, at 3:46 p.m., purportedly showing the County vehicle parked at the property in question:



Taken on a different day, the following photograph shows the County vehicle parked at the same property:



The APA was informed that the site shown in the above photographs is Ebberson Farms, located in Coleridge, NE. The image below, obtained from Google Street View, shows the same building at Ebberson Farms where the County vehicle appears to have been parked:



The County vehicle at issue appears to be a red Ford F-150. Using the Nebraska Department of Motor Vehicle's vehicle registration and title system, VicToRy, the APA verified that the County owned a red 2023 Ford F-150, license plate number 49980, from April 3, 2023, through March 5, 2025, which appears to be the vehicle shown in the above photographs.

Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act (Act), which is set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,142 (Reissue 2021, Cum. Supp. 2024), restricts the use of property under the "official care and control" of a public official or public employee, as follows:

A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.

Per subsection (7) of that same statute, "[A]ny person violating this section shall be guilty of a Class III misdemeanor"

Neb. Rev. Stat. § 49-1443 (Reissue 2021) defines a "public official" as, among other things, "an elected or appointed official" in a political subdivision of the State.

On April 21, 2025, the APA contacted Mr. Bartels and inquired with him regarding the concerns we received, including the apparent personal use of the County vehicle. Mr. Bartels stated that the vehicle in question had never been used for personal use during his time as County Commissioner. Additionally, he said that if the vehicle had been seen outside of Ebberson Farms, it would have been there to perform County business such as grading a road or discussing right-of-ways. When asked whether he could provide the specific County business being conducted at the time the above images were taken, Mr. Bartels stated that he could not recall.

Good internal control requires procedures to ensure that County vehicles and equipment are used only for authorized governmental purposes, not personal gain.

Without such procedures, there is an increased risk for not only loss of or damage to County vehicles and equipment but also noncompliance with State statute.

We recommend the implementation of procedures to ensure County vehicles and equipment are used only for authorized governmental purposes, not personal gain. Moreover, because this comment addresses possible violation of the Act, we are forwarding the information herein to the Nebraska Accountability and Disclosure Commission for further review.

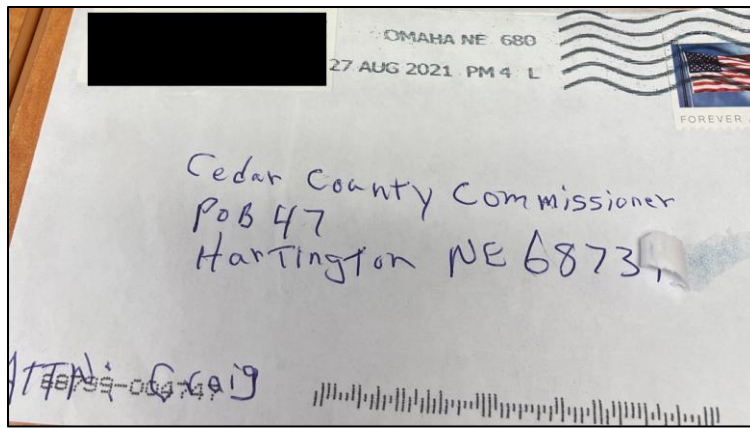
2. Other Issues

The APA noted the following additional issues with the County's procedures:

Gift Cards

The APA was informed that former Commissioner Bartels allegedly allowed individuals for whom the County had performed services to pay with gift cards. These gift cards were supposedly given directly to the former Commissioner, who then distributed them to County employees instead of remitting them to the County Treasurer. Other County officials appeared to be unaware of this practice until the County Roads Department Superintendent received a \$100 Bomgaars gift card that was mailed to the County as payment for some unspecified service.

Images of the postage and gift card itself are shown below:



To the best of the APA's knowledge, State statute does not expressly authorize gift cards as an acceptable medium of payment for County services. Neb. Rev. Stat. § 77-1702 (Reissue 2018) provides, as is relevant, the following:

Lawful money of the United States, checks, drafts, credit cards, charge cards, debit cards, money orders, electronic funds transfers, or other bills of exchange may be accepted in payment of any state, county, village, township, school district, learning community, or other governmental subdivision tax, levy, excise, duty, custom, toll, penalty, fine, license, fee, or assessment of whatever kind or nature, whether general or special.

Additionally, the County does not appear to have entered into a formal agreement to memorialize the terms under which the payment received should have been made. Consequently, the rights and responsibilities of the parties, as well as other important considerations, such as the amount of compensation or even the type of services provided, are not adequately documented.

Moreover, all money – regardless of the form of payment – is required by State statute to be remitted to the County Treasurer. Neb. Rev. Stat. § 23-1601(1) (Reissue 2022) provides the following:

It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

As mentioned previously, the APA contacted Mr. Bartels on April 21, 2025, regarding the concerns we received, including those surrounding the gift card payments. Mr. Bartels stated during our discussion with him that the County was never paid using gift cards for work that was performed. When the APA asked specifically about the Bomgaars gift card that was mailed to the County, Mr. Bartels was unable to provide any explanation or further information.

Bidding and Procurement Procedures

The APA noted six claims, totaling \$942,887.09, approved by the County Board between January 1, 2022, and January 31, 2024, that do not appear to have gone through the competitive bidding procedures required under State statute.

The following table lists these six claims and the dates of the Board meetings during which they were approved:

Meeting Date	Vendor	Fund	Amount	Description of Purchase
12/13/2022	Grossenburg	Road Fund	\$114,184.22	Tractor Lease Buyout
4/11/2023	LG Everist	Road Fund	\$106,237.54	Gravel/Rock
6/27/2023	Grossenburg	Road Fund	\$176,650.00	Tractor
6/27/2023	John Deere Financial	Road Fund	\$439,238.09	Motor Grader Lease Buyout
10/10/2023	Backus Sand	Road Fund	\$52,916.43	Gravel/Rock
11/14/2023	Knife River	Road Fund	\$53,660.81	Gravel/Rock
Total			\$942,887.09	

Upon inquiry by the APA, County representatives stated that the claims paid to the vendors – LG Everist, Backus Sand, and Knife River – were for gravel and rock purchases, and the County does not conduct bidding for such purchases because there are no local suppliers. The other three claims listed above were lease buyouts for a tractor and a motor grader, as well as the outright purchase of a tractor. County representatives stated that these equipment purchases were also not bid out.

For the \$439,238.09 John Deere Financial claim in particular, the motor grader was originally leased by the County Roads Department District 2, which was under former Commissioner Bartels’ supervision, starting on March 10, 2023. The lease was supposed to last three years, with annual payments made beginning March 10, 2024. However, County representatives informed the APA that Commissioner Bartels chose instead to pay off the lease completely because he had the funds available within his budget at the end of fiscal year 2023.

The County Purchasing Act (Act), which is set out at Neb. Rev. Stat. § 23-3101 to 23-3115 (Reissue 2022, Cum. Supp. 2024) provides guidelines for county purchases. Neb. Rev. Stat. § 23-3102 (Reissue 2022) of the Act states the following:

The purpose of the County Purchasing Act is to provide a uniform purchasing procedure for county purchases of equipment, supplies, other items of personal property, and services and to provide for county sales of surplus personal property which is obsolete or not usable by the county.

At the time of the purchases at issue – prior to the passage of LB 938 (2024), which amended the Act as of January 1, 2025 – Neb. Rev. Stat. § 23-3108 (Reissue 2022) stated the following, in relevant part:

(1) Except as provided in section 23-3109, purchases of personal property or services by the county board or purchasing agent shall be made:

(a) Through the competitive sealed bidding process prescribed in section 23-3111 if the estimated value of the purchase is fifty thousand dollars or more[.]

At that same time, Neb. Rev. Stat. § 23-3104(4) (Reissue 2022) defined a purchase, as follows:

Purchasing or purchase means the obtaining of personal property or services by sale, lease, or other contractual means. Purchase also includes contracting with sheltered workshops for products or services as provided in Chapter 48, article 15. Purchasing or purchase does not include any purchase or lease of personal property or services by a facility established under section 23-3501 or by or on behalf of a county coroner.

(Emphasis added.) Additional requirements for the purchase of gravel are found under Neb. Rev. Stat. § 39-810(1)(c) (Cum. Supp. 2024), which provides, in relevant part, the following:

All contracts for materials . . . for the purchase of gravel for roads, the cost and expense of which exceed twenty thousand dollars, shall be let to the lowest responsible bidder, but the board may reject any and all bids submitted for such materials.

Good internal controls require procedures to ensure the following: 1) funds received by the County for services rendered are in a form authorized by State statute and remitted promptly to the County Treasurer; 2) service agreements to which the County is a party are memorialized in a formal document that specifies, among other things, the scope of work and terms of payment; and 3) all County purchases or personal property, including lease agreements, are made in compliance with applicable statutory bidding requirements.

Without such procedures, there is an increased risk of not only loss or misuse of County funds but also noncompliance with State statute.

We recommend the implementation of procedures to ensure the following: 1) funds received by the County for services rendered are in a form authorized by State statute and remitted promptly to the County Treasurer; 2) service agreements to which the County is a party are memorialized in a formal document that specifies, among other things, the scope of work and terms of payment; and 3) all County purchases or personal property, including lease agreements, are made in compliance with applicable statutory bidding requirements.

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Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the County.

Draft copies of this letter were furnished to the County to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. The County declined to respond.

This communication is intended solely for the information and use of the County and its management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication 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.

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Sincerely,



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cc. Nebraska Accountability and Disclosure Commission