



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 11, 2025

Roma Sensel, Chairperson
Village of Culbertson
PO Box 426
Culbertson, NE 69024

Dear Chairperson Sensel:

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

However, the Village's amount of disbursements for the fiscal year ending September 30, 2024, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2024, totaled \$593,882, which exceeds the normal audit waiver threshold. Due to the Village's submission of supporting documentation for one-time, low risk expenditures, that accounted for a percentage of the current year's expenditures, we were able to consider for this year, the Village's activity to be low enough to grant the audit waiver request.

However, if the September 30, 2025, fiscal year end disbursements are similar to or greater than the fiscal year 2024's expenditures or near the budgeted amount of \$1,271,539 in expenditures, an audit of fiscal year end September 30, 2025, may be required. This information is only for your consideration of planning for fiscal year 2025 and forward.

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. Petty Cash Procedures

During examination of the supporting documentation, we noted that the Village lacked adequate procedures for properly administering and safeguarding its petty cash funds. To start, the Village did not reconcile the petty cash balance to the authorized amount of \$50, which was approved by the Village Board.

The APA noted that the Village wrote one check during fiscal year 2024, totaling \$50.00, that was made out to "Petty Cash." Therefore, the APA requested documentation from the Village to support the petty cash payment. Included in the documentation provided was a petty cash log. An excerpt of the log provided is shown below:

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 members elected to 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 meeting minutes of the month in which they are approved.

Without such procedures, there is an increased risk for the loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all claims are authorized by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

3. 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 payments, totaling \$40,196.39, 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	Date Cleared	Days Paid Before Approval
Nebraska Dept of Rev	\$ 604.73	4/2/2024	3/14/2024	19
American Funds	1,870.47	4/2/2024	3/21/2024	12
IRS	3,012.81	4/2/2024	3/21/2024	12
Total	\$ 5,488.01			

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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". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor