



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Debbie Krutilek, Board Chairperson
Decatur Housing Authority
PO Box 159
Decatur, NE 68020

Dear Ms. Krutilek:

As you know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding alleged financial improprieties by the Decatur Housing Authority's (Authority) former Executive Director, Kayla Logeman. 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 Authority. 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. In addition, we have received and reviewed the audit waiver requests for the Authority for the fiscal years ended December 31, 2022, 2023, and 2024. **These requests have been approved.**

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

Background Information

Located in Burt County, Nebraska, the Authority operates as a local housing agency under the Nebraska Housing Agency Act (Act), which is set out at Neb. Rev. Stat. §§ 71-1572 to 71-15,170 (Reissue 2018, Cum. Supp. 2024). Neb. Rev. Stat. § 71-1575(16) (Reissue 2018) of the Act defines a local housing agency as follows:

Local housing agency or agency means a public body, corporate and politic, previously established or to be established by a city or a county pursuant to the authority provided in the act, exercising necessary and essential governmental functions for the purposes stated in the act in matters of statewide concern, although its operations are local in nature. A local housing agency shall be a political subdivision of this state, independent from the city or county which established or establishes it or which may appoint some or all of its commissioners. Any reference in the act to a local housing agency includes a housing agency or a regional housing agency, unless the context clearly otherwise requires. The term local housing agency also includes any housing authority established under prior law[.]

As a local housing agency, the Authority serves Decatur, Nebraska, per Neb. Rev. Stat. § 71-1577 (Reissue 2018), to address the "shortage of decent, safe, and sanitary housing in such city . . . that is available and affordable to all residents regardless of income."

Per Neb. Rev. Stat. § 71-1595 (Reissue 2018) of the Act, the Authority's powers are vested in a Board of Commissioners (Board), which is responsible for exercising financial accountability and control over activities relevant to its operations. Such Board has broad decision-making authority, including the power to designate management, the ability to exert significant influence over all Authority operations, and the primary responsibility for related fiscal matters.

As of January 2025, the Board consisted of the following members:

Name	Position
Debbie Krutilek	Board Chairperson
Peggy Smith	Vice Chairperson
Jeanice Bowers	Board Member
John Maryott	Board Member
MarJean Hightree	Board Member

The Authority owns and operates the Maple Villa Apartments in Decatur, Nebraska. The apartment complex consists of 24 (one bedroom) units and a community building that houses the Executive Director's office.

During the period March 1, 2022, through February 28, 2025, the Authority maintained five bank accounts at First Nebraska Bank in Decatur, Nebraska. The activity of these accounts during this period is summarized below:

Bank Account	Balance as of 3/1/2022	Total Deposits/ Other Credits	Transfers In	Total Checks/ Other Debits	Transfers Out	Balance as of 2/28/2025
Maple Villa General Checking	\$5,725.66	\$454,519.20	\$32,547.79	\$453,659.15	\$31,688.00	\$7,445.50
Maple Villa Savings - <i>Note 1</i>	\$43.72	\$0.02	\$0.00	\$43.74	\$0.00	\$0.00
Maple Villa Fundraiser - <i>Note 3</i>	\$0.00	\$3,754.00	\$0.00	\$40.00	\$3,714.00	\$0.00
Maple Villa FHA Reserve	\$2,218.49	\$61.55	\$30,294.42	\$0.00	\$28,754.79	\$3,819.67
Security Deposit - <i>Note 2</i>	\$0.00	\$72.11	\$11,987.00	\$0.00	\$10,672.42	\$1,386.69
Total Bank Activity	\$7,987.87	\$458,406.88	\$74,829.21	\$453,742.89	\$74,829.21	\$12,651.86

Note 1: This account closed in November 2022.

Note 2: This account opened in June 2023.

Note 3: This account opened in March 2023, and was closed in December 2023.

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

Comments and Recommendations

1. Alleged Fraud

Kayla Logeman served as the Authority's Executive Director from March 1, 2022, until her termination on February 14, 2025. While employed as the Executive Director, Ms. Logeman oversaw and controlled the Authority's financial processes, including issuing payments for the Authority's expenses and employee payroll.

The table below summarizes Ms. Logeman's suspected improprieties during the period March 1, 2022, to February 28, 2025, while employed as the Authority's Executive Director:

Description	Total Amount of Possible Fraud
Excessive Payroll Checks	\$11,519.45
Unsupported Reimbursements	\$6,538.62
Total	\$18,058.07

A detailed listing of all the payments made to Ms. Logeman during the period being examined has been included as **Exhibit A** herein.

In addition, Ms. Logeman allegedly misrepresented the Authority's prepared ledgers, which are submitted to the United States Department of Housing and Urban Development (HUD), by omitting therefrom several transactions. She appears to have done this by listing as "void" checks that, in fact, had cleared the Authority's bank accounts – including payments issued to herself.

Additionally, the APA received allegations that Ms. Logeman may have been depositing resident cash rental payments – as reflected on the monthly rental registers obtained from the Authority – into her own personal bank account rather than the Authority’s bank accounts. During the period examined, the APA observed only minimal cash deposits made into the Authority’s bank accounts. The amount of cash rental payments recorded on the rental registers totaled \$31,090; however, the APA observed that the total amount of cash deposited into the Authority’s bank accounts was \$22,907.50, which resulted in a variance of \$8,182.50. The disposition of these apparent undeposited funds is at this time undetermined.

Payroll

In response to the allegations received, the APA analyzed the Authority’s bank account records for the period mentioned above. According to Authority representatives and Board meeting minutes, Ms. Logeman was authorized to receive the following pay:

- **From March 1, 2022, through August 1, 2023** – Monthly payments of \$75 per full apartment and \$8 per empty apartment.
- **From August 2, 2023, to February 14, 2025 (her termination date)** – A monthly salary of \$2,400 for working a total of 20 hours per week. For any hours worked over 20 hours per week, she was to receive an additional \$15 per hour for maintenance and other business-related purposes.

Having recalculated Ms. Logeman’s pay based on the Board-approved compensation specified above, the APA determined that she appears to have received \$11,519.45 in unauthorized excess pay during the period examined.

The following table shows a comparison between the Authority’s payroll calculation and what the APA calculated for Ms. Logeman’s payroll:

Year		Gross Pay	Total Withholdings and Deductions	Net Pay
2022	Authority Calculation	\$18,171.71	(\$2,308.87)	\$15,862.84
	APA Calculation	\$16,593.00	(\$2,295.70)	\$14,297.30
	2022 Variance	\$1,578.71	(\$13.17)	\$1,565.54
2023	Authority Calculation	\$26,086.24	(\$3,881.96)	\$22,204.28
	APA Calculation	\$22,063.00	(\$3,327.02)	\$18,735.98
	2023 Variance	\$4,023.24	(\$554.94)	\$3,468.30
2024	Authority Calculation	\$31,837.50	(\$5,225.25)	\$26,612.25
	APA Calculation	\$28,800.00	(\$4,610.52)	\$24,189.48
	2024 Variance	\$3,037.50	(\$614.73)	\$2,422.77
2025	Authority Calculation	\$5,280.00	(\$794.20)	\$4,485.80
	APA Calculation	\$2,400.00	(\$378.50)	\$2,021.50
	2025 Variance	\$2,880.00	(\$415.70)	\$2,464.30
	Total Variance	\$11,519.45	(\$1,598.54)	\$9,920.91

The APA identified the following issues regarding the excess payroll checks made to Ms. Logeman:

- According to the 2022 earnings statement report, Ms. Logeman appears to have increased her own pay rate from \$8 to \$10 per vacant apartment, effective November 1, 2022 – a \$2 increase per apartment that does not appear to have been approved by the Board.
- Check #14091 included \$150 for an “income adjustment.” However, this “income adjustment” was not approved by the Board.
- In June 2024, there was a \$301.85 check written to Ms. Logeman that contained only her signature.
- In October 2024, Ms. Logeman wrote herself a \$600 check. The pay stub provided for this payment showed that it was for additional cleaning in two apartments. According to Authority representatives, however, this payment was for her own personal benefit and not tied to any additional work. Ms. Logeman was told by the Authority to repay this amount. According to Authority representatives, however, she has yet to reimburse the Authority for this payment as of April 28, 2025.

- In December 2024, Ms. Logeman wrote herself a \$500 check for a “Christmas Bonus.” However, this was not approved by the Board. Authority representatives told Ms. Logeman to repay this amount. According to Authority representatives, however, she has yet to reimburse the Authority for this payment as of April 28, 2025.
- In both January and February 2025, Ms. Logeman’s gross pay was \$2,640, which is \$480 more than her Board-approved monthly salary of \$2,400.
- The APA questions whether Ms. Logeman should have received her entire \$2,400 paycheck for February 2025. The check was issued on January 28, 2025, but she was terminated on February 14, 2025; therefore, she did not work the entire month and does not appear to have been entitled to a full month’s wage.
- The earnings statement reports prepared by Ms. Logeman do not appear to calculate properly the deductions, payroll tax withholdings, and total net pay paid to her during the period examined.

Unsupported Reimbursement Payments

In addition to the apparently excessive payroll amounts detailed above, Ms. Logeman received 29 payments throughout the period examined for supposed reimbursements unrelated to her wages.

Those payments are summarized in the table below:

Fiscal Year	Number of Payments	Amount
2022	4	\$826.99
2023	13	\$3,395.11
2024	12	\$3,684.33
Totals	29	\$7,906.43

The Authority was able to provide sufficient documentation to support only \$1,367.81, a mere fraction of the total \$7,906.43 paid to Ms. Logeman for supposed reimbursements. Therefore, the APA questions the remaining unsupported reimbursement amount of \$6,538.62.

It is important to note also that one of the unsupported reimbursement payments, totaling \$1,698, contained only Ms. Logeman’s signature.

Alleged Misrepresentation of Financial Position

The APA obtained copies of the Authority’s monthly ledgers during the period March 1, 2022, through January 31, 2025. While examining these ledgers, the APA noted variances between what was reported on the Authority-prepared ledgers and the actual activity from the Authority’s bank account statements.

The following table summarizes the variances noted during the above-mentioned period:

Fiscal Year	Authority Deposits and Transfers In	Authority Withdrawals and Transfers Out	Bank Deposits and Transfers In	Bank Withdrawals and Transfers Out	Deposits and Transfers In Variance	Withdrawals and Transfers Out Variance
2022 (March – December)	\$134,317.56	\$138,428.93	\$137,475.94	\$143,012.66	(\$3,158.38)	(\$4,583.73)
2023	\$163,019.53	\$154,741.39	\$183,479.03	\$179,993.69	(\$20,459.50)	(\$25,252.30)
2024	\$146,518.93	\$118,376.90	\$169,716.32	\$173,724.05	(\$23,197.39)	(\$55,347.15)
2025	\$10,684.00	\$10,111.82	\$10,371.52	\$9,804.08	\$312.48	\$307.74
Totals	\$454,540.02	\$421,659.04	\$501,042.81	\$506,534.48	(\$46,502.79)	(\$84,875.44)

Note: The January 2024 ledger appears not to have been prepared.

To help illustrate the repeated differences between the deposit and withdrawal variances shown in the monthly ledgers, the following is an excerpt from the November 2024 ledger:

Beginning Balance: \$		
Ending Balance: \$		
Decatur Housing Authority		
November		
Description	ck #	Checks
Kayla Logeman	14504	\$2,109.05
Costello	14505	\$151.40
Cub Cadet	14506	\$170.00
Village of Decatur		\$1,408.43
Kings Disposal	14507	\$250.00
Dakes Pest Control	14508	\$150.50
Menards	14509	\$45.98
VOID	14510	\$0.00
Got Trash	14511	\$325.00
Electric Pump	14514	\$1,000.00
NNTC	14513	\$163.12
AMTrust		\$1,634.00
Federal Taxes 3rd quarter		\$1,701.60
service charge		\$5.00
Reserve Account		\$1,440.00
Insurance Account		\$0.00
Security Account		
		\$10,554.08
		Deposits
Misc. deposit		
November Rent		\$5,869.00
rent paid at bank		\$1,625.00
HUD		\$3,560.00
late rent		
laundry		\$102.50
		\$11,156.50

As the above excerpt shows clearly, the check #14510 is listed as “VOID.” However, the APA observed that this check – issued to Ms. Logeman for \$1,698 and signed solely by herself – did, in fact, clear the Authority’s general checking account on November 6, 2024. Shown below is the cleared check image for this payment:

Decatur Housing Authority Maple Villa P.O. Box 159 DECATUR 402-343-5804		14510 DATE <u>11-5-2024</u> 76-695/1049
PAY TO THE ORDER OF <u>Kayla Logeman</u> <u>one thousand six hundred ninety eight dollars + 00/100</u> DOLLARS	\$ <u>1698.00</u>	
FOR NATURE <u>991.00</u> <u>HOMA</u> <u>1698</u> ⑈0⑈45⑈0⑈⑈	<u>Kayla Logeman</u>	
#14510		11/06/2024
		\$1,698.00

It is apparent that the main cause of the variance in withdrawals is the omission of several transactions that cleared the bank account but were not reported in the Authority’s monthly ledger. When comparing the monthly ledgers to the Authority’s bank account statements, the APA noted that some checks, including the one described above, listed as “VOID” had actually cleared the bank.

Those omitted payments are listed in the table below:

Check Date	Cleared Date	Check #	APA Payee	Memo	Amount
6/17/2024	6/18/2024	14451	Kayla Logeman		\$301.85
10/21/2024	10/22/2024	14495	Kayla Logeman		\$600.00
11/5/2024	11/6/2024	14510	Kayla Logeman	NSPIRE 999.00; HOIMA 699	\$1,698.00
12/18/2024	12/23/2024	14532	Kayla Logeman	Christmas Bonus	\$500.00
Total					\$3,099.85

It should be noted also that prior to Ms. Logeman's termination on February 14, 2025, the APA was informed that she allegedly attempted to delete approximately 400 files from the Authority's computer. However, the files were not completely erased from the system, and the Authority was able to recover most of them.

The information presented above points to the apparent unauthorized expenditure of Authority funds by Ms. Logeman for her own personal benefit, giving rise to the possibility of serious statutory concerns.

To start, Neb. Rev. Stat. § 28-511 (Reissue 2016) provides, in relevant part, the following:

(1) A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof.

(2) A person is guilty of theft if he or she transfers immovable property of another or any interest therein with the intent to benefit himself or herself or another not entitled thereto.

In addition, Neb. Rev. Stat. § 28-512 (Reissue 2016) states the following, as is relevant:

A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:

(1) Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person's intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise; or

(2) Prevents another from acquiring information which would affect his judgment of a transaction; or

(3) Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship; or

(4) Uses a credit card, charge plate, or any other instrument which purports to evidence an undertaking to pay for property or services delivered or rendered to or upon the order of a designated person or bearer (a) where such instrument has been stolen, forged, revoked, or canceled, or where for any other reason its use by the actor is unauthorized, or (b) where the actor does not have the intention and ability to meet all obligations to the issuer arising out of his use of the instrument.

Neb. Rev. Stat. § 28-911 (Reissue 2016) prohibits "abuse of public records," as follows:

(1) A person commits abuse of public records, if:

(a) He knowingly makes a false entry in or falsely alters any public record; or

(b) Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or

(c) Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or

(d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.

(2) As used in this section, the term public record includes all official books, papers, or records created, received, or used by or in any governmental office or agency.

(3) Abuse of public records is a Class II misdemeanor.

Neb. Rev. Stat. § 28-924 (Reissue 2016) creates the offense of “official misconduct” by a public servant, as follows:

(1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.

(2) Official misconduct is a Class II misdemeanor.

Furthermore, Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act restricts the use of resources 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. § 71-1575(16) (Reissue 2018) of the Act says the following, in relevant part:

Local housing agency or agency means a public body, corporate and politic, previously established or to be established by a city or a county pursuant to the authority provided in the act, exercising necessary and essential governmental functions for the purposes stated in the act in matters of statewide concern, although its operations are local in nature. A local housing agency shall be a political subdivision of this state, independent from the city or county which established or establishes it or which may appoint some or all of its commissioners.

(Emphasis added.) Because the Authority is a governmental entity, its personnel are subject to statutory provisions, such as those found in the Nebraska Political Accountability and Disclosure Act, applicable to public officials and employees.

These potential statutory concerns aside, it should be noted that good internal control and sound accounting practices require procedures to ensure that one person is not in a position both to perpetrate and to conceal financial errors or irregularities, including fraud.

Without such procedures, there is an increased risk for fraud or the misappropriation of Authority funds.

We recommend the Authority implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities, including fraud. Among other things, the Authority could require a Board member or other employee not involved with the payment process to perform a documented review of all payroll disbursements. We also recommend the Authority implement procedures to ensure that all claims are submitted and approved with all relevant supporting documentation. Finally, because this comment gives rise to concerns regarding possible violations of State statute, we are forwarding the information herein to the U.S. Department of Housing and Urban Development Office of Inspector General, the Nebraska State Patrol, the Nebraska Attorney General, the Nebraska Accountability and Disclosure Commission, and the Burt County Attorney for further review. The APA will also forward the details of this matter to the Nebraska Department of Revenue and the U.S. Internal Revenue Service.

2. Other Issues

In addition to the above concerns, the APA also noted the following issues during the examination of the Authority's bank account statements.

Negative Bank Balance

In examining the Authority's bank statements, the APA observed that the general checking account was overdrawn multiple times during the period March 1, 2022, through February 28, 2025.

The following table summarizes these negative balances:

Date Range	Largest Negative Balance
8/31/2023	(\$2.96)
12/5/2023	(\$1,620.46)
3/29/2024 – 3/31/2024	(\$0.54)
7/1/2024 – 7/2/2024	(\$995.12)
8/9/2024 – 8/11/2024	(\$548.79)
8/15/2024 – 8/19/2024	(\$2,913.30)
10/30/2024 – 10/31/2024	(\$1,332.55)
11/18/2024	(\$73.46)
1/17/2025 – 1/20/2025	(\$467.62)

As a result of these deficit balances, the Authority paid \$224 in overdraft charges.

Failure to Remit Federal Taxes

On February 3, 2025, the Authority received a notice from the Internal Revenue Service (IRS) stating that the Authority owes \$5,606.65 in unpaid Federal tax withholdings, including penalties and interest.

The total amount due to the IRS is comprised of the following charges:

Charge	Amount
Balance on account	\$4,023.36
Failure-to-pay penalty	\$685.63
Interest charges	\$897.66
Total	\$5,606.65

The due date for remittance of Federal payroll taxes is found in IRS "Topic no. 757, Forms 941 and 944 – deposit requirements" (December 30, 2024). That publication states the following, in relevant part:

You must make deposits according to one of two deposit schedules—monthly or semiweekly. The schedule you use for the current calendar year depends on the amount of employment taxes you reported during your lookback period. If you've filed only Form 941, the lookback period is the 12 months (covering four quarters) starting July 1st of the second preceding year and ending on June 30th of the prior year. If you filed Form 944 in either of the two previous years or you're filing Form 944 in the current year, the lookback period is the calendar year two years prior to the year for which you're depositing (see Publication 15 (Circular E), Employer's Tax Guide, Section 11, Depositing Taxes).

* * * *

If you reported taxes of \$50,000 or less during the lookback period, you're a monthly schedule depositor, and you generally must deposit your employment taxes on payments made during a given month on or before the 15th day of the following month.

(Emphasis added.) The due date for filing quarterly Federal payroll tax returns is outlined in IRS “Topic no. 758, Form 941, Employers Quarterly Federal Tax Return and Form 944, Employers Annual Federal Tax Return” (December 3, 2024). That publication states the following, in relevant part:

You’re required to file a separate Form 941 for each quarter (first quarter - January through March, second quarter - April through June, third quarter - July through September, fourth quarter - October through December). Form 941 is generally due by the last day of the month following the end of the quarter.

* * * *

If the due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

(Emphasis added.) IRS Publication 15 (Circular E), “Employer’s Tax Guide,” states the following, in relevant part:

Form 941. *If you paid wages subject to federal income tax withholding (including withholding on sick pay and supplemental unemployment benefits) or social security and Medicare taxes, you must file Form 941 quarterly even if you have no taxes to report, unless you filed a final return, you receive an IRS notification that you’re eligible to file Form 944, or the exceptions discussed later apply.*

* * * *

Penalties. *For each whole or part month a return isn’t filed when required, there is a failure-to-file (FTF) penalty of 5% of the unpaid tax due with that return. The maximum penalty is generally 25% of the tax due. Also, for each whole or part month the tax is paid late, there is a failure-to-pay (FTP) penalty of 0.5% per month of the amount of tax. For individual filers only, the FTP penalty is reduced from 0.5% per month to 0.25% per month if an installment agreement is in effect. You must have filed your return on or before the due date of the return to qualify for the reduced penalty. The maximum amount of the FTP penalty is also 25% of the tax due. If both penalties apply in any month, the FTF penalty is reduced by the amount of the FTP penalty. The penalties won’t be charged if you have reasonable cause for failing to file or pay. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.*

Note. *In addition to any penalties, interest accrues from the due date of the tax on any unpaid balance.*

Security Deposit Bank Account

As mentioned in the “Background Information” section herein, the Authority maintains a security deposit bank account. This account was opened in June 2023 at the request of the U.S. Department of Housing and Urban Development (U.S. HUD) for the purpose of keeping track of its tenant’s security deposit payments. Typically, money is paid out of this account for refunds to tenants at the end of their tenancy as is required under Federal regulations.

However, the APA noted money was being transferred out of this particular bank account to fund the Authority’s general checking account rather than to provide tenant refunds.

The table below details the months in which the security deposit bank account had activity:

Month	Deposits/ Other Credits	Transfers In	Checks/ Other Debits	Note Transfers Out	Balance
Beginning Balance					\$0.00
June 2023	\$1.31	\$7,092.00	\$0.00	\$0.00	\$7,093.31
September 2023	\$17.44	\$0.00	\$0.00	\$0.00	\$7,110.75
December 2023	\$17.64	\$0.00	\$0.00	\$1,600.00	\$5,528.39
February 2024	\$0.00	\$0.00	\$0.00	\$496.00	\$5,032.39
March 2024	\$12.64	\$0.00	\$0.00	\$662.00	\$4,383.03
April 2024	\$0.00	\$1,100.00	\$0.00	\$1,100.00	\$4,383.03
May 2024	\$0.00	\$0.00	\$0.00	\$2,100.00	\$2,283.03
June 2024	\$10.47	\$0.00	\$0.00	\$0.00	\$2,293.50

Month	Deposits/ Other Credits	Transfers In	Checks/ Other Debits	Note Transfers Out	Balance
August 2024	\$0.00	\$0.00	\$0.00	\$353.00	\$1,940.50
September 2024	\$6.35	\$0.00	\$0.00	\$0.00	\$1,946.85
December 2024	\$6.26	\$3,635.00	\$0.00	\$4,361.42	\$1,226.69
January 2025	\$0.00	\$160.00	\$0.00	\$0.00	\$1,386.69
Total Bank Activity	\$72.11	\$11,987.00	\$0.00	\$10,672.42	

Note: All but one of the transfers made out of this account were made into the Authority's general checking account – the other one transfer was made from this account into the Authority's FHA reserve bank account. The APA noted only two security deposit refunds, totaling \$1,686, which were made from the general bank account in April 2024.

24 CFR § 891.435 (April 1, 2024), provides the following, in relevant part:

(a) *Collection of security deposits. At the time of the initial execution of the lease, the Owner (or Borrower, as applicable) will require each household (or family, as applicable) occupying an assisted unit or residential space in a group home to pay a security deposit in an amount equal to one month's tenant rent or \$50, whichever is greater. The household (or family) is expected to pay the security deposit from its own resources or other available public or private resources. The Owner (or Borrower) may collect the security deposit on an installment basis.*

(b) *Security deposit provisions applicable to units —*

(1) *Administration of security deposit. The Owner (or Borrower, as applicable) must place the security deposits in a segregated interest-bearing account. The amount of the segregated, interest-bearing account maintained by the Owner (or Borrower) must at all times equal the total amount collected from the households (or families, as applicable) then in occupancy plus any accrued interest and less allowable administrative cost adjustments. The Owner (or Borrower) must comply with any applicable State and local laws concerning interest payments on security deposits.*

(2) *Household (or family, as applicable) notification requirement. In order to be considered for the refund of the security deposit, a household (or family) must provide the Owner (or Borrower, as applicable) with a forwarding address or arrange to pick up the refund.*

(3) *Use of security deposit. The Owner (or Borrower, as applicable), subject to State and local law and the requirements of paragraphs (b)(1) and (b)(3) of this section, may use the household's (or family's, as applicable) security deposit balance as reimbursement for any unpaid amounts that the household (or family) owes under the lease. Within 30 days (or shorter time if required by State or local law) after receiving notification under paragraph (b)(2) of this section, the Owner (or Borrower) must:*

(i) *Refund to a household (or family) that does not owe any amount under the lease the full amount of the household's (or family's) security deposit balance;*

(ii) *Provide to a household (or family) owing amounts under the lease a list itemizing each amount, along with a statement of the household's (or family's) rights under State and local law. If the amount that the Owner (or Borrower) claims is owed by the household (or family) is less than the amount of the household's (or family's) security deposit balance, the Owner (or Borrower) must refund the excess balance to the household (or family). If the Owner (or Borrower) fails to provide the list, the household (or family) will be entitled to the refund of the full amount of the household's (or family's) security deposit balance.*

(4) *Disagreements. If a disagreement arises concerning reimbursement of the security deposit, the household (or family, if applicable) will have the right to present objections to the Owner (or Borrower, if applicable) in an informal meeting. The Owner (or Borrower) must keep a record of any disagreements and meetings in a tenant file for inspection by HUD. The procedures of this paragraph do not preclude the household (or family) from exercising its rights under State or local law.*

(5) *Decedent's interest in security deposit. Upon the death of a member of a household (or family, as applicable), the decedent's interest, if any, in the security deposit will be governed by State or local law.*

(c) Reimbursement by HUD for assisted units. If the household's (or family's, if applicable) security deposit balance is insufficient to reimburse the Owner (or Borrower, if applicable) for any amount that the household (or family) owes under the lease for an assisted unit or residential space, and the Owner (or Borrower) has provided the household (or family) with the list required by paragraph (b)(3)(ii) of this section, the Owner (or Borrower) may claim reimbursement from HUD for an amount not to exceed the lesser of:

(1) The amount owed the Owner (or Borrower); or

(2) One month's per unit operating cost (or contract rent, if applicable), minus the amount of the household's (or family's) security deposit balance. Any reimbursement under this section will be applied first toward any unpaid tenant rent due under the lease. No reimbursement may be claimed for any unpaid tenant rent for the period after termination of the tenancy. The Owner (or Borrower) may be eligible for vacancy payments following a vacancy in accordance with the requirements of § 891.445 (or §§ 891.650 or 891.790, as applicable).

Based upon the above regulation, the movement of funds out of the security deposit account should be solely for the return of security deposits or other allowable purposes under Federal law. Money set aside in this "segregated, interest-bearing account" should not be used to cover deficit balances or any other Authority-related business expenses.

In addition, good internal control requires procedures to ensure the following: 1) funds are available in all of the Authority's bank accounts, especially its checking account, prior to issuing payments; 2) Federal taxes withheld from compensation paid to Authority employees are submitted timely, along with the corresponding Form 941s, to the IRS, as required by Federal law; and 3) tenant security deposit payments are maintained in a "segregated" bank account, as required by Federal law, and those monies are disbursed solely for required tenant refunds.

Without such procedures, there is an increased risk for not only loss or misuse of Authority funds, deficit account balances, and overdraft fees but also violation of Federal law.

We recommend the implementation of procedures to ensure the following: 1) funds are available in all of the Authority's bank accounts, especially its checking account, prior to issuing payments; 2) Federal taxes withheld from compensation paid to Authority employees are submitted timely, along with the corresponding Form 941s, to the IRS, as required by Federal law; and 3) tenant security deposit payments are maintained in a "segregated" bank account, as required by Federal law, and those monies are and disbursed solely for required tenant refunds.

Overall Authority Response:

The Decatur Housing Authority would first like to express gratitude to the Nebraska Auditor of Public Accounts' office for identifying, investigating and timely reporting, to the Decatur Housing Authority and it's seated board, of the suspected financial discrepancies of the previous Director of Maple Villa Apartments, Kayla Logeman.

We think it is important to note that Miss Logeman was terminated of her position on February 14, 2025. February 20, 2025, a document titled "Kayla" was discovered while looking through files that were located in the recycling bin on the company's laptop. On February 21, 2025, upon opening the document, it was found to be a letter written to the Maple Villa Board Members on November 12, 2025. The letter stated, "owing \$9,200.00 to Maple Villa Apartments", while requesting to retain employment with the opportunity to repay the "debt". Subsequently, this letter was never presented to the board (until discovery in 2/21/2025) and several checks, that were detailed in your report, were written after this letter was composed. [The APA has included an image of this letter below.]

November 12, 2024

I, Kayla Logeman, am openly admitting to owing the Maple Villa Apartments the amount of \$9,120.00. With that being said, I am adopting a payment plan of \$500.00 per month for 18 months and the 19th month will pay \$120.00. I am ashamed of my actions and truly know what I have done is wrong. I am asking for forgiveness with my forthcoming and would like to remain employed at the Decatur Housing Authority. I have worked hard to get this establishment back on its feet. What I have done is terrible but I would like to remedy it as quick as I can. I would also like to be able to pay more when the funds are available for me to do so. This last year has been hard and I felt like I was drowning. My own personal issues are no excuse for what I have done. I have attempted to get personal loans in order to pay the money back but due to my current financial situation and an ongoing divorce I was unable to get funding. My plan is to deduct \$500 per month from my salary starting January of 2025.

Thank you,

Kayla Logeman

In response to the recommendation detailed in the letter, received from the above-named office, the Decatur Housing Authority adopted policies implementing an Executive Director's Performance Review and an audit both to be completed yearly. The Decatur Housing Authority has purchased and required the utilization of bookkeeping and accounting software that is available for viewing to all board members at any time. The Decatur Housing Authority has implemented procedures requiring a board member, not involved in the payment process, to review and approve all payroll or any financial disbursements prior to the execution of any payment. Upon review approval, all claims and all supporting documentation is required to be presented and approved by the board prior to payment distribution. The Housing Authority has been working diligently with the U.S. Department of Housing and Urban Development Office of Inspector General with the ongoing investigations into Miss Logeman's suspected financial discrepancies. The Decatur Housing Authority plans to file charges against Miss Logeman upon completion of the investigations for retribution of funds intended to repay the U.S. Department of Housing and Urban Development, the tenants of Maple Villa and to the Decatur Housing Authority.

The Decatur Housing Authority has implemented procedures with the use of bookkeeping and accounting software to ensure the balance of all accounts prior to issuing any payments. The Decatur Housing Authority has implemented timely form submission and payments for both State and Federal Payroll Taxes. The Decatur Housing Authority has reviewed its policies regarding the tenant security deposit account. Miss Logeman's actions did not properly follow company policy. According to the Decatur Housing Authority's policy, the tenant deposit account is to be fully funded at all times and not to be accessed unless disbursed for required tenant refunds or repairs.

The Decatur Housing Authority has committed to a complete analysis and reform of the company's procedures, policies and the company's infrastructure as a whole. The Decatur Housing Authority is taking both decisive and proactive action to ensure transparency and accountability while reinforcing safeguards to prevent similar incidents in the future.

* * * * *

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 Authority.

Draft copies of this letter were furnished to the Authority to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Authority 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.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor

Mason Culver – Auditor-In-Charge

Destini Morales – Auditor II

Sincerely,



Craig Kubicek, CPA, CFE

Deputy Auditor

Auditor of Public Accounts

Room 2303, State Capitol

Lincoln, NE 68509

Phone (402) 471-3686

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cc. U.S. Department of Housing and Urban Development Office of Inspector General
U.S. Internal Revenue Service
Nebraska State Patrol
Nebraska Attorney General
Nebraska Accountability and Disclosure Commission
Nebraska Department of Revenue
Burt County Attorney

DECATUR HOUSING AUTHORITY
All Checks Issued to Kayla Logeman
March 1, 2022, through February 28, 2025

Exhibit A

Date	Check #	Payee	Memo	Gross Pay Amount	Check Amount	Reimbursement Amount Included in Check Amount
3/4/2022	14010	Kayla Punke-Logeman	21 full apts.	\$1,494.00	\$1,299.39	\$0.00
3/11/2022	14011	Kayla Logeman	computer	\$0.00	\$650.53	\$650.53
4/5/2022	14025	Kayla Logeman	April	\$1,494.00	\$1,299.39	\$0.00
5/3/2022	14041	Kayla Logeman		\$1,556.00	\$1,354.72	\$0.00
5/27/2022	14060	Kayla Logeman	June 21 Full	\$1,494.00	\$1,299.39	\$0.00
6/15/2022	14067	Kayla Logeman	stamps	\$0.00	\$58.00	\$58.00
7/1/2022	14077	Kayla Logeman		\$1,556.00	\$1,354.72	\$0.00
7/19/2022	14091	Kayla Logeman		\$352.50	\$352.50	\$0.00
8/3/2022	14094	Kayla Logeman		\$1,600.00	\$1,394.38	\$0.00
9/7/2022	14113	Kayla Logeman		\$1,890.00	\$1,641.84	\$0.00
9/23/2022	14123	Kayla Logeman		\$214.71	\$251.58	\$36.87
10/3/2022	14127	Kayla Logeman		\$2,124.00	\$1,810.90	\$0.00
10/31/2022	14140	Kayla Logeman		\$270.00	\$351.59	\$81.59
11/3/2022	14142	Kayla Logeman	November	\$1,819.00	\$1,531.05	\$0.00
12/6/2022	14160	Kayla Logeman	Dec-22	\$1,850.00	\$1,617.35	\$0.00
12/22/2022	14174	Kayla Logeman		\$457.50	\$422.50	\$0.00
1/4/2023	14176	Kayla Logeman		\$1,670.00	\$1,459.09	\$0.00
1/12/2023	14178	Kayla Logeman	printer/typewriter/ink	\$0.00	\$604.90	\$604.90
1/19/2023	14189	Kayla Logeman		\$885.00	\$814.26	\$0.00
2/1/2023	14191	Kayla Logeman		\$1,875.00	\$1,698.09	\$65.90
2/17/2023	14203	Kayla Logeman		\$390.04	\$439.66	\$49.62
3/6/2023	14214	Kayla Logeman		\$1,605.00	\$1,382.85	\$0.00
4/3/2023	14217	Kayla Logeman		\$2,052.50	\$1,968.95	\$195.29
4/11/2023	14232	Kayla Logeman	center & #10	\$413.81	\$413.81	\$0.00
4/20/2023	14237	Kayla Logeman		\$474.47	\$544.46	\$69.99
5/2/2023	14240	Kayla Logeman		\$2,042.50	\$2,233.90	\$494.85
7/5/2023	14277	Kayla Logeman	July	\$1,810.00	\$1,542.34	\$0.00
7/14/2023	14279	Kayla Logeman	mileage & fire extinguisher	\$0.00	\$758.61	\$758.61
7/26/2023	14295	Kayla Logeman	mileage – maint. hours cleaning	\$256.28	\$311.28	\$55.00
7/31/2023	14300	Kayla Logeman	#10	\$521.64	\$521.64	\$0.00
8/3/2023	14301	Kayla Logeman	August	\$2,400.00	\$1,982.70	\$0.00
8/14/2023	14315	Kayla Logeman		\$0.00	\$369.60	\$369.60
8/22/2023	14317	Kayla Logeman	reimburse #24 supplies, mileage, washing machine	\$90.00	\$331.75	\$241.75
9/5/2023	14322	Kayla Logeman		\$2,400.00	\$1,982.70	\$0.00
10/2/2023	14344	Kayla Logeman		\$2,400.00	\$1,916.40	\$0.00
10/19/2023	14356	Kayla Logeman		\$0.00	\$96.74	\$96.74
10/26/2023	14357	Kayla Logeman	mileage - postage - supplies	\$0.00	\$120.61	\$120.61
11/2/2023	14359	Kayla Logeman		\$2,400.00	\$1,916.40	\$0.00
12/1/2023	14373	Kayla Logeman		\$2,400.00	\$2,188.65	\$272.25
12/28/2023	14382	Kayla Logeman		\$2,620.00	\$2,136.40	\$0.00

DECATUR HOUSING AUTHORITY
All Checks Issued to Kayla Logeman
March 1, 2022, through February 28, 2025

Exhibit A

Date	Check #	Payee	Memo	Gross Pay Amount	Check Amount	Reimbursement Amount Included in Check Amount
2/2/2024	14396	Kayla Logeman		\$2,400.00	\$1,916.40	\$0.00
3/4/2024	14404	Kayla Logeman	mileage - shower bar	\$0.00	\$96.36	\$96.36
3/4/2024	14405	Kayla Logeman		\$2,400.00	\$1,916.40	\$0.00
3/18/2024	14407	Kayla Logeman		\$0.00	\$315.27	\$315.27
3/29/2024	14418	Kayla Logeman	April	\$2,600.00	\$2,116.40	\$0.00
4/19/2024	14420	Kayla Logeman	ink	\$0.00	\$233.16	\$233.16
4/30/2024	14431	Kayla Logeman	May	\$2,750.00	\$2,266.40	\$0.00
5/29/2024	14441	Kayla Logeman	June - Mileage - Office Supplies	\$2,600.10	\$2,319.40	\$202.90
6/18/2024	14451	Kayla Logeman		\$301.85	\$301.85	\$0.00
7/1/2024	14453	Kayla Logeman	June pay mileage	\$2,500.00	\$2,056.40	\$40.00
8/1/2024	14464	Kayla Logeman	August	\$2,400.00	\$2,008.90	\$185.00
8/16/2024	14467	Kayla Logeman	mileage call for checks	\$0.00	\$188.20	\$188.20
8/30/2024	14477	Kayla Logeman		\$2,758.20	\$2,274.60	\$0.00
9/18/2024	14489	Kayla Logeman		\$0.00	\$377.44	\$377.44
10/1/2024	14492	Kayla Logeman	October	\$2,497.35	\$2,316.40	\$110.00
10/15/2024	14493	Kayla Logeman		\$0.00	\$89.26	\$89.26
10/22/2024	14495	Kayla Logeman		\$600.00	\$600.00	\$0.00
10/30/2024	14504	Kayla Logeman	Nov Pay	\$2,400.00	\$2,109.05	\$0.00
11/6/2024	14510	Kayla Logeman	NSPIRE 999.00; HOIMA 699	\$0.00	\$1,698.00	\$1,698.00
12/2/2024	14516	Kayla Logeman	December	\$2,510.00	\$2,219.05	\$0.00
12/23/2024	14532	Kayla Logeman	Christmas Bonus	\$500.00	\$500.00	\$0.00
12/31/2024	14534	Kayla Logeman	wages - Jan - mileage 148.74	\$2,640.00	\$2,341.64	\$148.74
1/28/2025	14544	Kayla Logeman	Feb Pay	\$2,640.00	\$2,292.90	\$0.00
Totals				\$81,375.45	\$76,979.10	\$7,906.43