



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Chris Juilfs, Chairperson
Village of Alvo
135 Main Street
Alvo, NE 68304

Dear Chairperson Juilfs:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Alvo (Village) for the fiscal year ending 2025. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), 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. Possibly Fraudulent Bank Account Charges

Prior to the APA's review of the Village's fiscal year 2025 audit waiver request, the APA received an anonymous tip regarding potentially fraudulent charges occurring within the Village's Road Fund bank account. During our review of the Village's bank statements, which were provided as part of the audit waiver request, we observed that the following four questionable electronic debits cleared the Village's Road Fund bank account in August and September 2025:

Type	Date	Bank Statement Description	Amount
Electronic Debit	8/13/2025	Cardmember Serv Web Pymt	\$ 12,925.96
Electronic Debit	8/19/2025	Bank of America Payment	4,997.10
Electronic Debit	9/15/2025	Reserve Account Deposit	2,500.00
Electronic Debit	9/15/2025	Boost Account Deposit	9,850.00
Total			\$ 30,273.06

Upon inquiry with Village representatives, the APA was informed that the above transactions occurred without Village authorization and, as of January 29, 2026, the funds had not been recovered. According to the minutes for the Village Board meeting held on September 2, 2025, the Village appears to have been informed of the two initial potentially fraudulent charges made the preceding month, as shown below under Agenda Item #13(c):

Agenda item #13. Village of Alvo Clerk Report

- a. 2025 1st Quarter Combined Tax Report and Wage Report provided to Department of Labor, is no longer delinquent.
- b. Windstream account closed 8/29/2025.
- c. American Exchange Bank had to close the Villages online account, as someone attempted to hack it and it was flagged for potentially fraudulent activity.

The latter two potentially fraudulent transactions occurred approximately two weeks after the Village had been informed of potentially fraudulent activity, as noted above. The exact timeline of when the Village reported this matter to law enforcement is unclear; however, as noted in the below submission from the Village's audit waiver request, this matter has since been forwarded to the Nebraska State Patrol, Federal Bureau of Investigation (FBI), and Cass County Sheriff's Office:

6. Are you aware of any fraud, or suspected fraud, or allegations of fraud involving the Village?

The Village of Alvo is aware of 4 fraudulent transactions from its Roads account. \$12,925.96 on 8/13/2025, \$4,997.10 on 8/19/2025, \$2,500.00 on 9/15/2025, and \$9,850.00 on 9/15/2025. All 4 of these transactions were illegally withdrawn from the account without the Village of Alvo's approval. The Villages Road account does not have a debit card or any electronic checks authorizing electronic withdrawals. The villages utilizes paper checks which require being placed on a monthly agenda, and approval by the board, upon printing the checks must have 2 signatures. The 3 persons approved for signatures are the village clerk/treasurer, the village chairperson, and the village vice chairperson. None of which approved these transactions. The Village of Alvo Attorney is taking steps to file a lawsuit against the bank on this matter. Former Clerk/treasurer Cathina Schueth discussed this issue in length with Chad Coats on 1/29/2026. All 4 of these transactions are fraudulent (withdrawals) transactions, the Village of Alvo has reported them to American Exchange Bank, the FBI via an IC3, the Nebraska State Patrol via email, the Cass County Sheriff's Office via their online reporting platform, and the Nebraska Department of Banking and Financial Services both via phone and their online platform.

Upon further examination of documentation obtained from the Village's bank, the APA noted that three separate banks received the funds from the four transactions at issue. As a result, the APA subpoenaed these banks for bank statements and bank account information for the accounts that received the funds. One receiving bank is located primarily in the western part of the United States, and the other banks have branches throughout the country.

The APA has identified the first suspicious disbursement of \$12,925.96 to "Cardmember Services" as being for the payment of a credit card supposedly belonging to a 71-year-old Pennsylvania resident. However, the APA was unable to determine if this resident was the true owner of the credit card account, or if that account was also compromised.

Based on these transactions being paid to banks across the United States, these potentially fraudulent transactions appear to have been caused by an external party unrelated to the Village Board or its employees.

As of January 22, 2026, the APA confirmed with the Village's bank that the funds lost through these apparently fraudulent transactions have yet to be recouped. Despite the apparent compromise of the account information, moreover, the Village's Road Fund bank account, through which these problematic transactions occurred, remained open.

Good internal control and sound accounting practices require procedures to ensure the following: 1) bank statements and bank activity are reviewed timely to ensure all transactions are reasonable and appropriate; 2) any transactions suspected of being questionable or fraudulent are researched, disputed, and resolved in a timely manner; and 3) and immediate action is taken to secure any Village bank account suspected of being compromised.

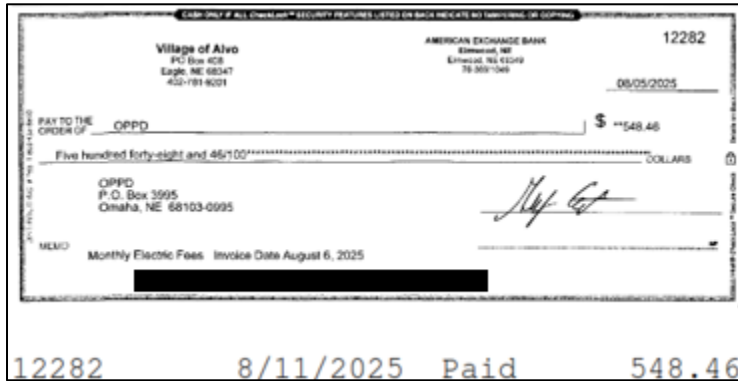
Without such procedures, there is an increased risk of theft, loss, or misuse of Village funds.

We recommend the Village implement procedures to ensure the following: 1) bank statements and bank activity are reviewed timely to ensure all transactions are reasonable and appropriate; 2) any transactions suspected of being questionable or

fraudulent are researched, disputed, and resolved in a timely manner; and 3) immediate action is taken to secure any Village bank account suspected of being compromised.

2. Lack of Dual Signatures

The APA obtained the bank statements for the Village’s accounts from its fiscal year 2025 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:



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.

3. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified the following transactions, totaling \$3,114, which were paid but not included on the claims listing submitted for the Board’s approval.

Details of the unapproved payments are shown in the table below:

Payee	Date	Check #	Amount
Intuit Turbo Tax	6/12/25	EFT	\$ 576.00
Intuit Turbo Tax	6/12/25	EFT	2,538.00
Total			\$ 3,114.00

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 elected members of 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 minutes of the meeting during which they are approved.

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

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated February 27, 2025, 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 all claims are authorized by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

4. 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 transactions, totaling \$754.52, occurred before approval of the underlying claims:

Payee	Amount	Approval Date	Payment Date	Days Paid Before Approval
Wix.com	\$ 47.88	6/10/25	5/22/25	19
Intuit Turbo Tax	397.09	7/22/25	6/11/25	41
Intuit Turbo Tax	309.55	7/22/25	6/11/25	41
Total	\$ 754.52			

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 elected members of 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 minutes of the meeting during which they are approved.

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

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated February 27, 2025, 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 all claims are authorized by the Board prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

5. Negative Fund Balance

On Exhibit A of the Village’s audit waiver request form, the APA noted that the Street Fund had a deficit balance of \$1,673.90, as of September 30, 2025.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take necessary action to resolve any deficits therein.

Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village Board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take necessary action to resolve any deficits therein.

6. 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 Water and Sewer bank account had a negative bank balance for 13 consecutive days, as summarized in the following table:

Date Range	Largest Negative Balance	Overdraft Fees
6/17/2025 - 6/29/2025	\$ 1,514.50	\$ 31.00

As a result of that negative balance, the Village paid \$31.00 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.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated February 27, 2025, 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 Village implement procedures to ensure the Village’s bank account contains sufficient funds to pay claims.

7. Mandatory Continuing Education Reporting Noncompliance

During our review of the Village’s audit waiver request, the APA examined the annual continuing education hours completed and reported by the Village Treasurer for the calendar year 2025. The calendar year 2025 continuing education hours were required to be reported to the APA by January 31, 2026; however, it was noted that the Village Treasurer failed to complete those mandatory continuing education hours.

On March 6, 2026, as required by Neb. Rev. Stat. § 84-304(13) (Supp. 2025), the APA notified the Attorney General, County Attorney, and Village Board of Trustees of the Village Treasurer’s noncompliance with the required annual continuing education program.

Legislative Bill 781 (2020), which was approved by the Governor on August 15, 2020, required the APA to approve a continuing education program for county and municipal treasurers. The program established by the APA, effective January 1, 2021, requires all county, city, and village treasurers to complete eight (8) hours of APA-approved continuing education during each calendar year (January 1 through December 31), with a reduction to four (4) hours allowed for any municipality with less than \$100,000 of expenditures during the previous fiscal year. Continuing education hours for the calendar year are required to be filed no later than January 31 subsequent to the reporting calendar year.

Further, Neb. Rev. Stat. § 17-606(3) (Reissue 2022) states the following:

The city treasurer or village treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.

A proper system of internal control requires procedures to ensure the Village Treasurer completes the minimum required continuing education hours for the reporting calendar year, and those hours are submitted to the APA by January 31 subsequent to the reporting calendar year.

Without such procedures, there is an increased risk of noncompliance with both State statute and the annual continuing education program required thereunder.

We recommend the Village Board and Village Treasurer implement procedures to ensure the Village Treasurer completes the minimum required continuing education hours for the reporting calendar year, and those hours are submitted to the APA by January 31 subsequent to the reporting calendar year.

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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 offer 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,



Mark Avery, CPA
Assistant Deputy Auditor