



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 6, 2026

Nick Erdman, Chairperson
Village of Culbertson
PO Box 426
Culbertson, NE 69024

Dear Chairperson Erdman:

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 2025. **That request has been approved.**

However, the Village's disbursements for the fiscal year ending September 30, 2025, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2025, totaled \$617,854, 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 significant 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, 2026, fiscal year end disbursements are similar to or greater than the fiscal year 2025's expenditures, or close to the budgeted disbursements for fiscal year 2026, an audit of fiscal year end September 30, 2026, may be required. This information is only for your consideration of planning for fiscal year 2026 and forward.

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 Disallowed Purchase

During our review of the bank statements accompanying the Village's audit waiver request, the APA noted that the Village made one donation payment, totaling \$2,500, to Culbertson 4th of July on June 9, 2025. This purchase was made from the Village's checking account, which contained property tax revenues. According to the Village, this payment was a donation to the 4th of July Committee for the 4th of July event that was approved by the Village Board on May 6, 2025. Image of such check is shown below.



The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022, Cum. Supp. 2024), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Villages, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Cum. Supp. 2024).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Donations are not found among that select statutory list of permissible expenditures. Unless authorized elsewhere in State statute, therefore, such disbursements must be considered disallowed by law.

Good internal control requires procedures to ensure compliance with the provisions of the Act. Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of Village funds.

We recommend the Board implement procedures to ensure all Village purchases are allowable under State statute, including the provisions of the Act.

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 three of the Village checks written during the examination period contained only one signature. Examples of such checks are 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. Lack of Claim Purpose

During our comparison of the Village’s bank account details to claims approved by the Board, the APA reviewed meeting minutes dated April 1, 2025, and noted that two claims listed therein lacked descriptions of their respective purposes. The following is an example of the approved claims listing provided by the Village for April 1, 2025:

motion by Cooper and second by Erdman, the board approved the following claims:

Municipal Supply, Inc.	(Supplies)	\$20.34
D&S Hardware	(Supplies)	\$224.51
Southwest Public Power District	(Electricity)	\$2,602.24
Blue Cross Blue Shield	(Health Insurance)	\$5,369.72
Mutual of Omaha	(Insurance)	\$21.60
Farmers Co-op	(Fuel)	\$940.10
Capital One	(Supplies)	\$124.75
Rippen Oil	(Fuel)	\$170.67
Great Plains Communications	(Phones)	\$465.25
Payroll	(Pre-approved)	\$4,600.00
Scoop Media	(News)	\$49.18
Neb. Public Health Environ. Lab	(Testing)	\$166.00
Miller & Associates	(Flood Plain Administrator)	\$90.00
Visa Card	(Supplies)	\$211.01
NMC	(Scraper Blades)	\$396.76
Dan's Sanitation		\$81.07
American Agricultural Labs	(Testing)	\$27.56
Kohler Trailer Sales Inc.	(Supplies)	\$225.80
Eakes Office Solutions		\$12.31

Moved by Cooper and seconded by Bauer that the meeting be adjourned at 9 o'clock P.M. all ayes, motion carried.

Neb. Rev. Stat. § 84-1413(1) (Reissue 2024) of the Open Meetings Act (Act), which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2024, Supp. 2025), requires political subdivisions and other public entities to “keep minutes of all meetings showing the time, place, members present and absent, and the substance of all matters discussed.” (Emphasis added.)

Additionally, Neb. Rev. Stat. § 19-1102 (Reissue 2022) requires publication of the Board’s official proceedings, which must include, among other things, the purpose of each claim allowed, as follows:

It shall be the duty of each city clerk or village clerk in every city or village having a population of not more than one hundred thousand inhabitants as determined by the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to prepare and publish the official proceedings of the city council or village board of trustees within thirty days after any meeting of the city council or village board of trustees. The publication shall be in a legal newspaper in or of general circulation in the city or village, shall set forth a statement of the proceedings of the meeting, and shall also include the amount of each claim allowed, the purpose of the claim, and the name of the claimant, except that the aggregate amount of all payroll claims may be included as one item. Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position. The charge for the publication shall not exceed the rates provided for in section 23-122.

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that the Board’s meeting minutes describe the purpose of each claim allowed.

Without such procedures, there is an increased risk of not only failure to comply with statutory requirements pertaining to the keeping of proper meeting minutes and the publication of the municipality’s “official proceedings” but also a lack of transparency regarding the nature of public expenditures.

We recommend the Board implement procedures to ensure the purpose of each claim allowed is included in both the Board’s meeting minutes and the “official proceedings” required to be published afterwards.

4. Payments in Excess of Approved Amount

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified total payroll payments were in excess of the authorized amount approved by the Village Board. It should be noted that payroll was pre-approved for \$4,600 on April 1, 2025. The following table summarizes the overpayment:

Name	Claim Date	Approved Amount	Amount Paid	Overpayment
Payroll (Pre-Approved)	4/1/25	\$ 4,600.00	\$ 11,603.05	\$ 7,003.05

Good internal control requires procedures to ensure that all claims are made in the amounts approved by the Board.

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

We recommend the Village implement procedures to ensure payments are made in the amounts approved by the Board.

5. Payment of Sales Tax

While reviewing documentation to support credit card purchases made by the Village, we noted that the Village paid \$34.57 in sales tax on one purchase, which is summarized below.

Cleared Date	Vendor	Amount of Sales Tax Paid
12/11/2024	Card Services - Grainger	\$ 34.57

Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024) states that purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city, village

(Emphasis added.) Good internal controls require procedures to ensure that Village funds are not expended for the payment of Nebraska sales tax. Without such procedures, there is an increased risk for not only noncompliance with State statute but also loss, misuse, or theft of Village funds.

We recommend the Village implement procedures to ensure that Village funds are not expended for the payment of Nebraska sales tax.

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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,

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