



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 15, 2026

Joe Hobelman, Chairperson  
Village of Denton  
PO Box 132  
Denton, NE 68339

Dear Chairperson Hobelman:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Denton (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 \$743,516, 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, and the completion of the agreed-upon procedures engagement conducted by HBE, LLP, for the year ended September 30, 2025, 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. 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 two of the Village checks written during the examination period contained only one signature, which 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.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated January 7, 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 require dual signatures, from the Board Chairperson and the Village Clerk, on all Village checks, as required by law.

**2. 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 \$38,812.83, which were paid but not included on the claims listing to be approved by the Board.

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

Name/Vendor	Check Date	Amount	Check #
Nebraska Department of Revenue	4/16/25	\$ 36,459.00	1608
Employee 1	4/16/25	973.83	19283
Employee 2	4/16/25	177.80	19286
Employee 3	4/16/25	720.40	19287
Employee 1	4/28/25	481.80	19289
<b>Total</b>		<b>\$ 38,812.83</b>	

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 January 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.

**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 transactions, totaling \$9,859.27, 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	Check Date	Days Paid Before Approval
IRS	\$ 3,245.92	4/7/25	3/14/25	24
Nebraska Dept. Revenue	544.74	4/7/25	3/13/25	25
Nebraska Dept. Revenue	309.64	4/7/25	3/17/25	21
Crete Hardware	126.93	4/7/25	3/28/25	10
Nebraska Dept. Revenue	719.97	5/5/25	4/9/25	26
Nebraska Dept. Revenue	292.80	5/5/25	4/18/25	17
IRS	4,619.27	5/5/25	4/14/25	21
<b>Total</b>	<b>\$ 9,859.27</b>			

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 January 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. Job and Wage Publication**

The APA noted that the Village failed to publish its annual job and wage publication between July 15, 2025, and August 15, 2025, as required by State statute. No publication was made by the Village.

Neb. Rev. Stat. § 19-1102 (Reissue 2022) states, in relevant part, the following:

*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.*

(Emphasis added.) The Internal Revenue Service (IRS) guidance “Tax Withholding for Government Workers” (last updated October 2, 2025), which appears on the IRS website, states the following, as is relevant:

*Internal Revenue Code section 3401(c) indicates that an “officer, employee, or elected official” of government is an employee for income tax withholding purposes.*

\* \* \* \*

*The courts generally define “public official” and “public officer” to mean anyone who exercises significant authority pursuant to public laws. This includes any official who administers or enforces public laws whether the public elected the individual or an office appointed them.*

(Emphasis added.) Good internal control requires procedures to ensure that the Village’s annual job and wage publication is completed between July 15 and August 15 annually, as required by law. Such newspaper publication, not posting, should include all Village positions, such as Clerk, Treasurer, and Board positions even if that position receives no compensation.

Without such procedures, there is an increased risk of not only statutory noncompliance but also lack of transparency and loss or misuse of funds.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated January 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 the Village’s annual job and wage publication is published between July 15 and August 15 annually, as required by law, and such newspaper publication, not posting, should include all Village positions, such as Clerk, Treasurer, and Board positions even if that position receives no compensation.

**5. Payment of Sales Tax, Late Fees, and Interest Charges**

While reviewing documentation to support purchases made by the Village, we noted that the Village paid \$51.51 in late fees, interest, and sales tax, which is summarized in the table below:

Clear Date	Vendor	Fee Type	Fee Amount
1/06/25	Sam’s Club	Late Fee	\$ 29.99
1/06/25	Sam’s Club	Interest	8.12
1/06/25	Sam’s Club	Sales Tax	13.40
<b>Total</b>			<b>\$ 51.51</b>

Per Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024), 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 control requires procedures to ensure that Nebraska and Local sales taxes, and other avoidable charges and fees, are not paid on municipal purchases. Without such procedures, there is an increased risk for not only loss or misuse of Village funds but also noncompliance with State statute.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated April 2, 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 that Village funds are not expended for the payment of Nebraska and Local sales tax and other avoidable charges and fees.

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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