



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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June 18, 2026

Thomas Kegler, Chairperson  
Village of Herman  
PO Box 196  
Herman, NE 68029

Dear Chairperson Kegler:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Herman (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. Misuse of Village Credit Card

During the period October 1, 2024, through February 26, 2026, the Village used a credit card to make 115 purchases, totaling \$7,453.19. These purchases typically consisted of office supplies, postage, and subscriptions. The APA obtained the Village's credit card statements and supporting documentation for the purchases made during this period, and noted that Vicky Kellogg, the Village Clerk, made personal purchases with municipal funds, totaling \$2,029.76.

The table below summarizes the overall misuse of the Village's credit card by Ms. Kellogg:

Description	# of Transactions	Total Amount
Personal Purchases	34	\$ 1,510.28
Other Unsupported Charges	5	519.48
<b>Totals</b>	<b>39</b>	<b>\$ 2,029.76</b>

A detailed listing of the above charges has been included as **Exhibit A** herein.

Ms. Kellogg admitted to the APA to having used the Village's credit card to make 34 personal purchases, totaling \$1,510.28 – nearly one third of all Village credit card purchases for the period examined. All of these personal purchases consist entirely of transactions made at either Walmart (in store or online) or Amazon. In addition, Ms.

Kellogg identified five other purchases, totaling \$519.48, which she indicated she was responsible for reimbursing the Village for because she was unable to provide adequate supporting documentation. As a result, the APA was unable to verify the nature of these five credit card purchases.

The above personal purchases for which the Village Clerk was able to provide supporting documentation included, among other apparently personal items, probiotics, groceries, an electric toothbrush, a coffee maker, and a hand blender. Images of some of the items purchased using the Village's credit card are shown below:



Ms. Kellogg informed the APA that the personal credit card purchases were made as a result of the Village's credit card having been saved to her own personal Amazon and Walmart accounts, which she uses also to procure goods for the Village. She explained that, after her personal card expired, the payment method for these accounts would have defaulted to the Village's card, resulting in future purchases being charged to the Village rather than her own funds. **Nevertheless, the APA noted that several of the personal purchases at issue were made physically at a Walmart store – meaning that Ms. Kellogg had to physically pull out and use the Village's credit card manually in order to complete the transactions.**

It should be noted also that Ms. Kellogg did reimburse a portion of the personal purchases prior to the APA's inquiry, as shown in the following table:

Village Deposit Date	Amount
8/7/2025	\$ 59.59
12/26/2025	431.22
12/26/2025	293.51
<b>Total</b>	<b>\$ 784.32</b>

The above reimbursement payments made by Ms. Kellogg indicate that she was aware of, at least, a portion of her \$2,029.76 in personal purchases and other unsupported charges before being contacted by the APA on February 25, 2026, regarding the credit card statements. However, the APA received a telephone call from Ms. Kellogg on March 4, 2026, during which she claimed to have discovered only recently her personal charges on the Village credit card as a result of pulling the credit card statements pursuant to our request. **Despite this apparent knowledge of the situation, Ms. Kellogg failed to inform the APA of her personal purchases and partial reimbursement thereof until after we requested the Village’s credit card statements.**

Based on the above information, Ms. Kellogg appears to continue owing the Village \$1,245.44 for both the personal charges and the unsupported charges that she took responsibility for repaying because of a lack of adequate documentation. To repay this remainder, Ms. Kellogg had originally informed the APA that she had planned not to cash an outstanding payroll paycheck from September 2025. However, the APA observed that Ms. Kellogg had, in fact, cashed this check shortly after it was issued. When asked about this check, Ms. Kellogg stated repeatedly that it was actually a paycheck from December 2025 that was still outstanding, and she had not intended to cash it. Despite this assertion, the APA found that – much like the September 2025 paycheck – the December 2025 paycheck also had been cashed shortly after being written.

Additionally, due to the issue described herein, along with issues addressed by the APA in prior reviews of the Village, including a potential scam and possibly fraudulent credit card charges identified in the APA’s April 1, 2025, letter to the Village, there appears to be an ineffective control environment that increases the risk of fraud or abuse of Village funds.

The issues addressed herein give rise to serious concerns regarding apparent misuse of public funds. As explained by the Nebraska Attorney General, for instance, there exists a “principle of law that public funds cannot be expended for private purposes.” Op. Att’y Gen. No. 95034 (April 26, 1995). This fundamental legal precept is closely related to, though not part of, Article XIII, § 3, of the Nebraska Constitution, which prohibits giving or lending the State’s credit.

Moreover, Ms. Kellogg’s admitted personal use of municipal funds gives rise to several statutory concerns. To start, Neb. Rev. Stat. § 28-511 (Reissue 2016) states the following, as is relevant:

- (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.*

Likewise, Neb. Rev. Stat. § 28-512 (Reissue 2016) states, in relevant part, the following:

*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. § 28-924 (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 (Act), which is set out at Neb. Rev. Stat. § 49-1401 et seq. (Reissue 2021, Cum. Supp. 2024, Supp. 2025), 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 this same statute, “[A]ny person violating this section shall be guilty of a Class III misdemeanor . . . .”

Lastly, if proven that Ms. Kellogg’s responses to APA inquiries constituted an intentional attempt to hinder or mislead the present examination, Neb. Rev. Stat. § 84-305.02 (Reissue 2024) says the following, in relevant part:

*Any person who . . . willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.*

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

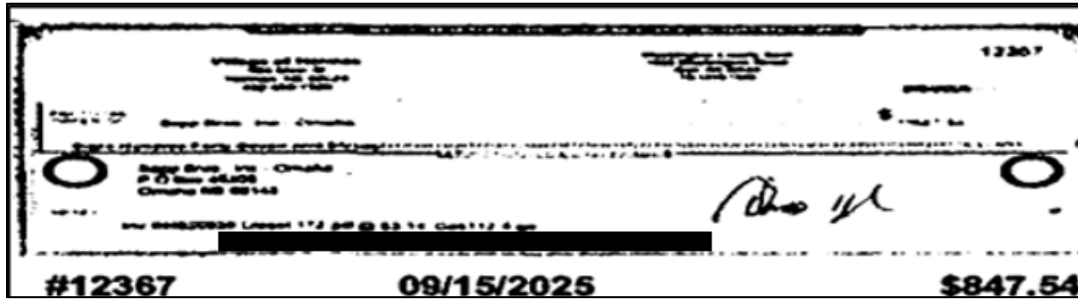
Without such procedures, there is an increased risk for the loss, misuse, or theft of Village funds.

We recommend the Village implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities. Furthermore, because the issues addressed herein give rise to concerns regarding possible violations of State law, we are referring this information to the Nebraska Attorney General and the Washington County Attorney for further review. Moreover, because this comment addresses possible violation of the Act, we are forwarding the information herein to the Nebraska Accountability and Disclosure Commission for further review.

## **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 four of the Village checks written during the examination period contained only one signature. One of these checks appears to have been written after the APA’s April 1, 2025, letter disclosing a similar issue identified during the fiscal year 2024 audit waiver review.

An example of the checks at issue is 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 or misuse of Village funds.

As mentioned above, the APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated April 1, 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.

### 3. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified two transactions, totaling \$257, which were paid but not included on the claims listing to be approved by the Board.

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

Name/Vendor	Check Date	Amount	Check #
Post Office	3/31/25	\$ 241.00	12233
Miscellaneous Deduction	4/2/25	16.00	EFT
<b>Total</b>		<b>\$ 257.00</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 April 1, 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 Village made payments on its loan, totaling \$20,567.28, that were issued before the underlying claim was approved by the Board. The table below provides a summary of the premature payment:

<b>Name/Vendor</b>	<b>Amount</b>	<b>Approval Date</b>	<b>Issuance Date</b>	<b>Days Paid Before Approval</b>
Washington County Bank	\$ 20,567.28	4/8/25	4/1/25	7

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.

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. 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. However, the publication was done on July 11, 2025, and it failed to include Board member compensation.

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 around the Village, 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 April 1, 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 around the Village, should include all Village positions, such as Clerk, Treasurer, and Board positions even if that position receives no compensation.

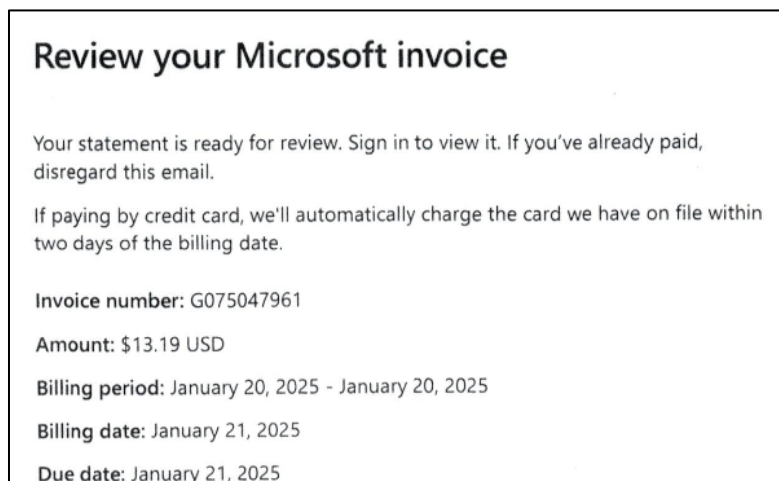
## 6. Other Issues

While reviewing the Village’s credit card and bank statements, the APA noted the following additional issues:

### ***Lack of Adequate Supporting Documentation***

The Village lacked sufficient documentation, including itemized receipts, for 20 purchases, totaling \$490.64, made using the Village’s credit card.

The invoice below is an example of the documentation provided by the Village:



The above documentation lacks sufficient detail regarding the product or service being paid for or an itemized breakdown of what is being invoiced to the Village.

Good internal control requires procedures to ensure that proper documentation, including itemized receipts or invoices, is maintained for all Village transactions, including credit card purchases.

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

***Lack of Purchasing Card Policy***

Upon inquiry, the APA was informed that the Village does not currently have a formal, written policy outlining procedures for safeguarding Village assets when using the Village credit card, including such allowable purchases and authorized individuals.

Neb. Rev. Stat. § 13-610 (Reissue 2022) provides, in relevant part, the following requirements for a political subdivision’s purchasing card program:

*(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision’s purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.*

\* \* \* \*

*(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.*

\* \* \* \*

*(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.*

Good internal control procedures requires a formal, written policy to govern the use of the Village’s purchasing card, including an approved card policy that outlines procedures for the allowable use of the Village card and authorized users.

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

***Payment of Sales Tax***

While reviewing supporting documentation for municipal purchases, the APA noted that the Village paid a total of \$218.74 in Nebraska sales tax on 43 separate transactions. The purchases consisted primarily of credit card transactions, with eight of them being made via an electronic fund transfer made from the Village’s bank account.

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 . . . .*

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 the following: 1) adequate documentation is obtained and reviewed for all purchases made with Village funds, including credit cards transactions; 2) the Village adopts a purchasing card policy that outlines procedures for the allowable use of the municipal credit card and its authorized users; 3) Village funds are not expended for the payment of Nebraska sales tax.

\* \* \* \* \*

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](mailto:dakota.christensen@nebraska.gov)**.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor

cc: Nebraska Attorney General  
Nebraska Accountability and Disclosure Commission  
Washington County Attorney

VILLAGE OF HERMAN  
**Vicky Kellogg Personal Credit Card Charges**  
October 12, 2024, through November 11, 2025

**Exhibit A**

Transaction Date	Description	Payee	Amount	Items Purchased
10/3/2024	MISTY'S (DOWNTOWN) LINCOLN NE	Misty's Steakhouse	\$ 167.09	<i>No receipt to support items purchased</i>
10/4/2024	STARBUCKS LINCOLN NE	Starbucks	\$ 5.10	<i>No receipt to support items purchased</i>
10/4/2024	CAFÉ AT THE CORNHUSKER LINCOLN NE	Café at the Cornhusker	\$ 39.06	<i>No receipt to support items purchased</i>
10/12/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 13.70	Medication, toiletries, food, drinks, paper plates, trash bags
10/12/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 108.72	
10/14/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 154.25	Drinks, food, nuts, candy, toothbrush, moisturizer, medication
10/14/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 49.57	
10/14/2024	WM SUPERCENTER #4138 402-686-2055 NE	Walmart	\$ 85.66	Food, medication
10/14/2024	WAL-MART #4138 OMAHA NE	Walmart	\$ 4.15	Lip balm
10/16/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 30.06	Immersion blender
10/16/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 9.97	
10/18/2024	WM SUPERCENTER #5141 402-289-9238 NE	Walmart	\$ 6.39	Needle flavor injector
10/19/2024	WALMART.COM 8009256278 800-966-6546 AR	Walmart	\$ 3.04	Food, candy, drinks
10/19/2024	WALMART.COM 8009256278 800-966-6546 AR	Walmart	\$ 49.41	
10/21/2024	WAL-MART #4568 BLAIR NE	Walmart	\$ 37.64	Food, drinks
10/23/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 41.07	Food, drinks
10/24/2024	WAL-MART #4568 BLAIR NE	Walmart	\$ 17.00	Candy, medicine, food
10/25/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 55.99	Food, drinks, candy, medicine, toothpicks
10/25/2024	WAL-MART #4568 BLAIR NE	Walmart	\$ 36.03	Toiletries, medicine, food
10/27/2024	WAL-MART #4568 BLAIR NE	Walmart	\$ 16.83	Artificial plants, food
11/1/2024	WM SUPERCENTER #4568 402-533-8222 NE	Walmart	\$ 48.80	Drinks, candy, false eyelashes, food
11/3/2024	WALMART.COM 8009256278 800-966-6546 AR	Walmart	\$ 55.32	Food, drinks, skin cleanser
11/4/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 32.84	Medicine, candy, food
11/5/2024	WM SUPERCENTER #4568 402-533-8222 NE	Walmart	\$ 6.34	Food
11/7/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 36.95	Medicine, food, coffee filters
11/8/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 59.99	Food, medicine
11/9/2024	WALMART.COM 8009256278 800-966-6546 AR	Walmart	\$ 41.36	Drinks, tissues, sweetener
11/12/2024	WAL-MART #4568 BLAIR NE	Walmart	\$ 9.00	Medicine
11/13/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 10.54	Candy, medicine, shampoo and conditioner, food, cleaners
11/13/2024	WALMART.COM 800-925-6278 AR	Walmart	\$ 86.87	
11/15/2024	WAL-MART #4568 BLAIR NE	Walmart	\$ 6.66	Food
11/18/2024	WM SUPERCENTER #776 402-727-0414 NE	Walmart	\$ 43.03	Food, drinks, candy, headband
12/4/2024	AMAZON MKTPL*ZL2KC1121 Amzn.com/bill WA	Amazon – <b>Note 1</b>	\$ 69.20	<i>No receipt to support items purchased</i>
12/4/2024	AMAZON MKTPL*ZR97E1O52 Amzn.com/bill WA	Amazon – <b>Note 1</b>	\$ 239.03	<i>No receipt to support items purchased</i>
7/2/2025	AMAZON MKTPL*N35Y79EQ1 Amzn.com/bill WA	Amazon	\$ 59.59	Drinks, outdoor lights, hangers
11/5/2025	AMAZON MKTPL*BT7FV0F11 Amzn.com/bill WA	Amazon	\$ 207.58	Pillowcases, outdoor lights, moisturizer, sandals, coffee maker
11/7/2025	AMAZON MKTPL*BT9971X30 Amzn.com/bill WA	Amazon	\$ 42.75	Medicine
11/7/2025	AMAZON MKTPL*BT7WP3PL1 Amzn.com/bill WA	Amazon	\$ 9.47	Bowl
11/11/2025	AMAZON MKTPL*BT75C4Q12 Amzn.com/bill WA	Amazon	\$ 33.71	Medicine
<b>Total</b>			<b>\$ 2,029.76</b>	

**Note 1:** These two Amazon charges appear to have been made with another personal Amazon account other than Ms. Kellogg's personal Amazon account.