



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike McConaughey, Chairperson
Cherry County Board of Commissioners
365 N. Main Street
Valentine, NE 69201

Dear Mr. McConaughey:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the apparent personal use of Cherry County (County) vehicles by a County Roads Department employee. 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 County. 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, as the County is audited on an annual basis.

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

Background Information

The County is a political subdivision established under and governed by the laws of the State of Nebraska. The County Board of Commissioners (Board) is the governmental body responsible for exercising financial accountability and control over activities relevant to the operations of the County. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes, the ability to exert significant influence over all County operations, and the primary responsibility for related fiscal matters.

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

Comments and Recommendations

1. Apparent Personal Use of County Vehicles

The APA received several allegations that a County Roads Department employee has been seen using a County vehicle for personal use. Additionally, the APA was provided with various images, including the following, of that apparent misuse of the County vehicle:



The above vehicle appears to be a 2018 Chevy Silverado, license plate # 49516, that – per the Nebraska Department of Motor Vehicle’s vehicle registration and title system, VicToRy – is registered to the County Roads Department. According to County representatives, County Roads Department employees are not formally assigned to a specific vehicle; however, employees typically drive the same one. The County vehicle at issue is typically driven by a single County Roads Department employee.

This vehicle has allegedly been observed being driven to non-work-related locations on a regular basis. On August 27, 2025, for instance, the County vehicle was supposedly seen going through the McDonald’s Drive Thru at 101 US-20 in Valentine, Nebraska, around 6:30 p.m., as shown in the image below:



The following is a clearer Google Maps image of this location:



Following the stop made at McDonald’s, the County vehicle was then said to have been observed at a nearby Super 8 hotel located at 223 US-20 in Valentine, Nebraska, where the County Roads Department employee’s wife reportedly works.

An image purporting to show the County vehicle parked at this location is shown below:



The following is a Google Maps image of the Super 8 hotel location:



The APA obtained the employee timesheet information for the day that the County vehicle was evidently seen outside of these locations and noted that the County Roads Department employee recorded working 11.5 hours on August 27, 2025. However, the employee failed to record the time that he clocked in or out, making it unclear whether the ostensive trips occurred while he was on County time. According to County representatives, County employees were directed subsequently, in September 2025, to begin recording clock-in and clock-out times on their timesheets.

Regardless of whether these presumed trips were taken on County time, traveling to a McDonald’s restaurant and a Super 8 hotel appears to be an unreasonable use of the County’s vehicle. As indicated already herein, moreover, these are but two examples of numerous allegations involving apparent misuse of the same County vehicle – which, as also noted previously, is typically driven by only one County Roads Department employee.

According to County representatives, the County Roads Department employee under suspicion is permitted to take the above County vehicle home, as he is considered on call on a 24-hour basis. However, the County’s Employee Handbook explicitly prohibits using County vehicles for personal use, as follows:

Employees who are on call on a 24-hour basis may be allowed to take a County vehicle home so they can respond as soon as possible. Such employees need to provide a written acknowledgment that they fully understand that the vehicle is used only as part of emergency response and not for personal use.

Additionally, 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 to 49-14,142 (Reissue 2021, Cum. Supp. 2024, Supp 2025), restricts the use of property 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”

For purpose of the Act, Neb. Rev. Stat. § 49-1442 (Reissue 2021) defines a “public employee” as “an employee of the state or a political subdivision thereof.”

The APA made multiple unsuccessful attempts to contact the County Roads Department employee believed to have been driving the County vehicle at issue to discuss the concerns detailed herein, receiving no response to those efforts.

Good internal controls require procedures to ensure that County vehicles are driven only for authorized governmental purposes, not personal use.

Without such procedures, there is an increased risk for not only loss of or damage to County vehicles but also noncompliance with State statute.

We recommend the implementation of procedures to ensure County vehicles are driven only for authorized governmental purposes, not personal use. 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. Possible Taxable Fringe Benefit

According to County representatives, several County Roads Department employees are permitted to use County vehicles for commuting to and from work. As mentioned previously herein, employees were not directed to record their clock-in and clock-out times until September 2025. For commutes undertaken prior to that time, therefore, the APA could not determine whether the employees were clocked in to work. Nevertheless, the County failed to add a taxable fringe benefit to employees’ taxable wages for their use of County vehicles for commuting purposes.

The Internal Revenue Service Publication 15-B (2025), “Employer’s Tax Guide to Fringe Benefits,” (<https://www.irs.gov/pub/irs-prior/p15b--2025.pdf>) contains the following under the “Commuting Rule” heading:

Under this rule, you determine the value of a vehicle you provide to an employee for commuting use by multiplying each one-way commute (that is, from home to work or from work to home) by \$1.50. If more than one employee commutes in the vehicle, this value applies to each employee. This amount must be included in the employee’s wages or reimbursed by the employee.

Good internal controls require procedures to ensure that the appropriate value of an employee’s use of a County vehicle to commute to and from work is included in his or her taxable wages.

We recommend implementing procedures to ensure that the appropriate value of an employee’s use of a County vehicle to commute to and from work is included in his or her taxable wages.

Overall County Response:

[W]e wish to assure you that Cherry County takes this matter seriously. When these allegations were first raised, the County Highway Superintendent provided each county road employee with the relevant portions of the Cherry County Employee Handbook and reviewed the relevant sections of the Cherry County Employee Handbook with the road employees as a whole. Such review, regardless of the ultimate facts, was appropriate and helpful. Cherry County takes this matter seriously.

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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 County.

Draft copies of this letter were furnished to the County 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 County 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:

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Sincerely,



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cc. Nebraska Accountability and Disclosure Commission