



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 10, 2026

Denise Swenson, Chairperson  
Village of Manley  
115 Cherry Street  
PO Box 97  
Manley, NE 68403

Dear Chairperson Swenson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Manley (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 the following compliance matters, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

### Comments and Recommendations

#### **1. 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, and it was noted that the Village Treasurer failed to complete the required continuing education hours for the 2025 calendar year.

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) was approved by the Governor on August 15, 2020, which required the APA to approve a continuing education program. 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 statutory noncompliance and noncompliance with the required annual continuing education program.

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.

## **2. Failure to Remit Federal Taxes**

The Internal Revenue Service (IRS) Form 941 is the Employer’s Quarterly Federal Tax Return used for reporting and paying employee-related taxes to the Federal government. The Village is required to withhold Federal taxes, including income tax, Social Security tax, and Medicare tax, from compensation paid to municipal employees.

During the review of the Village’s fiscal year 2025 audit waiver request, the APA was provided the April through June 2025 and July through September 2025 quarterly Form 941s, which showed \$543 and \$458, respectively, in Federal taxes owed to the IRS. However, the APA did not observe that these payments were remitted during fiscal year 2025. According to Village representatives, such payments were made subsequent to the fiscal year end.

IRS Publication 15 (2025), Circular E, “Employer’s Tax Guide,” states the following, in relevant part:

***Form 941.** If you paid wages subject to federal income tax withholding (including withholding on sick pay and supplemental unemployment benefits) or social security and Medicare taxes, you must file Form 941 quarterly even if you have no taxes to report, unless you filed a final return, you receive an IRS notification that you’re eligible to file Form 944, or the exceptions discussed later apply.*

\* \* \* \*

***Penalties.** For each whole or part month a return isn’t filed when required, there is a failure-to-file (FTF) penalty of 5% of the unpaid tax due with that return. The maximum penalty is generally 25% of the tax due. Also, for each whole or part month the tax is paid late, there is a failure-to-pay (FTP) penalty of 0.5% per month of the amount of tax. For individual filers only, the FTP penalty is reduced from 0.5% per month to 0.25% per month if an installment agreement is in effect. You must have filed your return on or before the due date of the return to qualify for the reduced penalty. The maximum amount of the FTP penalty is also 25% of the tax due. If both penalties apply in any month, the FTF penalty is reduced by the amount of the FTP penalty. The penalties won’t be charged if you have reasonable cause for failing to file or pay. If you receive a penalty notice, you can provide an explanation of why you believe reasonable cause exists.*

***Note.** In addition to any penalties, interest accrues from the due date of the tax on any unpaid balance.*

Good internal control requires procedures to ensure that Federal taxes withheld from compensation paid to municipal employees are submitted timely, along with the corresponding Form 941s, to the IRS, as required by Federal law.

Without such procedures, there is an increased risk for not only loss or misuse of Village funds but also violation of Federal law, resulting in the possible liability of the Village and/or its employees.

We recommend the Board implement procedures to ensure municipal employee taxes are remitted timely, along with the Form 941s, to the IRS, as required by Federal law.

## **3. 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 November 26, 2025.

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.

We recommend the Village implement procedures to ensure the Village’s annual job and wage publication is completed 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.

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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 our office at (402) 471-2111.

Sincerely,



Mark Avery, CPA  
Assistant Deputy Auditor