# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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July 13, 2026

Randy Hutchison, Chairperson
Village of Merriman
PO Box 63
Merriman, NE 69218

Dear Chairperson Hutchison:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Merriman (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. Alleged Fraud

During review of the Village's bank statements submitted with the audit waiver request, the APA noted that no cash receipts appear to have been deposited into the Village's bank accounts at any point during fiscal year 2025. Upon discussion with the Village Clerk, CaCee McConaughey, the APA was informed that this was because the Village did not accept any cash payments for municipal utility customer billings. The only accepted payment methods, she explained, were customer checks or money orders.

To verify this assertion, the APA initially requested from the Village on March 17, 2026, a municipal utility customer billing history report for the month of August 2025. This report showed that a total of $6,655.06 had been credited to customer utility accounts as payments. However, the APA was unable to tie out all the individual payment amounts to the deposits made into the Village's bank accounts.

Subsequently, the APA contacted a number of utility customers for whom no corresponding bank deposit was noted and was informed that, contrary to Ms. McConaughey's previous statement, the Village does indeed accept cash as payment. Based on this information, it appears that some of the customer payments for which no corresponding bank deposits could be confirmed may well have been made in cash. Moreover, we were made aware that Ms. McConaughey worked at the local Security First Bank branch location in Merriman, Nebraska – the same bank in which the Village's accounts are held – and that municipal utility customers often went into the bank to pay their utility bills while she was working there.

On April 2, 2026, the APA presented Ms. McConaughey with a list of five utility customers whose August 2025 payments appeared not to have been deposited into the Village's bank account, requesting that she explain where these payments were deposited or held.

The five missing customer payments at issue are detailed in the table below:

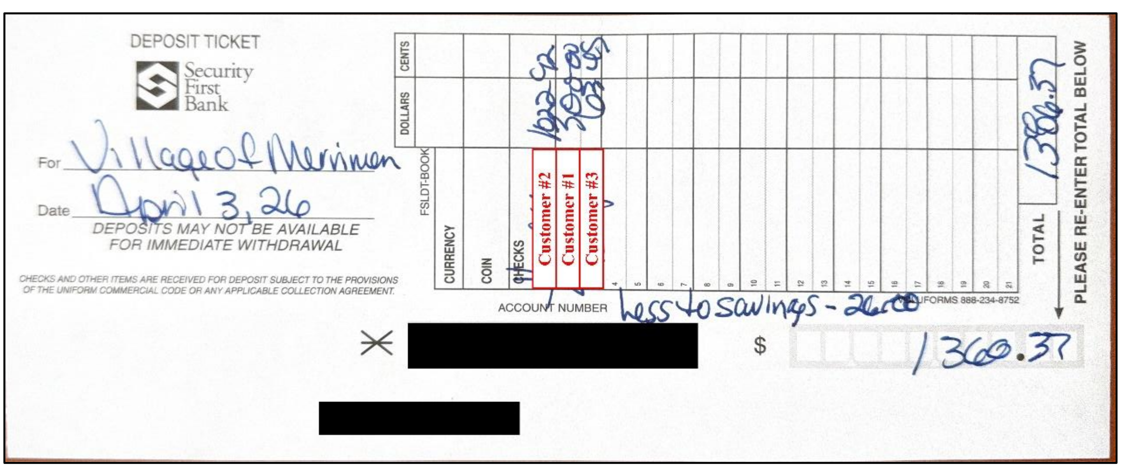
| Customer | Amount Credited to Utility Account but Not Deposited in Village Bank Account |
|---|---|
| Customer #1 | $300.00 |
| Customer #2 | $1,022.92 |
| Customer #3 | $63.45 |
| Customer #4 | $125.00 |
| Customer #5 | $85.00 |
| **Total** | **$1,596.37** |

Ms. McConaughey informed the APA that the $85.00 account credit for Customer #5, as shown above, was not an actual payment; rather, it was a manual entry that she made in the Village's utility billing system to offset a utility bill for an old customer who had been billed erroneously. For the remaining four utility customers, Ms. McConaughey claimed to have misplaced the checks that they had tendered as payment. It should be noted that these checks would have been outstanding for over seven months at the time that the APA contacted Ms. McConaughey.

A few days later, on April 6, 2026, Ms. McConaughey informed APA staff by telephone that she had found the four remaining checks in the Village's office and deposited them into the general municipal checking bank account on April 3, 2026. Later on that same day, Ms. McConaughey telephoned the APA staff again to clarify that she had actually found only three of the four undeposited utility customer checks and, therefore, would pay the difference from her own personal funds. Shortly after this second conversation, she telephoned APA staff once more, explaining that she had informed the customer who wrote the remaining fourth check that it had not been cashed, and this customer was willing to write a new check to cover the undeposited amount.

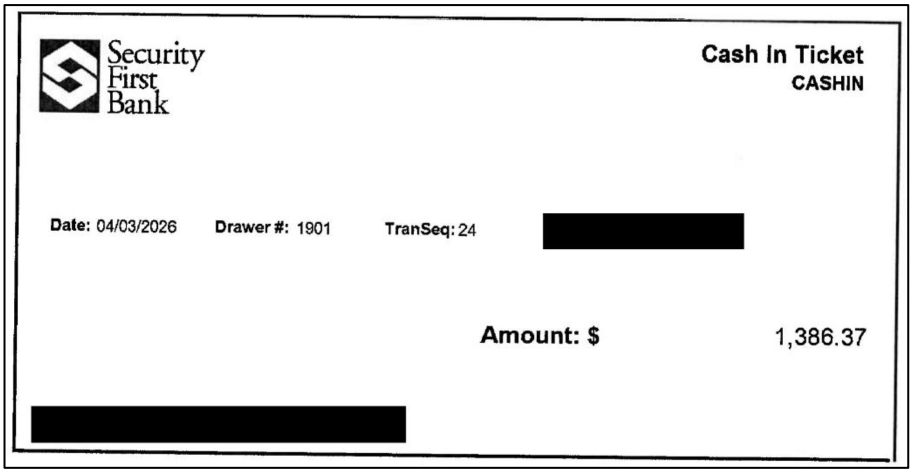
To confirm that the missing amounts were deposited finally into the Village bank account, the APA asked Ms. McConaughey for images of not only the April 3, 2026, deposit slip but also the three utility customer checks that comprised the total deposit amount. On April 6, 2026, Ms. McConaughey sent the APA an image of the deposit slip, but she declined to provide any images of the checks. Her excuse for withholding the check images was that releasing them would violate the privacy policies of the bank – even though she was an authorized signer on the Village's account there and was authorized to make such information available to the APA.

The following is the deposit slip image that Ms. McConaughey provided to the APA:


DEPOSIT TICKET
Security First Bank
For Village of Merriman
Date April 3, 26
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.
CENTS
DOLLARS
FSLDT-BOOK
CURRENCY
COIN
CHECKS
Customer #2 1022.92
Customer #1 300.00
Customer #3 63.45
TOTAL 1386.37
PLEASE RE-ENTER TOTAL BELOW
ACCOUNT NUMBER less to savings - 26.00
FORMS 888-234-8752
[redacted]
$ 1360.37
[redacted]

During her April 6, 2026, telephone conversations with APA staff, Ms. McConaughey made repeated reference to the discovered "checks" that customers had tendered for their August 2025 utility payments. Despite withholding those check images, she provided the supposed check numbers (#s 1441, 6820, and 136) for the payments. However, the APA questions the authenticity of the check numbers because they appear to be out of sequence with previous check numbers for payments from these customers. At no point, moreover, did she claim to have found nearly $1,400 in cash at the Village's office – or, for that matter, at any other location – that had been sitting there unnoticed for some eight months.

Following the third and final April 6, 2026, telephone conversation with Ms. McConaughey, the APA contacted another representative at Security First Bank to confirm the checks that comprised the above deposit. The bank representative informed the APA that, contrary to Ms. McConaughey's claims, this deposit contained no checks; rather, it consisted entirely of cash, and she provided the APA with following "Cash In Ticket" image:


Security First Bank

**Cash In Ticket**
**CASHIN**

**Date:** 04/03/2026 **Drawer #:** 1901 **TranSeq:** 24 [redacted]

**Amount: $** 1,386.37

[redacted]

Ms. McConaughey appears, therefore, to have intentionally provided false information to the APA in an attempt to hinder this office's investigation, particularly to mislead our inquiry into the true nature and source of the $1,386.37 deposit that she made into the Village's bank account on April 3, 2026.

Such apparent misconduct compelled the APA to expand the scope of our review of the Village's utility customer billing activity to encompass the entire fiscal year of the audit waiver request. The APA then obtained Village utility customer account reports for the period October 1, 2024, through September 30, 2025, and attempted to trace the payment amounts credited to municipal utility customer accounts to the amounts deposited into the Village's bank accounts. In doing so, the APA identified numerous credited amounts, totaling $10,225.96, that appear not to have been deposited into the Village's bank account during that period.

The table below summarizes by month the amounts deposited into the Village's bank account for apparent utility payments and the amounts credited to customer accounts in the Village's utility billing system – showing the variance between the two:

| Month | Amount Deposited into Bank Account | Amount Credited in Utility Billing System | Variance |
|---|---:|---:|---:|
| October 2024 | $5,688.17 | $6,261.81 | $573.64 |
| November 2024 | $6,119.09 | $6,671.55 | $552.46 |
| December 2024 | $6,373.80 | $6,585.80 | $212.00 |
| January 2025 | $3,695.02 | $4,328.92 | $633.90 |
| February 2025 | $6,137.86 | $6,194.76 | $56.90 |
| March 2025 | $4,486.03 | $6,278.21 | $1,792.18 |
| April 2025 | $3,810.67 | $4,023.40 | $212.73 |
| May 2025 | $5,068.47 | $5,757.68 | $689.21 |
| June 2025 | $4,350.09 | $6,174.30 | $1,824.21 |
| July 2025 | $3,555.85 | $4,872.21 | $1,316.36 |
| August 2025 | $4,998.72 | $6,670.97 | $1,672.25 |
| September 2025 | $4,521.90 | $5,212.02 | $690.12 |
| **Totals** | **$58,805.67** | **$69,031.63** | **$10,225.96** |

The APA also obtained the statements for the three personal bank accounts to which Ms. McConaughey is an authorized signer, checking those records to see if any of the missing utility payments – which have not been found in the Village's bank account – might have been deposited there instead.

Our examination of those statements for the three personal bank accounts revealed 26 manual deposits that included cash amounting to $6,614.70 during the same period in which the aforementioned $10,225.96 in municipal utility customer payments appear not to have been deposited into the Village's account.

The table below contains a detailed listing of these cash deposits to the personal accounts:

| Deposit Date | Deposit Type | Total Deposit Amount | Cash Deposit Amount |
|---|---|---|---|
| 10/4/2024 | Manual Deposit | $500.00 | $500.00 |
| 11/12/2024 | Manual Deposit | $200.00 | $200.00 |
| 12/5/2024 | Manual Deposit | $964.40 | $100.00 |
| 12/11/2024 | Manual Deposit | $1,252.91 | $100.00 |
| 12/16/2024 | Manual Deposit | $1,718.00 | $100.00 |
| 2/24/2025 | Manual Deposit | $826.51 | $100.00 |
| 3/12/2025 | Manual Deposit | $1,206.63 | $100.00 |
| 3/17/2025 | Manual Deposit | $200.00 | $200.00 |
| 4/3/2025 | Manual Deposit | $150.00 | $150.00 |
| 4/30/2025 | Manual Deposit | $200.00 | $200.00 |
| 5/5/2025 | Manual Deposit | $400.00 | $400.00 |
| 5/19/2025 | Manual Deposit | $1,700.00 | $100.00 |
| 5/29/2025 | Manual Deposit | $200.00 | $200.00 |
| 6/6/2025 | Manual Deposit | $200.00 | $200.00 |
| 6/9/2025 | Manual Deposit | $200.00 | $200.00 |
| 7/7/2025 | Manual Deposit | $200.00 | $200.00 |
| 7/15/2025 | Manual Deposit | $350.00 | $350.00 |
| 7/23/2025 | Manual Deposit | $200.00 | $200.00 |
| 7/25/2025 | Manual Deposit | $250.00 | $250.00 |
| 8/5/2025 | Manual Deposit | $315.00 | $300.00 |
| 8/5/2025 | Manual Deposit | $500.00 | $500.00 |
| 8/8/2025 | Manual Deposit | $539.23 | $539.23 |
| 8/11/2025 | Manual Deposit | $388.50 | $388.50 |
| 8/25/2025 | Manual Deposit | $800.00 | $800.00 |
| 9/4/2025 | Manual Deposit | $136.97 | $36.97 |
| 9/16/2025 | Manual Deposit | $200.00 | $200.00 |
| | | **Total** | **$6,614.70** |

Aside from the above deposits, the APA noted that an additional 17 deposits, containing $4,020 in cash, were made into two of the personal bank accounts to which Ms. McConaughey is an authorized signer subsequent to September 30, 2025. When combined, the cash deposits during the fiscal year and those from October 1, 2024, through March 31, 2026, totaled $10,634.70.

Furthermore, included in the $10,225.96 that does not appear to have been deposited into the Village's bank account, the APA observed one credited amount, totaling $204, that was applied to Ms. McConaughey's utility account. The APA did not observe any payment made by Ms. McConaughey to the Village for this amount. Therefore, Ms. McConaughey appears to have improperly written off bills charged to her account. Additionally, because her utility account received this credit of $204, Ms. McConaughey appears to have incurred no late fees or penalties for lack of payment.

On April 30, 2026, the APA forwarded the concerns outlined above to the Nebraska Attorney General. It is our understanding that the matter has since been referred to the Nebraska State Patrol for investigation, which is currently ongoing.

Based on the information herein, the Village does not appear to have received $10,225.96 in utility payments apparently collected during fiscal year 2025. It seems possible, moreover, that Ms. McConaughey may have either kept the payments as cash or deposited the funds periodically into personal bank accounts to which she was an authorized signer.

If proven that any of the utility payments at issue – which appear not to have been deposited into the Village's bank accounts – were kept for Ms. McConaughey's personal benefit, serious statutory concerns would necessarily follow.

To start, Neb. Rev. Stat. § 28-512 (Reissue 2016) criminalizes "theft by deception," as follows, in relevant part:

> *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[.]*

Neb. Rev. Stat. § 28-518 (Cum. Supp. 2024) grades theft offenses as follows, in relevant part:

> *(1) Theft constitutes a Class IIA felony when the value of the thing involved is five thousand dollars or more.*
>
> *(2) Theft constitutes a Class IV felony when the value of the thing involved is one thousand five hundred dollars or more but less than five thousand dollars.*
>
> *(3) Theft constitutes a Class I misdemeanor when the value of the thing involved is more than five hundred dollars but less than one thousand five hundred dollars.*
>
> *(4) Theft constitutes a Class II misdemeanor when the value of the thing involved is five hundred dollars or less.*

Additionally, Neb. Rev. Stat. § 49-14,101.01 (Reissue 2021), which is found in the Nebraska Political Accountability and Disclosure Act (Act), states the following, as is relevant:

> *(1) A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.*
>
> *(2) 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.*
>
> ** * * **
>
> *(7) Except as provided in section 23-3113, any person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.*

Further, Neb. Rev. Stat. § 28-911 (Reissue 2016) prohibits "abuse of public records," as follows:

> *(1) A person commits abuse of public records, if:*
>
> > *(a) He knowingly makes a false entry in or falsely alters any public record; or*
> >
> > *(b) Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or*
> >
> > *(c) Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or*
> >
> > *(d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.*
>
> *(2) As used in this section, the term public record includes all official books, papers, or records created, received, or used by or in any governmental office or agency.*
>
> *(3) Abuse of public records is a Class II misdemeanor.*

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.*

Finally, if it can be proven that Ms. McConaughey intentionally provided the APA with inaccurate information in a purposeful attempt to obstruct or hinder our examination of the Village's fiscal year 2025 audit waiver request and related documentation, Neb. Rev. Stat. § 84-305.02 (Reissue 2024), as follows, would likely be applicable:

> *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 and sound accounting practices require procedures to ensure that one person is not in a position both to perpetrate and to conceal financial errors or irregularities, including possible fraud.

Without such procedures, there is an increased risk for not only fraud or the misappropriation of public monies but also violation of State statute.

> 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, including possible fraud. Such procedures could include, among other things, a documented review of monthly utility billings and corresponding receipts by a Board member or other employee not involved in the utility billing process. We recommend, moreover, the Village take immediate action to recover or otherwise account for any missing utility funds. 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, the Nebraska State Patrol, and the Nebraska Accountability and Disclosure Commission for further review.

## 2. Petty Cash Procedures

During our review, the APA noted 10 Village checks, totaling $2,150, made out to "cash." Upon inquiry with the Village Clerk, the APA was informed that these checks were issued to replenish the Village's petty cash on hand, which is used to pay for postal expenses and water samples. The APA obtained the Village's petty cash log and observed that "negative" petty cash balances were recorded several times throughout the fiscal year ended September 30, 2025.

The following table summarizes the total number of days the Village's petty cash balance was reported as "negative" during the year:

| Date Range | Number of Days w/ "Negative" Balance | Largest "Negative" Balance |
|---|---|---|
| 10/2/2024 - 10/8/2024 | 6 | ($22.56) |
| 11/18/2024 - 12/11/2024 | 23 | ($155.31) |
| 12/18/2024 - 1/15/2025 | 28 | ($184.90) |
| 1/22/2025 - 2/12/2025 | 21 | ($189.52) |
| 3/3/2025 - 4/9/2025 | 37 | ($256.84) |
| 5/1/2025 - 5/14/2025 | 13 | ($80.02) |

Petty cash is actual money on hand; therefore, while able to be spent down to $0, its balance could never become negative. The amounts designated as "negative" on the municipal petty cash log were those recorded by the Village Clerk and not reflective of reality. According to her, the petty cash balance would go negative whenever she went to pay for postage at the post office but did not have enough cash to cover the total cost. In such situations, she claimed that the post office would accept whatever amount the Village had to pay with and track the remainder as a form of accounts payable. Then, the Village Board would approve a check issued to petty cash at its next public meeting, and the Clerk would use these funds to pay the balance due at the post office.

The APA contacted a representative for the post office location in Merriman, Nebraska, who informed the APA that they never accept payment for less than the total amount owed. This individual stated further that the Village Clerk, Ms. McConaughey, was also employed with the post office until May 2025. Following the end of Ms. McConaughey's employment with the post office, moreover, no further negative petty cash balances were recorded on the Village's petty cash log for the remainder of the fiscal year.

Along with the apparently missing Village funds addressed in **Comment and Recommendation Number 1** ("Alleged Fraud") herein, these petty cash issues increase markedly the APA's concerns regarding the safekeeping of Village funds.

Good internal controls require procedures to ensure that petty cash funds are maintained at an authorized amount, and reimbursements to replenish the fund are based on actual and thoroughly documented petty cash expenses.

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

> We recommend the Village implement procedures to ensure that petty cash funds are maintained at an authorized amount, and reimbursements to replenish the fund are based on actual and thoroughly documented petty cash expenses.

## 3. Possible Conflict of Interest

The APA received the minutes, along with the accompanying claims listing, for the Village Board's (Board) meeting held on April 8, 2025. From that documentation, the APA identified a potential conflict of interest involving the actions of Board member Rose Chappell.

According to the meeting minutes, Rose Chappell appears to have failed to abstain from voting on the following claim payable to her spouse:

| Name | Description | Amount |
|---|---|---|
| Lloyd D Chappell III | Salary | $ 1,212.97 |

Excerpts from the April 8, 2025, meeting minutes are provided below:

Village of Merriman
Regular board meeting
April 8, 2025

Meeting called to order at 7:03 PM by Chairman Randy Hutchison

Board Members Present: Randy Hutchison, Henry Brown, Rose Chappell, Luke Storer
Absent: Eugene Boyer
Also present: Clerk-CaCee McConaughey
Guests: Don Chappell

Disbursements were reviewed. Hutchison made a motion and Chappell seconded to approve the Disbursements. All approved.

| | |
|---|---|
| Lloyd D Chappell III | $ 1212.97 |

The apparent failure of Board member Rose Chappell to abstain from voting on the motion above gives rise to concerns regarding possible violations 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).

To start, Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2021) states the following:

> *A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.*

The penalty for violating the above-cited conflict of interest statute is set out in subsection (7) thereof, as follows:

> *[A]ny person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.*

Furthermore, Neb. Rev. Stat. § 49-1499.03(2) (Cum. Supp. 2024) provides the following for claims not associated with a contract:

> *(a) Any public official of any political subdivision not designated in section 49-1493 who would be required to take any action or make any decision in the discharge of his or her official duties that may cause financial benefit or detriment to him or her, a member of his or her immediate family, or a business with which he or she is associated, which is distinguishable from the effects of such action on the public generally or a broad segment of the public, shall take the following actions as soon as he or she is aware of such potential conflict or should reasonably be aware of such potential conflict, whichever is sooner:*
>
> > *(i) Prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict;*
> >
> > *(ii) Deliver a copy of the statement to the person in charge of keeping records for the political subdivision who shall enter the statement onto the public records of the political subdivision; and*
> >
> > *(iii) Except as otherwise provided in subsection (3) of this section, abstain from participating or voting on the matter in which the public official has a conflict of interest.*
>
> *(b) The public official may apply to the commission for an opinion as to whether the person has a conflict of interest.*

(Emphasis added.) It should be noted also that subsection (b) of the above statute authorizes the Nebraska Accountability and Disclosure Commission (Commission) to issue, upon request, "an opinion as to whether the person has a conflict of interest." This is correlative to Neb. Rev. Stat. § 49-14,100 (Reissue 2021) of the Act, which provides the following:

> *Any person who is in doubt as to the propriety of action proposed to be taken by him may apply to the commission for an advisory opinion relating thereto, and the commission shall have authority to render such opinions. When an advisory opinion is issued pursuant to a complete and accurate request, such opinion shall be a complete defense to any charge of violation of sections 49-1493 to 49-14,104 as to any action taken strictly subject to the terms of such opinion.*

Good internal control requires procedures to ensure compliance with applicable provisions of the Act. Those procedures should include also seeking needed guidance from the Commission, especially regarding potential conflicts of interest.

> We recommend the Board implement procedures to ensure compliance with applicable provisions of the Act. Such procedures should include also seeking needed guidance from the Commission, especially regarding potential conflicts of interest. Because the issue addressed herein constitutes a possible violation of the Act, we are forwarding this information to the Commission for further review.

**4. 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:

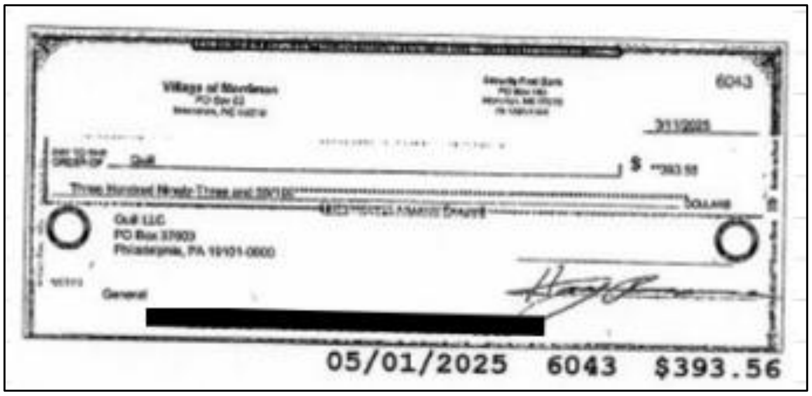
> *The city treasurer or village treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.*

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.

## 5. Lack of Dual Signatures

The APA obtained the statements for the Village's bank accounts from its fiscal year 2025 audit waiver request. From these statements, the APA noted that one of the Village checks written during the examination period contained only one signature, as 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 municipal checks, as required by law.

## 6. 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 one Village check, totaling $1,053.95, was issued before the underlying claim was approved by the Board. The table below provides a summary of the premature payment:

| Name/Vendor | Amount | Approval Date | Check Date | Days Paid Before Approval |
|---|---|---|---|---|
| Intuit QuickBooks | $ 1,053.95 | 4/8/25 | 3/18/25 | 21 |

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.

## 7. **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 October 29, 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.) 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 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.

*Village Board Overall Response: The Merriman Village Board would like to thank the Nebraska Auditor office for the letter. The Board met and will implement the suggestions listed in the letter to safeguard public funds. For example, previously, the clerk listed all disbursements to be approved in one motion. The Board will instruct the clerk to separate Village bills from pay checks, reimbursements, or business payments associated with any Board members. This way members can abstain from those specific disbursements.*

*The Village Board met on June 25, 2026 at 6 pm in a special meeting. The Board placed Cacee McConaughey on unpaid administrative leave pending the investigation. This emergency meeting was advertised for over 24 hours. Posting was placed on June 24th at the Merriman Post office, the bank, and Sandhills ranch supply at approximately 11 am.*

*Again, we thank you for your hard work and working with us to improve our policies and procedures.*

* * * * * *

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

Mark Avery, CPA
Assistant Deputy Auditor

cc: Nebraska Attorney General
Nebraska State Patrol
Nebraska Accountability and Disclosure Commission