



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 26, 2024

Don Carley, Chairperson
Summit Township Butler County
3461 G Road
David City, NE 68632

Dear Chairperson Carley:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Summit Township Butler County, (Township) for the fiscal year ending 2024. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (2024 Neb. Laws, L.B. 1143, § 3), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational issues, within the Township.

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

Background Information

During the fiscal year ending 2024, the Township paid several expenses that were split between the Township and Olive Township Butler County, (Olive Township). These joint expenses were approved by the Township Board (Board) and signed by all Olive Township Board members. After the claims were approved, the Township's Clerk submitted the payment through its online banking system. At the end of each month, Olive Township sent a check to the Township for the Olive Township's portion of all the expenses that occurred during the month.

During fiscal year 2024, the Township's disbursements reported on its audit waiver request totaled \$352,020. Of this amount, the Olive Township covered \$134,958, which it reimbursed to the Township.


Comments and Recommendations

1. Truck Purchase

In July 2024, the Township purchased a 2007 Chevy Silverado 2500 truck, with an attached snowplow, for \$35,200. Below is an image of the truck from the dealership's original listing:

2007 Chevrolet Silverado 2500HD Blizzard Snow plow 4WD Reg Cab 133" in Lincoln, NE

[-< Back to Inventory](#)




Sale Price: Call For Price!
 Mileage: 40,444
 Condition: Used Truck
 VIN: 1GCHK24K87E580169
 Stock #: 560169
 Doors: 2
 Drive Train: Four Wheel Drive
 Fuel Type: Gasoline
 Engine: ENGINE, VORTEC 6.0L VARIABLE VALVE TIMING V8 SFI
 Transmission: TRANSMISSION, 6-SPEED AUTOMATIC, HEAVY-DUTY, ELECTRONICALLY CONTROLLED

[Request More Info](#) [Loan Calculator](#)
[Request Quick Quote!](#) [Schedule Test Drive](#)
[Print Vehicle Info](#) [Email A Friend](#)

[View More Photos | 19 Photos](#)

According to Kelley Blue Book, a vehicle valuation and automotive research company, the truck shown in the above listing, without a snowplow attached, had a fair market value range from \$11,335 to \$13,809 as of mid-November 2024. The snowplow attached to the truck appears to be similar to the following listing for a used snowplow, which had an asking price of \$2,500:

Home / Used Blizzard 680LT Plow SUV Small Truck Personal Snow Plow 6'8



Used Blizzard 680LT Plow SUV Small Truck Personal Snow Plow 6'8

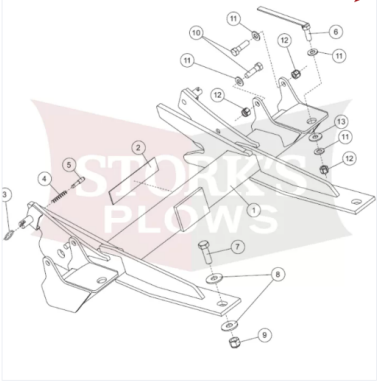
\$2,500.00

[CONTACT FOR SHIPPING](#)

SKU#: 11007

Used Blizzard 680LT Snowplow.

In addition to the snowplow itself, the hardware to mount the snowplow to the truck would also be required. The APA identified the following listing for an apparently compatible mount for the above plow, totaling \$865:



B30042-1 99-2010 Chevy GMC 2500/3500 Blizzard Power Hitch Truck Plow Mount HD

\$865.00
~~\$969.00~~

5 AVAILABLE
 SKU#: B30042-1

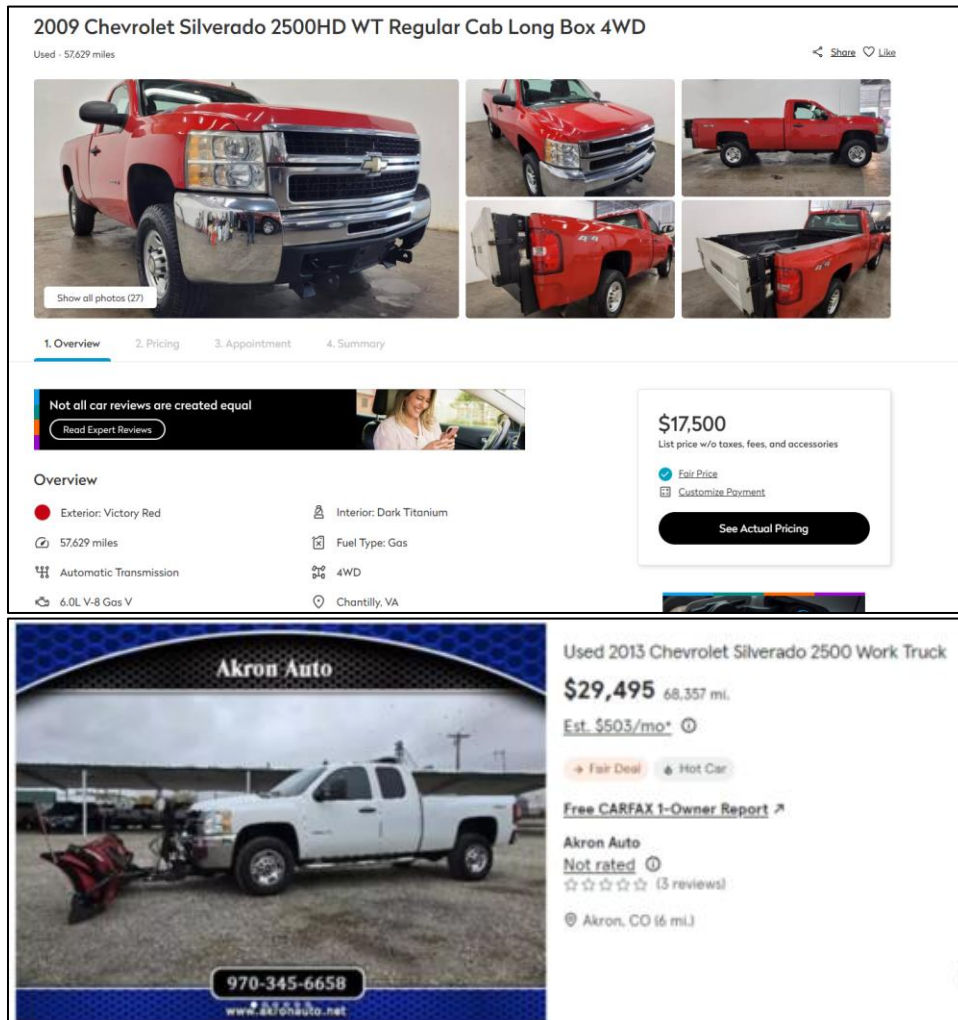
A New Blizzard B30042 plow mount to fit the '99+ Chevy body style 1500HD, 2500HD and 3500.

[ADD TO CART](#)

[Add to Wish List](#) [Add to Compare](#)

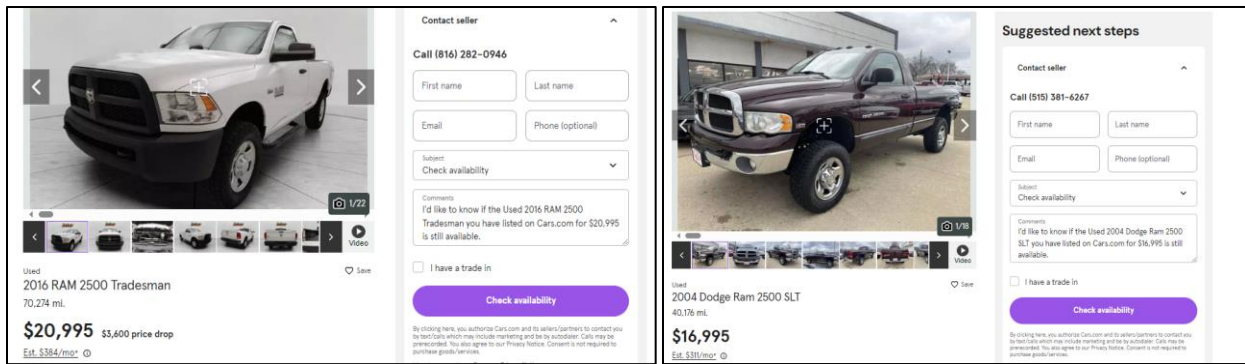
It was noted that at least one business in the Omaha area provides an installation service for snowplows. Using the top end of the aforementioned Kelley Blue Book range, the estimated price the APA calculated for the truck and snowplow parts would be around \$17,174. While the APA was unable to determine what price the installation fee would be at the particular Omaha-based business, a similar business located in Minnesota quotes the plow installation at \$800-\$900, with wiring installation costing \$400. Even including the labor costs to install a plow and wiring, the Township appears to have paid significantly more than what the truck and snowplow were worth.

After conducting a nationwide search to find similar vehicles, the APA identified trucks comparable to that which was ultimately purchased by the Township. The first image below shows a slightly newer truck with comparable miles being sold for a listed price of \$17,500. The second image below shows a six-year newer truck with comparable miles and a snowplow already installed for \$29,495.



After inquiring with the Township, the APA was informed that the truck had been purchased because it was the only half-ton pickup in the area that was in good condition with a snowplow already attached. No other items of significant value were noted on the truck purchased by the Township.

Following this inquiry, the APA searched vehicle listings within 250 miles of the Township to find other trucks in the general area. In doing so, the APA identified several trucks currently for sale online that appear to have similar specifications and be capable of performing the same work for which the Township intends to use the 2007 Chevy Silverado. The image on the left shows a considerably newer truck with comparable miles being sold out of Kansas City, Missouri, for \$20,995. On the right, a slightly older truck with fewer miles being sold out of Des Moines, Iowa, for \$16,995:



While neither truck shown above has an attached snowplow, a snowplow and mount could likely be purchased and installed separately for significantly less than the amount ultimately paid for the original truck and attached snowplow.

The table below contains pricing information for both the truck that the Township purchased and comparable trucks, as described above, with additional estimates for the cost of installing, if needed, a snowplow of the same value (\$2,500 for the plow and \$865 for mount) as that attached to the Township’s truck:

Vehicle	Vehicle Price	Plow Price	Labor Price	Total Price	Note
2007 Chevy Silverado 2500	\$ 35,200	N/A	N/A	\$ 35,200	Snowplow already installed
2009 Chevy Silverado 2500	\$ 17,500	\$ 3,365	\$ 1,300	\$ 22,165	
2013 Chevy Silverado 2500	\$ 29,495	N/A	\$ N/A	\$ 29,495	Snowplow already installed
2016 RAM 2500 Tradesman	\$ 20,995	\$ 3,365	\$ 1,300	\$ 25,660	
2004 Dodge Ram 2500 SLT	\$ 16,995	\$ 3,365	\$ 1,300	\$ 21,660	

Good internal controls and sound business practices require procedures to ensure that public funds are protected from waste, misuse, or theft. Further, those same procedures require due diligence when purchasing significant items, ensuring that Township expenditures are reasonable and not excessive when compared to the cost of similar goods or services.

Without such procedures, there is an increased risk for waste, misuse, or theft of public funds.

We recommend the Board implement procedures to ensure the following: 1) public funds are protected from waste, misuse, or theft; 2) due diligence is exercised when purchasing significant items; and 3) all Township expenditures are reasonable and not excessive when compared to the cost of similar goods or services.

2. Potentially Disallowed Purchase

Our review of the bank statements obtained from the Township’s audit waiver request revealed a \$200 payment made to Township Board member Lori Kallenbach on November 10, 2023, in addition to her monthly per diem payment. This payment was a reimbursement for the purchase of a gift card that was given to the Board Chairperson for his fuel expenses driving to and from Lincoln, Nebraska, for personal trips.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; 2024 Neb. Laws, L.B. 1143, § 1), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Townships, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (2024 Neb. Laws, LB. 1143 § 1).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Fuel gift cards to assist with personal mileage are not found among that select statutory list of permissible expenditures. As a result, unless expressly authorized elsewhere in statute, such disbursements must be considered disallowed by law.

Good internal control requires procedures to ensure compliance with the provisions of the Act. Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of Township funds.

We recommend the Board implement procedures to ensure all Township expenditures are allowable under State statute, including the provisions of the Act.

3. Lack of Adequate Supporting Documentation

While reviewing the Township’s bank statements, the APA noted that the Township utilizes a purchasing card to make general purchases for fuel and supplies. During the fiscal year ended June 30, 2024, the Township’s purchasing card transactions totaled \$1,662. The APA requested supporting documentation for a \$53 purchase made at Ruby Tuesday, a restaurant in Lincoln, Nebraska, on November 22, 2023. The Township was unable, however, to provide an itemized receipt to support this purchase.

Neb. Rev. Stat. § 13-610(4) (Reissue 2022) requires that any expenditure with a political subdivision’s purchasing card be supported by an itemized receipt, as follows:

An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that 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.

(Emphasis added.) Additionally, good internal controls require procedures to ensure that an itemized receipt is maintained for all expenditures of Township funds, especially those made with a municipal purchasing card. Without such procedures, there is an increased risk for not only loss, theft, or misuse of Township funds but also noncompliance with State statute.

We recommend the Township implement procedures to ensure an itemized receipt is maintained for all purchasing card expenditures.

4. Payments Not Approved

The APA obtained a copy of the minutes for the November 1, 2023, meeting of the Board. Those minutes fail to reflect the Board’s approval of seven Township expenditures, totaling \$856, as detailed below:

Payment Date	Name/Vendor	Amount	Check #
11/10/2023	Don Carley	\$ 150	995747
11/10/2023	Lori Kallenbach	200	995750
11/10/2023	Frank Fichtl	150	995748
11/22/2023	Ruby Tuesday	53	Debit Card
11/22/2023	Surplus Center	220	Debit Card
11/27/2023	Black Hills Energy	50	ACH
11/30/2023	Butler Public Power District	33	ACH
Total		\$ 856	

Nebraska law requires the Board to approve all claims against the Township. In particular, Neb. Rev. Stat. § 23-255 (Reissue 2022) states the following, in relevant part:

All claims and charges against the town, duly audited and allowed by the town board, shall be paid by order so drawn.

(Emphasis added.) Properly discharging the above statutory duties necessarily entails the Board’s approval of all expenditures of Township funds prior to their actual disbursement.

As a public body, moreover, the Board is subject to the provisions of the Open Meetings Act (Act), which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2014; Cum. Supp. 2022; 2024 Neb. Laws, L.B. 43, § 21; 2024 Neb. Laws, L.B. 287, § 74; 2024 Neb. Laws, L.B. 399, § 4; 2024 Neb. Laws, L.B. 1370, § 8). Per Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2022) of the Act, public bodies, including the Board, are required to “keep minutes of all meetings,” showing, among other things, “the substance of all matters discussed.”

Furthermore, a good internal control plan and sound business practices require procedures to ensure that the Board approves all expenditures and business transactions of the Township prior to payment. Those same procedures should ensure also that the Board documents such approval in its meeting minutes, specifying the name of each payee, the exact amount of any disbursement, and the specific purpose of the payment.

Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss or misuse of public funds.

We recommend the implementation of procedures to ensure the Board approves all expenditures of Township funds prior to payment, and such approval is documented adequately in the Board’s meeting minutes.

5. Payment of Claims Prior to Board Approval

During our comparison of the Township’s bank account details to claims approved by the Board, the APA noted that the following payments, totaling \$3,147, were issued before the underlying claims were approved by the Board.

Approval Date	Name/Vendor	Amount	Check Number	Check Date	Days Paid Before Approval
11/1/2023	Nebraska Department of Revenue	\$ 1,069	ACH	10/31/2023	1
11/1/2023	Butler Public Power District	33	ACH	10/31/2023	1
11/1/2023	Black Hills Energy	43	ACH	10/30/2023	2
11/1/2023	Central Valley Ag	77	ACH	10/20/2023	12
11/1/2023	Moravec & Associates	1,925	995740	10/16/2023	16
Total		\$ 3,147			

Nebraska law requires the Board to approve all claims against the Township. In particular, Neb. Rev. Stat. § 23-255 (Reissue 2022) states the following, in relevant part:

All claims and charges against the town, duly audited and allowed by the town board, shall be paid by order so drawn.

(Emphasis added.) Properly discharging the above statutory duty necessarily entails the Board’s approval of all expenditures of Township funds prior to their actual disbursement.

Furthermore, good internal control requires procedures to ensure that all claims are approved 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 Township funds.

We recommend the Board implement procedures to ensure all claims against the Township are approved prior to payment and are adequately documented in the minutes of the meeting during which they are approved.

6. Lack of Dual Authorized Signatures

The APA obtained the monthly statements for the Township’s bank accounts from its fiscal year 2024 audit waiver request. From those statements, the APA noted that all Township checks written during the examination period lacked the dual signatures required by law. An example of such checks is shown below:



As stated previously in the “Background Information” section herein, all of the Township’s payments are initiated solely by the Township Clerk through its online banking system. Subsequent thereto, the bank issues a check. As a result, only one Township authorized signer is needed to issue a check.

Nebraska law requires both the Clerk and the Chairperson of the Board to sign all checks approved by the Board. In particular, Neb. Rev. Stat. § 23-255 (Reissue 2022) states, in relevant part, the following:

The town clerk shall draw and sign all orders upon the town treasurer for all money to be disbursed by the township, and all warrants upon the county treasurer for money raised for town purposes, or apportioned to the town by the county or state, and present the same to the chairman of the board, to be countersigned by him, and no warrant shall be paid until so countersigned.

(Emphasis added.) In addition, good internal controls and sound accounting practices require procedures to ensure that Township 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 public funds.

We recommend the Board implement procedures to require dual signatures, from both the Clerk and the Chairperson, on all Township checks, as required by law.

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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 Township’s policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Township.

This communication is intended solely for the information and use of the Township 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