



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Mike Foley  
State Auditor

Mike.Foley@nebraska.gov  
PO Box 98917  
State Capitol, Suite 2303  
Lincoln, Nebraska 68509  
402-471-2111, FAX 402-471-3301  
auditors.nebraska.gov

December 23, 2025

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 2025. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), 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.

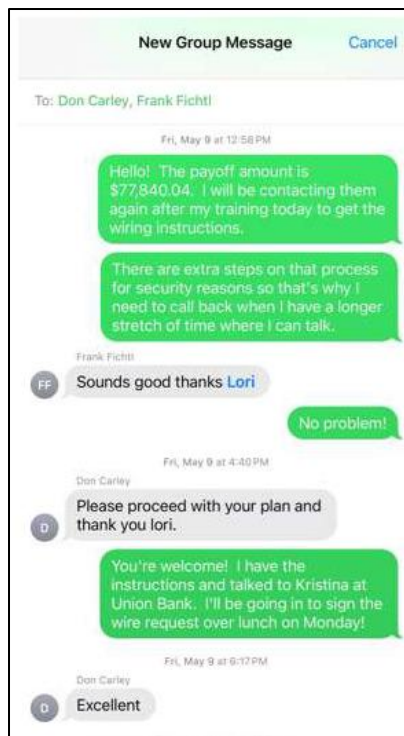
The following information is intended to improve internal controls or result in other operational efficiencies.

### **Comments and Recommendations**

#### **1. Possible Violation of the Open Meetings Act**

During review of the bank statements obtained from the Township's audit waiver request, we noted that, on May 12, 2025, the Township issued an outgoing wire transfer to Caterpillar Financial Services, totaling \$77,840.04, to pay off the Township's loan for a motor grader.

The APA requested copies of both the wire transfer form and the meeting minutes showing that this payment was approved by the Township Board (Board). The documentation provided by the Township showed that this payment was not approved by the Board at a public meeting until June 7, 2025, or 26 days after the payment was made. The Township also provided the following image showing that the entire Board approved the payment beforehand via text message:



As a public body, 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 2024, Supp. 2025). The intent of the Act is set out at Neb. Rev. Stat. § 84-1408 (Reissue 2024), as follows:

*It is hereby declared to be the policy of this state that the formation of public policy is public business and may not be conducted in secret.*

*Every meeting of a public body shall be open to the public in order that citizens may exercise their democratic privilege of attending and speaking at meetings of public bodies, except as otherwise provided by the Constitution of Nebraska, federal statutes, and the Open Meetings Act.*

Neb. Rev. Stat. § 84-1409(2) (Reissue 2024) defines a meeting, for purposes of the Act, as follows:

*Meeting means all regular, special, or called meetings, formal or informal, of any public body for the purposes of briefing, discussion of public business, formation of tentative policy, or the taking of any action of the public body.[.]*

(Emphasis added.) Neb. Rev. Stat. § 84-1411(1)(a) (Supp. 2025) states the following, in relevant part:

*[E]ach public body shall give reasonable advance publicized notice of the time and place of each meeting as provided in this subsection. Such notice shall be transmitted to all members of the public body and to the public.*

Additionally, Neb. Rev. Stat. § 84-1410(4) (Reissue 2024) contains the following:

*No closed session, informal meeting, chance meeting, social gathering, email, fax, or other electronic communication shall be used for the purpose of circumventing the requirements of the act.*

(Emphasis added.) Good internal controls require procedures to ensure that all Township business is conducted at meetings open to the public, as required by State law.

Without such procedures, there is an increased risk for not only loss or misuse of public funds but also violation of the Act.

We recommend the Board implement procedures to ensure that all Township business is conducted at meetings open to the public, as required by State law. Additionally, because it addresses a possible violation of the Open Meetings Act, we are forwarding this information to the Nebraska Attorney General and the Butler County Attorney for further review.

**2. Lack of Adequate Documentation**

While reviewing its bank statements, the APA noted that the Township utilizes a purchasing card to make general expenditures for fuel and supplies. During the fiscal year ended June 30, 2025, the Township’s purchasing card transactions totaled \$616. The APA requested supporting documentation for the following seven debit card purchases, totaling \$375; however, the Township was unable to provide an itemized receipt to support any of them.

Payment Date	Name/Vendor	Location	Amount
7/3/2024	Cracker Barrel Restaurant	Lincoln, NE	\$ 45
7/5/2024	Phillips 66	Lincoln, NE	105
8/14/2024	Runza Restaurant	David City, NE	17
3/20/2025	RC Pit Stop	Rising City, NE	11
3/20/2025	RC Pit Stop	Rising City, NE	50
3/20/2025	RC Pit Stop	Rising City, NE	73
3/20/2025	RC Pit Stop	Rising City, NE	74
<b>Total</b>			<b>\$ 375</b>

Additionally, we noted that the Township’s motor grader operator was paid a total of \$65,094 during the fiscal year 2025. The Township provided a copy of the employment contract for this employee showing the approved salary; however, timesheets or other documentation were not maintained to support that work was actually performed pursuant to this contract.

Neb. Rev. Stat. § 13-610(4) (Reissue 2022) requires any expenditure with a political subdivision’s purchasing card to 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.

**3. Potentially Disallowed Purchase**

Our review of the bank statements obtained from the Township’s audit waiver request revealed a \$100 payment made to the Bob Jones Family Memorial on September 10, 2024. This payment was made as a memorial for a former Board member. After the APA’s inquiry regarding this payment, the Board provided the following explanation of this payment via email:

Check #2060, dated 9/10/2024, to Bob Jones Family Memorial for \$100: This check was a memorial from Summit and Olive Townships. Bob Jones was a board member for Olive Township for several years and was someone with whom the Summit Township board worked closely. It is a common practice to recognize a board member's death.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; Cum. Supp. 2024), 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 (Cum. Supp. 2024).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Memorials 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.

On September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted a document entitled “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). The Guideline addresses a number of different scenarios involving the expenditure of public funds. Though issued over three decades ago, the Guideline remains relevant to various Nebraska public entities, including townships.

Regarding the issue of flower and memorial purchases, the Guideline provides the following:

*Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?*

*Response – No.*

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.

#### **4. Payments Not Approved**

The APA obtained a copy of the May 7, 2025, meeting minutes for the Board. Those minutes fail to reflect the Board's approval of 14 electronic Township expenditures, totaling \$10,291, as detailed below:

<b>Payment Date</b>	<b>Name/Vendor</b>	<b>Amount</b>
4/18/2025	Payroll	\$ 1,989
4/28/2025	Black Hills Energy	82
4/30/2025	Nebraska Dept. of Revenue	970
5/1/2025	Butler Public Power District	41
5/1/2025	Nebraska Dept. of Labor	47
5/2/2025	Payroll	1,989
5/5/2025	Union Bank	7
5/12/2025	Union Bank	25
5/15/2025	Internal Revenue Service	1,066
5/19/2025	Payroll	1,989
5/28/2025	Black Hills Energy	53

Payment Date	Name/Vendor	Amount
5/30/2025	Butler Public Power District	37
6/4/2025	Union Bank	7
6/4/2025	Payroll	1,989
<b>Total</b>		<b>\$ 10,291</b>

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, which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2024; Supp. 2025). Per Neb. Rev. Stat. § 84-1413(1) (Reissue 2024), 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.

A similar issue was identified by the APA in a prior review and was disclosed to the Township in the APA’s letter dated November 26, 2024, 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 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. Lack of Dual Authorized Signatures**

The APA obtained the monthly statements for the Township’s bank accounts from its fiscal year 2025 audit waiver request. From those statements, the APA noted that all but six Township checks written during the examination period lacked the dual signatures required by law. An example of such checks is shown below:



Almost all of the Township’s payments are initiated solely by the Township Clerk through the bank’s online banking system. Subsequently, the bank issues the checks to the vendors. As a result, only one Township authorized signer is needed to issue a check.

Nevertheless, 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.

A similar issue was identified by the APA in a prior review and was disclosed to the Township in the APA’s letter dated November 26, 2024, 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 both the Clerk and the Chairperson, on all Township checks, as required by law.

**6. Lack of Formal Policies**

As of our review in October 2025, the Board has not adopted any formal policies regarding the following items:

- Specific policies and procedures over the use of Township purchasing cards, including the type of purchasing cards utilized, who is assigned purchasing cards, and the allowed uses of the purchasing cards. After a phone call with the Board Chairperson on October 17, 2025, the Board began drafting a formal purchasing card policy.

Neb. Rev. Stat. § 13-610 (Reissue 2022) provides the following, in relevant part:

*(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. . . .*

\* \* \* \*

*(4) 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.*

\* \* \* \*

*(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.*

- Specific policies and procedures regarding meal purchases by Board members and employees while traveling outside of the Township on official business, such as, among other things, documentation requirements, maximum amounts that will be paid by the Township, and when meal purchases are

allowable. When adopting these policies and procedures, the Board should consider the requirements of the Local Government Miscellaneous Expenditure Act, which is found at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022, Cum. Supp. 2024).

Good internal controls require the Board's adoption of formal policies and procedures for, among other things, proper usage of Township purchasing cards and allowable meal purchases by Board members and employees.

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

We recommend the Board adopt formal policies and procedures for proper usage of Township purchasing cards and allowable meal purchases by Board members and employees.

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

Sincerely,



Mark Avery, CPA  
Assistant Deputy Auditor

cc: Nebraska Attorney General  
Butler County Attorney