



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 14, 2026

Kevin Siffring, Chairperson  
Reading Township Butler County  
2911 F Road  
Rising City, NE 68658

Dear Chairperson Siffring:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Reading 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. Lack of Agreement**

During our review of the bank statements accompanying the Township's audit waiver request, we noted two payments paid to the Rising City Community Library (Library), amounting to \$12,339. We requested documentation to support these funds were used for statutorily allowable purposes; however, we were only provided with a profit and loss report (Report) for the Library. Although the Report showed the total income and disbursements for the Library, it alone was not sufficient documentation to support these aid payments were used strictly for allowable expenditures as no invoices or receipts were provided. No other documentation was provided.

Further, according to the Township Treasurer, the Township does not have any formal agreements with the Library for these payments.

The Local Government Miscellaneous Expenditure Act (Act), which is found at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; Cum. Supp. 2024), places strict parameters upon certain expenditures of public funds by local governments, including townships.

Furthermore, good internal controls require procedures to ensure that any expenditure of funds by the Township, whether directly or through a designated recipient thereof, is not only for a statutorily allowable purpose but also in accordance with the underlying objective of that disbursement. Thus, when a library – or, for that matter, any other entity or person – receives such funds, the Township should have procedures for documenting their appropriate use.

Without such procedures, there is an increased risk for the improper, if not prohibited, use of Township funds.

We recommend the Village implement procedures for documenting the expenditure of public funds by it, whether directly or otherwise, to ensure the proper use of those monies.

## **2. Payment of Claims Prior to Board Approval**

During our comparison of the Township's bank account details to claims approved by the Township Board (Board), the APA noted that the following checks, totaling \$3,148, were issued before the underlying claims were approved by the Board:

Approval Date	Name/Vendor	Amount	Check #	Check Date	Days Paid Before Approval
2/24/2025	Shelby Auto Clinic	\$ 588	3544	2/9/2025	15
2/24/2025	Moravec and Associates	945	3545	2/10/2025	14
2/24/2025	Black Hills Energy	248	3546	2/11/2025	13
2/24/2025	Butler Public Power District	38	3547	2/10/2025	14
2/24/2025	Elan Financial	496	3548	2/18/2025	6
2/24/2025	Midwest Service and Sales	833	3549	2/18/2025	6
<b>Total</b>		<b>\$ 3,148</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 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.

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 16, 2023, and November 8, 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 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.

## **3. Payments Not Approved**

The APA obtained a copy of the February 24, 2025, meeting minutes for the Board. Those minutes fail to reflect the Board's approval of \$4,647 in Township payroll and associated payroll taxes. Total payroll and payroll taxes paid by the Township for fiscal year 2025 totaled \$58,833.

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 16, 2023, and November 8, 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.

#### **4. Possible Impermissible Gratuities**

On December 19, 2024, the Township issued two payroll payments to the Township’s employee, each totaling \$1,748. The second payment appears to have been made in addition to the normal monthly salary, and upon inquiry with the Township Treasurer regarding this additional payment, the APA was provided with the following explanation via email received on December 4, 2025:

12/19/2024 extra payroll was a Christmas bonus for our employee. Authorized by the Chairman after discussion with the Clerk and with me.

The holiday bonus payments at issue constitute gratuities, which appear problematic in light of the following statutory and constitutional considerations.

To start, the APA is unaware of any legal authority for the Township to give an employee bonus apart from a valid employment contract or formal policy authorizing extra compensation for additional work performed.

More importantly, Article III, § 19, of the Nebraska Constitution contains the following prohibition against gratuitous payments to public employees:

*The Legislature shall never grant any extra compensation to any public officer, agent, or servant after the services have been rendered nor to any contractor after the contract has been entered into, except that retirement benefits of retired public officers and employees may be adjusted to reflect changes in the cost of living and wage levels that have occurred subsequent to the date of retirement.*

The Nebraska Attorney General has summarized this constitutional provision by explaining, “Nebraska law generally requires work be performed in order for payment to be received.” Op. Att’y Gen. 95071 (Sept. 13, 1995).

According to the Nebraska Supreme Court, this constitutional prohibition is applicable to both the State and its many political subdivisions. *Retired City Civilian Employees Club of City of Omaha v. City of Omaha Employees’ Retirement System et al.*, 199 Neb. 507, 512, 260 N.W.2d 472, 475 (1977). Consequently, the Township is subject to the injunction against gratuities.

Good internal control requires procedures to ensure that any payments, including bonuses, to Township employees are made in strict accordance with Article III, § 19. Without such procedures, there is an increased risk of not only loss or misuse of public funds but also violation of the Nebraska Constitution.

We recommend the Township implement procedures to ensure all payments are constitutionally permissible.

## 5. Lack of Adequate Supporting Documentation

While reviewing the Township's bank statements, the APA noted that the Township maintains a credit card primarily used for fuel purchases, and during the fiscal year ended June 30, 2025, the Township's credit card purchases totaled \$8,551. The APA requested supporting documentation for one credit card payment, totaling \$958; however, the Township was unable to provide an itemized receipt to support one fuel purchase of \$218.

Neb. Rev. Stat. § 13-610 (4) (Reissue 2022) provides, in relevant part, the following requirements for a purchasing card program:

*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.) As noted above, State law requires an itemized receipt for all purchases made with a political subdivision's purchasing card.

Further, good internal controls require procedures to ensure an itemized receipt is maintained for all purchasing card expenditures. 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.

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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