

“Best Practices” and Other Significant Information for Township Boards Related to Financial Records
Prepared by the Nebraska Auditor of Public Accounts on March 25, 2022; Updated August 8, 2024

Note: Helpful information and answers to common questions have been included below. This information may be considered a Guidance Document under the Administrative Procedures Act.

This guidance document is advisory in nature but is binding on an agency until amended by such agency. A guidance document does not include internal procedural documents that only affect the internal operations of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document. (Neb. Rev. Stat. § 84-901.03)

Township corporate powers; no authority outside those explicitly given to it by statute.

Neb. Rev. Stat. § 23-223 (Reissue 2022) provides the township corporate powers. Townships do not have any authority besides that explicitly given to it by statute.

Every town shall have corporate capacity to exercise the powers granted thereto, or necessarily implied, and no others. It shall have the power (1) to sue and be sued; (2) to acquire, by purchase, gift, or devise, and to hold property, both real and personal, for the use of its inhabitants, and to sell and convey the same; and (3) to make all such contracts as may be necessary in the exercise of the powers of the town. In exercising the powers of the township, it may enter into compacts with another township or townships to purchase and jointly own road equipment.

Township must have a regular meeting at the time of the budget hearing.

Neb. Rev. Stat. § 23-227 (Reissue 2022) requires a regular meeting at the time of the budget hearing.

The citizens of the several towns of this state, qualified by the Constitution of Nebraska to vote at general elections, shall assemble and hold annual town meetings at their respective towns at the time of the budget hearing as provided by the Nebraska Budget Act. Notice of the time and the place of holding such meeting, after the first meeting, shall be given by the town clerk by publishing the notice in a newspaper in or of general circulation in the town at least ten days prior to the meeting.

Ensure the Officers, Clerk, and Treasurer understand their respective duties.

Neb. Rev. Stat. § 23-234 (Reissue 2022) lays out the duties of the Clerk and Treasurer for Township meetings.

The town clerk elected or appointed shall be the clerk of the town meeting, and shall keep faithfully minutes of its proceedings, in which he shall enter at length every order or direction, and all rules and regulations made by such meeting. If the town clerk is absent from the town meeting, the town treasurer shall perform the duties of the town clerk. The person keeping the minutes shall sign the same.

Neb. Rev. Stat. § 23-241 (Reissue 2022) requires meeting minutes to be filed with the Clerk.

The minutes of the proceedings of every town meeting shall be filed in the office of the town clerk within ten days after such town meeting.

Neb. Rev. Stat. § 23-246.01 (Reissue 2022) requires funds to be deposited with the Township within 10 days.

All township funds withdrawn from the county treasury, or collected directly by township officers, shall be deposited within ten days in depositories approved for the deposit of county funds of such county in an account in the name of the township.

Neb. Rev. Stat. § 23-255 (Reissue 2022) states that the Clerk and Board Chair shall keep separate records of claims.

The clerk and chairman of the board shall keep a record in separate books furnished by the county, of the amount, date, purpose for which drawn, and name of person to whom issued, of each warrant signed or countersigned by them.

Neb. Rev. Stat. § 23-257 (Reissue 2022) requires claims to be file with, and kept for subsequent inspection by, the Township Clerk.

The board shall make a certificate to be signed by a majority of its members specifying the value of the claim and to whom the amount is allowed, and shall cause such certificate to be delivered to the town clerk of said town, to be by him kept on file for the inspection of all persons.

As a public body, the Board is subject to the provisions of the Open Meetings Act, which is set out at Neb. Rev. Stat. § 84-1407 (Reissue 2014) et seq. In particular, Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2022) requires public bodies, including Boards, to “keep minutes of all meetings,” showing, among other things, “the substance of all matters discussed.”

Make sure the Township Treasurer is protected by a security bond.

Neb. Rev. Stat. § 23-246 (Reissue 2022) says the following regarding surety bonds:

The town treasurer of each town shall give bond to the town in the sum of two thousand dollars, or double the amount of money that may come into his hands, to be fixed by the town board. Whenever it shall be ascertained that such bond has been forfeited, suit in the name of such town on said bond may be brought by any resident freeholder of such town.

Ensure Board Member compensation is properly approved.

Neb. Rev. Stat. § 23-258 (Reissue 2022) specifies allowable town charges, including compensation of town officers.

The following shall be deemed town charges: The compensation of town officers for services rendered their respective towns, contingent expenses necessarily incurred for the use and benefit of the town, the money authorized by the vote of the town meeting for any town purposes, and every sum directed by law to be raised for town purposes.

Neb. Rev. Stat. § 23-224 (Reissue 2022) requires the electors of the township to approve the township officers’ compensation at the annual meeting.

The electors present at the annual town meeting shall have power:

* * * *

(8) To direct the raising of money by taxation, subject to approval by the county board . . . (e) for the compensation of town officers at the rate allowed by law and, when no rate is fixed for such amount, as the electors may direct[.]

Neb. Rev. Stat. § 23-260 (Reissue 2022) states that the per diem of Board members must be fixed by the Board during the Township’s annual meeting, as follows, which should be documented in the minutes.

The members of the town board shall be entitled to a per diem as fixed by the town board at its annual meeting.

Recommendations for Township Boards related to financial records.

The following are some items the Township should be aware of regarding its financial records.

- We recommend the Township implement procedures to prevent one person from being in a position to perpetrate and to conceal financial errors or irregularities. This would include ensuring the following:
 - A Board member, or a separately designated individual, reviews the monthly bank statements, obtained directly from the bank, for any discrepancies with approved claims. This may be done via electronic access to bank statements online.
 - All claims are adequately documented with receipts, invoices, or reason for payment.
 - All claims are approved by the Board prior to payment. Neb. Rev. Stat. § 23-255 (Reissue 2022) sets out the proper method for the appropriation or payment of money by the Township, as follows:

All claims and charges against the town, duly audited and allowed by the town board, shall be paid by order so drawn.
 - All warrants/checks bear two signatures. Neb. Rev. Stat. § 23-255 (Reissue 2022) requires the Township’s warrants/checks to be signed by the Township Clerk and Chairperson, as follows:

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.

- Each actual claim amount paid agrees to the claim amount approved by the Board, and no adjustment is made to such payment without formal Board approval.
 - Township purchase/credit cards are used only by specifically named and authorized Township personnel. Receipts should be maintained (required by § 13-610(4)), reviewed, and reconciled to the monthly charge card statements to establish that all expenditures are reasonable, having been made by those authorized individuals for official purposes only, and no personal or other inappropriate expenses are included. The APA does not recommend using debit cards due to them not having as much protection against fraud.
 - Signature cards on file at all banks used by the Township are current and list only active Township officers, including the Clerk and at least one Board member – preferably the Board Chair.
 - A periodic review is performed with local banks to confirm that the Township’s Federal Taxpayer Identification Number (FTIN) is being used only for financial accounts authorized by the Board to contain Township funds.
- The Township should monitor closely its budget status on an ongoing basis to avoid incurring expenditures in excess of the amount budgeted, and amend the budget as necessary. Neb. Rev. Stat. § 13-510 (Reissue 2022) prohibits the Township from making an expenditure in excess of the amounts indicated in the adopted budget statement unless the budget is amended. Neb. Rev. Stat. § 13-511 (Reissue 2022) sets out the procedures for amending the adopted budget accordingly.
 - The Township should ensure sufficient funds are available in the Township’s bank accounts to pay claims. The Township should never have a negative bank balance when proper balancing procedures are followed.
 - The Township is exempt from Nebraska sales tax; therefore, the Township should ensure procedures are in place to prevent the payment of State sales tax. Neb. Rev. Stat. § 77-2704.15(1)(a) (Supp. 2023) provides the Township’s exemption.

Township Libraries - Recommendations for Township Boards related to Township Library financial records.

The following are some items the Township should be aware of regarding its financial records when it has a legal Township Library.

- When a Township has a Public Library (pursuant to Sections 51-201 to 51-219) and has a separate Library Fund, is the Township Board (not only the Library Board) required to approve the expenditures prior to payment from this Library Fund, or does only the Library Board have to approve the expenditures from the Library Fund?
 - a. The language in Section 51-207 controls: “The library board shall have exclusive control of expenditures, of all money collected or donated to the credit of the library fund”
 - b. Additionally, Section 51-209 states:

All taxes levied or collected and all funds donated or in any way acquired for the erection, maintenance, or support of any public library shall be kept for the use of the library separate and apart from all other funds of the city, village, county, or township, shall be drawn upon and paid out by the treasurer of such city, village, county, or township upon vouchers signed by the president of the library board and authenticated by the secretary of such board, and shall not be used or disbursed for any other purpose or in any other manner.
 - c. The concluding language above (“shall not be used or disbursed for any other purpose or in any other manner”) makes it clear that the only way that the Library funds are to be paid out is “upon vouchers signed by the president of the library board and authenticated by the secretary of such board.” No mention is made of the requirements in § 23-255. The Nebraska Supreme Court has said the following:

To the extent there is conflict between two statutes on the same subject, the specific statute controls over the general statute.

Jeffrey B. v. Amy L., 283 Neb. 940, 951, 814 N.W.2d 737, 746, (2012).

In this case, § 51-207 is the specific statute and takes precedence over the more general § 23-255. So, between the language in § 51-207 (“exclusive control of expenditures”) and that in § 51-209 (“be drawn upon and paid out by the treasurer of such city, village, county, or township upon vouchers signed by the president of the library board and authenticated by the secretary of such board, and shall not be used or disbursed for any other purpose or in any other manner”) no approval is required by the Township Board prior to the disbursement of such funds.

With the information noted above, however, we still recommend, as a good internal control, the Township Board review and approve Township Library expenses prior to payment or soon thereafter to ensure the expenses are reasonable and proper for the Township.

Further, the Township Library must provide an annual report (Section 51-213) to the Township Board. We recommend the Township Board ensure this report is filed in compliance with Statute and the activity (including expenses) are reviewed to ensure they appear reasonable and proper for the Township.

- When there is a separate Library Fund, is the Township Treasurer the custodian of the funds/monies? If so, do the checks wrote out of this Library Fund have to have dual signatures (Township Clerk and Township Board Chairman) pursuant to Section 23-255?
 - a. As indicated by Section 51-209, the Township Treasurer is the custodian of the funds for the Township including the Library Fund. Additionally, the following language in § 23-255 would require the dual signatures of the Township Clerk and Township Board Chairman:

The town clerk shall draw and sign all orders upon the town treasurer for all money to be disbursed by the township . . . and present the same to the chairman of the board, to be countersigned by him

Even though the president and the secretary of the Township Library Board may present a voucher that the Township Treasurer must honor, the payment made in response to that voucher must be signed by the Township Clerk and Township Board Chairman.

Audit Information

In accordance with Neb. Rev. Stat. § 84-304(4)(b) (2024 Neb. Law. LB1143, § 3), Townships may request audit waivers. When requesting an audit waiver, the Township will be required to provide copies of its bank statements for the applicable fiscal year, the June 30 bank reconciliation, a completed audit waiver form, and a copy of the Board meeting minutes recording the formal decision to request a waiver. Details are available on the Nebraska Auditor of Public Accounts’ website: <https://auditors.nebraska.gov/>.

The Nebraska Auditor of Public Accounts may audit any Township when it is deemed necessary to do so. Neb. Rev. Stat. § 84-304(4)(a) (2024 Neb. Law. LB1143, § 3) authorizes the Auditor of Public Accounts to do the following:

To examine or cause to be examined, at the expense of the political subdivision, when the Auditor of Public Accounts determines such examination necessary or when requested by the political subdivision, the books, accounts, vouchers, records, and expenditures of . . . any township, . . . any political subdivision with the authority to levy a property tax or a toll, or any entity created pursuant to the Joint Public Agency Act.