



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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John Kramer, Chairperson
Stuart Township Holt County
87979 464th Avenue
Stuart, NE 68780

Dear Chairperson Kramer:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Stuart Township Holt County (Township) for the fiscal year ending 2022. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Cum. Supp. 2022), 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. Negative Bank Balance

While examining the Township's bank statements, the APA noted that the Township's checking account had a negative balance from June 27, 2022, to June 28, 2022. During that period, the largest negative balance was \$73,198. For the fiscal year ended June 30, 2022, the Township incurred no overdraft fees.

Good internal controls and sound business practices require procedures to ensure that funds are available in the Township's bank account prior to payment. Without such procedures, additional fees can occur.

We recommend the Township Board implement procedures to ensure funds are available in the bank account prior to payment.

2. Expenditures in Excess of Budget

For the fiscal year ended June 30, 2022, actual expenditures exceeded the Township's adopted budget by \$116,523. No amendment was filed with our office for these additional expenditures.

Neb. Rev. Stat. § 13-510 (Reissue 2022) states, in relevant part, the following:

No expenditure during any fiscal year or biennial period shall be made in excess of the amounts indicated in the adopted budget statement, except as authorized in section 13-511, or by state law. Any officer or officers of any governing body who obligates funds contrary to the provisions of this section shall be guilty of a Class V misdemeanor.

Neb. Rev. Stat. § 13-511 (Reissue 2022) sets out the procedures for amending the adopted budget accordingly.

When expenditures are made in excess of the amounts budgeted with no appropriation adjustments by the Board to address those excesses, the Township is noncompliant with State statute, further increasing the risk for loss and/or misuse of funds.

We recommend the Board implement procedures for monitoring closely its budget status on an ongoing basis to avoid expenditures that exceed the amount budgeted and amending the budget as required when such excess expenditures are unavoidable.

3. Lack of Oversight for Aid Payments

During review of the Township's bank statements obtained as part of the audit waiver request, the APA noted that the Township made several aid payments during the fiscal year 2022. The recipients of this aid and the amounts they received are detailed below:

Aid Recipient	Total Received
Stuart Township Library	\$ 12,000
Stuart Township Museum	\$ 10,000
Total	\$ 22,000

The APA was informed that these entities submit an annual report of their anticipated expenses to the Township Board for review; however, it appears that the Township Board does not follow up with the entities to ensure that these aid payments are indeed being used as anticipated and the expenditures were for an allowable government purpose.

Good internal controls require procedures to ensure that aid payments are used for an allowable governmental purpose. Without such procedures, there is an increased risk for the loss or misuse of Township funds.

We recommend the Township Board implement procedures to ensure that aid payments are used for an allowable governmental purpose.

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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