



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 2, 2023

Christopher Dvorak, Chairperson
Maple Township Dodge County
1585 County Road 14 Blvd.
Ames, NE 68621

Dear Chairperson Dvorak:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Maple Township Dodge County (Township) for the fiscal year ending 2023. **That request has been approved.**

However, the Township's amount of expenditures for the fiscal year ending June 30, 2023, does exceed our normal threshold of \$500,000 for granting a waiver of the audit requirement. The Township reported \$1,125,317 for the fiscal year ended 2023. Due to the Township's submission of supporting documentation for two large, low-risk type expenditures, totaling \$1,067,641, which accounted for a large percentage of the current year's expenditures, we were able to consider, for this year, the Township's financial activity to be low-risk enough to grant the audit waiver request.

While the Nebraska Auditor of Public Accounts audit filing requirements have been waived for fiscal year 2023, as noted above, **the Township should be alert for and consider whether a "Federal Single Audit" may be required for the fiscal year ended June 30, 2023, or possibly in future or previous years. Per Federal Requirements, when an entity expends \$750,000 or more of Federal dollars in a fiscal year, a "Federal Single Audit" is required. The Township should work with any Federal Agency, and/or State Agency passing through Federal dollars to the Township, to analyze the disbursements for the fiscal year ended 2023 and determine if those disbursements will relate as the underlying expense for any future Federal receipts/reimbursements.**

Additionally, while performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), 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. Expenditures in Excess of Budget

For the fiscal year ended June 30, 2023, actual expenditures exceeded the Township's adopted budget by \$850,317. 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.

2. Potentially Disallowed Purchase

Our review of the bank statements obtained from the Township's audit waiver request revealed one payment of \$200 to Bluffs Church (Church). Per the Township, the Church is used to host monthly meetings as well as the annual budget hearing for the Township. The Township noted that the Church allows the Township to use the meeting room for no fee; however, the Township Board decided that a "voluntary contribution of \$200 would be in order to compensate for the [T]ownship's use of the facility." However, the Township does not have a current, formal agreement with the Church to support such payment for using the meeting room.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2022) et seq., 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 (Reissue 2022).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Donations are not found among that select statutory list of permissible expenditures. As a result, 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, and any payment for a rental fee is supported by a formal agreement with the entity.

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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