



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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Keith Shonka, Chairperson
Bellwood Fire District 5
PO Box 14
Bellwood, NE 68624

Dear Chairperson Shonka:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Bellwood Fire District 5 (District) for the fiscal year ending 2021. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (2021 Neb. Laws, LB 528, § 51), 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 District.

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

Comment and Recommendation

Audit Waiver Balance

The APA obtained the monthly statements for the District's bank accounts from its fiscal year 2021 audit waiver request. From those statements, the APA noted that the June 30, 2021, total bank balance (including the County Treasurer balance) did not reconcile to the ending book balance reported on the fiscal year 2021 audit waiver as of June 30, 2021. The bank balance (including the County Treasurer balance) exceeded the balance on the audit waiver by \$780.83. The District failed to provide a reconciliation as of June 30, 2021, or documentation to fully explain this variance.

The reconciliation performed by the APA is shown below.

Description	Balance/Amount
Total Bank Balance as of June 30, 2021	\$ 164,573.76
County Treasurer Balance as of June 30, 2021	\$ 830.00
Total Bank Balance + County Treasurer Balance	\$ 165,403.76
Less: CY O/S Checks	\$ (175.93)
Reconciled Bank Balance + County Treasurer Balance	\$ 165,227.83
Book Balance from 21-22 Budget (Page 2, Column 2, Line 30)	\$ 164,447.00
Variance	\$ 780.83

Sound accounting practices and good internal controls require procedures to ensure the District performs a periodic reconciliation between the bank and book balances. Furthermore, sound accounting practices and good internal controls require that balances reported on the audit waiver request are accurate.

Without such procedures, there is not only an increased risk of theft, loss, or misuse of District funds, but also a lack of transparency of the financial position of the District.

We recommend the District review its records and determine if the book balance reported on its audit waiver request is accurate. If the District determines the balance on the audit waiver is inaccurate, the balance should be corrected in a timely manner and revisions are submitted to the APA. Furthermore, we recommend the District implement procedures to ensure a periodic reconciliation between the bank and book balances is performed, and any discrepancies are resolved in a timely manner.

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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 District'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 District.

This communication is intended solely for the information and use of the District 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,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor