



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Jeff Graybill, Chairperson
Roseland Fire District
6745 West Oak Ridge Road
Hastings, NE 68901

Dear Chairperson Graybill:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Roseland Fire District (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.

Comments and Recommendations

1. Negative Unused Restricted Funds Authority

The APA obtained a copy of the 2021-2022 Budget Document of the District. The APA noted that the amount excluded from the prior year's restricted funds for capital improvements was not properly carried forward to the 2021-2022 Budget Document. After these errors in the original filing were corrected, the revised budget document reported a negative Total Unused Restricted Funds Authority of \$8,608.43. Per the 2021-2022 Budget Document, none of the actual expenditures for fiscal year 2021 were reported for capital improvements.

Neb. Rev. Stat. § 13-519 (Reissue 2012) provides, in relevant part, the following:

(1)(a) Subject to subdivision (1)(b) of this section, for all fiscal years beginning on or after July 1, 1998, no governmental unit shall adopt a budget containing a total of budgeted restricted funds more than the last prior year's total of budgeted restricted funds plus allowable growth plus the basic allowable growth percentage of the base limitation established under section 77-3446.

* * * *

(2) A governmental unit may exceed the limit provided in subdivision (1)(a) of this section for a fiscal year by up to an additional one percent upon the affirmative vote of at least seventy-five percent of the governing body.

(3) A governmental unit may exceed the applicable allowable growth percentage otherwise prescribed in this section by an amount approved by a majority of legal voters voting on the issue at a special election called for such purpose upon the recommendation of the governing body or upon the receipt by the county clerk or election commissioner of a petition requesting an election signed by at least five percent of the legal voters of the governmental unit. . . .

(4) In lieu of the election procedures in subsection (3) of this section, any governmental unit may, for a period of one year, exceed the allowable growth percentage otherwise prescribed in this section by an amount approved by a majority of legal voters voting at a meeting of the residents of the governmental unit, called after notice is published in a newspaper of general circulation in the governmental unit at least twenty days prior to the meeting. At least ten percent of the registered voters residing in the governmental unit shall constitute a quorum for purposes of taking action to exceed the allowable growth percentage. . . .

Neb. Rev. Stat. § 13-518 (6)(g) (2021 Neb. Laws, LB 509, § 1) states restricted funds includes:

[A]ny funds excluded from restricted funds for the prior year because they were budgeted for capital improvements but which were not spent and are not expected to be spent for capital improvements. . . .

When prior year amounts for capital improvements that are excluded from the prior year’s restricted funds are not properly included in the current year’s budget, the District is noncompliant with State statute, further increasing the risk for loss and/or misuse of funds.

We recommend the Board implement procedures to ensure the District’s budget is in compliance with State statutes. We also recommend the District ensure its Total Unused Restricted Funds Authority reported in the 2022-2023 Budget Document is at least positive by \$8,608.43.

2. Expenditures in Excess of Budget

For the fiscal year ended June 30, 2021, actual expenditures exceeded the adopted budget by \$6,248. No amendment was filed with our office for these additional expenditures.

Neb. Rev. Stat. § 13-510 (Reissue 2012) states, in relevant part:

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 (Cum. Supp. 2020) 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 District is noncompliant with State statute, further increasing the risk for loss and/or misuse of funds.

We recommend the Board implement procedures to 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.

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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 that reads "Mark Avery". The signature is written in a cursive style with a long, sweeping underline.

Mark Avery, CPA
Assistant Deputy Auditor