



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 21, 2022

Ronald Dozler, Chairperson
Albion Rural Fire District 1
2600 260th Street
Albion, NE 68620

Dear Chairperson Dozler:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Albion Rural Fire District 1 (District) 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 District.

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

Comment and Recommendation

Possible Impermissible Gratuity

In December 2021, the District Board paid the Chief of the Volunteer Fire Department \$750 for a “Christmas gift” as shown below.

ALBION RURAL FIRE PROTECTION DIST. #1
Treas. *Tom Dozler*
ALBION, NE 68620
DATE 12-8-21
FOR DEPOSIT ONLY
TO THE ORDER OF *Bruce Benson* \$ 750.00
Seven Hundred Fifty and 00/100 DOLLARS
CORNERSTONE BANK
ALBION RURAL FIRES DIST. NO. 1
Tom Dozler
0833

833 \$750.00 12/13/2021

An excerpt from the December 8, 2021, meeting minutes showing the approval of this payment by the District Board is shown below.

Pay Bruce Christmas Gift \$750
Motion case all I

Per the District's Treasurer, this check was a year-end bonus paid to the Chief.

Article III, § 19, of the Nebraska Constitution contains the following prohibition against gratuitous payments to public employees:

The Legislature shall never grant any extra compensation to any public officer, agent, or servant after the services have been rendered nor to any contractor after the contract has been entered into, except that retirement benefits of retired public officers and employees may be adjusted to reflect changes in the cost of living and wage levels that have occurred subsequent to the date of retirement.

The Nebraska Attorney General (Attorney General) has summarized this constitutional provision by explaining, "Nebraska law generally requires work be performed in order for payment to be received." Op. Att'y Gen. 95071 (Sept. 13, 1995).

According to the Nebraska Supreme Court (Court), this constitutional prohibition is applicable to both the State and its many political subdivisions. Retired City Civilian Employees Club of City of Omaha v. City of Omaha Employees' Retirement System et al., 199 Neb. 507, 512, 260 N.W.2d 472, 475 (1977). Consequently, the District is subject to the injunction against gratuities.

Good internal control requires procedures to ensure that any payments, including bonuses, to District employees are made in strict accordance with Article III, § 19.

Without such procedures, there is an increased risk of not only loss or misuse of public funds but also violation of the Nebraska Constitution.

We recommend the District implement procedures to ensure all payments are permissible.

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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,



Mark Avery, CPA
Assistant Deputy Auditor