



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 12, 2022

Loren Vancura, Chairperson  
Elwood Rural Fire Protection District  
74596 Highway 283  
Elwood, NE 68937

Dear Chairperson Vancura:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Elwood Rural Fire Protection 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. Payments to Volunteer Fire Department**

During our review of the bank statements accompanying the District's audit waiver request, the APA noted that the District paid \$2,053 to the Elwood Volunteer Fire Department (Department). This payment was to reimburse the Department for expenses incurred while attending a fire school in Grand Island. The District provided documentation to support part of this reimbursement; however, the District was unable to provide proper documentation to support \$447 disbursed pursuant thereto were used for allowable purchases.

In addition, the District provided the credit/debit card receipt for a \$103.72 purchase at Tommy Gunz Restaurant, a \$296.39 purchase at Tommy Gunz Restaurant, and a \$46.82 purchase at Godfather's Pizza; however, itemized receipts were not provided for these purchases.

The Local Government Miscellaneous Expenditure Act (Act), which is found at Neb. Rev. Stat. § 13-2201 (Reissue 2012) et seq., places strict parameters upon certain expenditures of public funds by local governments, including rural and suburban fire protection districts.

Additionally, Neb. Rev. Stat. § 35-901(6) (Reissue 2016) requires the expenditure of all public funds by the Department to be approved by the "taxing authority supporting" it, namely the District, and properly published, as follows:

*All expenditures of public funds as defined in the Nebraska Budget Act for support of a volunteer department or its purposes shall be submitted as claims, approved by the taxing authority supporting such department or its purposes, and published as required by law. All such claims shall be properly itemized for proposed expenditure or reimbursement for costs already incurred and paid except as may be otherwise permitted pursuant to section 35-106.*

According to Neb. Rev. Stat. § 13-503(7) (Cum. Supp. 2020) of the Nebraska Budget Act, the term “public funds” means “all money, including nontax money, used in the operation and functions of governing bodies.” Any public funds received by the Department attach to the District to which it belongs – and, therefore, may be assumed to be used for the operation and function of that governing political subdivision. Consequently, such funds are subject to both the requirements of the Act and § 35-901(6).

Furthermore, good internal controls require procedures to ensure that any expenditure of funds by the District, whether directly or through a designated recipient thereof, is not only for a statutorily allowable purpose but also in accordance with the underlying objective of that disbursement. Thus, when a volunteer fire department – or, for that matter, any other entity or person – receives such funds, the District should have procedures for documenting their appropriate use.

Without such procedures, there is an increased risk for the improper, if not prohibited, use of District funds.

We recommend the District implement procedures for documenting the expenditure of public funds by it, whether directly or otherwise, to ensure the proper use of those monies.

## 2. Alcohol Purchase

During review of the District’s bank statements, the APA requested supporting documentation for a check written to the Elwood Volunteer Fire Department (Department). One of the receipts received was for a purchase, totaling \$202.05, at The Chicken Coop in Grand Island, Nebraska. During review of the receipt, the APA noted that the District reimbursed the Department for \$35 of alcoholic beverages, as shown below.

|  |            |
|--|------------|
| The Chicken Coop<br>120 East 3rd<br>Grand Island, Ne<br>308-398-2500 |            |
| Server: BRIANNA  | 05/22/2021 |
| Table 18/1   | 6:49 PM    |
| Guests: 6  | 40024      |
| Reprint #: 1   |            |
| Bottle Bud Light   | 3.50       |
| Bottle Bud Light   | 3.50       |
| Busch Light  | 3.50       |
| Busch Light  | 3.50       |
| Busch Light  | 3.50       |
| Miller Lite Btl  | 3.50       |
| 20 Wing Basket   | 21.99      |
| 20 Wing Basket   | 21.99      |
| Totally "Jack" Burger  | 11.99      |
| House Salad  | 4.99       |
| IRISH NACHOS   | 10.99      |
| BONELESS WINGS   | 10.99      |
| BONELESS WINGS   | 10.99      |
| 1/2 RIBS DINNER  | 16.99      |
| BONELESS WINGS   | 10.99      |
| POTATO SKINS   | 5.99       |
| Bottle Bud Light   | 3.50       |
| Busch Light  | 3.50       |
| Busch Light  | 3.50       |
| Miller Lite Btl  | 3.50       |

The purchase of alcohol with public funds is prohibited by Neb. Rev. Stat. § 13-2203(2) (Cum. Supp. 2020), which permits the governing body of a local government to purchase, among other things, only nonalcoholic beverages.

Good internal controls require procedures to ensure all District expenditures are allowable and appropriate. When such procedures do not exist, there is not only an increased risk of noncompliance with State statute, but also an increased risk of loss, misuse, or theft of District funds.

We recommend the District implement procedures to ensure District funds are not expended for the purchase of alcoholic beverages.

\* \* \* \* \*

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