



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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State Auditor

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January 5, 2022

Matt Oestmann, Chairperson
Johnson Rural Fire District 1
62902 733 Road
Johnson, NE 68378

Dear Chairperson Oestmann:

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

Negative Bank Balance

While examining the District's bank statements, the APA noted that the District's checking account had a negative balance from February 19, 2021, to February 22, 2021. During that period, the largest negative balance was \$6,030.54.

Good internal control and sound business practices require procedures to ensure sufficient funds are available in the District's bank accounts to pay claims.

Without such procedures, there is an increased risk for not only the loss, misuse, or theft of District funds but also the accumulation of overdraft fees.

A similar issue was identified by the APA in a prior review and was disclosed to the District in the APA's letter dated November 9, 2020, which can be found on the APA's website. However, it does not appear this issue was corrected after the APA's notification.

We recommend the District implement procedures to ensure sufficient funds are available in the District's bank accounts to pay claims.

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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, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor