



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 4, 2023

Jerry Genereux, Chairperson
Campbell Rural Fire District
2049 Road 200
Campbell, NE 68932

Dear Chairperson Genereux:

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

Comments and Recommendations

1. Alcohol Purchase and Payment of Sales Tax

During the review of the District's bank statements for fiscal year 2022, the APA observed the following check written to the Speakeasy, a steakhouse in central Nebraska, totaling \$631.72.

CAMPBELL RURAL AMBULANCE
PO BOX 987
CAMPBELL, NE 68932

2-12 2022 76-1573/1041 1412

Pay to the
Order of Speakeasy \$631 72/100

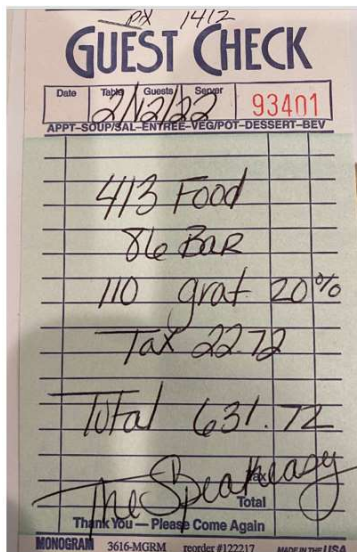
Bob Conway

SOUTH CENTRAL STATE BANK

FOR

1412 02/16/2022 631.72

According to the District's Treasurer, this purchase was for the annual Christmas party. The APA obtained a copy of the Speakeasy receipt associated with this payment, which showed \$86 of this purchase was potentially for alcoholic beverages and \$23 was for sales tax, as shown below.



The purchase of alcohol with public funds is prohibited by Neb. Rev. Stat. § 13-2203(2) (Reissue 2022), which permits the governing body of a local government to purchase, among other things, only nonalcoholic beverages.

Additionally, per Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2022), purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

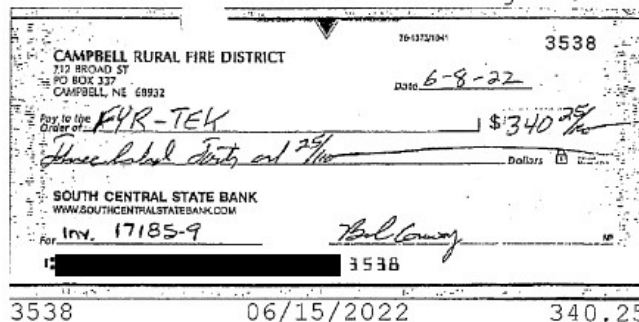
Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city, village, rural or suburban fire protection district

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 the 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 or the payment of State sales tax.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the District’s bank accounts from its fiscal year 2022 audit waiver request. From those statements, the APA noted that all District checks written during the examination period contained only one signature. An example of such checks is shown below.



Nebraska law requires both the Secretary-Treasurer and the President of the District to sign all checks approved by the Board. In particular, Neb. Rev. Stat. § 35-511 (Reissue 2016) states that those checks “shall bear the signature of the secretary-treasurer and the countersignature of the president of such district.”

In addition, good internal controls and sound accounting practices require procedures to ensure that District checks contain the statutorily required endorsements.

Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss or misuse of public funds.

A similar issue was identified by the APA in a prior review and was disclosed to the District in the APA’s letter dated January 4, 2022, 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 Board implement procedures to require dual signatures, from both the Secretary-Treasurer and the President, on all District checks, as required by law.

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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