



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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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 2024. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (2024 Neb. Laws, L.B 1143, § 3), 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. Potentially Disallowed Purchase

Our review of the bank statements obtained from the District's audit waiver request revealed one check, in the amount of \$500, as a donation to a local benefit fundraiser. Per discussion with a District representative, this donation was made with funds raised from collections on ambulance services. Per review of the Nebraska Department of Motor Vehicles' title and registration system, it appears that the ambulance being used is registered and titled under the District.

Neb. Rev. Stat § 35-901(4)(b) (Reissue 2016) states the following, in relevant part:

Funds, fees, or charges solicited, collected, or received by a volunteer department that are (i) in consequence of the performance of fire or rescue services by the volunteer department at a given place and time, (ii) accomplished through the use by the volunteer department of equipment owned by the taxing authority supporting such department and provided to the volunteer department for that purpose, and (iii) paid by or on behalf of the recipient of those services shall not be deposited in a trust fund authorized by this section. Such funds are public funds of the taxing authority supporting the volunteer department and are deemed to have been collected by the volunteer department as the agent of the taxing authority and are held by the department on its behalf.

(Emphasis added.) As it appears the ambulance is owned by the District, all funds generated from the use of the District's ambulance would be considered public funds.

The Local Government Miscellaneous Expenditure Act (Act), which is found at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; 2024 Neb. Laws, L.B. 1143, § 1), specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Districts, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (2024 Neb. Laws, L.B. 1143, § 1).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Donations are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

Good internal control requires procedures to ensure compliance with the provisions of the Act. Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of District funds.

We recommend the Board implement procedures to ensure all District expenditures are allowable under State statute, including the provisions of the Act.

2. Lack of Dual Signatures

The APA obtained the monthly statements for the District’s bank accounts from its fiscal year 2024 audit waiver request. From those statements, the APA noted that four 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.

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,

A handwritten signature in black ink, appearing to read "Mark Avery". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor