



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 30, 2024

Bruce Pfeifer, Chairperson
Humphrey Rural Fire District
22492 State Highway 91
Humphrey, NE 68642

Dear Chairperson Pfeifer:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Humphrey Rural Fire District (District) for the fiscal year ending 2024. **That request has been approved.**

However, the District's amount of disbursements for the fiscal year ending June 30, 2024, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2024, totaled \$1,608,783, which exceeds the normal audit waiver threshold. Additionally, we noted the budgeted expenditures for fiscal year 2025 are \$623,941. Due to the District's submission of supporting documentation for one-time, low risk expenditures, that accounted for a significant percentage of the current year's expenditures, we were able to consider for this year, the District's activity to be low enough to grant the audit waiver request.

However, if the June 30, 2025, fiscal year end disbursements are similar to or greater than the fiscal year 2024's expenditures, or near the budgeted amount for disbursements, an audit of fiscal year end June 30, 2025, may be required. This information is only for your consideration of planning for fiscal year 2025 and forward.

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.

Comment and Recommendation

Lack of Claims Listing

The APA obtained a copy of the April 17, 2024, meeting minutes for the Board of Directors (Board) of the District. Those minutes document the Board's approval of District expenditures; however, a list of the expenditures approved by the Board was not included or attached.

As a public body, the Board is subject to the provisions of the Open Meetings Act, which is set out at Neb. Rev. Stat. § 84-1407 (Reissue 2014) et seq. Per Neb. Rev. Stat. § 84-1413(1) (Cum. Supp. 2022) public bodies, including District Boards, are required to "keep minutes of all meetings," showing, among other things, "the substance of all matters discussed."

Furthermore, a good internal control plan and sound business practices require procedures to ensure that the Board approves all expenditures and business transactions of the District prior to payment. Those same procedures should ensure also that the Board documents such approval in its meeting minutes, specifying the name of each payee, the exact amount of any disbursement, and the specific purpose of the payment.

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 implementation of procedures to ensure the Board approves all expenditures of District funds prior to payment, and such approval is documented adequately in the Board's meeting minutes.

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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 horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor