



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

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State Auditor Mike Foley Criticizes Chase County Public School District for an Improper Diversion of Nearly \$125,000 in Child Nutrition Funds to Buy Two Massive Video Score Boards for the Gymnasium

State Auditor Mike Foley announced today the release of an audit letter issued to the Board of the Chase County Public School District in Imperial, Nebraska that is highly critical of the decision of the Board to divert \$124,695 in child nutrition funds for the improper purchase of two massive (16 foot x 9 foot) LED video scoreboards installed in the school gymnasium. The total installed cost of the score boards and associated software was \$169,695 with the bulk of the cost (roughly 74%) improperly covered by school lunch money which include federal funds.

Auditor Foley takes exception to the purchase as a “direct violation of the guidance issued to the school district from the Nebraska Department of Education (NDE) on the proper use of the funds.” When the NDE was asked by the audit team if the video score board purchase would have been approved by the department, they responded: **“Absolutely not.”**

Foley noted that the NDE suggested that the school district consider using its surplus school lunch money to raise the quality of food offerings to the students or procure needed cafeteria equipment and supplies. The audit team believes the school district could have been more upfront with NDE on how it intended to use the monies, as they had claimed the expenditure was for a digital menu board which could have been purchased for a thousand dollars or so.

The Board vote to make the procurement was approved by a 6-1 margin with the dissenting vote cast by Mr. Jeff Olsen who is a certified public accountant (CPA). In a lengthy letter to the audit team, the School Board attorney attempted to justify the expenditure of nutrition dollars for the scoreboard because the video boards display the menu offerings each day in the school gymnasium where students pass through prior to lunch.

The State Auditor letter notes that the students already have ready access to the school menu for every day of the month via a dedicated web site (myschoolmenus.com) and students make their lunch menu selections early in the school day long before they pass through the gymnasium to enter the cafeteria.

Foley noted that, “all in all, the school district acted improperly in this expenditure and used slight-of-hand tactics with the NDE to make an extravagant expenditure on gymnasium equipment using federal child nutrition dollars.”

A copy of the State Auditor letter to the Board of Chase County Schools can be found at:

auditors.nebraska.gov

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