



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 18, 2025

David Kraye, Chairperson
Mullen Rural Fire District
P.O. Box 61
Mullen, NE 69152

Dear Chairperson Kraye:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Mullen Rural Fire District (District) for the fiscal year ending 2025. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), 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. Expenditures in Excess of Budget

For the fiscal year ended June 30, 2025, actual expenditures exceeded the adopted budget by \$86,261. No amendment was filed with our office for these additional expenditures.

Neb. Rev. Stat. § 13-510 (Reissue 2022) states, in relevant part, the following:

No expenditure during any fiscal year or biennial period shall be made in excess of the amounts indicated in the adopted budget statement, except as authorized in section 13-511, or by state law. Any officer or officers of any governing body who obligates funds contrary to the provisions of this section shall be guilty of a Class V misdemeanor.

Neb. Rev. Stat. § 13-511 (Reissue 2022) sets out the procedures for amending the adopted budget accordingly.

When expenditures are made in excess of the amounts budgeted, with no appropriation adjustments by the Board of Directors (Board) to address those excesses, the District is noncompliant with State statute, further increasing the risk for loss and/or misuse of funds.

We recommend the Board implement procedures for: 1) monitoring closely its budget status on an ongoing basis to avoid incurring expenditures in excess of the amount budgeted; and 2) amending the budget as necessary.

2. Payments Not Approved

The APA obtained a copy of the April 9, 2025, meeting minutes for the Board of Directors (Board) of the District. Those minutes fail to reflect the Board's approval of two District expenditures, totaling \$285. These expenditures are detailed below:

Check Date	Check Number	Vendor/Payee	Amount
4/9/2025	5588	Jim Handy	\$ 227
4/9/2025	5589	Kelly Supply Company	58
Total			\$ 285

Per Neb. Rev. Stat. § 35-508(4) (Reissue 2016), the Board has the exclusive power to “manage and conduct the business affairs of the district.” Accordingly, any expenditure of District funds requires express Board authorization.

Additionally, Neb. Rev. Stat. § 35-511 (Reissue 2016) provides, in relevant part, the following:

All donations, contributions, bequests, annuities, or borrowed money received by or on behalf of the district shall be deposited with the secretary-treasurer of the district and shall be drawn out only upon proper check. Such check shall be authorized by the board of directors and shall bear the signature of the secretary-treasurer and the countersignature of the president of such district.

(Emphasis added.) Properly discharging the above statutory duties necessarily entails proper financial management, which calls for the Board's approval of all expenditures of District funds. Such Board approval should be prior to the actual disbursement, if possible, or at the next Board meeting.

As a public body, moreover, the Board is subject to the provisions of the Open Meetings Act, which is set out at Neb. Rev. Stat. §§ 84-1407 to 84-1414 (Reissue 2024; Supp. 2025). In particular, Neb. Rev. Stat. § 84-1413(1) (Reissue 2024) requires public bodies, including the Board, 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, in a timely fashion, all expenditures and business transactions of the District. 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, in a timely fashion, all expenditures of District funds, and such approval is documented adequately in the Board's meeting minutes. Such Board approval should be prior to the actual disbursement, if possible, or at the next Board meeting.

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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