



# 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

December 16, 2025

John Golden, Chairperson  
Nebraska City Rural Fire Protection District  
204 S. 11<sup>th</sup> Street  
Nebraska City, NE 68410

Dear Chairperson Golden:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Nebraska City Rural Fire Protection 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. Payments to Volunteer Fire Department

During our review of the bank statements accompanying the District's audit waiver request, the APA noted that the District pays \$800 each March to the Nebraska City Volunteer Fire Department (Department) to help fund the annual banquet held by the Department. The District was able to provide documentation to support that this amount was used for allowable purchases; however, it appears that the District did not receive any such documentation until after being requested by the APA.

The Local Government Miscellaneous Expenditure Act (Act), which is found at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; Cum. Supp. 2024), places strict parameters upon certain expenditures of public funds by local governments, including rural and suburban fire protection districts.

Additionally, Neb. Rev. Stat. § 35-901(6) (Reissue 2016) requires the expenditure of all public funds by the Department to be approved by the "taxing authority supporting" it – namely, in this case, the District – and properly published, as follows:

*All expenditures of public funds as defined in the Nebraska Budget Act for support of a volunteer department or its purposes shall be submitted as claims, approved by the taxing authority supporting such department or its purposes, and published as required by law. All such claims shall be properly itemized for proposed expenditure or reimbursement for costs already incurred and paid except as may be otherwise permitted pursuant to section 35-106.*

According to Neb. Rev. Stat. § 13-503(7) (Reissue 2022) of the Nebraska Budget Act, the term “public funds” means “all money, including nontax money, used in the operation and functions of governing bodies.” Any public funds received by the Department attach to the District to which it belongs – and, therefore, may be assumed to be used for the operation and function of that governing political subdivision. Consequently, such funds are subject to both the requirements of the Act and § 35-901(6).

Furthermore, good internal controls require procedures to ensure that any expenditure of funds by the District, whether directly or through a designated recipient thereof, is not only for a statutorily allowable purpose but also in accordance with the underlying objective of that disbursement. Thus, when a volunteer fire department – or, for that matter, any other entity or person – receives such funds, the District should have procedures for documenting their appropriate use.

Without such procedures, there is an increased risk for the improper, if not prohibited, use of District 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 November 19, 2024, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

We recommend the District implement procedures for documenting the expenditure of public funds by it, whether directly or otherwise, to ensure the proper use of those monies.

**2. Payment of Sales Tax**

During review of the District’s bank statements, we noted a debit card purchase at Home Depot, totaling \$1,013.29. Upon review of the supporting documentation associated with this debit card payment, the APA noted that this purchase included payment of State and Local sales tax, totaling \$66.29. An excerpt from the receipt associated with this purchase is included below:

Subtotal:	\$1,366.00
ProXtra Savings:	-\$419.00
Delivery:	FREE
Sales Tax:	\$66.29
<b>Total:</b>	<b>\$1,013.29</b>

Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024) states that 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 . . . .*

(Emphasis added.) Good internal controls require procedures to ensure that District funds are not expended for the payment of Nebraska sales tax. Without such procedures, 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 that District funds are not expended for the payment of Nebraska sales tax.

\* \* \* \* \*

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](mailto: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