



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 14, 2026

Kent Schroeder, Chairperson  
Beatrice Rural Fire District  
33384 U.S. Highway 77  
Beatrice, NE 68310

Dear Chairperson Schroeder:

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

However, the District's amount of disbursements for the fiscal year ending June 30, 2025, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2025, totaled \$580,942, which exceeds the normal audit waiver threshold. Additionally, we noted the budgeted expenditures for fiscal year 2026 are \$2,125,000. 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, 2026, fiscal year end disbursements are similar to or greater than the fiscal year 2025's expenditures, or close to the budgeted disbursements for fiscal year 2026, an audit of fiscal year end June 30, 2026, may be required. This information is only for your consideration of planning for fiscal year 2026 and forward.

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. Lack of Purchasing Card Policy**

During review of the bank statements obtained from the District's audit waiver request, it was noted that there were multiple debit card transactions throughout fiscal year 2025, totaling \$4,601. After further inquiry with the District, the APA was informed that the District utilized a debit card for making online purchases of necessary equipment, supplies, and travel expenses.

With the use of a debit card, the District increases its risk of unrecoverable loss of funds due to fraud because debit cards do not provide as much fraud protection as a credit card or other purchasing cards. The District also increases its risk of payments being made without Board approval because the debit card does not require dual signatures. It was noted during the review that the District did not have a formal, written purchasing card policy outlining procedures for safeguarding District assets when using the District card, including such allowable purchases and authorized individuals.

Neb. Rev. Stat. § 13-610 (Reissue 2022) provides, in relevant part, the following requirements regarding a purchasing card program:

*(1) A political subdivision, through its governing body, may create its own purchasing card program. The governing body shall determine the type of purchasing card or cards utilized in the purchasing card program and shall approve or disapprove those persons who will be assigned a purchasing card. Under the direction of its governing body, any political subdivision may contract with one or more financial institutions, card-issuing banks, credit card companies, charge card companies, debit card companies, or third-party merchant banks capable of operating the purchasing card program on behalf of the political subdivision. Expenses associated with the political subdivision's purchasing card program shall be considered, for purposes of this section, as an administrative or operational expense.*

\* \* \* \*

*(4) An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.*

\* \* \* \*

*(6) No officer or employee of a political subdivision shall use a political subdivision purchasing card for any unauthorized use as determined by the governing body.*

Good internal control procedures require adequate controls over the District's purchasing card, including an approved card policy that outlines procedures for the allowable use of the District card and authorized users. Without such procedures, there is an increased risk of loss, theft, or misuse of District funds.

We recommend the District implement adequate controls over the District's purchasing card, including an approved card policy that outlines procedures for the allowable use of the District card and authorized users.

## **2. Gift Card Purchase**

During review of the District's bank statements, we noted that the District purchased a prepaid gift card on February 25, 2025, with an amount of \$1,000. Per the Secretary-Treasurer of the District, volunteer firefighters from the Beatrice Rural Volunteer Fire Department (Department) traveled to Custer County to respond to a large fire and a Statewide call for aid. The Department needed funds to pay for fuel and miscellaneous expenses on this trip; however, the Secretary-Treasurer did not feel comfortable sending the District's debit card with the volunteers. This prepaid gift card was purchased so the Department could pay for necessary expenses during this trip.

After further inquiry, the APA was informed that the District was not originally provided with any documentation to support the purchases made with this gift card; however, the District was able to gather documentation from the Department after inquiry by the APA. A review of the documentation provided showed that only two fuel purchases, totaling \$225, were made during the trip to Custer County. The gift card has since been used by the Department for the purchase of various supplies and, as of December 2, 2025, there was still a balance of \$32 on the gift card.

While the use of a prepaid gift card eliminates direct access to the District's bank account and limits the potential impact of possible fraud or theft, the use of a gift card is not easily tracked, significantly increasing the risk of possible fraud or theft of those funds going unnoticed.

Good internal controls require procedures to ensure the following: 1) adequate documentation is obtained and reviewed for all purchases made with District funds; 2) the use of gift cards is limited, but if the use of gift cards is necessary, formal, written procedures governing the use of such gift cards are in place. Without such procedures, there is an increased risk of the loss, misuse, or theft of public funds.

We recommend the District implement procedures to ensure the following: 1) adequate documentation is obtained and reviewed for all purchases made with District funds; 2) the use of gift cards is limited, but if the use of gift cards is necessary, formal, written procedures governing the use of such gift cards are in place.

### **3. Payments Not Approved**

The APA obtained a copy of the September 18, 2025, meeting minutes for the Board of Directors (Board) of the District. Those minutes reflect the Board's approval of the profit and loss report for the fiscal year ended June 30, 2025; however, no specific District expenditures were approved by the Board.

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."

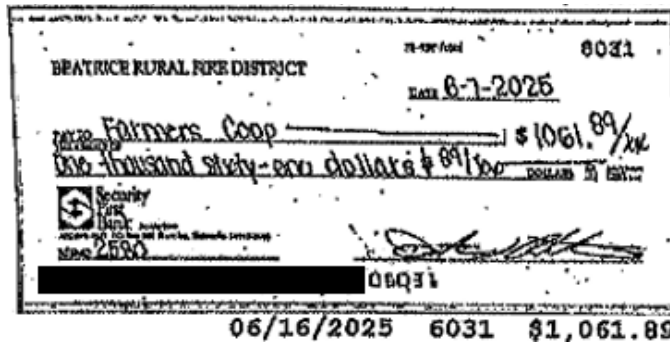
Furthermore, a good internal control plan and sound business practices require procedures to ensure that the Board approves, in a timely fashion, all expenditures and business transactions of the District. Those same procedures should ensure also that the Board documents such approval in its meeting 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.

### **4. Lack of Dual Signatures**

The APA obtained the monthly statements for the District's bank accounts from its fiscal year 2025 audit waiver request. From those statements, the APA noted that all District checks, except one, 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.

## 5. Board Member Compensation

During review of the District’s bank statements obtained as part of the audit waiver request, we noted that the members of the Board were paid the following for the fiscal year ended June 30, 2025:

Position	Annual Compensation
Board President	\$ 750
Board Secretary-Treasurer	\$ 750
Board Vice President	\$ 500
Board Members	\$ 250

State statute allows for Board members to be paid up to \$50 per meeting of the Board; however, we were informed that the District Board typically only meets three times each year. As such, Board members should have received no more than \$150 for the year.

Neb. Rev. Stat. § 35-506(3) (Cum. Supp. 2024) states the following, in relevant part:

*The members of the board of directors of a rural or suburban fire protection district may receive up to fifty dollars for each meeting of the board, but not to exceed twelve meetings in any calendar year, and reimbursement for any actual expenses necessarily incurred as a direct result of their responsibilities and duties as members of the board engaged upon the business of the district.*

(Emphasis added.) Good internal controls require procedures to ensure Board members are compensated in accordance with State statute. 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 Board members are compensated in accordance with State statute.

## 6. Potentially Disallowed Purchase

Our review of the bank statements obtained from the District's audit waiver request revealed one debit card purchase, totaling \$61, at Arby's, a fast-food restaurant in Beatrice, Nebraska. Per the District's Secretary-Treasurer, the District's July 2024 Board meeting was held at Arby's, and the District purchased the meal for the Board members in attendance. However, we question if this would be an allowable use of District funds.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; Cum. Supp. 2024), 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 fire districts, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Cum. Supp. 2024).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act states the following, in relevant part:

*In addition to other expenditures authorized by law, each governing body may approve:*

*(1)(a) The expenditure of public funds for the payment or reimbursement of actual and necessary expenses incurred by elected and appointed officials, employees, or volunteers at educational workshops, conferences, training programs, official functions, hearings, or meetings, whether incurred within or outside the boundaries of the local government, if the governing body gave prior approval for participation or attendance at the event and for payment or reimbursement either by the formal adoption of a uniform policy or by a formal vote of the governing body. Authorized expenses may include:*

\* \* \* \*

*(iii) Meals and lodging at a rate not exceeding the applicable federal rate unless a fully itemized claim is submitted substantiating the costs actually incurred in excess of such rate and such additional expenses are expressly approved by the governing body; and*

*(b) Authorized expenditures shall not include expenditures for meals of paid members of a governing body provided while such members are attending a public meeting of the governing body unless such meeting is a joint public meeting with one or more other governing bodies . . .*

(Emphasis added.) 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 purchases are allowable under State statute, including the provisions of the Act.

## 7. Payment of Sales Tax

During review of the District's bank statements and associated documentation, we noted three purchases that included payment of State and Local sales tax, totaling \$129. The following table details these purchases:

Date	Vendor	Purchase Amount	Sales Tax Paid
7/16/2024	Country Inn – Kearney, NE	\$ 393	\$ 24
2/18/2025	4H Building, Inc.	1,589	69
3/10/2025	Clarion Inn – Kearney, NE	365	36
Totals		\$ 2,347	\$ 129

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", with a long, sweeping horizontal line extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor