



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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January 14, 2026

Kevin Henrichson, Chairperson
Ceresco Fire District 5
P.O. Box 576
Ceresco, NE 68017

Dear Chairperson Henrichson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Ceresco Fire District 5 (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 \$873,172, which exceeds the normal audit waiver threshold. 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, 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. Audit Waiver Activity Variance

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 the deposits and debits of the bank for the fiscal year did not reconcile to the book activity reported on the fiscal year 2025 audit waiver request. Both the receipts and disbursement activity on the District's audit waiver request exceeded the activity in the bank accounts by \$9,199. The District failed to provide documentation to fully explain this variance. The variances noted are outlined in the table below:

	2025 Audit Waiver Request	Reconciled Bank Statements	Variance
Balance as of July 1, 2024	\$ 540,222	\$ 540,222	\$ -
Receipts (Less Transfers In)	502,422	493,223	(9,199)
Disbursements (Less Transfers Out)	873,172	863,973	(9,199)
Balance as of June 30, 2025	\$ 169,472	\$ 169,472	\$ -

Good internal controls and sound accounting practices require procedures to ensure that receipt and disbursement activity reported on the audit waiver request is accurate. Without such procedures, there is not only an increased risk of theft, loss, or misuse of District funds, but also a lack of transparency of the financial position and activity of the District.

We recommend the District implement procedures to ensure that receipt and disbursement activity reported on the audit waiver request is accurate.

2. Annual Banquet and Recognition Dinner

While reviewing the District's bank statements for fiscal year 2025, the APA noted one check issued on February 7, 2025, totaling \$1,933.51, to The Legendary Red Rooster, a restaurant located in Ceresco, Nebraska. The APA requested supporting documentation for this check. According to the District, this check was for the annual banquet and recognition dinner hosted by the District. An excerpt from the invoice associated with this check is shown below:

QUANTITY	DESCRIPTION	UNIT PRICE	LINE TOTAL
48	Queen Prime Rib	32.95	\$1581.60
	15% Gratuity		237.24
	Subtotal		\$1818.84
	Sales Tax 7.25%=\$114.67		
	Total		\$1933.51
<i>The salad and rolls were gratis. Thank you for all you do for the community, and we hope to serve you again!</i>			

As shown on this invoice, this purchase included payment for \$114.67 in Nebraska and local sales taxes, which the District is exempt from.

Additionally, the APA questions the total amount of funds expended on this event. Based on the District's roster, as of October 17, 2025, the Ceresco Volunteer Fire Department (Department) had 27 volunteer members, in addition to the three members of the District Board that are not included as volunteer members. For these 30 members, the District would have spent at least \$64 per attendee at the annual banquet and recognition dinner. Additionally, the invoice above shows that 48 dinners were purchased, exceeding the amount of volunteers and District Board members by 18 dinners. Based on this expenditure, the District exceeded the \$50 maximum cost per person allowed under the Local Government Miscellaneous Expenditure Act (Act).

The Act, which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2022) et seq., 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) states the following, as is relevant:

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

* * * *

(2) The expenditure of public funds for:

* * * *

(b) Nonalcoholic beverages and meals:

* * * *

(iii) Provided at one recognition dinner each year held for elected and appointed officials, employees, or volunteers of the local government. The maximum cost per person for such dinner shall be established by formal action of the governing body, but shall not exceed fifty dollars

(Emphasis added.) While the APA is unsure of who the additional meals were for, Neb. Rev. Stat. § 13-2204 (Reissue 2022) prohibits expending public funds to pay for costs incurred by a spouse, as quoted below, in relevant part:

Nothing in the Local Government Miscellaneous Expenditure Act shall authorize the expenditure of public funds to pay for any expenses incurred by a spouse of an elected or appointed official, employee, or volunteer unless the spouse is also an elected or appointed official, employee, or volunteer of the local government.

Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024) states that purchases made by the State or its designated 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 or local sales tax and that the District expends public funds in strict compliance with applicable statutory restrictions and requirements. Without such procedures, there is an increased risk for not only noncompliance with State statute but also loss, misuse, or theft of public funds.

We recommend the District implement procedures to ensure that District funds are not expended for the payment of Nebraska or local sales tax and that the District expends public funds in strict compliance with applicable statutory restrictions and requirements.

3. Expenditures in Excess of Budget

For the fiscal year ended June 30, 2025, actual expenditures exceeded the adopted budget by \$398,271. 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.

* * * * *

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