



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

March 30, 2026

Neal Smith, Chairman
Western Nebraska Regional Airport Authority
250023 Airport Terminal Street, Suite 10
Scottsbluff, NE 69361

Dear Mr. Smith:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding, among other things, possible misuse of Western Nebraska Regional Airport Authority (Authority) credit cards and other funds, as well as potential personal use of an Authority vehicle. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the Authority. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time, as the Authority is audited on an annual basis.

Nevertheless, during the course of the preliminary planning work, the APA noted certain issues that merit corrective action.

Background Information

Established in June 2003, the Authority is located in Scotts Bluff County, Nebraska. According to its website (<https://www.flyscottsbluff.com/>), the Authority is known as the “Scottsbluff Airport” and provides air service to western Nebraska and eastern Wyoming.

The Board of Directors (Board) is the governing body that exercises financial accountability and control over activities relevant to the operations of the Authority. Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, the ability to exert significant influence over all Authority operations, and the primary responsibility for related fiscal matters.

Per Neb. Rev. Stat. § 3-611 (Reissue 2022), the Board is “a body corporate and politic, constituting a public corporation and an agency of the county for which such board is established.” Based upon this language, the Nebraska Attorney General has concluded that the Authority constitutes a political subdivision. Op. Att’y Gen. No. 91030 (April 17, 1991).

The following comments and recommendations, which have been discussed with the appropriate members of the Authority and its management, are intended to improve internal control or result in other operating efficiencies.

Comments and Recommendations

1. Potential Personal Use of Authority Vehicle

The APA received complaints that the Authority’s Airport Director (Director) utilized an Authority-owned vehicle for personal use. In one such incident, an Authority pickup truck that was supposedly driven by the Director was seen pulling a Kiwanis Club of Scottsbluff trailer at the 2024 Scottsbluff Christmas Parade.

Displayed below are images captured from a video of the parade, purportedly showing the Authority vehicle pulling the Kiwanis Club trailer:



The Authority-owned vehicle at issue appears to be a 2019 silver Ford F-150 SuperCrew pickup. Utilizing the Nebraska Department of Motor Vehicle’s vehicle registration and title system, VicToRy, the APA verified that the Authority, in fact, has owned a 2019 silver Ford F-150 SuperCrew pickup truck, license plate number 43741, since 2021, which appears to be the vehicle shown in the above photo. According to Authority representatives, the Director typically drives an Authority vehicle, but they were unsure which one because specific vehicles are not assigned to Authority staff, and no mileage logs are required to be maintained.

The APA observed further from the Kiwanis Club of Scottsbluff’s Facebook page that, as of October 12, 2025, the Director has been a Board member of the club for 15 years. Moreover, the Director’s wife is the Board President of the organization. According to the Kiwanis Club of Scottsbluff Facebook page, the club “is a service minded group of individuals making our community better for children one child at a time.” There is no doubt that the club and its activities are worthwhile and beneficial to the public. Nevertheless, the APA questions the propriety of using an Authority vehicle for what appears to have been a purpose unrelated to that public entity’s formal duties and responsibilities.

According to the Authority's "Employee Guide," the political subdivision's vehicles are allowed to be driven "24/7 within a 15 mile radius of the airport," as follows:

The Airport Director, the Assistant Airport Director and the Operations Supervisor (Lead) are authorized to drive the Authority vehicle 24/7 within a 15 mile radius of the airport (or Response Distance of the Airport).

Travel outside of the response radius, for airport business, the employee must sign out on the office travel log and it must be approved by the Airport Director or Assistant Airport Director.

Despite such allowance, the vehicle's use must be restricted to Authority-related business, not for the support and advertisement of an external organization.

Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act (Act), which is set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,142 (Reissue 2021, Cum. Supp. 2024, Supp. 2025), restricts the use of property under the "official care and control" of a public official or public employee, as follows:

A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.

Per subsection (7) of that same statute, "[A]ny person violating this section shall be guilty of a Class III misdemeanor"

Neb. Rev. Stat. § 49-1443 (Reissue 2021) defines a "public official" as, among other things, "an elected or appointed official" in a political subdivision of the State.

Good internal control requires procedures to ensure the following: 1) Authority vehicles are used only for authorized governmental purposes; and 2) a formal, written policy is adopted specifying the authorized uses of Authority vehicles.

Without such procedures, there is an increased risk for not only loss of or damage to Authority vehicles but also noncompliance with State statute.

We recommend the implementation of procedures to ensure the following: 1) Authority vehicles are used only for authorized governmental purposes; and 2) a formal, written policy is adopted specifying the authorized uses of Authority vehicles. Moreover, because this comment addresses a possible violation of the Act, we are forwarding the information herein to the Nebraska Accountability and Disclosure Commission for further review.

Authority Response:

The pickup in the picture is an airport vehicle. It typically goes where I [Authority Director] go within a 15 mile radius of Scottsbluff, as stated in our employee guide. The reason for this is because it is an emergency response vehicle. As I am a State of Nebraska certified Fire Fighter 1, am ARFF certified (aircraft rescue fire fighter) and am the Chief of the airport fire department. This pickup and two others are equipped with 800 fire radios, aircraft radios, local airport radios and lights and a siren. It is the vehicle I use to respond quickly in the event we have an emergency at the airport. This is why the rule in our handbook. The airport was unaware that this practice is not allowed, as our primary concern is life safety. The parade I was in was only 7 blocks and at any time during the event, I could have gotten off on a side street and unhooked the trailer to respond to the airport. I received no personal financial gain. The airport now realizes after your audit that this is not allowed and we will be changing the language in the handbook concerning use of airport vehicles to state that they can only be utilized in airport related duties.

2. Questionable Conference Trip Expenses

The APA obtained copies of the Authority’s credit cards statements for the period January 1, 2025, through October 31, 2025. From these statements, the APA observed that the Authority maintained six active credit cards, which are used only by the Director, Assistant Director, and Office Manager. Authority representatives informed the APA that the Director or Assistant Director has final approval over all purchases, and the monthly credit card statements are presented to the Board for subsequent review.

While examining the Authority’s credit card statements and related supporting documentation, the APA noted several issues relating to purchases made during the 41st Annual American Association of Airport Executive’s (AAAE) Airport Law Workshop conference, which the Director attended in Washington, D.C., from October 5, 2025, through October 7, 2025. The details of those purchases are summarized in the table below:

Payee	Total Amount Paid	Number of Transactions	Personal Purchases	Attorney-Related Purchases	Overlapping Purchases	Other Purchases	Total Amount Questioned
United Airlines	\$1,290.94	4	\$645.47	\$645.47			\$1,290.94
Denver Airport - Enterprise	\$13.79	1				\$13.79	\$13.79
Old Ebbitt Grill	\$74.38	1		\$74.38			\$74.38
Arlington National Cemetery	\$43.00	1	\$43.00				\$43.00
The Cheesecake Factory	\$94.09	1			\$94.09		\$94.09
Ocean Shack Restaurant	\$70.43	1			\$70.43		\$70.43
The Tombs Restaurant	\$141.92	1	\$25.30		\$116.62		\$141.92
Abdu Showaya	\$4.40	1				\$4.40	\$4.40
China Chilcano Restaurant	\$72.20	1		\$72.20			\$72.20
Hudson News	\$15.76	1				\$15.76	\$15.76
Aviator’s Sports Bar	\$72.24	1		\$72.24			\$72.24
Uber	\$196.87	9	\$92.23		\$104.64		\$196.87
Hyatt Hotel	\$3,583.70	7		\$1,734.60	\$45.20	\$69.30	\$1,849.10
Tortilla Café	\$56.61	2			\$56.61		\$56.61
Totals	\$5,730.33	32	\$806.00	\$2,598.89	\$487.59	\$103.25	\$3,995.73

Personal Use of Authority Credit Cards

The APA noted eight charges, totaling \$806.00, that were identified as personal purchases by the Director while attending the conference. Those purchases are listed in the following table:

Transaction Date	Payee	Amount	Nature of Purchase
5/27/2025	United Airlines	\$605.47	Plane ticket for Director’s wife
10/5/2025	Arlington National Cemetery	\$43.00	Tour for Director and his wife
10/5/2025	Uber	\$40.55	Personal Uber charge
10/5/2025	Uber	\$22.90	Personal Uber charge
10/6/2025	Uber	\$16.85	Personal Uber charge
10/6/2025	The Tombs Restaurant – <i>Note</i>	\$25.30	Meal for Director’s wife
10/7/2025	United Airlines	\$40.00	Checked bag for Director’s wife
10/7/2025	Uber	\$11.93	Personal Uber charge
Total		\$806.00	

Note: This purchase is discussed in further detail on pages 6 and 7 herein.

From the supporting documentation for these purchases, the APA observed that the plane ticket and checked bag were for the Director’s wife, who is not an employee of the Authority. Such charges were clearly personal and should not have been made at the expense of the Authority. During that same trip, there were four Uber charges, totaling \$92.23, and one charge, totaling \$43, to Arlington National Cemetery – all of which were similarly personal in nature.

Authority representatives confirmed that – through two payments, one on May 29, 2025, and another on October 9, 2025 – the Director reimbursed the Authority in full for the above personal charges. Regardless, the Director’s personal use of an Authority credit card gives rise to concerns regarding apparent violations of State law.

To start, as explained by the Nebraska Attorney General, there is a “longstanding principle of constitutional law in Nebraska that public funds cannot be expended for private purposes.” Op. Att’y Gen. No. 97048 (Sept. 16, 1997). According to the Nebraska Supreme Court, this common law prohibition is core to the “the fundamental concepts of our constitutional system.” *State ex rel. Douglas v. Thone*, 204 Neb. 836, 842, 286 N.W.2d 249, 252 (1979).

More specifically, Neb. Rev. Stat. § 49-14,101.01 (Reissue 2021), which is found in the Nebraska Political Accountability and Disclosure Act, as set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,142 (Reissue 2021, Cum. Supp. 2024, Supp. 2025), provides the following, as is relevant:

(1) A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.

(2) A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.

* * * *

(7) Except as provided in section 23-3113, any person violating this section shall be guilty of a Class III misdemeanor, except that no vote by any member of the Legislature shall subject such member to any criminal sanction under this section.

Additionally, Neb. Rev. Stat. § 13-610 (Reissue 2022), which authorizes political subdivision purchasing card programs, says, in part, the following:

(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. . . .

(2) Any political subdivision may utilize its purchasing card program for the purchase of goods and services for and on behalf of the political subdivision.

* * * *

(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.

(Emphasis added.) Furthermore, the Local Government Miscellaneous Expenditure Act, which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2022, Cum. Supp. 2024) and enumerates various expenditures permitted by governing bodies of local governments, permits the purchase of food items by designated political subdivisions under certain limited circumstances; however, there is no indication of the purchases at issue falling within those narrow statutory provisions.

When all is said and done, despite reimbursement of the questioned expenses, the Director’s personal use of an Authority credit card creates, in effect, an interest-free loan of public funds – which flies directly in the face of the common law prohibition against, as explained already, the expenditure of public funds for a private purpose.

Attorney-Related Purchases

In addition to the personal credit card purchases identified above, the APA noted that a third airplane ticket and checked bag, as well as a second hotel room and meals, were purchased for the Authority’s attorney, who also attended this trip.

Those charges, totaling \$2,598.89, are detailed in the table below:

Transaction Date	Payee	Amount	Nature of Purchase
5/27/2025	United Airlines	\$605.47	Plane ticket for Attorney
10/4/2025	Old Ebbitt Grill	\$74.38	Meals for Director and Attorney
10/7/2025	United Airlines	\$40.00	Checked bag for Attorney
10/8/2025	China Chilcano Restaurant	\$72.20	Meals for Director and Attorney
10/8/2025	Aviator’s Sports Bar	\$72.24	Meals for Director and Attorney
10/8/2025	Hyatt Hotel	\$1,734.60	Lodging for Attorney
Total		\$2,598.89	

Authority representatives informed the APA that the attorney is retained under contract and, therefore, not considered an employee of that political subdivision. Nevertheless, the contract does not obligate the Authority to pay for the Attorney’s continuing education expenses, nor does any other formal agreement.

It should be noted that, months after the above expenses were incurred, the Board approved Resolution 2026-02 during its February 18, 2026, meeting. That resolution states the following:

NOW THEREFORE, BE IT RESOLVED the Airport Authority of the County of Scotts Bluff hereby retain and employs Jerald L. Ostdiek and Law Firm Douglas, Kelly, Ostdiek, Snyder, Ossian and Vogl, P.C. to act as legal counsel and render legal services for the Airport Authority and Western Nebraska Regional Airport.

Furthermore, the Airport Authority agrees to pay for and/or reimburse Douglas, Kelly, Ostdiek, Snyder, Ossian and Vogl, P.C. for any expenses incurred while the Airport attorney is attending law seminars specifically related to airport law. The Airport attorney agrees to not bill the Airport Authority for the attorney’s time while attending the airport law seminar.

This resolution language did not exist, however, when the \$2,598.89 in conference costs for the Authority’s attorney were incurred in May and October 2025.

Overlapping Purchases

When comparing the conference’s agenda with the credit card transactions made at the time, the APA noted several overlapping expenditures – including food purchases that appear to have coincided with meals provided by the conference and transportation purchases that appear to have occurred during conference sessions. The APA has included the conference agenda as **Attachment A** herein.

Meal Purchases

The \$925 conference registration fee, which was paid with the Authority’s credit card, included two continental breakfasts, two luncheons, one welcome reception, and one evening event. The APA determined that five meals purchased with the Authority’s credit card, totaling \$382.95, appear to have overlapped with the meals provided by the conference. This comparison is shown in the following table:

Per the Credit Card Statements				Per the Conference Agenda			
Date	Time of Purchase	Payee	Total	Date	Start Time	End Time	Schedule
10/5/2025	5:42 p.m.	The Cheesecake Factory	\$94.09	10/5/2025	5:00 p.m.	N/A	Welcome Reception
10/6/2025	N/A	Hyatt Hotel Cabinet Breakfast	\$45.20	10/6/2025	7:30 a.m.	8:15 a.m.	Networking Breakfast
10/6/2025	1:37 p.m.	Ocean Shack Restaurant	\$70.43	10/6/2025	12:30 p.m.	1:30 p.m.	Lunch Panel Discussion
10/6/2025	6:52 p.m.	The Tombs Restaurant	\$116.62	10/6/2025	5:30 p.m.	7:30 p.m.	Evening Reception
10/7/2025	12:46 p.m.	Tortilla Café	\$51.61	10/7/2025	12:00 p.m.	1:00 p.m.	Fireside Luncheon Chat
10/7/2025	12:48 p.m.	Tortilla Café	\$5.00				
Total			\$382.95				

Given that the meals provided at the conference were included in the event’s registration cost, the APA questions the reasonableness of the above food purchases. Moreover, they included meals for the Authority’s attorney – who, as pointed out already, is not an employee of the political subdivision and had no claim at the time to such perquisites under either a formal agreement or Resolution 2026-02, which was not adopted until months afterward.

Regarding the breakfast expense on October 6, 2025, at the Hyatt Hotel, where the Director stayed during this conference, Authority representatives informed the APA of his claim that the purchase was “for work not a personal charge.” Nevertheless, the APA questions this expenditure because breakfast was provided by the conference on this day, and the total amount paid, \$45.20, suggests that more than one meal had been purchased.

Additionally, the receipt for the October 6, 2025, dinner purchased at The Tombs Restaurant, as shown in the above table, contains a handwritten note that a chicken salad and fries, totaling \$25.30 with tax, were to be reimbursed to the Authority. The following is a copy of that receipt:



The note on this receipt appears to indicate that part of this meal purchase was personal in nature, likely for the Director’s wife. Such expenditure of Authority funds would not be considered allowable under State law. It should be noted also that the Director did not reimburse the Authority for this personal meal charge until after the APA inquired about it several months afterwards.

Transportation Purchases

In addition to the overlapping meal purchases, the APA observed that there were five Uber transportation charges that potentially overlapped with scheduled conference sessions. These charges and the corresponding conference sessions are detailed in the table below:

Per the Credit Card Statements				Per the Conference Agenda			
Date	Time of Purchase	Payee	Total	Date	Start Time	End Time	Schedule
10/5/2025	4:45 p.m.	Uber	\$21.97	10/5/2025	3:45 p.m.	4:45 p.m.	Session 4
10/6/2025	4:28 p.m.	Uber	\$18.11	10/6/2025	4:00 p.m.	5:00 p.m.	Session 13
10/7/2025	8:34 a.m.	Uber	\$21.04	10/7/2025	8:00 a.m.	8:30 a.m.	Networking Breakfast
				10/7/2025	8:30 a.m.	9:30 a.m.	Session 14
10/7/2025	10:54 a.m.	Uber	\$13.63	10/7/2025	9:45 a.m.	10:45 a.m.	Session 16
				10/7/2025	11:00 a.m.	12:00 p.m.	Session 17
10/7/2025	11:49 a.m.	Uber	\$29.89	10/7/2025	11:00 a.m.	12:00 p.m.	Session 17
Total			\$104.64				

According to Uber’s “Help” website (<https://help.uber.com/>), confirmation receipts are sent to riders once a trip has been completed. Therefore, the “Time of Purchase” column in the table above indicates the time the trip was completed rather than the time the trip was booked, showing clearly that these trips were taken during the times listed on the conference agenda. The APA questions the propriety of these charges being made when the Director was supposed to be attending the conference, which was paid for with Authority funds.

Other Credit Card Issues

The APA noted eight credit card purchases made during the trip, totaling \$103.25, that appear improper. Some of those purchases were for such unallowable personal items as chips, soft drinks, candy, popcorn, and gum. Other charges lacked adequate documentation, including an itemized receipt or invoice. These credit card charges are listed in the following table:

Transaction Date	Payee	Total Amount Paid	Items purchased
10/4/2025	Denver Airport - Enterprise	\$13.79	Chips, drinks, and candy
10/5/2025	Hyatt Hotel Gift Shop	\$28.84	Water, soda, and popcorn
10/5/2025	Hyatt Hotel Gift Shop	\$10.34	Soda and candy
10/6/2025	Hyatt Hotel Gift Shop	\$10.77	Water and gum
10/6/2025	Hyatt Hotel Gift Shop	\$9.54	Soda and chips
10/7/2025	Abdu Showaya	\$4.40	Lack of adequate documentation
10/7/2025	Hyatt Hotel Gift Shop	\$9.81	Candy and a soda
10/8/2025	Hudson News	\$15.76	Snacks, drinks, and soda
Totals		\$103.25	

As will be discussed in further detail in **Comment and Recommendation Number 3** (“Other Credit Card Issues”) herein, the APA considers the purchases listed in the table above to be disallowed by State law. Authority officials and employees may expend their own funds for snacks, candy, and soft drinks; however, the APA is unaware of any statutory authority that allows such purchases – which have no apparent relation to the political subdivision’s official duties and responsibilities – to be made with Authority funds. In addition, all purchases made with an Authority purchasing card should be accompanied by adequate supporting documentation, including an itemized receipt or invoice.

Good internal controls require procedures to ensure the following: 1) all disbursements of Authority funds are only for public – as opposed to personal – purposes, regardless of whether such expenditures are subsequently reimbursed; 2) Authority funds are used only as provided by law; and 3) all purchases made with an Authority credit card are accompanied by adequate supporting documentation, including an itemized receipt or invoice.

Without such procedures, there is an increased risk for not only loss or misappropriation of public monies but also violation of State statute.

We recommend the Board implement procedures to ensure the following: 1) all disbursements of Authority funds are only for public – as opposed to personal – purposes, regardless of whether such expenditures are subsequently reimbursed; 2) Authority funds are used only as provided by law; and 3) all purchases made with an Authority credit card are accompanied by adequate supporting documentation, including an itemized receipt or invoice. Because the issue addressed herein gives rise to concerns regarding possible violation of State law, we are referring this information to the Nebraska Attorney General, the Nebraska Accountability and Disclosure Commission, and the Scotts Bluff County Attorney for further review.

Authority Response:

I [Authority Director] will address questionable conference trip expenses in the order they are broken out in the report.

The personal use of the credit card in purchases related to my spouse.

I booked the flight at one time for myself, the attorney and my spouse. I know that the airport can't pay for my wife's trip. I intended to reimburse the airport when I made the purchase. I have my own resources to pay for such expenses and booked the flights together so I could ensure we would be seated together. Now that I know I can't make such purchases even though my intent was to reimburse, this issue won't happen again. I would like to state that the airport pays the credit cards off every month so we don't ever pay interest on purchases. I also reimbursed the airport in full 2 days later. It would have been the next day but I forgot to bring my travel card.

Regarding the attorney – related purchases, prior to the attendance of the October, 2025 Annual Airport Law Workshop, in 2007 the Airport Board specifically discussed and approved at a Board meeting that the Airport would pay for the Airport attorney's expenses to attend the Airport Law Seminars, and that the Airport attorney would not charge the Airport for his time in attending the seminar. Due to the specialized nature of Airport Law, this annual Airport Law Workshop is the only continuing legal education that the Airport Authority attorney is aware of that specializes in Airport Law. The Airport Authority attorney would not be attending this workshop but for his representation of the Airport Authority. The Airport attorney does not charge the Airport Authority for his time in attending the workshop, which requires five days of being absent from the office, totaling over \$7,000 in billable hours that the Airport Authority attorney foregoes.

Regarding overlapping purchases, on October 5th, the welcome reception does not include a meal. These receptions are always vendor sponsored event that includes liquor and light snacks. The next morning, on October 6th, the networking breakfast only includes coffee and rolls. I chose to have a regular breakfast that included some protein as I tend to have blood sugar dips if I don't eat a decent breakfast. That day for lunch, the session was on DBE and ACDBE. This subject I am very familiar with as I deal with it at State and Federal level with my airport projects we do every year. Our attorney stayed and I went and had lunch. That same evening, we did not stay for the reception as it is also drinks and finger food. The following day, October 7th, we missed the fireside chat luncheon as we had an appointment with Congressman Adrian Smith, to discuss several issues concerning the airport. We had lunch at a nearby restaurant as we could not have made it back in time for the conference luncheon.

The receipt for The Tombs was an oversight on my part. It clearly states on it that I need to reimburse for it and it was the only receipt that I and my staff missed. The waiter at this place could not manage to figure out his point of sale so I told him to leave it and I would just reimburse once I got home. In no way was I trying to hide this expense.

The overlapping uber charges on October 5th was travel to dinner as session 4 was an advanced session for attorneys so I went to dinner as the reception that followed was only drinks and snacks. The uber on the 6th was also a trip for dinner as well. The ubers on the 7th directly correspond to our trip to meet with the Congressman, our trip to have lunch afterwards and then our trip back to the conference.

Under other credit card issues, The drinks and snack were for me while I was in DC. The airport did not realize that drinks and snacks were not an allowable expense as we operated under the premise that all food was an allowable expense. As we not know that they are not allowed, they will not longer be purchased with airport funds and will be included in our upcoming credit card policy.

3. Other Credit Card Issues

In addition to the concerns addressed above, the APA identified the following issues involving the apparent misuse of the Authority’s credit card:

Potentially Disallowed and Questionable Purchases

During our examination of the supporting documentation provided by the Authority, the APA noted the following credit card purchases that appear to constitute an unallowable use of Authority funds:

Payee	Number of Transactions	Amount	Items Purchased
Scottsbluff Main Street Market	2	\$487.92	Flowers for a funeral
Amazon	1	\$279.98	Wine racks for Roma Italian Restaurant located at the Airport
Walmart	2	\$96.87	Cake and other items for a funeral
Sapp Bros	2	\$64.59	Snacks for Director and other Authority employees
Hilton Hotel	3	\$50.61	Drinks and candy
Other Vendors – <i>Note</i>	18	\$241.01	Snacks, candy, and drinks for Director and other Authority employees; candy for the office; and greeting cards for employees, Board members, community leaders, etc.
Totals	28	\$1,220.98	

Note: The “Other Vendors” line item consists of purchases of \$50 or less.

As shown in the above table, these purchases consisted of greeting cards (e.g., birthday, anniversary and sympathy cards), snacks, office candy, wine racks for an airport restaurant, and flowers and cake for a funeral. The APA is unaware of any statutory authority that allows such purchases to be made with Authority funds.

Authority officials and employees are entitled to spend their own money for the items listed above, but they may not use public funds for those purchases. The purchases at issue lack any apparent relation to Authority-related business sufficient to justify the expenditure of taxpayer dollars.

The Local Government Miscellaneous Expenditure Act, which is set out at Neb. Rev. Stat. §§ 13-2201 through 13-2204 (Reissue 2022, Cum. Supp. 2024) and enumerates various expenditures permitted by governing bodies of local governments, permits the purchase of food items by designated political subdivisions under certain limited circumstances; however, there is no indication of the purchases at issue falling within those narrow statutory provisions. Additionally, the purchase of flowers – whether for funerals, memorials, or other personal occasions – are not among the various expenditures authorized under the Act.

In fact, on September 17, 1993, the Nebraska Accountability and Disclosure Commission adopted “A Guideline to the Use of Public Funds by Cities and Villages – Revised” (Guideline). That document addresses different scenarios involving the expenditure of public funds. Though issued some three decades ago, as well as being directed toward municipalities, the Guideline remains relevant to various Nebraska public entities, including airport authorities.

Regarding the issue of flower and memorial purchases – an analysis equally applicable to any other statutorily impermissible expenditure of public funds – the Guideline provides the following:

Question #6 – May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?

Response – No.

Consequently, all of the purchases at issue must be considered questionable under State law.

Lack of Adequate Documentation

The Authority was unable to provide adequate supporting documentation, including an itemized receipt, for 10 credit card purchases, totaling \$1,748.52. These purchases are detailed in the table below:

Date	Payee	Amount
2/3/2025	El Charrito Restaurant	\$51.95
2/19/2025	Gering Bakery	\$32.67
5/17/2025	Bluffs Bakery	\$43.61
5/20/2025	Bluffs Bakery	\$22.68
7/11/2025	Domino's Pizza	\$558.62
7/11/2025	Domino's Pizza	\$558.62
8/8/2025	Oh So Clean	\$250.00
8/13/2025	Gering Bakery	\$34.67
8/20/2025	Metropolitan KC Restaurant	\$5.65
8/29/2025	Texas Roadhouse	\$190.05
Totals		\$1,748.52

Two examples of such non-itemized receipts are provided below:



Lack of Credit Card Policy

The Authority lacked a formal policy that not only specified allowable purchases and authorized users but also outlined procedures for safeguarding Authority assets when using an Authority credit card. Authority representatives informed the APA that the Airport Director, Assistant Airport Director, and Office Manager are the only authorized users of the credit cards. Further, all purchases are to be approved by the Airport Director or Assistant Airport Director. However, these guidelines have not been formalized in a written policy.

It should be noted that, subsequent to the APA's inquiry, the Authority has begun the process of implementing a formal purchasing card policy.

Payment of Nebraska Sales Tax

A review of supporting documentation revealed that the Authority paid a total of \$226.35 in Nebraska sales taxes on purchase made with its credit cards.

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 Nebraska 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 city airport authority, county airport authority, joint airport authority

Good internal controls require procedures to ensure the following: 1) purchases made with Authority monies constitute permissible expenditures of public funds; 2) adequate documentation, including an itemized receipt or invoice, accompanies all purchases made with an Authority credit card; 3) a formal policy is implemented specifying, among other things, both the allowable uses of the Authority's credit cards and the authorized holders thereof; and 4) Nebraska sales taxes are not paid on Authority purchases.

Without such procedures, there is an increased risk for not only noncompliance with applicable statutory requirements but also loss or misuse of Authority funds.

We recommend the Authority implement procedures to ensure the following: 1) purchases made with Authority monies constitute permissible expenditures of public funds; 2) adequate documentation, including an itemized receipt or invoice, accompanies all purchases made with an Authority credit card; 3) a formal policy is implemented specifying, among other things, both the allowable uses of the Authority's credit cards and the authorized holders thereof; and 4) Nebraska sales taxes are not paid on Authority purchases.

Authority Response:

Addressing other credit card issues.

Scottsbluff Main Street Market purchase of flowers. We had a volunteer firefighter pass away and we purchase flowers for the funeral my department attended. The airport did not realize this is not allowed and will also be include in our new credit card purchasing policy.

Addressing the wine racks for Roma, the airport owns the restaurant in our terminal. We own everything except the inventory of Roma. This is done this way so when a tenant leaves, they take nothing but their inventory.

The cake and other items from Walmart are for the above mentioned funeral.

The next two line items concerning drinks and snack were incurred during travel with my fire crew to our annual live training. The snack policy will be addressed as I [Authority Director] mentioned earlier.

The last item is related to office and board meeting purchase. As these items are not allowed, the purchase of them will no longer be made.

Lack of adequate documentation

In order as presented. The El Charrito purchase was a lunch with the county finance director and my staff to continue working on our plan to take over the insurance payments the county is paying on airport controlled county buildings. This establishment gives a typical credit card receipt only but going forward, we will make sure to get an itemized receipt. The four charges to Bluffs and Gering bakery are for rolls for our monthly board meetings. If allowed going forward, we will get an itemized receipt for these purchases. Both Dominoes purchases are for feeding passengers during diversions to the airport. These meals are a pass through for the airport as Sky West and United reimburse us for these meals. We will get an itemized receipt for these purchases in the future. The following two purchases were made by a relatively new staff member who did not get itemized receipts. The first one at the Metropolitan was for a soft drink in the hotel in KC we stay at during a conference. The last one from Texas Roadhouse was for fire fighter meals in Casper at our annual burn. Again, he did not get an itemized receipt. I will conduct a training once our new credit card policy are in place with my staff regarding acceptable expenses with airport credit cards.

The \$226.35 in Nebraska sales tax is a control issue we will resolve in the admin office. We have our form 13 in place with all our local vendors. The amount of tax in question is from the airport needing to make purchases online for items that we cannot source locally or for food at restaurants and hotels when we travel overnight. We will make sure going forward that we have good control of this. The only item I am not sure of is the purchase of meals for airport staff at restaurant and aforesaid hotels. I would be interested in any protocol that would help me address this issue.

* * * * *

Overall Authority Response:

Mr. Foley, I [Authority Director] appreciate the opportunity to provide some additional information and clarity to our recent audit. We strive to run the airport in an efficient manner with integrity and transparency. I will go through your audit in the order you presented the to us.

Thank you for the opportunity to address these issues. We strive to do a good job taking care of public funds and running the airport efficiently and with transparency. The items on this audit have opened our eyes to several things and are making us think much more carefully when the airport makes purchases on a daily basis to make sure they are allowable expenses.

New credit card and vehicle use policies will be put in our employee guide very soon.

* * * * *

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the Authority.

Draft copies of this letter were furnished to the Authority to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Authority and its management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor

Mason Culver – Auditor-In-Charge

Destini Morales – Auditor II

Sincerely,



Craig Kubicek, CPA, CFE

Deputy Auditor

Auditor of Public Accounts

Room 2303, State Capitol

Lincoln, NE 68509

Phone (402) 471-3686

craig.kubicek@nebraska.gov

cc. Nebraska Attorney General
Nebraska Accountability and Disclosure Commission
Scotts Bluff County Attorney

Sunday, October 5

- **Registration**

12 - 5 p.m.

- **Welcome Remarks**

1:00 - 1:15 p.m.

Speakers: Tracy A. Davis, *Partner*, Kaplan Kirsch

Justin Barkowski, *Legislative and Regulatory Counsel*, American Association of Airport Executives

- **Session 1: History of Airport Law**

1:15 - 2:15 p.m.

Speaker: Catherine M. van Heuven, *Partner*, Kaplan Kirsch

- **Session 2: Federal Law Affecting Airports (and a Survey of State Laws)**

2:30 - 3:30 p.m.

Speaker: Tracy A. Davis, *Partner*, Kaplan Kirsch

- **Session 3: Basics of Grant Assurances (Beginners)**

3:45 - 4:45 p.m.

Speaker: Steven L. Osit, *Partner*, Kaplan Kirsch

- **Session 4: Latest Regulatory and Case Law Developments (Advanced)**

3:45 - 4:45 p.m.

Speakers: Peter J. Kirsch, *Partner*, Kaplan Kirsch

John E. Putnam, *Partner*, Kaplan Kirsch

Subash S. Iyer, *Partner*, Kaplan Kirsch

- **Welcome Reception**

Hosted by AAAE

5:00 p.m.

Monday, October 6

- **Registration**

7:30 a.m. - 5 p.m.

- **Networking Breakfast**

7:30 - 8:15 a.m.

- **Welcome**

8:15 a.m.

Speakers: Tracy A. Davis, *Partner*, Kaplan Kirsch

Justin Barkowski, *Legislative and Regulatory Counsel*, American Association of Airport Executives

- **Session 5: Transactions with Airport Developers (Development Procurements and P3s)**

8:30 - 9:30 a.m.

Speakers: Tracy A. Davis, *Partner*, Kaplan Kirsch

Stephanie Griffin Mateo, *Senior Counsel*, Kaplan Kirsch

- **Session 6: Transactions with Airlines**

9:45 - 10:45 a.m.

Speakers: Sarah E. Wilbanks, *Associate*, Kaplan Kirsch

Anusheh Yasin, *Director*, Ricondo & Associates

- **Session 7: Transactions with General Aviation Airport Service Providers (FBOs, Fuel Farms and Other GA Users)**

9:45 - 10:45 a.m.

Speakers: Nicholas M. Clabbers, *Partner*, Kaplan Kirsch

Hector Huezo, *Chief Operating Officer*, National Air Transportation Association

- **Session 8: Airport Finance for Lawyers (Funding Sources, Federal Requirements, Revenue Use and Diversion)**

11:00 a.m. - 12:00 p.m.

Speakers: Steven L. Osit, *Partner*, Kaplan Kirsch

Nicholas M. Clabbers, *Partner*, Kaplan Kirsch

- **Session 9: Lunch Panel Discussion - New DOT Regulations on DBE and ACDBE - What Lawyers Need to Know Now**

12:00 - 1:30 p.m.

Speakers:

Allison Ishihara Fultz, *Partner*, Kaplan Kirsch

Justin Barkowski, *Legislative and Regulatory Counsel*, AAAE

John E. Putnam, *Partner*, Kaplan Kirsch

Subash S Iyer, *Partner*, Kaplan Kirsch

41st Annual Airport Law Workshop Agenda

October 5, 2025, through October 7, 2025

- **Session 10: Transactions with Non-aeronautical Airport Enterprises (Rental Cars and Concessionaires and Others)**
1:30 - 2:30 p.m.

Speakers: Slone P. Isselhard, *Associate*, Kaplan Kirsch

Eric T. Smith, *Partner*, Kaplan Kirsch

- **Session 11: Advising Airport Clients on Preparing for, and Responding to, Cybersecurity Attacks**
1:30 - 2:30 p.m.

Speakers: Pete Ramels, *General Counsel/Chief Compliance Officer*, Port of Seattle

Jessica Nadelman, *Senior Port Counsel*, Port of Seattle

- **Session 12: Legal Requirements for Assessing and Reporting the Environmental Impacts of Airports**
2:45 - 3:45 p.m.

Speakers: Catherine M. van Heuven, *Partner*, Kaplan Kirsch

- **Session 13: Dealings with Local Governments (Zoning, Intergovernmental Relations, and Airspace Protection)**
4:00 - 5:00 p.m.

Speakers: W. Eric Pilsik, *Partner*, Kaplan Kirsch

Amy Gonzalez, C.M., *General Counsel*, San Diego County Regional Airport Authority

- **Evening Reception**
Hosted by Kaplan Kirsch

5:30 - 7:30 p.m.

Tuesday, October 7

- **Registration**

7:30 a.m. - 3:30 p.m.

- **Networking Breakfast**

8 - 8:30 a.m.

- **Session 14: Understanding Federal Grants (Procurement, Funding Pauses, and Grant Oversight)**

8:30 - 9:30 a.m.

Speakers: Tracy A. Davis, *Partner*, Kaplan Kirsch

Justin Barkowski, *Legislative and Regulatory Counsel*, AAAE

- **Session 15: Land Development and Planning**

8:30 - 9:30 a.m.

Speakers: Peter J. Kirsch, *Partner*, Kaplan Kirsch

- **Session 16: Enforcement of Federal Obligations: The Airport Compliance Program**

9:45 - 10:45 a.m.

Speakers: W. Eric Pilsk, *Partner*, Kaplan Kirsch

- **Session 17: Ethics**

11:00 a.m. - 12:00 p.m.

Speakers: Caroline G. Jaschke, *Associate*, Kaplan Kirsch

Sara V. Mogharabi, *Attorney*, Kaplan Kirsch

- **Fireside Luncheon Chat: Preparing Airports for Huge Public Events: Olympics, FIFA, College Sports, Political Events**

12:00 - 1:00 p.m.

Speakers: John E. Putnam, *Partner*, Kaplan Kirsch

Subash S. Iyer, *Partner*, Kaplan Kirsch

Laura K. Kilgarriff, *Associate*, Kaplan Kirsch

- **Session 19: Airport Security: Relations with Homeland Security Agencies (TSA, CBP, ICE)**

1:15 - 2:15 p.m.

Speakers: Slone P. Isselhard, *Associate*, Kaplan Kirsch

Laura K. Kilgarriff, *Associate*, Kaplan Kirsch

- **Session 20: Preparing for Potential Insolvencies and Financial Distress of Airport Tenants**

2:30 - 3:30 p.m.

Speakers: Eric T. Smith, *Partner*, Kaplan Kirsch

Stephanie Griffin Mateo, *Senior Counsel*, Kaplan Kirsch