



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Douglas Matulka, Chairperson
David City Fire District 9
1380 40 Road
David City, NE 68632

Dear Chairperson Matulka:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the David City Fire District 9 (District) for the fiscal year ending 2023. **That request has been approved.**

However, the District's amount of disbursements for the fiscal year ending June 30, 2023, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement.

Disbursements for the fiscal year ended 2023 totaled \$919,403, which exceeds the normal audit waiver threshold. Additionally, we noted the budgeted expenditures for fiscal year 2024 are \$1,186,594. 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, 2024, fiscal year end disbursements are similar to or greater than the fiscal year 2023's expenditures or near the budgeted amount of expenditures, an audit of fiscal year end June 30, 2024, may be required. This information is only for your consideration of planning for fiscal year 2024 and forward.

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2023), 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.

Comment and Recommendation

Payment of Sales Tax

During review of the District's bank statements and credit card statements for fiscal year 2023, the APA noted that the District paid sales tax, totaling \$86.90, on a purchase of a laptop computer. The receipt for this purchase is shown below.

Billing details	
Subtotal	\$1,579.97
Shipping	\$0.00
Tax	\$86.90
Total	\$1,666.87

Neb. Rev. Stat. § 77-2704.15(1)(a) (Supp. 2023) 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.

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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,



Mark Avery, CPA
Assistant Deputy Auditor