



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 16, 2023

Mike Hort, Chairperson
Kiowa Rural Fire District
80794 Highway 92
Lyman, NE 69352

Dear Chairperson Hort:

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

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, the APA requested documentation for one check, totaling \$758.97, to The Firehouse Bar & Grill of Lyman. This check was written for meals for the District's annual banquet. Upon review of the supporting documentation associated with this check, it was noted that the District paid \$35.97 in sales tax, as shown below. The difference between the total shown below and the amount paid is due to a ten percent tip that was added to the total.

| | |
|-----------|--------|
| Subtotal | 654.00 |
| Sales Tax | 35.97 |
| Total | 689.97 |

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,

A handwritten signature in black ink that reads "Mark Avery". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor