



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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October 29, 2024

Lavon Olson, Chairperson  
Alma Rural Fire District  
P.O. Box 680  
Alma, NE 68920

Dear Chairperson Olson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Alma Rural Fire District (District) for the fiscal year ending 2024. **That request has been approved.**

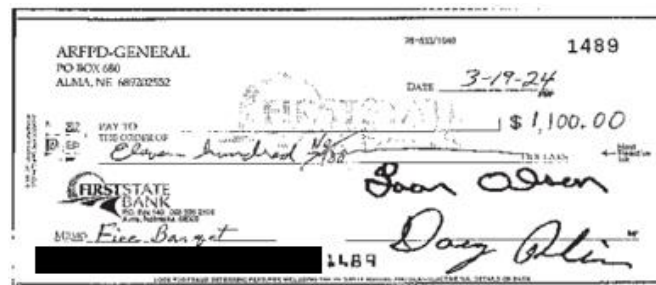
While performing, pursuant to Neb. Rev. Stat. § 84-304 (2024 Neb. Laws, L.B 1143, § 3), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational 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 Payee and Supporting Documentation

The APA obtained the monthly statements for the District's bank accounts from its fiscal year 2024 audit waiver request. From those statements, the APA noted that one check was written during the year with no payee, as shown below.



Check 1489 Amount \$1,100.00 On 3/20/2024

Per discussion with the District, this check was paid to The Hobby Kitchen for catering for the District's annual recognition banquet. The District was unable to provide documentation to support what this purchase was for, stating the following in an email to the APA:

*The Check from the Hobby Kitchen did not have an invoice. I asked her how much she was charging and wrote out a check to her.*

As the District was unable to support who this check was paid to and what the purchase was for, the APA contacted the owner of The Hobby Kitchen. The owner confirmed that she did receive this payment from the District for catering for the annual recognition banquet.

Good internal controls require procedures to ensure that checks are completely filled out prior to being signed and issued. Further, good internal controls require procedures to ensure proper documentation is maintained for all disbursement transactions, including itemized receipts for all purchases made.

Without such procedures, there is an increased risk for the loss, misuse, or abuse of public funds.

We recommend the Board implement procedures to ensure that checks are completely filled out prior to being signed and issued. We further recommend the Board implement procedures to ensure proper documentation is maintained for all disbursement transactions, including itemized receipts for all purchases made.

## 2. Payment of Sales Tax

During review of the District's bank statements, the APA requested documentation for one purchase, totaling \$322.49, from Amazon. This purchase was a pager system for the District. Upon review of the supporting documentation associated with this purchase, it was noted that the District paid \$22.50 in sales tax, as shown below.

Item(s) Subtotal:	\$299.99
Shipping & Handling:	\$0.00
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Total before tax:	\$299.99
Estimated tax to be collected:	\$22.50
	<u>322.49</u>

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, appearing to read "Mark Avery". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor