



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

December 16, 2025

Don Holtgrew, Chairperson
Atkinson Rural Fire Protection District 1
P.O. Box 117
Atkinson, NE 68713

Dear Chairperson Holtgrew:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Atkinson Rural Fire Protection District 1 (District) for the fiscal year ending 2025. **That request has been approved.**

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. Lack of Adequate Supporting Documentation

While reviewing the District's bank statements, the APA noted that the District had three credit cards that were mainly used to make fuel and online equipment purchases. During the fiscal year ended June 30, 2025, the District's credit card purchases totaled \$21,388. The APA requested supporting documentation for three credit card payments. The District was unable to provide itemized receipts to support the following purchases:

Date	Vendor	Amount
1/22/2025	Buffalo Wild Wings – Omaha, NE	\$ 91
1/31/2025	Wendy's – Kearney, NE	36
1/31/2025	Conoco	105
2/3/2025	Pump & Pantry – Grand Island, NE	20
2/4/2025	Phillips 66	112
2/7/2025	Amazon	257
2/16/2025	Amazon Music	6
5/23/2025	Phillips 66	80
5/30/2025	Ask An Expert Online	55
5/30/2025	Ask An Expert Online	1
5/30/2025	Amazon	148
Total		\$ 911

Additionally, the APA requested an explanation for the charges to Amazon Music and Ask An Expert Online; however, the District failed to provide an explanation of the purpose of these charges. Further, the District failed to provide an explanation of the purpose of travel to Grand Island, Nebraska, (noted above) and the purpose of travel to Norfolk, Nebraska, in May 2025, where a purchase of \$16 was made for ice cream at Dairy Queen.

Neb. Rev. Stat. § 13-610 (4) (Reissue 2022) provides, in relevant part, the following requirements for a purchasing card program:

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.

(Emphasis added.) As noted above, State law requires an itemized receipt for all purchases made with a political subdivision’s purchasing card.

Good internal controls require procedures to ensure an itemized receipt is maintained for all purchasing card expenditures. Without such procedures, there is an increased risk for not only loss, theft, or misuse of District funds but also noncompliance with State statute.

We recommend the District implement procedures to ensure an itemized receipt is maintained for all purchasing card expenditures.

2. Payment of Sales Tax

While reviewing documentation to support purchases made with the District’s credit cards, we noted that the District paid \$140 in sales tax. The purchases that included payment of sales tax are shown below:

Date	Vendor	Amount of Sales Tax Paid
2/7/2025	Amazon	\$ 17
2/20/2025	Amazon	8
2/21/2025	Amazon	32
2/26/2025	SP Ram Mounts	30
5/1/2025	Branding Barn	49
5/16/2025	Amazon	4
Total		\$ 140

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 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.

3. Improper Reconciling Items

During review of the District’s bank account reconciliation as of June 30, 2025, we noted that the reconciliation included seven deposits in transit, totaling \$55,363, that had not cleared the bank. These deposits were recorded between June 2022 and September 2024. As outstanding deposits normally clear the bank account in just a few business days, these reconciling items do not appear reasonable.

Additionally, the reconciliation included 63 outstanding checks, totaling \$53,686. One of these was dated in September 2004, while all others were dated after November 2022.

After discussion with the District, the budget document was updated to reflect corrected activity and an updated bank reconciliation was provided, showing no deposits in transit and only three outstanding checks, totaling \$1,707. While the budget document was corrected, the new bank reconciliation was provided in a different accounting system than the original bank reconciliation. As such, the APA is unsure if the actual accounting records of the District have been corrected.

Good internal controls require procedures to ensure that reconciling items are appropriate and reasonable. Without such procedures, there is an increased risk for not only the loss or misuse of funds but also inaccurate financial reporting.

We recommend the District implement procedures to ensure that reconciling items are appropriate and reasonable.

* * * * *

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