



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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December 17, 2025

Tim McCoy, Director  
Nebraska Game and Parks Commission  
2200 N. 33<sup>rd</sup> Street  
Lincoln, Nebraska 68503

Dear Mr. McCoy:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nebraska (State), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 17, 2025. In planning and performing our audit of the financial statements, we considered the State's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

In connection with our audit described above, we noted certain internal control or compliance matters related to the activities of the Nebraska Game and Parks Commission (Commission) or other operational matters that are presented below for your consideration. These comments and recommendations, which have been discussed with the appropriate members of the Commission's management, are intended to improve internal control or result in other operating efficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Draft copies of this management letter were furnished to the Commission to provide management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this management letter. *Government Auditing Standards* require the auditor to perform limited procedures on the responses. The responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them. Responses that indicate corrective action has been taken were not verified at this time, but they will be verified in the next audit.

The following are our comments and recommendations for the year ended June 30, 2025.

## **1. Capital Asset Errors**

The Commission is responsible for recording information regarding capital assets into the State's accounting system as well as reporting construction-in-progress (CIP), construction commitments, and retainage to the Department of Administrative Services – State Accounting Division (State Accounting) for proper financial statement and footnote presentation. The Commission failed to do the following: 1) attach costs in a timely manner to nine assets tested, which caused potential errors totaling \$2,059,993; 2) report accurately CIP for four projects tested, which caused potential errors totaling \$2,336,801; and 3) report accurately retainage payable and construction commitments, which caused potential errors totaling \$2,592,091. Details on these errors are included below.

### Asset Cost Errors

We noted costs for five infrastructure assets and four building assets were not attached accurately in a timely manner. Such failure causes the State's accounting system to contain the incorrect asset values and calculate depreciation at the incorrect amount, which then causes errors in the financial reporting process.

<b>Tag Number</b>	<b>Description</b>	<b>Department Errors</b>	<b>Asset Cost Errors</b>	<b>Depreciation Errors</b>
33H0451500A 33H0451600A	Boating Access	These two infrastructure assets were added with an acquisition date of June 10, 2025; however, costs totaling \$637,371 had not been added at the time of fieldwork in October 2025 and were, therefore, understated. This project was reported as an ongoing project in CIP and is also included in the CIP section below.	\$ 637,371	\$ 1,328
33H468900B	Schramm Waterway Treehouse	The building asset was added with an acquisition date of September 16, 2024; however, costs totaling \$250,485 had not been added to the asset until after our inquiry and were, therefore, understated. After testing, it was determined this acquisition date was incorrect as a certificate of substantial completion was on file with a date of August 16, 2024.	\$ 250,485	\$ 8,286
		The contract related to this project was combined with a second asset (Interactive Stream). The Commission estimated that 40% of the costs of the contract related to this asset; however, when attaching costs to the asset, 60% of the costs were added in error and were, therefore, overstated.	\$ 277,197	
33H0452000A	Interactive Stream	The contract related to this infrastructure project was combined with a second asset (Schramm Waterway Treehouse). The Commission estimated that 60% of the costs of the contract related to this asset; however, when attaching costs to the asset, 40% of the costs were added in error and were, therefore, understated.	\$ 277,197	\$ 8,892
33H0451100A	Trout Lake Fishing Pier	The infrastructure asset was added to the State's accounting system in October 2025 with an acquisition date in November 2024. Due to the failure of the Commission to add the costs, totaling \$243,040, in a timely manner, this asset was not picked up as part of the financial schedules and was, therefore, understated. This project was reported as an ongoing project in CIP and is also included in the CIP section below.	\$ 243,040	\$ 4,051
33H0450000A	Niobrara Lagoon	During prior year testing, it was determined this infrastructure asset was substantially complete and was manually added as an infrastructure asset totaling \$958,305. Costs were added to the State's accounting system in fiscal year 2025; however, only costs of \$765,627 were added to the asset at the time of fieldwork in October 2025. The financial schedule included the asset cost at \$958,305; however, the State's accounting system was understated and was calculating the incorrect depreciation.	\$ 192,678	\$ 3,843

Tag Number	Description	Department Errors	Asset Cost Errors	Depreciation Errors
33H0465500B	Governor's Row Cabins	These three building assets were added with an acquisition date of January 9, 2024, with costs totaling \$2,516,820; however, an additional \$150,000 of payments was made from March 2022 through April 2024 that had not been added to the asset at the time of fieldwork in October 2025 and was, therefore, understated. This project was reported as completed in the current year in CIP and is also included in the CIP section below.	\$ 150,000	\$ 5,625
33H0465600B				
33H0465700B	58-60			
<b>Total</b>			<b>\$ 2,027,968</b>	<b>\$ 32,025</b>

#### Reported Construction-in-Progress

We noted the activity for four projects was not reported properly by the Commission and, therefore, were not properly included in the financial schedules and footnotes. When the construction of capital assets spans multiple fiscal years, such projects are required to be reported as CIP. Amounts reported contain the following: 1) additions, which consist of new payments to vendors on such projects; 2) deletions, which are reported when projects are substantially complete and should be reported as a capital asset; and 3) beginning balance adjustments, which consist of any changes to amounts reported in previous years. Such failure to report properly the completion of multiple-year projects also causes asset costs to be incorrectly attached, as noted above.

Project Description	Department Errors	CIP Errors
Louisville Angler Access and Fishing Enhancements	The Louisville Angler Access and Fishing Enhancements project was not reported as CIP. This error occurred because the Commission failed to use the appropriate object account in the State's accounting system related to CIP and instead recorded the payments to a current expense account. Per review of the payments made, this project should have been reported as a \$992,378 beginning balance adjustment, \$296,609 additions, and \$1,288,987 of deletions.	\$ 1,288,987
Boating Access	The Boating Access project had a substantial completion date of June 10, 2025; however, costs totaling \$637,371 had not been reported as a CIP deletion. This project is associated with Tag Numbers 33H0451500A and 33H0451600A and is also included in the asset cost errors section above.	\$ 637,371
Trout Lake Fishing Pier	The Trout Lake Fishing Pier project had a substantial completion date in November 2024; however, costs totaling \$243,040 had not been reported as a CIP deletion. This error occurred because the Commission failed to use the appropriate object account in the State's accounting system related to CIP and instead recorded the payments to a current expense account. This project is associated with Tag Number 33H0451100A and is also included in the asset cost errors section above.	\$ 243,040
Governor's Row Cabins 58-60	The Governor's Row Cabins project had costs totaling \$150,000 reported as a CIP deletion; however, these costs were not attached to the asset. Additionally, a payment, totaling \$17,403, was made in January 2025 that was attached to the asset cost. This was not reported as an addition to, or deletion from, CIP. This project is associated with Tag Numbers 33H0465500B, 33H0465600B, and 33H0465700B and is also included in the asset cost errors section above.	\$ 167,403
<b>Total</b>		<b>\$ 2,336,801</b>

#### Other Errors

For two projects tested, the Commission reported retainage payable, using the incorrect allocation between Federal and State funds; such error caused State funds to be understated by \$12,576 and Federal Funds to be overstated by the same amount.

Lastly, we noted nine projects reported as CIP that had construction commitments as of June 30, 2025; however, these amounts were not reported by the Commission because they were still in the design phase. This caused a \$2,579,515 understatement of the footnote.

A proper system of internal control requires procedures to ensure that accurate capital asset information, including acquisition dates and costs, are recorded in the State's accounting system correctly and timely and properly reported to State Accounting during its year-end procedures in order to: 1) provide reliable financial information; 2) ensure the financial statements and footnotes are presented properly; and 3) ensure the calculation of related depreciation is correct.

Without such procedures, there is an increased risk of material misstatements to the financial statements, which may remain undetected.

A similar finding was noted in the prior year.

We recommend the Commission implement additional procedures to ensure capital asset information is properly presented in the financial statements and footnotes. This would include procedures to ensure all costs for an asset are capitalized in a timely manner, capital asset acquisition dates are accurately recorded, and expenditures for construction projects in progress are properly recorded in the State's accounting system and to State Accounting.

*Commission Response: NGPC Budget and Engineering will meet and discuss current procedures. We will consult with State Accounting to develop better methods to accurately capture costs in a timely manner.*

## **2. Insufficient Permit Sales System Controls**

The Commission is funded primarily by the sale of hunting and fishing licenses, as well as through the sale of park permits and goods and services at State parks and recreation areas. For part of these sales, the Commission has authorized external vendors to sell various permits on its behalf. These sales are recorded in a permits sales system by those external vendors. The Commission downloads the data from this system and uploads it into a Microsoft Access database (database), which is then used for financial reporting, including accounts receivable, reconciliations between permits issued and amounts received, and recording the deposit of funds into the State's accounting system. The Commission lacks adequate internal controls over this process and the data stored in the database, as follows:

- Only one employee is trained in key processes for recording permit revenue in the database. These processes include downloading transaction data from the permit sales system, uploading it to the database, organizing the data for use by accounting clerks, and generating reports necessary for tracking payment receipts from external vendors.
- Four employees have full access to the database and also have the ability to create deposits in the State's accounting system, which increases the risk that database records could be altered and funds not deposited.
- One employee has full access to the database, ability to create deposits in the State's accounting system, and access to the physical checks received. That same employee also maintains the listing of checks after the mail is opened, which increases the risk that database records could be altered and funds not deposited.

The Game and Parks Fund reported \$35,938,000 of revenue from licenses, fees, and permits for fiscal year June 30, 2025. While the database in question would not contain all of this revenue, a proper system of internal control should include a plan of organization, procedures, and records designed to safeguard assets and provide reliable financial records. A system of internal control should include a proper segregation of duties, so no one individual is capable of handling all phases of a transaction from beginning to end.

Such lack of segregation of duties and cross-training of these processes not only increases the risk of untimely deposits if such employee is unavailable but also adds risk that errors or fraudulent transactions may occur without detection.

We recommend the Commission review and enhance its internal control procedures to ensure proper segregation of duties over the permit receiving process and to ensure that access to the State's accounting system, any internally used databases, and physical checks are appropriately aligned with defined roles and responsibilities. Such procedures should include cross-training other employees in the permit system process.

*Commission Response: We have provided training to one additional staff member on the permit revenue process. We will discuss appropriate segregation of duties, provide training, and make procedural changes as necessary.*

### **3. Outstanding Liquidated Damages**

The Auditor of Public Accounts (APA) completes an attestation engagement on a rotational basis for each of the State's county courts, which are under the jurisdiction of the Nebraska Supreme Court (Supreme Court). During these attestation engagements, the APA's review of the Overdue Case Balance Reports identified several cases with liquidated damages balances. Some of these cases date back more than 20 years.

The liquidated damages are paid into the State Game Fund, under control of the Commission. Neither the Supreme Court nor the Commission can produce an accurate report of all liquidated damages.

At June 30, 2025, the Commission reported \$240,615 in liquidated damages. This amount was calculated using the Commission's report dated November 6, 2025, and removing cases added after June 30, 2025. However, the Supreme Court's report showed the total amount owed as \$70,251. Even though the judgments are entered by the courts, the Commission should verify the accuracy of the listing to ensure the proper collection and receipt of the damages.

Neb. Rev. Stat. § 37-613(1) (Cum. Supp. 2024) establishes the amount of certain liquidated damages and states, "Any person who sells, purchases, takes, or possesses contrary to the Game Law any wildlife shall be liable to the State of Nebraska for the damages caused thereby."

Neb. Rev. Stat. § 37-601 (Reissue 2016) requires the prosecution of all persons charged with violating the Game Law, as follows:

*All prosecutions for violations of the Game Law shall be brought in the name of the State of Nebraska before any court having jurisdiction thereof. It shall be the duty of all prosecuting attorneys in their respective jurisdictions to prosecute all persons charged with violations of the Game Law.*

Furthermore, § 37-613(3) tasks the courts with collecting liquidated damages upon conviction:

*Such damages may be collected by the commission by civil action. In every case of conviction for any of such offenses, the court or magistrate before whom such conviction is obtained shall further enter judgment in favor of the State of Nebraska and against the defendant for liquidated damages in the amount set forth in this section and collect such damages by execution or otherwise. Failure to obtain conviction on a criminal charge shall not bar a separate civil action for such liquidated damages. Damages collected pursuant to this section shall be remitted to the secretary of the commission who shall remit them to the State Treasurer for credit to the State Game Fund.*

Without proper procedures to ensure an accurate listing of outstanding liquidated damages is maintained, there is an increased risk for loss of funds to be credited to the Game Fund.

This issue was noted in prior years.

We recommend the Commission implement procedures for developing and maintaining an accurate listing of outstanding liquidated damages. We also recommend the Commission work with the Supreme Court to improve the processes and procedures related to the collection of all liquidated damages.

*Commission Response: The Commission continues to work with the Supreme Court to implement an app which will enable collection of data from both systems to improve tracking of the damages due to the State and what has been collected. In addition, the Commission and the Supreme Court have agreed to work together to bring legislation during the 2027 session to improve and make clear the process for collecting these damages. As part of this, the Commission intends to include a process to address outstanding amounts owed from prior years.*

\* \* \* \* \*

It should be noted that this letter is critical in nature, as it contains only our comments and recommendations and does not include our observations on any strengths of the Commission.

Our audit procedures were designed primarily to enable us to form an opinion on the Basic Financial Statements. Our audit procedures were also designed to enable us to report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Commission and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Commission.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or compliance.

This communication is intended solely for the information and use of management, the Governor and State Legislature, others within the Commission, Federal awarding agencies, pass-through entities, and management of the State of Nebraska and is not suitable for any other purposes. However, this communication is a matter of public record, and its distribution is not limited.



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