



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

February 20, 2024

Leslie Thomas, Chairperson
Village of Pleasant Dale
PO Box 182
Pleasant Dale, NE 68423

Dear Chairperson Thomas:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Pleasant Dale (Village) 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 the audit waiver should be allowed or further audit work would be required, the APA noted certain internal control or compliance matters, or other operational issues, within the Village.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Potentially Disallowed Purchase

Our review of the bank statements obtained from the Village revealed a fireworks donation to the Pleasant Dale Volunteer Fire Department, totaling \$2,500. An excerpt from the June 8, 2023, meeting minutes approving this donation is shown below:

Firework Show-July 3 rd at Dusk \$2500 Donation from the village to the Fire department. Motion by Oehm to approve a \$2500 Donation from the village to the Fire Department. Seconded by Trease. Affirmative Vote: Hill, Oehm, Trease, Thomas Motion Carried.
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The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2022) et seq., specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. The provisions of the Act are made applicable to Villages, among numerous other public entities, by both subsections (2) and (3) of Neb. Rev. Stat. § 13-2202 (Reissue 2022).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Donations are not found among that select statutory list of permissible expenditures. As a result, such disbursements must be considered disallowed by law.

Good internal controls require procedures to ensure all Village expenditures are allowable and appropriate. When such procedures do not exist, there is not only an increased risk of noncompliance with State statute, but also an increased risk of loss, misuse, or theft of Village funds.

We recommend the Board implement procedures to ensure all Village expenditures are allowable under State statute, including the provisions of the Act.

2. Impermissible Gratuity

In December 2022, the Village Board paid five Village Board members a combined \$600 in addition to their regular compensation. According to underlying information provided by the Village Clerk, these payments were for a “Dec. Bonus” – which was paid in addition to compensation received already for work performed.

Payee	December Bonus	Role
Leslie Thomas	\$ 200.00	Board Chair
Leroy Trease	100.00	Board Member
Jerry Allen	100.00	Board Member
Dennis Hill	100.00	Board Member
Jeff Oehm	100.00	Board Member
Total	\$ 600.00	

Article III, § 19, of the Nebraska Constitution contains the following prohibition against gratuitous payments to public employees:

The Legislature shall never grant any extra compensation to any public officer, agent, or servant after the services have been rendered nor to any contractor after the contract has been entered into, except that retirement benefits of retired public officers and employees may be adjusted to reflect changes in the cost of living and wage levels that have occurred subsequent to the date of retirement.

The Nebraska Attorney General has summarized this constitutional provision by explaining, “Nebraska law generally requires work be performed in order for payment to be received.” Op. Att’y Gen. 95071 (Sept. 13, 1995).

According to the Nebraska Supreme Court, this constitutional prohibition is applicable to both the State and its many political subdivisions. *Retired City Civilian Employees Club of City of Omaha v. City of Omaha Employees’ Retirement System et al.*, 199 Neb. 507, 512, 260 N.W.2d 472, 475 (1977). Consequently, the Village is subject to the injunction against gratuities.

Good internal control requires procedures to ensure that any payments, including bonuses, to Village employees are made in strict accordance with Article III, § 19.

Without such procedures, there is an increased risk of not only loss or misuse of public funds but also violation of the Nebraska Constitution.

We recommend the Village implement procedures to ensure all payments are constitutionally permissible.

3. Lack of Adequate Documentation

The Village lacked sufficient documentation for the following purchases, including missing timesheets and itemized receipts for payments made to Board members for seasonal work and reimbursements.

Vendor	Amount
Dennis Hill	\$ 709.51
Dennis Hill	349.58
Jeff Oehm	193.94
Leroy Trease	199.90
Total	\$ 1,452.93

Good internal control requires procedures to ensure proper documentation is maintained for all disbursement transactions, including seasonal work and reimbursement payments.

We recommend the Village implement procedures to ensure proper documentation is maintained for all disbursement transactions, including seasonal work and reimbursement payments.

4. Payment of Unapproved Claims

During our comparison of the Village's bank account details to claims approved by the Board, the APA identified one payment, totaling \$19.99, which was paid but not included on the claims listing to be approved by the Board.

Details of the unapproved payment are included in the table below:

Name/Vendor	Check Date	Amount	Check #
GoDaddy.com	4/14/2023	\$ 19.99	ACH

Neb. Rev. Stat. § 17-614(1)(a) (Supp. 2023) sets out the proper method for the appropriation or payment of money by the Village, as follows:

All ordinances and resolutions or orders for the appropriation or payment of money shall require for their passage or adoption the concurrence of a majority of all members elected to the city council in a city of the second class or village board of trustees.

(Emphasis added.) Good internal control requires procedures to ensure that all claims are authorized by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

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

We recommend the Board implement procedures to ensure all claims are authorized by the Board prior to payment and are adequately documented in the meeting minutes of the month in which they are approved.

5. Negative Fund Balance

On Exhibit A of the Village's audit waiver request form, the APA noted that the General Fund had a deficit balance of \$37,403.03, as of September 30, 2023.

Good internal control and sound accounting practices require procedures to ensure that Village fund balances are sufficient to cover fully all disbursements and transfers approved by the Board. Those same procedures should ensure also that the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take necessary action to resolve any deficits therein.

Without such procedures, there is an increased risk of not only insufficient Village fund balances but also the resultant inability to cover fully all disbursements and transfers approved by the Board.

We recommend the Village board implement procedures to ensure the Board is apprised regularly of each Village fund balance and, therefore, placed in a position to take necessary action to resolve any deficits therein.

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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 Village'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 Village.

This communication is intended solely for the information and use of the Village 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", with a long, sweeping horizontal line extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor