



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 11, 2024

Nick Dankers, Fire Chief
Pleasant Dale Volunteer Fire Department
110 Ash Street; PO Box 128
Pleasant Dale, NE 68423

Dave Wagner, Board Chair
Seward County Rural Fire District
PO Box 98
Seward, NE 68434

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

Dear Sirs and Madam:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the Pleasant Dale Volunteer Fire Department's (Department) use of public funds received from the Seward County Rural Fire District (District) and the Village of Pleasant Dale (Village) for potentially unallowable purchases. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the Department including the Department's bank statements, accounting system records, and other supporting documentation for the period January 1, 2022, through December 31, 2023. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time.

Nevertheless, during the course of the preliminary planning work, the APA noted certain issues that merit corrective action.

Background Information

The Village of Pleasant Dale (Village) is located in Seward County, Nebraska. The Village Board of Trustees (Village Board) is the governing body responsible for exercising financial accountability and control over activities relevant to the operating of the Village. Village Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, the ability to exert significant influence over all Village operations, and the primary responsibility for related fiscal matters.

The Seward County Rural Fire District (District) is located in Seward County, Nebraska. Rural and suburban fire protection districts are political subdivisions that are empowered under State statute to organize, equip, and maintain local firefighting bodies for the purpose of providing fire protection services to citizens residing in rural and suburban areas in the State. The District's Board of Trustees (District Board) is the governing body that exercises financial accountability and control over activities relevant to the operations of the District. The District receives funding from State and local government sources and must comply with the requirements of these funding sources. District Board members are elected by the public and have broad decision-making authority, including the power to levy taxes and to designate management, the ability to exert significant influence over all District operations, and the primary responsibility for related fiscal matters.

The Pleasant Dale Volunteer Fire Department (Department) is located in Seward County, Nebraska, and serves both the Village and surrounding communities. According to its website, the Department consists of 39 members: five Firefighter/EMTs, three Firefighter/EMRs, and two in training. A majority of its funding is received from the District and Village, while the other funding sources consist of donations, fundraisers, and events. The Nebraska Secretary of State's website (<https://sos.nebraska.gov/>) lists the Department as a public benefit non-profit corporation established on January 14, 1950. As of June 29, 2019, however, the Department is no longer an active non-profit corporation, having been administratively dissolved.

The Department maintained a general checking account at Farmers & Merchants Bank in Milford, Nebraska, which held funds received from the District and other sources. The following table shows the bank activity of this account during the period January 1, 2022, to December 31, 2023:

Beginning Balance as of 1/1/2022	Total Deposits/Other Credits	Total Checks/Other Debits	Ending Balance as of 12/31/2023
\$ 121,079.13	\$ 251,751.20	\$ 277,993.92	\$ 94,836.41

The table below lists the different revenue sources for the Department between January 1, 2022, and December 31, 2023, which comprised the total deposits of \$251,751.20:

Funding Source	Amount
Funds Received from the District	\$ 153,023.00
Fundraisers/Events	\$ 76,758.64
Donations	\$ 19,220.00
Funds Received from the Village	\$ 2,500.00
Return Items and Other Credit Memos	\$ 115.84
Other Deposits	\$ 133.72
Total	\$ 251,751.20

As shown in the table above, the Department received a significant portion of its funding from the District. These payments from the District were made pursuant to a “Fire Protection Contract” interlocal agreement and are public funds to be used only for fire protection purposes.

The Village’s payment of \$2,500 to the Department was a donation made to cover half the cost of fireworks in July 2023. In a letter issued on February 20, 2024, the APA explained to the Village that such a donation of Village funds appeared contrary to State law. All other funding sources for the Department appear to be non-public funds received from individuals and private organizations.

It is also the APA’s understanding that the Department opened an “auxiliary” account in March 2023 with funds from the general checking account.

The Department utilizes QuickBooks accounting software to record its financial activity. QuickBooks was not designed for fund accounting; however, it does have a “Class” function, which can be used to track financial activity by fund. Nevertheless, the Department did not utilize this function to segregate properly its public and non-public funds – which, in effect, caused these funds to become comingled. Due to the resulting inability to distinguish between the respective sources of the comingled funds, all of the money held in the Department’s general checking account would be considered public funds.

The following comments and recommendations, which have been discussed with the appropriate members of the Department and its management, are intended to improve internal control or result in other operating efficiencies.

Comments and Recommendations

1. Alcohol Purchases

The APA requested supporting documentation for several purchases made by the Department during the period tested; however, the Department was unable to provide any support for all but one of these payments. The Department did provide confirmation, however, that 12 separate purchases of alcohol, costing a total of \$2,933.09, were made with funds from the Department’s general checking account. The alcohol, according to the Department, is usually stored in a refrigerator located in the fire hall building, which is owned by the Village.

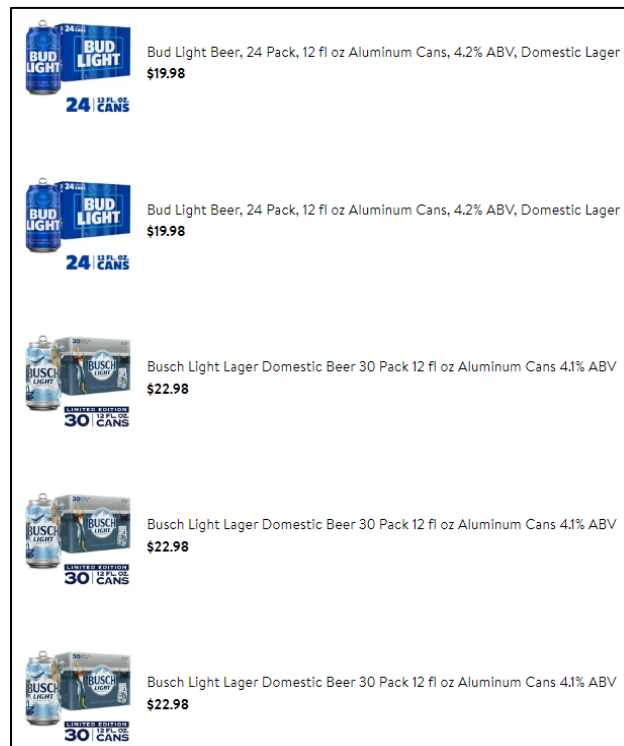
Many of the expenditures reviewed by the APA, including 11 of the 12 alcohol purchases noted, were made with a Department debit card. Those purchases constituted only a small population of the Department’s many transactions during the examination period.

The following table summarizes the alcohol purchases identified by the APA:

Date	Type	Vendor	Total Amount	Total Alcohol Purchased	Notes
1/20/2023	Debit Card	Walmart	\$ 200.51	\$ 108.90	Three 30 packs of Busch Light were purchased for \$68.94, and two 24 packs of Bud Light were purchased for \$39.96.
1/31/2023	Debit Card	Emerald Mini Mart	\$ 52.73	\$ 52.73	Beer for station.
2/7/2023	Debit Card	Speedee Mart	\$ 54.84	\$ 54.84	Beer for station.
2/28/2023	Debit Card	Emerald Mini Mart	\$ 52.73	\$ 52.73	Beer for station.
3/17/2023	Debit Card	Speedee Mart	\$ 54.84	\$ 54.84	Beer for station.
3/20/2023	Debit Card	Shell Service	\$ 27.42	\$ 27.42	Beer for station.
4/17/2023	Debit Card	P-Dale Pub	\$ 207.11	\$ 67.11	Pizza and beer (\$67.11).
4/20/2023	Debit Card	Walmart	\$ 60.01	\$ 45.96	Two 30 packs of Busch Light were purchased for \$45.96.
6/20/2023	Check 5013	Quality Brands	\$ 2,268.12	\$ 2,268.12	Beer and liquor for Street Dance. The Department was reimbursed \$593.50.
11/28/2023	Debit Card	Emerald Mini Mart	\$ 26.36	\$ 26.36	Beer for station.
12/12/2023	Debit Card	Emerald Mini Mart	\$ 52.73	\$ 52.73	Beer for station.
12/14/2023	Debit Card	Walmart	\$ 166.86	\$ 121.35	Four 30 packs of Busch Light were purchased for \$97.08, and one 24 pack of Michelob Ultra was purchased for \$24.27.
Totals			\$ 3,224.26	\$ 2,933.09	

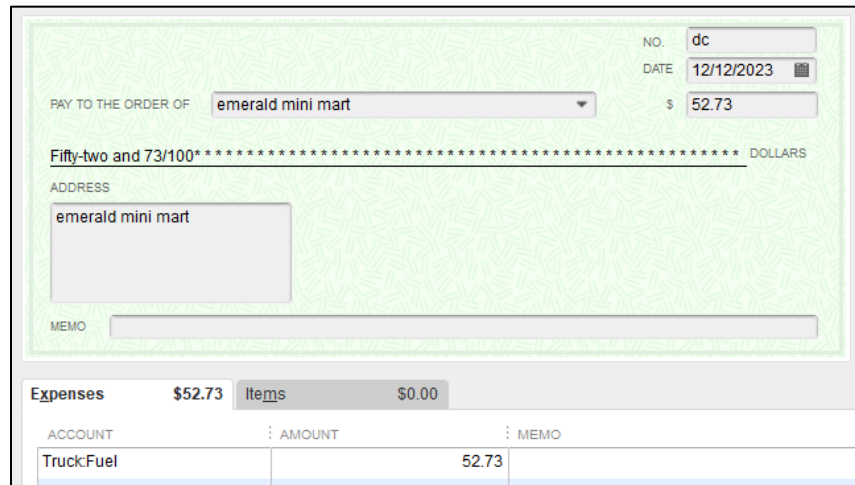
Although the Department was unable to provide any supporting documentation for these payments, the APA utilized Walmart’s “Receipt Lookup” website (<https://www.walmart.com/receipt-lookup>) to obtain detailed receipt information for the purchases made at that store.

Displayed below is an excerpt from one Walmart receipt, totaling \$200.51, for a January 20, 2023, purchase that included alcohol:



Images of the receipts for all three Walmart purchases reflected in the above table have been included as **Attachments A** through **C** herein.

The Department’s accounting system offered no indication that alcohol was purchased. Instead, the Department recorded these expenditures in QuickBooks as “events,” “fuel,” or “office.” The following image is an excerpt showing how the alcohol purchase on December 12, 2023, at the Emerald Mini Mart, was recorded:



The above image shows clearly that the transaction at issue was recorded under the “Truck: Fuel” account even though the expenditure was solely for alcohol, and no fuel was purchased. As mentioned previously in the “Background Information” section herein, the Department has effectively comingled all funds deposited into its checking account. Consequently, in addition to the apparent attempt to conceal the nature of the above alcohol purchases by mislabeling them, there is no way in the accounting system to tie such purchases to only the non-public funds in the Department’s general checking account.

The purchase of alcohol with public funds is not authorized under the Local Government Miscellaneous Expenditure Act (Act). Set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022), the Act 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 both villages and rural or suburban fire protection districts, among numerous other public entities, by both subsections (2) and (3) of § 13-2202. The expenditure of public funds for food or drinks is covered by § 13-2203 of the Act, which permits the governing body of a local government to purchase only nonalcoholic beverages.

Additionally, Nebraska law allows a volunteer fire or rescue department to establish its own trust fund. Specifically, Neb. Rev. Stat. § 35- 901(2) (Reissue 2016) states the following:

Except as provided in subsection (4) of this section, each volunteer department may establish a volunteer department trust fund. All general donations or contributions, bequests, or annuities made to the volunteer department and all money raised by or for the volunteer department shall be deposited in the trust fund. The trust fund shall be under the control of the volunteer department, and the volunteer department may make expenditures from the trust fund as it deems necessary. The treasurer of the volunteer department shall be the custodian of the trust fund.

As referenced in the statutory language quoted above, however, § 35-901(4)(b) differentiates between trust fund monies, which may be used as the volunteer fire department “deems necessary,” and funds arising from the performance of certain duties, which are classified as public funds:

Funds, fees, or charges solicited, collected, or received by a volunteer department that are (i) in consequence of the performance of fire or rescue services by the volunteer department at a given place and time, (ii) accomplished through the use by the volunteer department of equipment owned by the taxing authority supporting such department and provided to the volunteer department for that purpose, and (iii) paid by or on behalf of the recipient of those services shall not be deposited in a trust fund authorized by this section. Such funds are public funds of the taxing authority supporting the volunteer department and are deemed to have been collected by the volunteer department as the agent of the taxing authority and are held by the department on its behalf. If such funds are in the possession of a volunteer department, the taxing authority shall cause all the books, accounts, records, vouchers, expenditures, and statements regarding such funds to be examined and independently audited at the expense of the taxing authority by a qualified professional auditor or the Auditor of Public Accounts for the immediately preceding five years.

(Emphasis added.) Good internal controls require procedures to ensure the following: 1) all Department expenditures are coded correctly in the accounting system and made in accordance with State statute; and 2) the Department segregates its public and non-public funds; and 3) proper documentation is maintained for all disbursements of Department funds.

Without such procedures, there is an increased risk of not only noncompliance with State statute but also loss, misuse, or theft of public funds.

We recommend the Department implement procedures to ensure the following: 1) all expenditures are allowable, appropriate, and coded correctly into its accounting system; 2) public and non-public funds are segregated, using different bank accounts or within the Department's accounting system; and 3) proper documentation is maintained for all disbursements of Department funds.

2. Interlocal Agreement Issues

The APA noted several issues with the Interlocal Agreement (Agreement) entered into by the District and the Village ("by and with its official municipal fire department whether voluntarily associated or officially incorporated") on September 8, 2011.

Section 2 ("Purpose") of the Agreement lays out its purpose, as follows:

The District is organized for the purpose of providing fire protection for the rural areas within its boundaries, supported by a general property tax levy on properties within said district, and has adopted the policy of contracting with Municipalities within said county to furnish said fire protection with its own men and equipment, for a consideration, in order to made more effective use of fire fighting equipment, and to avoid expensive duplication of apparatus and facilities. This arrangement is made as a substitute for the actual ownership and operation of fire fighting equipment by the District. This agreement is not a third party beneficiary contract, and no taxpayer within said District shall be construed as a beneficiary hereof, or have any rights, claims or demands in the premises, whatsoever; and that all acts of the parties in pursuance hereof shall constitute a governmental function, and not a proprietary function. This agreement is entered into under the Interlocal Cooperation Act, Section 13-801-13-827 R.R.S. Neb. to provide for mutual aid and fire protection for the residents of the District.

The "Notwithstanding Any Other Provision Herein" paragraph under Section 5 ("Consideration") of the Agreement states the following:

[T]he "District" reserves the right, in its sole discretion, at any time during the contract term or any renewal or extensions thereof, to place such limitations upon the use and expenditure of funds payable under this contract, as its Board, shall in its sole discretion, determine. Subject to said restrictions, [i]t is the intent of this agreement that the municipal fire department shall, in the first instance, determine the appropriate expenditure of all funds provided hereunder, subject, however, to budget oversight and approval by the governing body of the municipality. The parties acknowledge that the municipal fire department is best suited to determine which expenditures of said fund are appropriate, and this agreement shall not transfer that decision making authority from the fire department to the governing body, or to result in control of municipal fire department expenditures by the municipality, beyond approval of the requested expenditures as provided in this contract.

(Emphasis added.) Additionally, Section 7 ("Municipal Budget; Receiving Agent") states the following:

The Municipality shall include all anticipated payments from the District in its annual budget, commencing with the municipal budget to be adopted for the 2011-12 fiscal year, showing anticipated receipts and expenditure of said funds for fire protection purposes. The Municipality hereby designates the Village Treasurer as the official to whom the consideration above mentioned shall be paid, and as the person who shall officially receipt for the same. All funds shall be used for only for fire protection purposes (and no municipal purposes), as primarily determined by the Fire Department with approval of the governing body of the municipality. Payment requests shall be periodically submitted for payment by the Department to the Village Treasurer, but shall be subject to any restrictions placed thereon by the "District". Carry-over funds at and the end of the fiscal year shall be re-budgeted for expenditure in the ensuing year (together with anticipated receipts from the fire district for that year), or with the consent of the volunteer fire department, may be retained in a fire sinking fund for future purchase of fire equipment.

All expenditures of public funds as defined in the Nebraska Budget Act for support of a volunteer department or its purposes shall be submitted as claims, approved by the taxing authority supporting such department or its purposes, and published as required by law. All such claims shall be properly itemized for proposed expenditure or reimbursement for costs already incurred. The Municipality identified above is hereby designated as the taxing authority supporting such volunteer fire department for the purposes of this Contract and for the purposes of all budget laws applicable to payments under this contract.

(Emphasis added.) The above language states clearly: 1) the District has the ultimate authority to determine what expenditures are allowable and appropriate under the Agreement; 2) the Village Treasurer is the official custodian of the payments received from the District; 3) the Village must include any anticipated payments from the District, which are to be restricted for purposes under the Agreement, in its annual budget; and 4) the Department must submit all claims, along with proper supporting documentation, to the Village Treasurer for reimbursement.

Despite the above Agreement provisions, the APA noted that the District deposits funds directly into a separate bank account that is controlled solely by the Department – not only bypassing completely the Village Treasurer but also relinquishing any meaningful oversight of those monies by doing so. Furthermore, the District appears to play no supervisory role whatsoever with regard to purchases made with these funds, and the Village did not budget for any anticipated payments in its 2023-2024 budget.

Such unauthorized practices stand in stark contrast to the formal processes specified by the terms of the Agreement, as detailed above.

A copy of the Agreement is included in **Attachment D** herein.

Good internal control requires procedures to ensure that both the Village (with the inclusion of the Department) and the District comply with the express terms of the Agreement.

Without such procedures, there is an increased risk for violation the Agreement, leading to the possible failure thereof.

We recommend the implementation of procedures to ensure both the Village (with the inclusion of the Department) and the District comply with the express terms of the Agreement.

3. Other Issues

In addition to the questioned alcohol purchases and the apparent violation of the terms of the Agreement, as addressed previously herein, the APA noted the following issues regarding the Department’s operations.

Potentially Disallowed Purchases

The APA noted other expenses that are not only unrelated to fire protection services but also appear to be disallowable expenditures of public funds. The table below details those four payments, totaling \$285.18.

Per Bank Statements			Per Accounting System		
Date	Payee	Amount	Account	Memo	Amount
4/14/2022	Merle’s Flower Shop	\$ 53.50	donation	flowers for dan troyer funeral	\$ 53.50
12/11/2023	14tin	\$ 122.55	donation	harland funeral	\$ 122.55
12/26/2023	Merle’s Flower Shop	\$ 59.13	donation	ann lawton funeral	\$ 59.13
12/26/2023	Pizza Kitchen	\$ 50.00	Supplies: events	gift certificate	\$ 50.00
Total Per Bank Statements		\$ 285.18	Total Per Accounting System		\$ 285.18

As discussed already in **Comment and Recommendation Number 1** (“Alcohol Purchases”) herein, the Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022), specifies various allowable uses of public funds by designated political subdivisions, including villages and rural or suburban fire protection districts.

Section 13-2203 of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Neither the purchase of flowers – whether for funerals, memorials, or other personal occasions – nor a donation of any kind is not found among that select list of statutorily permissible expenditures. Likewise, under that same statute, meals or other food items may be provided only for certain specific occasions.

Not being expressly permitted under the Act – or, to the best of our knowledge, elsewhere in State statute – the use of public funds to pay for flower purchases, donations, or unspecified meals or food items, must be presumed disallowed by law.

Good internal control requires procedures to ensure that all expenditures of public funds are lawful.

Lack of Supporting Documentation

The APA requested supporting documentation for an additional 30 purchases, totaling \$10,023.75, made out of the Department’s general checking account. Some of these purchases have been discussed in **Comment and Recommendation Number 1** (“Alcohol Purchases”) herein. A table listing these purchases is included in **Exhibit A** to this letter. Despite being able to provide support for only one purchase, totaling \$520.78, the Department did offer explanations for all of the purchases at issue.

The 30 purchases noted were apparently for appreciation dinners, diesel fuel, prizes for tournaments, beer and other alcohol, food, condiments, flowers, and a gift certificate. For the reasons outlined previously herein, the APA questions the legitimacy of all these expenditures. In doing so, however, particular note was taken of the following 9 claims, totaling \$5,120.44:

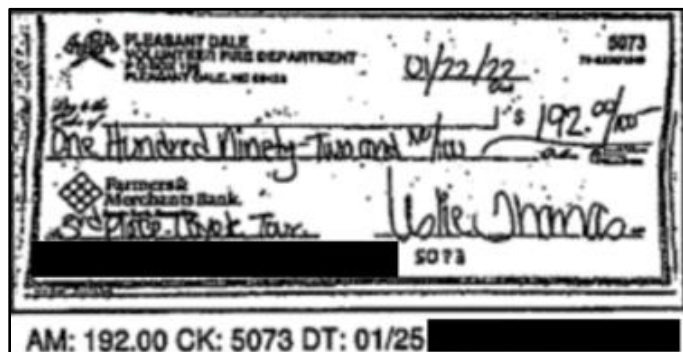
Per Bank Statements				Per Accounting System		
Date	Type	Vendor	Amount	Account	Memo	Amount
3/17/2022	Debit Card	P-Dale Pub	\$ 1,500.00	Supplies: events	appreciation dinner	\$ 1,500.00
6/17/2022	Debit Card	Hy-Vee	\$ 52.36	Supplies: events	street dance	\$ 52.36
8/8/2022	Debit Card	Sam's Club	\$ 336.21	Supplies: office	office supplies	\$ 336.21
8/15/2022	Debit Card	Austad's Golf	\$ 117.94	Supplies: events	golf tournament	\$ 117.94
8/15/2022	Debit Card	Scheels	\$ 160.27	Supplies: events	golf tournament	\$ 160.27
3/16/2023	Debit Card	P-Dale Pub	\$ 1,533.57	Supplies: events	appreciation dinner	\$ 1,533.57
3/20/2023	Debit Card	P-Dale Pub	\$ 1,180.92	Supplies: events	appreciation dinner	\$ 1,180.92
4/18/2023	Check 5011	P-Dale Pub	\$ 140.00	Supplies: office	refreshments	\$ 140.00
10/2/2023	Debit Card	P-Dale Pub	\$ 99.17	Supplies: refreshments	pizza	\$ 99.17
Total Per Bank Statements			\$ 5,120.44	Total Per Accounting System		\$ 5,120.44

The above expenditures were for appreciation dinners that hosted approximately 80 attendees each, food for a street dance, condiments, golf tournament pin prizes, and miscellaneous food items.

Good internal control requires procedures to ensure that proper documentation is maintained for all disbursement transactions.

Lack of Check Payee

The APA also noted that one Department check written during the examination period – check number 5073, issued on January 22, 2022, for \$192 – contained no payee, as shown below:



Good internal controls and sound accounting practices require procedures to ensure that Department checks contain the required elements, including a payee.

Without such procedures, there is an increased risk of loss or misuse of public funds, including the use of public funds to pay for disallowed purchases.

We recommend the Department implement procedures to ensure the following: 1) all Department expenditures are allowable under State statute, including applicable provisions of the Act; 2) proper documentation is maintained for all disbursement transactions; and 3) all Department checks contain the required elements, including a payee.

Village and Department Overall Response:

3/28/2024

Craig Kubicek
State Capitol Suite 2303
Lincoln, NE 68509

Re: Pleasant Dale Volunteer Fire Department (PDVFD) Financial Audit

Dear Mr. Kubicek,


This letter is in response to the state financial audit on Pleasant Dale Volunteer Fire Department. We would like to clarify some details and notify you that we are beginning to implement the recommendations contained in the report.


First for clarification we believe that there was not any taxpayer money that was used for the purchase of alcohol for our department. We believe this because the fundraising and donations to the department far exceeded what was spent on alcohol. However, we remain unable to prove this given that the money was spent out of the general fund, which is where all received funds currently land. We also understand that all expenditures that come from the general fund need to be utilized for departmental needs.

The second point of clarification we would like to add is that over 75% of alcohol that was purchased was for one of our largest fundraisers of the year. The street dance is where \$2268.12 was spent and helped to raise approximately \$1250 (after all expenses). This and other fundraising helped enable the department to purchase much needed bunker gear and other PPE. The department also pulled a liquor license and got a refund of \$593.50 for unpurchased alcohol that was returned to the vendor. It is not disputed that \$664.97 was spent on alcohol for the department members. We have already started to implement recommendations from the state to eliminate this in the future. Below is a list of how PDVFD will be conducting business in the future.

1. All taxpayer money (i.e. Seward County Fire District distributions) will go to the Village of Pleasant Dale.
2. The Village of Pleasant Dale will reimburse PDVFD for approved expenses from this fund, with board approval.
 - a. This will implement checks and balances with both the PDVFD fire board and the village board approving expenses.
3. All fundraising expenses will be paid from the 501(c)(3) that is the Pleasant Dale Fire Department Boosters.
4. We will increase our record-keeping efforts and maintain receipts for all purchases.
5. No alcohol will be purchased using taxpayer dollars.

Sincerely,


Jason Klug
PDVFD Fire Board President
110 Ash Street
Pleasant Dale, NE 68423


Leslie Thomas
Board Chair-Village of Pleasant Dale
PO Box 182
Pleasant Dale, NE 68423

District Overall Response:

SEWARD COUNTY RURAL FIRE PROTECTION DISTRICT

To: Craig Kubicek
Deputy Auditor
Nebraska Auditor of Public Accounts
Rm 2303, State Capitol
Lincoln, NE 68509

Via: E-mail

Re: Pleasant Dale Fire Department/ Village of Pleasant Dale/ Seward County Rural Fire Protection District

Dear Mr. Kubicek,

Thank you for providing the Seward County Rural Fire Protection District an opportunity to comment upon your proposed letter regrading the Pleasant Dale Fire Department and concerns relating thereto. We concur with your analysis of the issues and the manner in which the APA is dealing with those issues and offer the following the comments and procedures the District will initiate to help alleviate future problems:

1. **Checks were deposited in Pleasant Dale Fire account rather than Village of Pleasant Dale account.**

Response:

Under the fire contract with the Village of Pleasant Dale and the Pleasant Dale Fire Department, checks from the District are to be deposited into a village account, approved by the Village Board upon claims and documentation of the Department, and paid by the Village from the funds received from the District. In the past, the District has made those checks payable to the Village of Pleasant Dale and the Pleasant Dale Fire Department, and mailed the checks to the Village of Pleasant Dale. The District was unaware that these checks were not being deposited by the Village into a Village account for the Pleasant Dale Fire Department, but turned over to the Department for deposit into its general checking account without any oversight by the Village.

(a) In the future, checks for the Department will be paid **only** to the Village Treasurer of the Village of Pleasant Dale.

(b) The District will reiterate to the Village Treasurer that funds from the District are NOT to be deposited or transferred directly to an account controlled by the fire department, and that funds must be used only to pay Department claims relating to fire protection which are supported by documentation to be presented to the Village Board prior to approval of the claim. These claims may be for current fire expenses or for reimbursement of documented expenses which have been paid out of non-public funds of the Department.

(c) The District will also instruct the Village to maintain a separate file of the Fire Department claims it has paid, separated by fiscal year, so they can be reviewed by the District upon its request, AND require that no later than June 1st of each year that the Village Treasurer shall provide the District with a summary of approved fire department expenses or reimbursements that have been made during the fiscal year.

2. The Village of Pleasant Dale failed to budget for anticipated receipts from the District in its 2023-24 budget.

Response:

The District was unaware that the Village was not budgeting funds from the District in its annual budget as required by the inter-local agreement. This was clearly explained at the time the agreement was executed and was one of the reasons for the inter-local agreement.

The District will require that the Village provide the District with a copy of its budget of anticipated receipts and expenditure of District funds adopted in the annual budget of the Village. The District will also provide the Village Treasurer with a reminder on or before September 1st of each year, that the funds received from the District MUST be included in the municipal budget.

3. Alcohol and other improper expenditures.

Response:

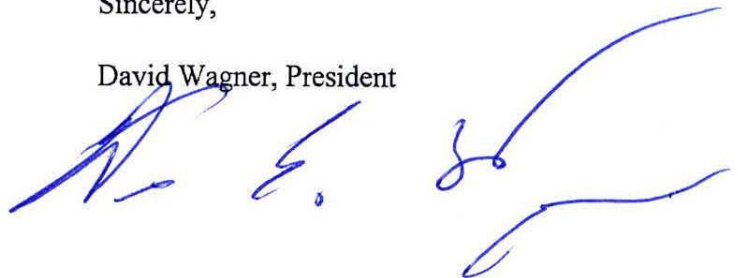
The District concurs with the APA discussion of "Other Issues" relating to alcohol, improper expenses and failure to include a payee on one check. The District will re-iterate to the Department that public funds cannot be used for alcohol, food, flowers and donations, etc except in the manner specifically permitted by law.

The District has eleven Cities and Villages that operate under a similar inter-local agreement to provide fire protection to our rural areas, and will also implement the same procedures for each of those entities.

If your office has additional suggestions that it believes might be of benefit to the parties, the District would welcome those suggestions.

Sincerely,

David Wagner, President



* * * * *

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the Department, the District, and the Village.

Draft copies of this letter were furnished to the Department, the District, and the Village to provide their management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Department, the District, and the Village and their management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor
Mason Culver – Auditor-In-Charge
Destini Morales – Auditor
Caden Janak – Examiner

Sincerely,



Craig Kubicek, CPA, CFE
Deputy Auditor
Auditor of Public Accounts
Room 2303, State Capitol
Lincoln, NE 68509
Phone (402) 471-3686
craig.kubicek@nebraska.gov

Walmart Receipt


January 20, 2023

Walmart Receipt Lookup

< Back


Store purchase 13 items **Seward Supercenter**
Jan 20th, 2023 | 09:43:55 **\$200.51** 1326 280th
☎ 402-643-6631

24 12 oz | diet




Diet Pepsi Soda Pop, 12 fl oz, 24 Pack Cans
\$9.78

24 12 oz | diet




Diet Pepsi Soda Pop, 12 fl oz, 24 Pack Cans
\$9.78

24 12 oz | mtn dew



Mountain Dew Citrus Soda Pop, 12 fl oz, 24 Pack Cans
\$9.78

24 12 oz | mtn dew




Mountain Dew Citrus Soda Pop, 12 fl oz, 24 Pack Cans
\$9.78

24 12 oz | pepsi




Pepsi Soda Pop, 12 fl oz, 24 Pack Cans
\$9.78

24 12 oz | pepsi




Pepsi Soda Pop, 12 fl oz, 24 Pack Cans
\$9.78

24 12 oz | dr pepper




Dr Pepper Soda Pop, 12 fl oz, 24 Pack Cans
\$12.38

24 12 oz | dr pepper




Dr Pepper Soda Pop, 12 fl oz, 24 Pack Cans
\$12.38

24 12 oz | bud light




Bud Light Beer, 24 Pack, 12 fl oz Aluminum Cans, 4.2% ABV, Domestic Lager
\$19.98

24 12 oz | bud light




Bud Light Beer, 24 Pack, 12 fl oz Aluminum Cans, 4.2% ABV, Domestic Lager
\$19.98

30 12 oz | busch light




Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$22.98

30 12 oz | busch light



Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$22.98

30 12 oz | busch light



Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$22.98

Receipt summary

Subtotal (13 items)	\$192.34
Tax	\$8.17
Total	\$200.51
DEBIT	\$200.51

Walmart Receipt

April 20, 2023

Walmart Receipt Lookup

< Back

Store purchase

3 items

Seward Supercenter

Apr 20th, 2023 | 13:59:06

\$60.01

☎ 402-643-6631



Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$22.98



Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$22.98



Coleman All-Purpose Propane Gas Cylinder, 16 ounce, 2-Pack
\$9.87

Receipt summary

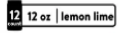
Subtotal (3 items)	\$55.83
Tax	\$4.18
Total	\$60.01
VISA	\$60.01


Walmart Receipt
December 14, 2023

Walmart Receipt Lookup


< Back


Store purchase 10 items Seward Supercenter
Dec 14th, 2023 | 08:37:24 **\$166.86** ☎ 402-643-6631







Starry Lemon Lime Soda Pop, 12 fl oz, 12 Pack Cans
\$7.48







Pepsi Cola Soda Pop, 12 fl oz, 12 Pack Cans
\$7.48






Diet Pepsi Soda, 12 fl oz, 12 Pack Cans
\$7.48







Dr Pepper Soda Pop, 12 fl oz, 12 Pack Cans
\$6.48




Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$24.27




Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$24.27




Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$24.27



Busch Light Lager Domestic Beer 30 Pack 12 fl oz Aluminum Cans 4.1% ABV
\$24.27



Michelob ULTRA Light Beer, 24 Pack Beer, 12 fl oz Cans, 4.2 % ABV, Domestic
\$24.27



AG CD SYM ...sending yo
\$6.97

IMAGE COMING SOON

Receipt summary

Subtotal (10 items)	\$157.24
Tax	\$9.62
Total	\$166.86
VISA	\$166.86

PLEASANT DALE VOLUNTEER FIRE DEPARTMENT
"Fire Protection Contract" Interlocal Agreement
September 8, 2011

Attachment D

FIRE PROTECTION CONTRACT
Inter-local Agreement

1. **PARTIES.** The Seward County Rural Fire Protection District, a legally organized rural fire protection district within Seward County, Nebraska, hereinafter designated as the "District", and the Village of Pleasant Dale, Nebraska, a municipal corporation, by and with its official municipal fire department whether voluntarily associated or officially incorporated, hereinafter collectively designated as the "Municipality".

2. **PURPOSE..** The District is organized for the purpose of providing fire protection for the rural areas within its boundaries, supported by a general property tax levy on properties within said district, and has adopted the policy of contracting with Municipalities within said county to furnish said fire protection with its own men and equipment, for a consideration, in order to made more effective use of fire fighting equipment, and to avoid expensive duplication of apparatus and facilities. This arrangement is made as a substitute for the actual ownership and operation of fire fighting equipment by the District. This agreement is not a third party beneficiary contract, and no taxpayer within said District shall be construed as a beneficiary hereof, or have any rights, claims or demands in the premises, whatsoever; and that all acts of the parties in pursuance hereof shall constitute a governmental function, and not a proprietary function. This agreement is entered into under the Interlocal Cooperation Act, Section 13-801-13-827 R.R.S. Neb .to provide for mutual aid and fire protection for the residents of the District.

3. **RELATIONSHIP OF PARTIES.** It is understood and agreed that the relationship of the parties to this contract is that of Independent Contractors, and it shall not be otherwise construed either in law or equity.

4. **TERM.** This contract covers the period from July 1, 2011 to June 30, 2016, and thereafter from year to year until replaced with a new contract or terminated by any party..

5. **CONSIDERATION.** Subject to tax collections and budgeting authority, the District agrees to pay the Municipality the amount specified below for its fire department use (the amount varying between departments, based upon services provided) payable on or before June 30, 2012, and the last day of June each year thereafter. However, in the event of a deficiency in the funds of the District occasioned by non-payment of taxes, or its inability or failure to levy sufficient taxes, the deficiency shall be spread among all the municipalities in said county having similar contracts, on a pro-rata basis. The District shall annually review the contract payments, and reserves the right to unilaterally increase or decrease the annual payments, depending upon availability of funds, budgetary considerations, or such other considerations as shall be determined by and in the sole discretion of the District. In the event payments are reduced, the Municipality may terminate this agreement as provided in Paragraph 10.

PLEASANT DALE VOLUNTEER FIRE DEPARTMENT
"Fire Protection Contract" Interlocal Agreement
September 8, 2011

Attachment D

The initial contract payment is (ONLY THOSE MARKED WITH X SHALL APPLY TO THIS CONTRACT):

<input type="checkbox"/>	General fire protection	\$22,000.00
<input checked="" type="checkbox"/>	w/ First Response	\$27,000.00
<input type="checkbox"/>	w/ Rescue	\$32,000.00

NOTWITHSTANDING ANY OTHER PROVISION HEREIN, the "District" reserves the right, in its sole discretion, at any time during the contract term or any renewal or extension thereof, to place such limitations upon the use and expenditure of funds payable under this contract, as its Board, shall in its sole discretion, determine. Subject to said restrictions, It is the intent of this agreement that the municipal fire department shall, in the first instance, determine the appropriate expenditure of all funds provided hereunder, subject, however, to budget oversight and approval by the governing body of the municipality. The parties acknowledge that the municipal fire department is best suited to determine which expenditures of said fund are appropriate, and this agreement shall not transfer that decision making authority from the fire department to the governing body, or to result in control of municipal fire department expenditures by the municipality, beyond approval of the requested expenditures as provided in this contract.

6. USE OF CONSIDERATION. As part of the covenants hereof, it is understood and agreed that the above consideration may be expended only for fire protection purposes as approved by the District and/or the Department. It is further understood and agreed that said funds shall not be used to replace or eliminate payments of the municipality for fire protection purposes (including but not limited to life insurance, worker's compensation insurance, or any other benefit which is municipality is statutorily obligated to provide to fire department members), or other expenses which have routinely been paid or provided by the municipality.

7. MUNICIPAL BUDGET; RECEIVING AGENT. The Municipality shall include all anticipated payments from the District in its annual budget, commencing with the municipal budget to be adopted for the 2011-12 fiscal year, showing anticipated receipts and expenditure of said funds for fire protection purposes. The Municipality hereby designates the Village Treasurer as the official to whom the consideration above mentioned shall be paid, and as the person who shall officially receipt for the same. All funds shall be used for only for fire protection purposes (and no municipal purposes), as primarily determined by the Fire Department with approval of the governing body of the municipality. Payment requests shall be periodically submitted for payment by the Department to the Village Treasurer, but shall be subject to any restrictions placed thereon by the "District". Carry-over funds at and the end of the fiscal year shall be re-budgeted for expenditure in the ensuing year (together with anticipated receipts from the fire district for that year), or with the consent of the volunteer fire department, may be retained in a fire sinking fund for future purchase of fire equipment.

All expenditures of public funds as defined in the Nebraska Budget Act for support of a volunteer department or its purposes shall be submitted as claims, approved by the taxing authority supporting such department or its purposes, and published as required by law. **All such**

PLEASANT DALE VOLUNTEER FIRE DEPARTMENT
"Fire Protection Contract" Interlocal Agreement
September 8, 2011

Attachment D

claims shall be properly itemized for proposed expenditure or reimbursement for costs already incurred. The Municipality identified above is hereby designated as the taxing authority supporting such volunteer fire department for the purposes of this Contract and for the purposes of all budget laws applicable to payments under this contract.

8. SCOPE OF OPERATIONS. The scope of operations contemplated by the parties are as follows:

a. The Municipality agrees to keep and maintain in use fire fighting equipment and apparatus suitable for rural fire protection.

b. The Municipality agrees to answer all emergency fire calls within such rural area as the District may assign, and the said District agrees that the area assigned shall be reasonable surrounding territory, but that boundaries of assigned areas shall be fluid, and that the same territory may be assigned to more than one Municipality.

c. The Municipality agrees to answer all emergency fire calls within the district as may be made, without consideration, to assigned area.

d. The Municipality agrees that in the event its men or equipment are unable to answer a rural call for any reason beyond the control of the Municipality, it shall refer such call to another Municipality within said county, and said Municipality agrees that it will also answer such referred fire calls as it may receive from other Municipalities.

e. The Municipality shall not be obligated to answer fire calls when its equipment is in use, but in such cases agrees to refer the call as above provided.

f. In answering rural fire calls, the Municipality agrees only to make a reasonable human effort, and while its men and equipment will be put to their best efforts, it shall not be held accountable or responsible for loss or destruction of property, or for errors of judgment, mistakes accidents, or negligence, either gross or slight, of any of its members; and the Municipality shall be the sole judge of its manner of answering calls and use of its equipment and its fire fighting activities; (except to the extent covered by insurance as provided in paragraph 9 below).

g. The municipality agrees to indemnify the District, and its directors, officers and agents, and to hold them harmless from and against any and all claims, liabilities, damages and expenses (including, without limitation, the fees and expenses of attorneys and expert witnesses, the costs of investigation and court costs) suffered or incurred by the District, directly or indirectly arising out of this contract, the performance hereof, or arising out of any services or obligations described in the foregoing Scope of Operations.

9. INSURANCE. The Municipality covenants and agrees to maintain in force Workmen's Compensation Insurance on all persons engaged in answering rural fire calls, and adequate general liability insurance on all firemen, motor vehicles, and activities in conjunction with this contract, and the answering of rural fire calls. The Municipality covenants and agrees to maintain life and other insurance benefits upon all members of the department, as may, from

PLEASANT DALE VOLUNTEER FIRE DEPARTMENT
"Fire Protection Contract" Interlocal Agreement
September 8, 2011

Attachment D

time to time, be required by the laws of the State of Nebraska. The Municipality further covenants and agrees to provide general liability insurance coverage for the Municipal Fire Department with coverage limits which are not less than the municipality's general liability insurance coverage, naming the District as a co-insured.

10. **CANCELLATION.** In the event of willful failure of the Municipality to answer fire calls as herein provided, the District may cancel this contract by giving written notice thereof to the Receiving Agent mentioned in Paragraph No. 7.

11. **AUTHORITY.** The Municipality covenants that this contract has been formally approved by the governing body of said municipality and authority for its execution duly passed and approved, and that this contract has been formally approved by the official fire department of said municipality and authority for its execution duly passed and approved.

12. **PURCHASE OR REPLACEMENT OF FIRE EQUIPMENT OR BUILDING CONSTRUCTION.** The District reserves the right to restrict the purposes for which funds are expended under this contract as well as the right to determine that a portion thereof be expended for retirement of debt on fire equipment recently purchased, , or in a sinking fund for rolling stock or equipment replacement.

13. **BUDGET LIMITATIONS.** Payments subsequent to July 1, 2011 are contingent upon budget hearing and approval by the District.

14. **TERMINATION.** This agreement may be terminated either party upon 60 days written notice of termination. Upon termination by the municipality, the SCRFPD shall not be required to make any contract payments which are payable after the date of termination. In the event the contract is terminated by SCRFPD, basic contract payments hereunder shall be prorated to the date of termination, but the District will not be obligated for the payment of any additional payments for purposes referred to in Paragraph 15.

15. **BOND AND SINKING FUNDS.** The SCRFPD maintains a program for improvement of fire protection within the county by making available, on a rotating basis among participating departments, funds to purchase new and replacement fire protection, rescue and first response equipment, and the municipality will be permitted to participate in said program, subject to the conditions and restrictions placed thereon by the SCRFD Board. The current program provides for rotating payments of \$100,000 each year for rolling fire protection equipment; and \$50,000.00 for rolling rescue equipment or \$25,000.00 for rolling first response equipment. In addition, the municipality may be entitled to participate in additional equipment funding programs of the District. These programs may be continued, modified or eliminated, in the discretion of the "District".

16. **INTERLOCAL AGREEMENT.** The contract is entered into as an interlocal governmental agreement as authorized by the laws of the State of Nebraska, and is a continuation and replacement of the master fire contract presently in effect between the parties.

PLEASANT DALE VOLUNTEER FIRE DEPARTMENT
"Fire Protection Contract" Interlocal Agreement
September 8, 2011

Attachment D

Dated this 21st day of July, 2011.

The Seward County Rural Fire
Protection District

By: [Signature]
President

Attest: [Signature]
Secretary

Dated this 8th day of September, 2011.

Village of Pleasant Dale, Nebraska

By: [Signature]

Attest: [Signature]

Village of Pleasant Dale Volunteer Fire
Dept.

By: [Signature] President

Attest: [Signature]

PLEASANT DALE VOLUNTEER FIRE DEPARTMENT
Lack of Supporting Documentation for the Claims Requested
 \$10,023.75 – January 1, 2022, through December 31, 2023

Exhibit A

Date	Type	Vendor	Amount	Received Support?	Department Explanations
3/17/2022	Debit Card	P-Dale Pub	\$1,500.00	No	Appreciation Dinner with approximately 80 people.
4/15/2022	Debit Card	Casey's	\$125.00	No	Diesel for 3000-gallon tanker built by Osco Tank & Truck Sales in Illinois. This was picked up by Department personnel.
6/17/2022	Debit Card	Hy-Vee	\$52.36	No	Street Dance food.
8/8/2022	Debit Card	Sam's Club	\$336.21	No	Plates, napkins, condiments, cookies, and chips for Golf Tournament.
8/15/2022	Debit Card	Austad's Golf	\$117.94	No	Pin prizes for Golf Tournament.
8/15/2022	Debit Card	Scheels	\$160.27	No	Pin prizes for Golf Tournament.
1/20/2023	Debit Card	Walmart	\$200.51	No	Supplies for Coyote Tournament - chili and cinnamon rolls were served.
1/31/2023	Debit Card	Emerald Mini Mart	\$52.73	No	Beer for station.
2/7/2023	Debit Card	Speedee Mart	\$54.84	No	Beer for station.
2/28/2023	Debit Card	Emerald Mini Mart	\$52.73	No	Beer for station.
3/16/2023	Debit Card	P-Dale Pub	\$1,533.57	No	Appreciation Dinner with approximately 80 people.
3/16/2023	Debit Card	Speedee Mart	\$125.31	No	Truck diesel.
3/17/2023	Debit Card	Speedee Mart	\$54.84	No	Beer for station.
3/20/2023	Debit Card	P-Dale Pub	\$1,180.92	No	Appreciation Dinner with approximately 80 people.
3/20/2023	Debit Card	Shell Service	\$27.42	No	Beer for station.
3/28/2023	Debit Card	Amazon	\$254.91	No	EMT books for a Department Employee. This was submitted to the Seward County Rural Fire District for training expenses.
4/17/2023	Debit Card	P-Dale Pub	\$207.11	No	Pizza and beer (\$67.11).
4/18/2023	Check 5011	P-Dale Pub	\$140.00	No	Pizza.
4/20/2023	Debit Card	Walmart	\$60.01	No	5w-20 oil for Ford Grass Rig and 30w oil for pump engine on back medical.
5/22/2023	Debit Card	Images Bar & Grill	\$325.57	No	Food bill for EMS conference. This was submitted to the Seward County Rural Fire District for training reimbursement.
5/23/2023	Debit Card	Amazon	\$157.91	No	HP80A black toner cartridge and a USB-A Cord.
6/5/2023	Check 5164	Shoemakers Truck Station	\$520.78	Yes	Diesel. Invoice included.
6/20/2023	Check 5013	Quality Brands	\$2,268.12	No	Beer and liquor for Street Dance. The Department was reimbursed \$593.50.
7/31/2023	Debit Card	Sam's Club	\$60.44	No	Toilet paper, paper towels, and water.
10/2/2023	Debit Card	P-Dale Pub	\$99.17	No	Pizza for hose testing.
11/28/2023	Debit Card	Emerald Mini Mart	\$26.36	No	Beer for station.
12/12/2023	Debit Card	Emerald Mini Mart	\$52.73	No	Beer for station.
12/14/2023	Debit Card	Walmart	\$166.86	No	Pop, beer, and water for a funeral.
12/26/2023	Debit Card	Merle's Flower Shop	\$59.13	No	Flowers for a funeral.
12/26/2023	Debit Card	Pizza Kitchen	\$50.00	No	Gift certificate for the family of the funeral mentioned above.
Total			\$10,023.75		