



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 24, 2025

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 2024. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Reissue 2024), 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. Lack of Adequate Documentation and Potentially Disallowed Purchase**

Our review of the bank statements obtained from the Village reviewed a payment to the Pleasant Dale Volunteer Fire Department (Department) for the July 4, 2024, Independence Day celebration. Per the Village, no documentation was on file to support this payment. Upon further inquiry, we obtained a letter from the Department's Treasurer stating that the \$2,500 payment to the Department covered costs related to the show, which included insurance and firework detonation. A copy of the letter is below.


Pleasant Dale Volunteer Fire Department

110 Ash Street

Pleasant Dale NE, 68423

The Pleasant Dale Volunteer Fire Department received a \$2500.00 donation from the village of Pleasant Dale to cover the cost of the \$5000.00 show that covers the destination of the show and insurance.

Colby Yeackley

  
Treasurer, PDVFD

No other documentation was provided to support the Village's payment was used for the stated purpose in the letter.

The Local Government Miscellaneous Expenditure Act (Act), which is set out at Neb. Rev. Stat. § 13-2201 (Reissue 2022, Cum. Supp. 2024) 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 (Cum. Supp. 2024).

Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act enumerates the miscellaneous expenditures permitted by governing bodies of local governments. Donations and purchases of fireworks 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, and adequate documentation is on file to support such payments and purchases. 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. Further, we recommend the Board implement procedures to ensure adequate documentation is on file to support all disbursements.

## **2. Payroll Tax Withholding Issues**

During the fiscal year ended September 30, 2024, taxes were withheld from wages paid to Village employees but were not remitted to the Nebraska Department of Revenue (Department). The Village is required to withhold Federal taxes, including income tax, Social Security tax, and Medicare tax, as well as State income tax from compensation paid to municipal employees.

The requirements for withholding payroll taxes from compensation paid to public officials and employees are explained in various Federal and State publications, as described below.

For State income taxes, the "2024 Nebraska Circular EN," published by the Department, provides the following, as is relevant:

*If you have an office or conduct business in Nebraska and are considered an employer for federal purposes, you must withhold income taxes for Nebraska. This includes payments made to all employees, including nonresidents, for services performed in this state.*

(Emphasis added.) The State payroll tax return filing deadlines are explained in the "2024 Nebraska Circular EN," published by the Department, as is relevant:

*Every employer maintaining an office or transacting business in Nebraska, and making payments to employees, is required to file the Nebraska Income Tax Withholding Return, Form 941N, unless licensed as an annual filer.*

***Form 941N is filed whether or not there were payments made during the quarter that were subject to Nebraska income tax withholding. The Form 941N is due on or before the last day of the month following the end of the quarter. The Form 941N may be e-filed using DOR's free Form 941N filing program.***

\* \* \* \*

*Employers who have been licensed to file on an annual basis will file a single Form 941N for the entire calendar year. This return is due on or before January 31 of the following year. **The Form 941N may be e-filed using DOR's Form 941N free filing program.** Quarterly returns will not be sent for the first three quarters of the year.*

Good internal controls require procedures to ensure that Federal and State taxes withheld from compensation paid to municipal employees are remitted timely, within Department and IRS regulations and guidelines, to avoid incurring unnecessary late penalties and interest.

Without such procedures, there is an increased risk for not only the loss or misuse of funds but also the potential for incurring additional late penalties and interest.

We recommend the Board implement procedures to ensure State and Federal taxes withheld from municipal employee compensation are timely remitted to the Department and IRS.

### 3. Payment of Claims Prior to Board Approval

During our comparison of the Village's bank account details to claims approved by the Board, the APA noted that one Village check, totaling \$3,627.84, was issued before the underlying claim was approved by the Board. The table below provides a summary of the premature payment:

Name/Vendor	Amount	Approval Date	Check Date	Days Paid Before Approval
Pdale Baseball	\$ 3,627.84	4/11/24	4/5/24	6

Neb. Rev. Stat. § 17-614(1)(a) (Cum. Supp. 2024) 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.

### 4. Payment of Sales Tax

While reviewing documentation to support purchases made with the Village's credit cards, we noted that the Village paid \$102.38 in sales tax. The purchases that included payment of sales tax are shown below:

Date	Vendor	Amount
6/15/2024	Schlueter Repair	\$ 29.60
6/15/2024	Anthem Sports	65.30
6/15/2024	Amazon	7.48
<b>Total</b>		<b>\$ 102.38</b>

Per Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024), 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 . . . .*

Good internal control requires procedures to ensure that sales taxes are not paid on municipal purchases. Without such procedures, there is an increased risk for not only loss or misuse of Village funds but also noncompliance with State statute.

We recommend the Village Board implement procedures to ensure that the Village does not pay Nebraska or local sales tax on municipal purchases.

\* \* \* \* \*

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](mailto:dakota.christensen@nebraska.gov)**.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Avery", with a long horizontal flourish extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor