



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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### State Auditor Reveals Serious Financial Concerns at the Barber’s Sunrise Villa Apartments in Bancroft

State Auditor Mike Foley announced today the release of a letter detailing numerous disturbing financial issues – ranging from what appear to have been excessive payroll disbursements to the apparent misuse of corporate funds at a local casino – found by his staff during a recent investigation of the Bancroft Betterment Corporation (Corporation).

Established in 1992, the Corporation is a public benefit non-profit corporation responsible for operating Barber’s Sunrise Villa Apartments (Apartments) in Bancroft, Nebraska. As a participant in the U.S. Department of Agriculture’s Rural Development Multifamily Housing Program, the Corporation helps low-income, elderly, or disabled individuals or families meet their housing needs in the area.

State law authorizes Foley’s office to audit any nonprofit entity, such as the Corporation, that expends public funds to carry out a State or Federal program or function. The issues uncovered arose from the apparent malfeasance of the sole employee and former Manager of the Apartments.

“If there is anything lower than misappropriating public money meant to provide care for some of the most vulnerable members of our society,” Foley stated, “I don’t know what it could possibly be.” He added, “Unfortunately, that is what very well may have occurred here.”

#### **Former Manager – Excessive Payroll and Reimbursements**

Some of the more disturbing findings detailed in Foley’s letter pertain to the improper benefits apparently garnered by the former Manager from payroll irregularities. To start, the auditors allege that she had paid herself more than double her authorized salary from October 2023 through November 2024 – receiving an extra \$11,000 during those fourteen months.

“It seems hardly coincidental,” Foley observed, “that the former Manager, who was the only employee of the Apartments, exercised virtually exclusive control over both the corporate bank account and the payroll process.” He continued, “Entrusting the financial operations of an organization to one person alone, with no oversight, is a recipe for disaster.”

Foley’s auditors also found several reimbursements that the Manager appears to have made to herself, totaling over \$2,000. In response to inquiries made by the auditors, the Corporation’s board members claimed to have not approved such reimbursements.

**Former Manager – Casino Debit Card Purchases**

In addition to profiting from these glaring payroll problems, the auditors allege, the former Manager misused the Corporation’s debit card for personal gain. Specifically, she appears to have made multiple cash withdrawals from the Apartments’ bank account by using the card at the WinnaVegas Casino Resort in Sloan, Iowa. Foley’s auditors were able to confirm that her gambling activity coincided with the withdrawals at issue. She is also alleged to have used the debit card to purchase gas at the nearby Pony Express gas station after a September 16, 2024, trip to the same casino.

In all, the former Manager appears to have used the debit card to make \$820.00 in withdrawals at the casino, plus an additional \$27.51 purchase at the neighboring gas station.

The audit letter points to specific State theft laws that such purported misuse of a debit purchasing card may have violated.

**Other Issues**

Foley’s letter also details other questionable debit card transactions by the former Manager, totaling \$385.49, which not only lacked both board approval and supporting documentation but also contributed to the Corporation’s bank account being overdrawn on numerous occasions.

Foley concluded, “The auditors noted that the Corporation lacked proper policies and procedures for safeguarding its funds. The Corporation appears to be taking the appropriate measures; however, as the old saying goes, ‘an ounce of prevention is worth a pound of cure.’ This should serve as a cautionary tale for other entities, large and small alike, that handle public funds.”

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