



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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May 20, 2026

Heath Vrbka, Chairperson
Village of Rising City
PO Box 127
Rising City, NE 68658

Dear Chairperson Vrbka:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Village of Rising City (Village) for the fiscal year ending 2025. **That request has been approved.**

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), 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. Menards Rebates

The APA noted that, during the period February 1, 2024, through June 30, 2025, the Village made eight payments, totaling \$2,086.33, for purchases made at Menards, a retail home improvement chain store in Columbus, Nebraska. These purchases were made using the Village’s charge account at Menards ending in XXX332.

Menards frequently offers an 11% rebate on purchases, and based on support obtained, rebates were earned on these purchases, totaling \$229.70. As will be explained in further detail below, however, those rebates do not appear to have been used by the Village for its own benefit or purposes. Instead, the rebates were redeemed and used by Village employees for apparently personal purchases. Further, per the Village Clerk, the Village has neither procedures for tracking rebates earned on municipal purchases nor a formal policy for handling such rebates.

The APA observed from information made available through the “Rebates International” website (<https://www.rebateinternational.com/RebateInternational/trackRebate.do>) that multiple Menards rebates totaling \$229.70 – the same rebates mentioned above, which were earned from purchases made with municipal funds – were issued and redeemed by Village employees. The table below lists these Menards purchases and the resulting rebates:

| Purchases Made With Village’s Menards Account | | | Menards Rebates | | | | |
|---|--------------------------------|-----------------|-----------------|------------|--------------------------------|-------------------------|---------------|
| Transaction Date | Purchaser | Purchase Amount | Rebate ID | Issue Date | Issued To | Redemption Date(s) | Rebate Amount |
| 2/9/2024 | Village Utility Superintendent | \$ 134.99 | 6356792160 | 9/9/2024 | Village Utility Superintendent | 9/13/2024, 9/18/2024 | \$ 15.00 |

| Purchases Made With Village's Menards Account | | | Menards Rebates | | | | |
|---|--------------------------------|--------------------|-----------------|------------|--------------------------------|----------------------|------------------|
| Transaction Date | Purchaser | Purchase Amount | Rebate ID | Issue Date | Issued To | Redemption Date(s) | Rebate Amount |
| 2/23/2024 | Village Utility Superintendent | 136.81 | 6356792160 | 9/9/2024 | Village Utility Superintendent | 9/13/2024, 9/18/2024 | 15.05 |
| 3/18/2024 | Village Utility Superintendent | 64.49 | 6354940225 | 8/22/2024 | Village Utility Superintendent | 9/18/2024 | 7.09 |
| 6/11/2024 | Village Utility Superintendent | 940.42 | 6356792160 | 9/9/2024 | Village Utility Superintendent | 9/13/2024, 9/18/2024 | 103.45 |
| 7/18/2024 | Village Utility Superintendent | 567.66 | 6354940225 | 8/22/2024 | Village Utility Superintendent | 9/18/2024 | 62.44 |
| 11/19/2024 | Village Utility Superintendent | 55.98 | 6369622909 | 2/28/2025 | Village Utility Superintendent | 5/26/2025 | 6.16 |
| 3/18/2025 | Village Clerk | 43.77 | 6372084325 | 4/17/2025 | Village Clerk | 6/14/2025 | 4.81 |
| 4/21/2025 | Village Clerk | 142.71 | 6374352975 | 5/20/2025 | Village Clerk | 6/25/2025 | 15.70 |
| Totals | | \$ 2,086.83 | | | | | \$ 229.70 |

According to the Village Clerk, no formal policy is currently in place for tracking rebates earned from municipal purchases made at Menards to ensure that they are used solely for the Village's benefit. Furthermore, the Village Clerk could neither identify what the above rebates were used for nor provide documentation to support the redemption transactions.

On January 26, 2026, in electronic responses to the APA's inquiry, the Village Clerk claimed (as highlighted in the red boxes below) that the rebates were redeemed for various municipal supplies:

From: Shane Pavlik <rcvillageclerk@hotmail.com>
Sent: Monday, January 26, 2026 12:40 PM
To: Coates, Chad <Chad.Coates@nebraska.gov>
Subject: Re: Village of Rising City Audit Waiver - Chad Coates APA

Chad, I did ask Kevin too, he said if redeemed, or his normal Menards purchases would've been general shop or office supplies (shop rags/towels, extension cords, trash cans, storage shelves); things we'd classify under "supplies & materials".

Sent from my iPhone

On Jan 26, 2026, at 9:46 AM, Shane Pavlik <rcvillageclerk@hotmail.com> wrote:

Good morning!

Unfortunately I do not have documentation for the rebates. Kevin or I would have redeemed; and some items I know were purchased were paint, paint brushes, stain, trash bags, air fresheners, paper towels, toilet bowl cleaner, etc. I have spoken with our lawyer and she is going to draw up a policy/resolution, so moving forward I will fully track/document these!

The 3/15 check would have been approved at the 3/3 meeting. The 4/3 checks should have been dated 4/7 (they're always dated for the meeting date); I'm betting 4/3 was the date I printed them and accidentally forgot to change the date.

Let me know if you need further info! I am teaching at school today, but will be going into the office after school.

Shane

Due to the Village's lack of both a formal policy and supporting documentation, the APA obtained a detailed receipt directly from Menards for the redemption of the above rebates. The table below summarizes the items purchased from the rebate redemption transactions:

| Transaction Date | Purchaser | Rebate ID | Item # | Purchased Items Description | APA Item Description | Amount |
|---|--------------------------------|---------------------------|---------|---------------------------------------|-------------------------------|--------------------|
| 9/13/2024 Note | Village Utility Superintendent | 6356792160 | 2734505 | MIKE & IKE ORIGINAL | Candy | \$ 1.24 |
| | | | 5759676 | MUDDY BITES MLK CHOCO | Candy | 3.48 |
| | | | 3010095 | FULL MOTION MOUNT 65" | Television Mount | 48.99 |
| | | | 5753214 | SNICKERS ALMOND | Candy | 2.00 |
| | | | 5753213 | SNICKERS | Candy | 2.00 |
| 9/18/2024 | Village Utility Superintendent | 6356792160, 6354940225 | 4759964 | APPLIANCE PLAN 3 YR DOP | Warranty Plan | 104.99 |
| | | | 4538064 | REFRIG 18.7CF BTM | Refrigerator | 849.00 |
| | | | 2796950 | LIQUID POOL SHOCK | Pool Chemicals | 4.99 |
| | | | 2356343 | 1.5K PK TACTICAL TIEDOWN | Strap Tie-Down | 22.99 |
| 5/26/2025 | Village Utility Superintendent | 6369622909 | 5172500 | CLASSIC X 12' MAIN 360-00 WHITE | Ceiling Grid | 103.05 |
| | | | 5172501 | CLASSIC X 12' WALL ANGLE 390-00 WHITE | Ceiling Grid Wall Angle | 41.88 |
| | | | 3615130 | 1G 21CI PVC VRT ADJ BOX | Electrical Outlet Box | 10.80 |
| | | | 5179839 | LAG SCREW DRIVER | Eye Lag Screw Drill Adapter | 4.88 |
| | | | 5179910 | SELF-TAP LAG SCREW 20PCS | Ceiling Grid Eye Lag Screws | 8.75 |
| | | | 5179911 | 18 GAUGE HANGER WIRE 300 FT | Ceiling Grid Hanger Wire | 9.50 |
| | | | 5172503 | CLASSIC X 2' CROSS TEE | Ceiling Grid Cross Tee | 129.00 |
| 6/14/2025 | Village Clerk | 6372084325 | 1312645 | ALL PURPOSE PAIL-GRN LID 4.5 GAL | Pre-Mixed Dry-Wall Comp. | 21.99 |
| | | | 6473635 | ERA LQ ORGINAL 154OZ | Laundry Detergent | 9.99 |
| | | | 2638116 | ORTHO GC VEG CONC 32 OZ | Weed Killer | 11.97 |
| | | | 6472021 | AIRWICK LIFESCENT OIL | Air Freshener Refills | 5.98 |
| | | | 2114642 | 11" BLACK FABRIC DRAWER | Fabric Drawer | 6.72 |
| | | | 2140616 | 5L LINEA STORAGE BASKET | Laundry Basket | 2.97 |
| | | | 2255387 | LAG SCREW EYE 5/16"X4" | Zinc Lag Screw Eye | 3.56 |
| | | | 2250730 | S-HOOK OPEN 2" | Steel S-Hook | 1.59 |
| | | | 5578415 | IMPLEMENT SPRAY | Rustoleum Spray Paint | 27.52 |
| | | | 5573671 | TURBO SPRAY BONDING | Rustoleum Spray Primer | 16.97 |
| 6/25/2025 | Village Clerk | 6374352975 | 6902448 | BLU-LOCK 1/2" TEE | Orbit Sprinkler Pipe Tee | 3.96 |
| | | | 6902447 | BLU-LOCK 1/2" COUPLING | Orbit Sprinkler Pipe Coupling | 3.16 |
| | | | 6331061 | BASIC PLT FLTR | Air Filter | 4.99 |
| | | | 5744195 | STUFFED MANZ OLIVES | Olives | 2.00 |
| | | | 6112232 | WALL SWITCH - HMDTY SNSR | Bathroom Fan Wall Switch | 39.99 |
| | | | 5736942 | TGIF SR CREAM&ONION CHIP | Potato Chips | 3.92 |
| | | | 5744232 | CEREAL CTC TRES LECHES | Cereal | 2.50 |
| | | | 1898020 | MORTON CLEAN AND PROTECT | Water Softener Salt Pellets | 20.97 |
| Total (Including Tax) Before Applied Rebates | | | | | | \$ 1,538.29 |

Note: This transaction was paid fully with the Village rebate (rebate ID 6356792160). The television mount was returned for a \$48.99 store credit, which was used to purchase apparently personal items, including a fruit and nut bar, pet oral care liquid, and residential closet shelving.

The following are images of some of the apparently personal purchases listed in the above table:



Liquid Laundry Detergent



Potato Skins Snack Chips



Water Softener Salt Pellets



Chocolate Waffle Cone Snacks



Fruit Chewy Candies



Liquid Pool Shock

As shown in the above table, two Village employees – the Clerk and the Utility Superintendent – redeemed the rebates for the transactions. It is unclear how many of these items, if any, were purchased for Village use. Further, the Clerk’s original explanation that the rebates were used for purchases related to “paint, paint brushes, stain, trash bags, air fresheners, paper towels, toilet bowl cleaner, etc.” appears inaccurate, as the only items listed by the Village Clerk that were actually purchased with the rebates were air fresheners and stain. Items such as candy, pool chemicals, olives, chips, and cereal are particularly questionable, serving no apparent municipal use. Despite not covering completely the costs of the above transactions, each of the rebates earned from the expenditure of Village funds was redeemed in full on these transactions.

On April 1, 2026, the APA asked the Village Utility Superintendent whether the Menards rebates were redeemed for municipal use. He responded that, after talking with the Village Clerk, he managed to find a couple receipts, but they were too worn to see what was purchased. He confirmed that he remembered using a couple of the rebates, but said the others were probably lost. When asked about the kinds of items that he purchased, the Village Utility Superintendent said that he bought electrical supplies, wood, and sometimes cleaning supplies. The APA then went through each of the rebate transaction details with him. The Village Utilities Superintendent said he did not recall making those purchases and thought that his girlfriend might have made them by “grabbing the rebates that were lying around their house.” However, he did confirm that the items purchased with the rebates, as well as those purchased partially with the television mount return store credit, were for personal use, not for the Village.

Consequently, two Village employees appear to have received the direct benefit of rebates earned from the expenditure of municipal funds. These rebates belonged to the Village, constituting municipal property, and should not have been issued to the Village employees in the first place. Having been made with Village funds, the purchases on which the rebates were earned are assumed to have been strictly for Village purposes; therefore, the Village employees were not entitled to claim the resulting rebates for their own personal gain.

Further, the initial explanation provided to the APA by the Village Clerk – that the rebates were used to purchase items such as “paint, paint brushes, stain, trash bags, air fresheners, paper towels, toilet bowl cleaner, etc.” – clearly does not reflect the reality of the items purchased through the rebate redemption transactions detailed above. The items mentioned by the Clerk were included in some of the original transactions made on the Village charge account; however, the APA’s inquiry on January 26, 2026, was clear that we were asking what the Village rebates were used to purchase; not the original transactions. Therefore, such email could be viewed as an attempt to deceive the APA regarding the true nature of the redeemed purchases at issue, giving rise to serious statutory concerns.

To start, Neb. Rev. Stat. § 84-305.02 (Reissue 2024) provides the following, in relevant part:

Any person who . . . willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.

In addition, Neb. Rev. Stat. § 28-511(1) (Reissue 2016) states the following:

A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof.

Moreover, Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act (Act), which is set out at Neb. Rev. Stat. §§ 49-1401 to 49-14,142 (Reissue 2021, Cum. Supp. 2024, Supp. 2025), places the following restriction upon the use of property under the “official care and control” of a public official or public employee:

A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.

Per subsection (7) of that same statute, “[A]ny person violating this section shall be guilty of a Class III misdemeanor”

Thus, the misuse of municipal resources for personal gain is strictly prohibited under State law.

Good internal controls require procedures to ensure that rebates received from vendors through municipal purchases are tracked properly, treated as Village property, and used only for appropriate public purposes.

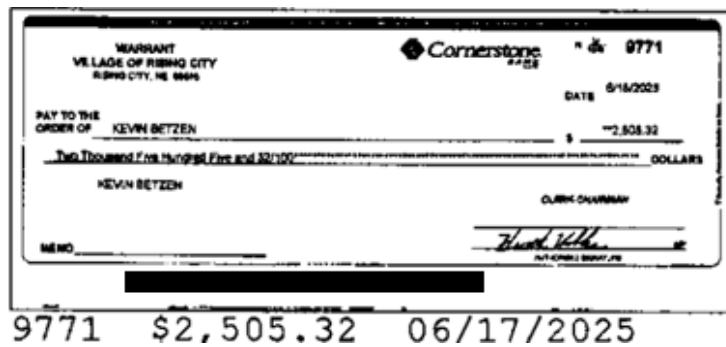
Without such procedures, there is an increased risk of rebates belonging to the Village being used for improper personal gain.

We recommend the Board implement procedures – preferably through the adoption of a formal policy – to ensure that rebates received from vendors through municipal purchases are tracked properly, treated as Village property, and used only for appropriate public purposes. Because the issue addressed herein constitutes a possible violation of the Act, we are forwarding this information to the Nebraska Accountability and Disclosure Commission, as well as the Nebraska Attorney General, and the Butler County Attorney for further review.

Village Response: This was simply a matter of poor documentation and misplacement/mishandling of the receipts/rebates. To date, the \$229.70 has been reimbursed in full and to assure this doesn't happen in the future, we plan to implement a rebate policy/Resolution. The rebate policy/Resolution will be considered at the June 2026 meeting.

2. Lack of Dual Signatures

The APA obtained the bank statements for the Village’s accounts from its fiscal year 2025 audit waiver request. From these statements, the APA noted that one of the Village checks written during the examination period contained only one signature, as shown below:



State statute requires Village checks to be signed by both the Chairperson of the Board of Trustees (Board) and the Village Clerk. Specifically, Neb. Rev. Stat. § 17-711 (Reissue 2022) provides the following:

All warrants drawn upon the city treasurer of a city of the second class or village treasurer must be signed by the mayor or chairperson of the village board of trustees and countersigned by the city clerk or village clerk, stating the particular fund to which the same is chargeable, the person to whom payable, and for what particular object. No money shall be otherwise paid than upon such warrants so drawn. Each warrant shall specify the amount included in the adopted budget statement for such fund upon which it is drawn and the amount already expended of such fund.

(Emphasis added.) Good internal control and sound accounting practices require procedures to ensure that Village checks contain the statutorily required endorsements.

Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss or misuse of Village funds.

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated January 29, 2025, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

We recommend the Board implement procedures to require dual signatures, from the Board Chairperson and the Village Clerk, on all Village checks, as required by law.

Village Response: Dual signatures are already required; this missing signature was an oversight.

3. Payment of Unapproved Claims

During our comparison of the Village’s bank account details to claims approved by the Board, the APA identified a \$1,010.73 transaction that was paid but not included on the claims listing submitted for the Board’s approval.

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

| Vendor | Clear Date | Amount | Check # |
|---------------------|------------|-------------|---------|
| NE Dept. of Revenue | 4/24/25 | \$ 1,010.73 | EFT |

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 elected members of 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 minutes of the meeting during which they are approved.

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

The APA identified a similar issue in a prior review and disclosed it to the Village in a letter dated January 29, 2025, which can be found on the APA’s website. However, this issue does not appear to have been corrected after the APA’s notification.

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

Village Response: All claims are to be authorized by the board for approval; the omission of this claim on the monthly list was an oversight.

4. 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 24 checks, totaling \$18,237.19, were issued before the underlying claims were approved by the Board. These checks were issued three to six days prior to being approved on April 7, 2025.

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 elected members of 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 minutes of the meeting during 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 minutes of the meeting during which they are approved.

Village Response: The following checks were payroll checks dated on the 1st of the corresponding months; the 1st often falls before our 1st Monday of the month board meeting; we are working with our attorney to develop a policy for payroll approval.

5. Job and Wage Publication

The APA noted that the Village failed to publish its annual job and wage publication between July 15, 2025, and August 15, 2025, as required by State statute. However, the publication was completed late on November 13, 2025.

Neb. Rev. Stat. § 19-1102 (Reissue 2022) states, in relevant part, the following:

Between July 15 and August 15 of each year, the employee job titles and the current annual, monthly, or hourly salaries corresponding to such job titles shall be published. Each job title published shall be descriptive and indicative of the duties and functions of the position.

(Emphasis added.) The Internal Revenue Service (IRS) guidance “Tax Withholding for Government Workers” (last updated October 2, 2025), which appears on the IRS website, states the following, as is relevant:

Internal Revenue Code section 3401(c) indicates that an “officer, employee, or elected official” of government is an employee for income tax withholding purposes.

* * * *

The courts generally define “public official” and “public officer” to mean anyone who exercises significant authority pursuant to public laws. This includes any official who administers or enforces public laws whether the public elected the individual or an office appointed them.

(Emphasis added.) Good internal control requires procedures to ensure that the Village’s annual job and wage publication is completed between July 15 and August 15 annually, as required by law. Such newspaper publication, not postings around the Village, should include all Village positions, such as Clerk, Treasurer, and Board positions even if that position receives no compensation.

Without such procedures, there is an increased risk of not only statutory noncompliance but also lack of transparency and loss or misuse of funds.

We recommend the Board implement procedures to ensure the Village’s annual job and wage publication is published between July 15 and August 15 annually, as required by law, and such newspaper publication, not postings around the Village, should include all Village positions, such as Clerk, Treasurer, and Board positions even if that position receives no compensation.

Village Response: We have added calendar reminders to ensure the Job & Wage Publication is posted on time.

6. Payment of Sales Tax

While reviewing documentation to support purchases made by the Village, we noted that the Village paid \$151.95 in sales tax.

Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024) states that 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

(Emphasis added.) Good internal control requires procedures to ensure that Nebraska and local 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 Board implement procedures to ensure that Village funds are not expended for the payment of Nebraska and local sales tax.

Village Response: The Village Clerk and Utilities Superintendent will be more diligent in making sure vendors have tax exempt forms to ensure we are not paying sales and use tax.

* * * * *

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 offer 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". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA
Assistant Deputy Auditor

cc. Nebraska Attorney General
Nebraska Accountability and Disclosure Commission
Butler County Attorney