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For Immediate Release

January 21, 2026

State Auditor Mike Foley Alleges Public Bid Tampering by Bellevue City Officials

State Auditor Mike Foley issued a letter today to the Mayor and City Council members of the City of Bellevue (Bellevue), alleging a conspicuous mishandling of public property by certain municipal officials for their own apparent personal benefit. Specifically, Foley's letter details various instances of surplus city vehicles being sold to those public employees under particularly suspicious circumstances.

Bellevue, the third largest municipality in Nebraska, uses GovDeals, a widely known national web portal that enables state and local government agencies across the country to sell surplus property to the public through online auctions.

On several occasions, a Bellevue employee responsible for posting surplus municipal property on the public auction website listed for sale the city vehicles at issue, allowing bidding to commence thereon for a short time. That worker was then directed to remove the automobiles from the auction website during active bidding, claiming that the items were supposedly no longer for sale. The same city officials who ordered the removals (or their relatives), then purchased the unsold surplus vehicles at an apparent discount. Consequently, both local residents and other prospective buyers lost the opportunity to bid on the vehicles, and Bellevue's treasury was likely denied the full market value of property purchased originally with public funds.

"This appears to have been a brazen attempt by some entitled senior city officials to enrich themselves at the expense of local taxpayers," Foley stated. "It is a slap in the face to all Bellevue residents, who deserve better," he added. "Based upon presently known facts, restitution by the offending employees, or maybe other sanctions, may well be in order."

Foley continued, "City personnel who want to purchase surplus government property should bid on it like everyone else, not manipulate the auction process for their personal benefit."

Foley's letter identified a 2010 Chevrolet Tahoe SUV that was posted on the GovDeals auction website for only six days – before being removed for the supposed purpose of being placed "back into service." Little over a few weeks later, however, the vehicle was sold to the father of the Bellevue City Administrator for \$5,000, which not only was \$3,500 less than the \$8,500 initial reserve price established by the city but also believed by the audit team to be below its true market price.

In a second instance, the Bellevue employee posted a surplus 2001 Ford F-550 Super Duty Truck on the GovDeals auction website. Despite attracting numerous bids, the vehicle was deleted from the auction with this disingenuous notation: “Withdrawing from auction not selling at this time.” In fact, the truck was sold for \$7,500 the very next day to Willow Springs Ranch, which is situated on land owned by Bellevue’s Finance Director.

Due to the deliberate delisting of the vehicle from the online auction platform, however, its final sale price was not the result of continued competitive bidding – making it impossible to determine the truck’s actual market value.

Likewise, a Bellevue surplus 2017 Ford F-550 Bucket Truck was posted on GovDeals for a mere nine days – during which time the vehicle attracted 17 bids, including a high offer of \$18,000. Such robust interest by potential buyers notwithstanding, the truck was suddenly withdrawn from the auction and sold three days later to the same Bellevue Finance Director whose affiliated Willow Springs Ranch had purchased the surplus 2001 Ford F-550 Super Duty Truck, as described above, little more than a year earlier in a similarly questionable manner.

The vehicle was sold to Bellevue’s Finance Director for \$25,000. Research by the auditors suggests, however, that bucket trucks of comparable vintage and quality could command a much higher sale price – a determination clearly supported by the city’s \$34,900 reserve price during the automobile’s brief appearance on GovDeals.

“Those familiar with the mechanics of online auctions understand that substantive bids are made ordinarily near a sale’s deadline,” explained Foley. “Bidding tends to be somewhat perfunctory until then.” Foley pointed out that GovDeals utilizes a three-minute rule, which extends an auction’s time for an additional three minutes whenever a bid is placed during its concluding moments. Since “most bidding occurs during the final minutes of an auction,” according to the GovDeals website, this helps to ensure that the best offers will be received. Abruptly shutting down the auctions before they were scheduled to end, Foley concluded, “practically ensured that no bids reflecting the vehicles’ actual worth would be submitted.”

In all three of the above cases, the same forty-five-year Bellevue employee was responsible for posting the surplus municipal vehicles on – as well as later removing them from – the GovDeals website. That municipal worker admitted to Foley’s audit team that he withdrew the offerings from the online auction at the express direction of the City Administrator and the City Finance Director, both of whom ultimately benefited from that action.

The Bellevue employee acknowledged also that, after the first two “discount” automobile purchases by the senior city officials, he bought his own surplus municipal vehicle, a 1996 GMC Sierra C2500 pickup truck, for \$1,000. This vehicle was never offered on the GovDeals website and, according to the audit team, may have been worth twice that amount or more.

Foley’s audit team was informed further that the Bellevue Police Captain paid \$1,070 for an abandoned 2022 Polaris Sportsman 450 ATV, which was likewise withheld from public auction and may have been worth considerably more.

Finally, the Bellevue employee disclosed that other surplus Bellevue property, including mowers, bicycles, and a boat, were sold directly to city employees without being offered for auction on GovDeals.

The audit team has communicated these findings to the Mayor, members of the City Council, the City Attorney, and local law enforcement – all of whom are encouraged to take the information seriously and act promptly to clean up, in Foley’s words, “this wretched mess.” City officials should be particularly mindful, Foley added, that State statute is unambiguous in prohibiting government officials or public employees from using their positions for personal financial gain beyond lawful compensation.

A copy of the Auditor’s letter to the City of Bellevue can be found at:
auditors.nebraska.gov

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