NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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August 11, 2026

Rusty Hike, Mayor
City of Bellevue
1500 Wall Street
Bellevue, NE 68005

Dear Mr. Hike:

As you know, the Nebraska Auditor of Public Accounts (APA) issued a letter on January 21, 2026, to the City of Bellevue (City), questioning the sale – outside the normal surplus asset disposal process – of City-owned vehicles to either municipal employees or their relatives. The matter was handed over to the Nebraska Accountability and Disclosure Commission for further investigation.

The APA has received further concerns since the issuance of that letter, including allegations of City employees making personal use of municipal vehicles or benefitting personally by redeeming bonus rewards earned through the expenditure of City funds. 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 City. 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 City is a city of the first class located in Sarpy County, Nebraska. The City Council (Council) is the governing body that exercises financial accountability and control over activities relevant to the operations of the City. Council 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 City operations, and the primary responsibility for related fiscal matters.

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

Comments and Recommendations

1. Apparent Personal Use of City Vehicle

The APA has received allegations that the City's Chief Building Inspector (Building Inspector), who has served in that position for many years, has been using a municipal vehicle for personal purposes. Specifically, the vehicle had been observed frequently parked outside of the Building Inspector's home during his lunch break.

In support of these allegations, the APA has been provided with several images of the municipal vehicle at issue parked outside of the Building Inspector's home. One such image was taken on January 27, 2026, at 12:05 p.m. Using the Nebraska Department of Motor Vehicle's vehicle registration and title system, VicToRy, the APA identified the vehicle in that image as a 2013 Ford Explorer registered to the City.

Based on the above information, the APA asked the City for both the municipal vehicle's Global Positioning System (GPS) logs and the Building Inspector's timesheets for the period January 1, 2026, through February 28, 2026. From this documentation, the APA noted that the Building Inspector recorded working on 39 days during the period examined. The municipal vehicle was driven to his home on 34 of those days. The APA observed also that nearly all of those trips occurred during the Building Inspector's daily lunch break.

According to Google Maps, the Building Inspector's home is approximately 1.7 miles from the City's Building Department office; therefore, the distance of each round trip taken in the municipal vehicle was approximately 3.4 miles. Due to their frequency, the APA questions whether the numerous trips to and from the Building Inspector's home were appropriate uses of a municipal vehicle.

In addition to using the vehicle to commute to and from his home during lunchtime, the Building Inspector appears to have inflated his actual work hours by improperly recording shorter lunch periods than those actually taken. During the period examined, he consistently recorded a half-hour lunch on his timesheets; however, GPS logs show that the municipal vehicle was usually driven to and from, or parked at, the Building Inspector's home for over an hour each day. Moreover, he did not record having worked later in the day to compensate for this extra time spent on his lunch breaks. On average, therefore, the Building Inspector appears to have overrepresented the time he worked by a half-hour each day, recording only half of the full hour actually taken for lunch. As well as occurring throughout the two-month period examined by the APA, this practice may well have taken place during the preceding years.

Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act (Act) restricts the use of property under the "official care and control" of a public official or public employee, as follows:

> *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 . . . ."

Neb. Rev. Stat. § 49-1442 (Reissue 2021) of the Act defines a "public employee" as "an employee of the state or a political subdivision thereof."

Good internal controls require procedures to ensure that municipal vehicles are used only for authorized City purposes, not personal use.

Without such procedures, there is an increased risk for not only loss of or damage to municipal vehicles but also noncompliance with State statute.

> We recommend the implementation of procedures to ensure municipal vehicles are used only for authorized City purposes, not personal use. Moreover, because this comment addresses possible violation of the Act, we are forwarding the information herein to the Nebraska Accountability and Disclosure Commission for further review.

2. Possible Personal Benefit from Expenditure of City Funds

Additionally, the APA received allegations concerning the possible personal benefit received by the City's Parks and Recreation Department Director (Director) from accumulating points on a personal Dick's Sporting Goods rewards program account through the expenditure of public funds. In support of this concern, we received several receipts for what appear to have been purchases made on a municipal credit card at the sporting goods store. These receipts show points being credited to the rewards program account apparently belonging to the Director.

Dick's Sporting Goods allows customers to earn reward points on purchases through its "Scorecard" membership program. The rewards program tracks points from each customer purchase, with one point being awarded for every dollar spent. Reward points are accrued only if the member either provides his or her membership information to the cashier or inputs it online before making the purchase. Once 300 points are acquired on a membership account, a $10 reward may be redeemed.

Responding to these allegations, the APA obtained the monthly billing statements for the municipal credit card assigned to the Director from January through July 2026. During this period, eight purchases, totaling $5,916.07, were made with the municipal credit card for athletic equipment at Dick's Sporting Goods. The Director appears to have provided his rewards account information on four of these purchases, earning 4,530.01 points on his "Scorecard" membership account. The APA then contacted a Customer Service representative for Dick's Sporting Goods, who confirmed that the City purchases did accrue reward points to a "Scorecard" membership account belonging to the Director.

The APA also obtained the receipts for all purchases made under the Director's membership account number from January 1, 2026, through July 22, 2026. Those purchases and the reward points earned from them are detailed in the following table:

Date	Purchase Amount	Points Earned
3/11/2026	$335.52	N/A
3/14/2026	$863.52	863.52
3/31/2026	$2,923.83	2,923.83
4/8/2026	$454.82	454.82
4/8/2026	$287.84	287.84
5/21/2026	$849.99	N/A
6/16/2026	$93.56	N/A
7/10/2026	$106.99	N/A
Totals	**$5,916.07**	**4,530.01**

The points earned from these City purchases equate to over $150 in rewards credited to the Director's membership account. According to the information provided by Dick's Sporting Goods, the rewards were redeemed once during the period examined to apply a $70 credit towards the purchase of men's athletic pants on May 10, 2026. The remaining cost of $19.35 appears to have been paid with a personal credit card. An image of the receipt for this purchase is shown below:

Dick's Sporting Goods

7403 Town Center Parkway
Papillion, NE 68046-2000
402-592-1642

Store: 398 Trans: 4860 Register: 102

Date: 05/10/2026 **2:03 PM**

Teammate ID: [redacted]

SALE

VRST Men's Elevate Pants **18.00**
198690008571
Price 88.00
Reward Certificate (-40.00)
Reward Certificate (-30.00)

Subtotal	18.00
Tax	1.35
TOTAL	**$19.35**

VISA: [redacted]4708
Paid: $19.35 CONTACTLESS Approved: [redacted]

In his official capacity as a municipal employee, therefore, the Director appears to have received the direct benefit of reward points earned from, at least partially, the expenditure of public funds. In actuality, the reward points earned on these purchases belonged to the City, constituting municipal property, and should not have been credited to the Director's personal rewards account in the first place – or, at the very least, should not have been used for ostensibly personal purposes.

The City informed the APA that no formal policies exist regarding the tracking or usage of reward points or rebates earned from municipal purchases. However, the "Gifts and Rebates" section of the City's Purchasing Procedures (Effective May 8, 2025) does provide the following:

> *Employees of the City; as well as any member of the City Council and including the City Administrator, any direct report to the City Administrator; any officer or agent of the City, is expressly prohibited from accepting, directly or indirectly, from any person or entity with which any purchase order or contract within the purview of this Policy Resolution is or may be awarded, any rebate, gift, money, or anything of value whatsoever, except where given for use and benefit of the City. Violations shall constitute grounds for immediate removal from office and/or dismissal of employment with the City.*

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.*

Additionally, as explained previously herein (pg. 2), Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2021) prohibits a public employee from using "resources, property, or funds under his or her official care and control . . . for personal financial gain."

Good internal controls require procedures to ensure rewards earned from vendors through the expenditure of City funds are tracked properly, treated as municipal property, and used only for appropriate public purposes.

> We recommend the implementation of procedures to ensure that rewards earned from vendors through the expenditure of City funds are tracked properly, treated as municipal property, and used only for appropriate public purposes. Because this comment addresses possible violation of the Nebraska Political Accountability and Disclosure Act, we are forwarding the information herein to the Nebraska Accountability and Disclosure Commission for further review.

City Overall Response: The City takes the APA's allegations seriously and cooperated fully with the APA's investigation. The City is in the process of investigating the allegations to determine the most appropriate course of action. The City is also reviewing its current policies and procedures implicated by these allegations and will update them as needed.

* * * * * *

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 City.

Draft copies of this letter were furnished to the City to provide its 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 City and its 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.

<u>Audit Staff Working on this Examination:</u>
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Sincerely,

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cc. Nebraska Accountability and Disclosure Commission