



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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February 12, 2026

Jim Shields, Chairperson
Fort Calhoun Rural Fire District
P.O. Box 355
Fort Calhoun, NE 68023

Dear Chairperson Shields:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Fort Calhoun Rural Fire District (District) for the fiscal year ending 2025. **That request has been approved.**

However, the District's amount of disbursements for the fiscal year ending June 30, 2025, exceeded our normal threshold (\$500,000) for granting a waiver of the audit requirement. Disbursements for the fiscal year ended 2025, totaled \$1,048,984, which exceeds the normal audit waiver threshold. Due to the District's submission of supporting documentation for one-time, low risk expenditures, that accounted for a significant percentage of the current year's expenditures, we were able to consider for this year, the District's activity to be low enough to grant the audit waiver request.

Nevertheless, if the June 30, 2026, fiscal year end disbursements are similar to, or greater than, the fiscal year 2025's expenditures, an audit of fiscal year end June 30, 2026, may be required. This information is only for your consideration in planning for fiscal year 2026 and forward.

While performing, pursuant to Neb. Rev. Stat. § 84-304 (Supp. 2025), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational issues, within the District.

The following information is intended to improve internal controls or result in other operational efficiencies.

Comments and Recommendations

1. Apparent Fraudulent Wire Transfer by External Party

During the fiscal year ended June 30, 2025, the District purchased a new fire truck from Danko Emergency Equipment (Danko), an emergency vehicle manufacturer located in Snyder, Nebraska. The District received the fire truck on April 25, 2025, with a payment of \$351,403 due upon delivery. However, based upon information obtained by the APA, the District appears to have been a victim of external wire fraud – with unrecovered funds of \$24,990 as of the end of November 2025. Further details are provided below.

On April 21, 2025, the District received an email message from someone who appeared to be a representative of Danko, asking if the final payment could be made electronically. The District agreed, and on April 22, 2025, the District was provided with what appears to be fraudulent instructions to process the payment via wire transfer, including an apparent fraudulent routing number and bank account number at Santander Bank, a bank based in the eastern portion of the United States. On April 23, 2025, the District issued a wire transfer of \$351,403 to the apparent fraudulent bank account.

After being informed by Danko that the funds were not received, the District contacted both its bank and local law enforcement regarding the wayward wire transfer. After investigating, the District’s bank was able to recover \$326,413, which was deposited into the District’s bank account on May 28, 2025. That same day, the District issued a cashier’s check to Danko for the same amount of \$326,413. As of the APA’s review in November 2025, the District had not recovered the remaining amount of \$24,990. Further, the District agreed to an installment plan with Danko for paying the outstanding balance on the vehicle.

Although the District contacted local law enforcement, the APA performed an independent review of relevant documentation to determine not only if the apparent fraud at issue was committed by an external party or someone within the District or Danko but also if further review was required by our office. We determined that based on the documentation provided, it appears the email used by Danko had been compromised – possibly by someone from outside both that company and the District. The APA’s review revealed that the email messages requesting electronic payment were inconsistent with the others from Danko.

The following are two separate email messages received by the District that appeared to have been from Danko, both containing common scam traits:

Thanks for your help! Attached, you will find our wire information for payments. Kindly confirm receipt.
Do you mind letting me know immediately the wire has been initiated so I can inform the accounting department immediately?
I'm reaching out to check if you're able to process the payment electronically, preferably via ACH or wire transfer, as we're working to reduce the volume of paper checks at the moment. We kindly ask that the payment be processed before Friday. Everything is in good order, and your support in making this happen would be greatly appreciated. I will be waiting to read from you on when you think the payment can be sent.

Specifically, the above messages use the word “kindly,” make an urgent request, and contain improper or unusual grammar and punctuation throughout.

Good internal controls and sound business practices require procedures to ensure that all disbursements are legitimate and adequately supported. For higher-risk methods of payment, such as wire transfers and electronic remittances, additional verification and other safeguards should be required.

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

We recommend the District implement procedures to ensure that all disbursements are legitimate and adequately supported. For higher risk methods of payment, such as wire transfers and electronic remittances, additional verification and other safeguards should be required.

2. Noncompliance with the Lid on Restricted Funds

During our review of the District’s 2025-2026 budget document submitted to our office, we noted that the District did not originally budget for Nameplate Capacity Tax revenues, which it has received historically. Further, the District budgeted to receive only \$360 for Motor Vehicle Pro-Rate, less than half of the amount received during the fiscal year ended June 30, 2025. Since Motor Vehicle Pro-Rate is based on the District’s tax request, which was greater for 2025-2026 year than the previous year, we would have expected a larger amount to be received in 2025-2026.

As both of these revenue sources are included within the statutory definition of “restricted funds” in Neb. Rev. Stat. § 13-518 (Supp. 2025), the District must include these budgeted revenues on the Lid Supporting Schedule of the budget. Neb. Rev. Stat. §§ 13-519 through 13-522 (Reissue 2022, Cum. Supp. 2024, Supp. 2025) outline the statutory requirements for the “Lid on Restricted Funds.”

Based on the revised budgeted amounts for 2025-2026, the District appears to have exceeded its restricted funds authority by \$1,028.

Because levies have been set and can no longer be amended at this time, the District's Unused Restricted Funds Authority on the 2026-2027 District budget must be positive by \$1,028 to make up for the amount over-taxed this year.

Good internal controls require procedures to ensure that restricted funds revenues are budgeted properly, and the District complies with all statutory requirements pertaining to those monies.

Without such procedures, there is an increased risk of noncompliance with State statute.

We recommend the District implement procedures to ensure that the restricted funds revenues are budgeted properly, and the District complies with all statutory requirements pertaining to those monies.

3. Lack of Adequate Supporting Documentation

During our review of its bank statements, we noted that the District issued 11 checks, totaling \$34,897, to Fort Calhoun Fire and Rescue for the reimbursement of monthly expenses during fiscal year 2025. The APA requested documentation to support two of these checks, totaling \$14,621; however, the District was unable to provide such substantiating evidence for \$345 of this amount.

Good internal controls require procedures to ensure that adequate documentation is maintained to support all District expenditures. Without such procedures, there is an increased risk for the loss or misuse of public funds.

We recommend the District implement procedures to ensure that adequate documentation is maintained to support all District expenditures.

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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 District'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 District.

This communication is intended solely for the information and use of the District 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,



Mark Avery, CPA
Assistant Deputy Auditor