DUNKLIN FIRE RESCUE DISTRICT

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

DUNKLIN FIRE RESCUE DISTRICT
YEAR ENDED JUNE 30, 2024

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LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Dunklin Fire Rescue District
Honea Path, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying current financial resources measurement focus basis financial statements of the governmental activities of Dunklin Fire Rescue District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Dunklin Fire Rescue District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Dunklin Fire Rescue District, as of June 30, 2024, and the respective changes in the current financial resources measurement focus basis financial position thereof for the year then ended in accordance with the current financial resources measurement focus basis of accounting described in Note 1.

Basis for Opinions

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the current financial resources measurement focus basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dunklin Fire Rescue District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the current financial resources measurement focus basis of accounting described in Note 1; this includes determining that the current financial resources measurement focus basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dunklin Fire Rescue District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dunklin Fire Rescue District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2025, on our consideration of the Dunklin Fire Rescue District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dunklin Fire Rescue District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Dunklin Fire Rescue District's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
May 13, 2025

DUNKLIN FIRE RESCUE DISTRICT
BALANCE SHEET-
CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS
JUNE 30, 2024

ASSETS		
Cash and cash equivalents	$	314,680
Restricted Cash		12,797
Prepaids		5,583
Total assets	$	333,060
LIABILITIES		
Accounts payable and accrued expenses	$	22,869
Total liabilities		22,869
FUND BALANCE		
Unassigned		310,191
Total liabilities and fund balances	$	333,060

The accompanying notes are an integral part of these financial statements.

DUNKLIN FIRE RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS
YEAR ENDED JUNE 30, 2024

REVENUES		
Property taxes	$	432,004
Sewer fees		13,000
Grant revenue		13,930
Miscellaneous - Other Income		10,900
Fire Fighter 1% revenue		12,797
Total revenues		482,631
EXPENSES		
Salaries, wages, and benefits		118,957
Professional fees		10,140
Utilities		18,326
Insurance		33,331
Repairs and maintenance		26,442
Travel and training		2,847
Fuel		10,833
Uniforms and gear		21,736
Advertising		1,005
Dues and Subscriptions		11,937
Station Supplies		5,497
Miscellaneous		2,716
Debt service:		
Principle		101,648
Interest		18,477
Total expenses		383,892
Operating income		98,739
Fund balance, beginning of year		211,452
Fund balance, end of year	$	310,191

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

Reporting Entity

Dunklin Fire Rescue District (the "District") was founded by volunteers in 1968 to meet the growing need of fire protection in the Southern area of Greenville County which, because of the population density, were in need of such service but did not lie within the boundaries of an existing special purpose district or municipality.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District prepares its financial statements on the current financial resources measurement focus basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred.

Fund Financial Statements

The fund financial statements are reported using the current financial resources measurement focus basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current period. For this purpose, the government considers its revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund basic financial statements report detailed information about the District. The focus of governmental fund basic financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES, Continued

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following major funds and fund types are used by the District.

Governmental Fund Types
The District's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

The following is the District's only governmental fund type:

The General Fund, a major fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any unreserved fund balance is considered a resource available for use.

Cash and Cash Equivalents
The District considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The District maintains balances at high quality financial institutions. For the year ended June 30, 2024, the District's cash balances did not exceed the insured limit by the Federal Depository Insurance Corporation (FDIC).

The District's investment policy is to maintain collateral for all certificates of deposits in their name. Investment purchases and sales are recorded as of the trade date. Other investment income is recognized when earned. Investments are reported at fair value except as noted below. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller.

Money market funds (such as short-term, highly liquid debt instruments including bankers' acceptances and securities notes, bills, and bonds of the U.S. government and its agencies), and participating interest-earning investment contracts (such as negotiable certificates of deposit, certificates of deposit, and repurchase agreements) with maturities at time of purchase of one year or less, are carried at amortized cost which approximates fair value.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES, Continued

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

- Level 2 Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

    - Quoted prices for similar assets and liabilities in active markets.
    - Quoted prices for identical or similar assets or liabilities in inactive markets.
    - Inputs other than quoted market prices that are observable for the asset or liability.
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology that are unobservable for an asset or liability and include:

    - Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. the District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the period. Ultimate resolution of uncertainties could cause actual results to differ from these estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be recovered. South Carolia state law requires banks to collateralize deposits for governmental entities that exceed the amount of insurance coverage provided by the Federal Deposit Corporation (FDIC). Accounts held at each institution are insured by the FDIC up to $250,000. the District has no additional deposits policy for custodial credit risk. As of June 30, 2024, none of the District's bank balances of approximately $327,477 which had a carrying value of approximately $327,477) were exposed to custodial credit risk.

As of June 30, 2024, the District had no investments

Interest Rate Risk: the District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Certain cash and cash equivalents of the District are legally restricted for specified purposes. The only major type of restriction at June 30, 2024 was imposed by the revenue source (Firefighters' 1% Funds).

NOTE 3 – LONG-TERM DEBT

The following is a summary of changes in the District's long-term liability activity for the year ended June 30, 2024.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Equipment	$ 185,151	$ -	$ 59,344	$ 125,807	$ 61,686
Equipment	32,111	-	10,387	21,724	10,766
Vehicle lease	365,806	-	31,918	333,888	33,858
Total Bonds	$ 583,068	$ -	$ 101,648	$ 481,419	$ 105,325

At June 30, 2024, the District's future maturities of long-term liabilities are as follows:

Year ending June 30:	Principal	Interest	Total
2025	105,325	14,800	120,125
2026	108,937	10,987	119,924
2027	34,872	8,000	42,872
2028	35,916	6,956	42,872
2029	36,991	5,880	42,872
Thereafter	159,378	12,107	171,485
	$ 481,419	$ 58,730	$ 540,149

The District is reporting on the current financial resources management focus basis of accounting which does not require recording long-term liabilities on the balance sheet.

NOTE 4 – SUBSEQUENT EVENTS

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2024 through [DATE], the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Dunklin Fire Rescue District
Honea Path, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dunklin Fire Rescue District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Dunklin Fire Rescue District's basic financial statements and have issued our report thereon dated May 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dunklin Fire Rescue District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dunklin Fire Rescue District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dunklin Fire Rescue District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 & 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dunklin Fire Rescue District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 & 2024-003

Dunklin Fire Rescue District’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Dunklin Fire Rescue District’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Dunklin Fire Rescue District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
May 13, 2025

DUNKLIN FIRE RESCUE DISTRICT
AUDIT FINDINGS
JUNE 30, 2024

CURRENT YEAR FINDINGS – 2024

Material Weaknesses

2024-001: Lack of Budgetary Controls

Condition

During the financial statement audit of the Dunklin Fire District for the fiscal year 2024, it was identified that the District did not adopt or implement an annual budget. The absence of a formal budget indicates noncompliance with South Carolina laws and regulations and demonstrates a failure to follow statutory requirements for prudent financial management and governance.

Criteria

South Carolina Code of Laws §6-1-80 requires public entities, including special purpose districts, to adopt an annual budget and provide public notice. An approved budget is essential to promote fiscal transparency, accountability, and sound financial operations.

Cause

Multiple board members either resigned or failed to participate in meetings during the fiscal year, resulting in the Board's inability to establish a quorum necessary to adopt a budget.

Effect

The lack of an adopted budget increases the risk of financial mismanagement, unauthorized expenditures, and operational inefficiencies. Additionally, the District's noncompliance with South Carolina statutory requirements weakens public trust and accountability.

Recommendation

We recommend the District prioritize the budget adoption process by:

- Holding multiple board meetings specifically dedicated to drafting, reviewing, and approving the budget.
- Setting clear deadlines and milestones for budget preparation.
- Filling board vacancies promptly with individuals committed to complying with South Carolina laws and regulations.
- Holding current board members accountable to their statutory responsibilities.

Establishing a structured and timely budgetary process will enhance the District's financial governance and promote regulatory compliance.

Management's Response

The District has taken corrective steps by appointing new board members and implementing procedures to ensure the timely preparation, adoption, and publication of budgets in compliance with South Carolina Laws and Regulations.

2024-002: Lack of Board Meeting Minutes

Condition

During the financial statement audit, it was determined that the Dunklin Fire District did not maintain formal board meeting minutes for the fiscal year 2024. The absence of documented minutes impairs the ability to verify governance decisions and financial oversight activities.

Criteria

South Carolina laws and governance best practices require that public entities maintain written records of board proceedings. Properly prepared meeting minutes enhance transparency, accountability, and serve as an official record of actions, discussions, and decisions made by the governing body.

Cause

The District's governance processes did not prioritize the documentation or preservation of board meeting minutes. No formal policies or procedures were in place to ensure minutes were consistently prepared, approved, and retained.

Effect

The absence of board meeting minutes undermines the District's transparency and governance, creates challenges in validating decisions and actions, and increases the risk of disputes, miscommunications, or potential noncompliance with applicable laws and regulations.

Recommendation

We recommend the District:

- Develop and adopt a formal policy requiring detailed preparation and approval of board meeting minutes.
- Assign responsibility for recording and maintaining meeting minutes to a designated staff member, secretary, or external resource.
- Ensure minutes capture critical details, including attendance, topics discussed, decisions made, votes taken, and follow-up actions.
- Require the review and approval of meeting minutes at subsequent board meetings.
- Train board members and staff on the importance of minute-keeping to support accountability and legal compliance.

Management's Response

The District agrees with the finding and will implement a formal process for recording, reviewing, and maintaining board meeting minutes. Responsibility will be assigned to ensure consistency and compliance with applicable requirements. Approved minutes will be maintained as official public records of board activities.

2024-003: Internal Control Over Financial Reporting – Omission of Cash Accounts

Condition

During our audit of Dunklin Fire District's financial records for the fiscal year ending April 29, 2025, we identified that three active cash accounts were omitted from the District's trial balance. The missing accounts were:

- **1% Firefighter Fund – 8127** *(restricted fund)*
- **Innova Pad – x7359** *(operating account)*
- **Firefighter Account** *(operating account)*

Although these accounts were active and had financial activity, they were not recorded in the accounting system or included in the trial balance until discovered through a comprehensive review conducted by Chief Thomas.

Criteria

Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards (GAGAS) require that all financial activities be fully and accurately recorded. Internal control frameworks, including COSO principles, emphasize the need for complete financial reporting, especially for significant accounts like cash. Public entities have a fiduciary duty to maintain accurate records, especially for restricted funds.

Cause

The omissions occurred due to the following deficiencies under the prior fire chief's administration:

- No formal master listing of bank accounts was maintained.
- No procedures were established to verify all cash accounts during leadership transitions.
- The Board was not made aware of the existence of these additional accounts.
- There is currently no formal policy requiring financial reviews upon changes in leadership.

Effect

As a result:

- Financial statements were materially incomplete and cash balances were understated.
- The 1% Firefighter Fund, a restricted fund, was not properly recorded or tracked.
- Board oversight and decision-making were compromised due to incomplete financial information.
- The risk of errors, irregularities, or misappropriations increased.
- Public trust in financial stewardship may have been weakened.

(Continued)

2024-003: Internal Control Over Financial Reporting – Omission of Cash Accounts (Continued)

Recommendation

We recommend Dunklin Fire District management take both immediate and ongoing corrective actions:

Immediate Actions:

- Fully integrate all active cash accounts into the accounting system and trial balance.
- Complete reconciliations of all accounts to ensure financial accuracy.
- Properly identify and segregate restricted funds in accordance with reporting standards.

Ongoing Procedures:

- Develop and implement a formal policy requiring a full accounting review and cash account verification upon any leadership transition.
- Maintain a detailed master list of all bank accounts, updated and reviewed quarterly by both the Fire Chief and Board Treasurer.
- Implement independent reviews of trial balances prior to year-end to verify account completeness.

Management's Response

Management agrees with the finding. The previous fire chief did not maintain full accounting of the District's cash accounts, and the Board was aware of the existence of these three additional accounts. They were just not added to QuickBooks nor were they reconciled with the outsourced account Green Finney Cauley. Upon assuming leadership, Chief Thomas conducted a full review and identified the 1% Firefighter Fund – 8127, Innova Pad – x7359, and Firefighter Account, which have now been added to QuickBooks Online (QBO) and reconciled. As of April 29, 2025, all cash accounts are incorporated into the trial balance. Management is implementing additional internal controls, including monthly reconciliations and quarterly bank account reviews, and is drafting a formal financial transition policy for Board approval.