

CONCORD FIRE PROTECTION DISTRICT



FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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WILLIAMS WILLIAMS & LENTZ

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Concord Fire Protection District
McCracken County, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Concord Fire Protection District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Concord Fire Protection 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 modified cash basis financial position of the governmental activities of the Concord Fire Protection District as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards 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 the Concord Fire Protection 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash 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 Concord Fire Protection 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.

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 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, 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 Concord Fire Protection 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 Concord Fire Protection 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Concord Fire Protection District's basic financial statements. The budgetary comparison information on page 10, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2025, on our consideration of the Concord Fire Protection 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 Concord Fire Protection 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 Concord Fire Protection District's internal control over financial reporting and compliance.

Williams, Williams & Lentz, LLP

Paducah, Kentucky
March 12, 2025



WILLIAMS
WILLIAMS
& LENTZ

CONCORD FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2024

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 342,522
TOTAL ASSETS	<u>\$ 342,522</u>

LIABILITIES

Payroll liabilities	\$ 2,644
TOTAL LIABILITIES	<u>\$ 2,644</u>

NET POSITION

Unrestricted	\$ 339,878
TOTAL NET POSITION	<u>\$ 339,878</u>

See notes to financial statements.

CONCORD FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024

FUNCTIONS/PROGRAMS

	Cash	Program Receipts		Net
	Disbursements	Center	Operating	(Disbursements)
		Services	Grants	Receipts and
				Changes in
				Net Position
Governmental Activities:				
Public safety	<u>\$ 632,244</u>	<u>\$ 18,554</u>	<u>\$ 19,743</u>	<u>\$ (593,947)</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u><u>\$ 632,244</u></u>	 <u><u>\$ 18,554</u></u>	 <u><u>\$ 19,743</u></u>	 <u><u>(593,947)</u></u>
 General receipts:				
Taxes and licenses:				
Property taxes				599,785
Miscellaneous income				803
Interest income				<u>5,482</u>
 Total general receipts				 <u>606,070</u>
 Change in net position				 12,123
 Net position July 1, 2023				 <u>327,755</u>
 NET POSITION JUNE 30, 2024				 <u><u>\$ 339,878</u></u>

See notes to financial statements.

CONCORD FIRE PROTECTION DISTRICT
GENERAL FUND BALANCE SHEET - MODIFIED CASH BASIS
JUNE 30, 2024

ASSETS

Cash	<u>\$ 342,522</u>
TOTAL ASSETS	<u><u>\$ 342,522</u></u>

LIABILITIES AND FUND BALANCE

Payroll liabilities	<u>\$ 2,644</u>
Total liabilities	<u>2,644</u>
Fund Balance:	
Unassigned	<u>339,878</u>
Total fund balance	<u>339,878</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 342,522</u></u>

CONCORD FIRE PROTECTION DISTRICT
GENERAL FUND STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2024

Receipts:

Taxes:		
Property taxes		\$ 599,785
Intergovernmental revenues		19,743
Other:		
Miscellaneous		19,357
Interest income		5,482
		644,367
 Total receipts		 644,367

Disbursements:

Wages - office staff		132,440
Employee benefits		24,700
Incentive pay		8,242
Payroll expenses		11,984
Volunteer standby program		40,118
Debt service principal		77,083
Debt service interest		20,753
Advertising		3,964
Utilities		17,809
Insurance		45,617
Vehicle		5,168
Equipment purchases		39,558
Repairs and maintenance		63,664
Fuel		15,674
Training		44,294
Dues and memberships		4,251
Meals and entertainment		8,847
Professional fees		10,169
Office expense		7,882
Supplies		20,876
Uniforms		14,699
Travel		577
Miscellaneous		13,875
		632,244
 Total disbursements		 632,244

Net change in fund balances		12,123
Fund balances, July 1, 2023		327,755
FUND BALANCES, JUNE 30, 2024		\$ 339,878

See notes to financial statements.

CONCORD FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1 - Summary of Significant Accounting Policies:

As discussed further in Note 1C, these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

1A. Reporting Entity

The financial statements of the Concord Fire Protection District (District) consist only of the operations of the District. The District has no oversight responsibility for any other entity since no other entities are considered to be controlled by or dependent upon the District. Control or dependence is determined upon the basis of budget adoption, funding, and appointment of the respective governing board.

1B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis display information about the reporting government as a whole. They detail the governmental activities of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

Fund Financial Statements

Fund financial statements of the reporting entity detail the activities of the general fund. Funds are accounted for by providing a separate set of self-balancing accounts that constitute its assets and fund equity, receipts, and disbursements.

The District is a single fund entity.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Basis of Accounting

In the government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, activities are presented using the modified cash basis of accounting. Receipts and related assets are generally recognized when received rather than when earned. Disbursements are recognized when paid rather than when a liability is incurred including capital asset purchases.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

(Continued)

CONCORD FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1 - Summary of Significant Accounting Policies (Continued):

1D. Assets and Equity

Deposits and Investments

For the purpose of the Statement of Net Position - Modified Cash Basis, “cash in bank” includes all demand accounts of the District. Additional cash disclosures are presented in Note 2A. The District maintains its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The District has no investment policy that would further limit its investment choices.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in two components:

- a. Restricted - Consists of equity with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. The District did not have a restricted net position at June 30, 2024.
- b. Unrestricted - All other equity that does not meet the definition of “restricted.”

Fund Financial Statements

Governmental fund equity is classified as fund balance and displayed in five components:

- a. Nonspendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact indefinitely. The District did not have a nonspendable fund balance at June 30, 2024.
- b. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by creditors, grantors, contributors, or laws or regulations of other governments. The District did not have a restricted fund balance at June 30, 2024.
- c. Committed fund balance includes amounts that can be used only for the specific purposes determined by the District through approval of resolutions. Commitments may be changed or lifted only by the District making the same formal action that imposed the constraint originally. The District did not have a committed fund balance at June 30, 2024.
- d. Assigned fund balance comprises the amounts intended to be used for a specific purpose. Intent can be expressed by the board of trustees or the District director. No formal action is required. The District did not have an assigned fund balance at June 30, 2024.
- e. Unassigned fund balance is the residual balance that has not been classified as nonspendable, restricted, committed, assigned.

(Continued)

CONCORD FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Note 1 - Summary of Significant Accounting Policies (Continued):

1D. Assets and Equity (Continued)

Equity Classifications (Continued)

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

1E. Receipts and Disbursements

Program Receipts

The District's primary revenues are property taxes, fees, and intergovernmental payments. In the Statement of Activities - Modified Cash Basis, program receipts consist of site cleanup and state aid.

The McCracken County Clerk bills and the Sheriff collects property taxes for the District. The taxes are remitted to the District by the Sheriff's office. District property tax revenues are recorded when received.

1F. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 12, 2025, the date financial statements were available to be issued.

1G. Legal Compliance - Budget

The budget is adopted on the modified cash basis of accounting and laws of Kentucky as required by the Department for Local Governments (DLG). The District is required to submit estimated revenues and proposed expenditures to DLG by July 15th of the budget year. The budget is required to be adopted by the District no later than June 30th of the preceding year. Any amendments to the budget must be approved by the governing body (the District's Board) and may not create an unbalanced budget. All budget amendments must be submitted to DLG.

Note 2 - Detail Notes on Transaction Classes/Accounts:

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, equity, receipts, and disbursements.

2A. Cash

The carrying amount of the District's cash in bank was \$342,522, and the bank balance was \$345,358 for the year ended June 30, 2024. Of the bank balance, \$250,000 was insured by federal depository insurance, and the remaining \$95,358 was subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The remaining balance of \$95,358 was uninsured and collateralized with securities held by the pledging bank's agent not in the District's name.

(Continued)

SUPPLEMENTARY INFORMATION

CONCORD FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
	Original	Final	(See Note A)	(Negative)
Revenues:				
Property taxes	\$ 553,000	\$ 587,000	\$ 599,785	\$ 12,785
Intergovernmental revenues	15,100	18,500	19,743	1,243
Interest income	1,000	5,000	5,482	482
Other revenues	15,000	22,000	19,357	(2,643)
Total revenues	584,100	632,500	644,367	11,867
Expenditures:				
Personnel	91,000	215,077	192,420	22,657
Operations	291,740	245,150	244,667	483
Administration and reserves	60,400	69,300	65,909	3,391
Capital outlay	31,413	31,413	31,412	1
Debt service	97,937	97,937	97,836	101
Total expenditures	572,490	658,877	632,244	26,633
Revenues over (under) expenditures	11,610	(26,377)	12,123	38,500
Fund balance, July 1, 2023	327,755	327,755	327,755	-
FUND BALANCE, JUNE 30, 2024	\$ 339,365	\$ 301,378	\$ 339,878	\$ 38,500



WILLIAMS WILLIAMS & LENTZ

CERTIFIED PUBLIC ACCOUNTANTS

**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***

The Board of Directors
Concord Fire Protection District
Paducah, Kentucky

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 of the Concord Fire Protection District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Concord Fire Protection District's basic financial statements, and have issued our report thereon dated March 12, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Concord Fire Protection 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 Concord Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Concord Fire Protection 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 function, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Concord Fire Protection District's financial statements are free of 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-002.

Concord Fire Protection District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Concord Fire Protection District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Concord Fire Protection 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.

Williams, Williams & Lentz, LLP

Paducah, Kentucky
March 12, 2025



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& LENTZ

CONCORD FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024

A. Findings - Financial Statements Audit

2024-001. Payroll

The District does not have a board approved compensation policy. Currently, the Fire Chief is authorized to compensate each firefighter at his discretion and is only constrained by the total personnel budget as approved by the Board of Directors. The current compensation practices do not provide adequate controls to ensure each firefighter is properly compensated. Furthermore, the Board of Directors does not have a method to verify the propriety of each firefighter's compensation. A comprehensive compensation policy, that outlines all pay rates by position, shift, and training level, needs to be established in writing and formally approved by the Board of Directors. There should also be consistency in approvals for time sheets as some were not approved at all and others were approved by someone other than the chief. As part of the Board of Directors oversight of expenditures, periodic review of compensation payments should be performed to ensure that compensation is being paid according to the approved compensation schedule. If compensation rates or practices need to be modified in the future, the compensation schedule should be modified and approved by the Board of Directors prior to any changes in compensation. This is a repeat comment from the prior year, and it does appear a rate schedule exists for fiscal year 2025. There was no noted approval in the board minutes. We suggest attaching these to the minutes with dates specifying the period the rates cover and a signature indicating board approval.

Management's Response: As of June 10, 2024, the board received and approved the funding in the 2024-2025 budget which included having two employees covering 5-day 10-hour shifts Monday through Friday, and one employee covering 7-nights with 10-hour shifts Monday through Friday. This also included a comprehensive policy for fiscal year 2024-2025. All time sheets will be approved by the chief or shift captain. Approved times sheets are sent to all board members the same day they are sent to the CPA for review before payments are processed. All documents and approvals from board members will be requested to be attached to the board meeting minutes.

B. Findings - Compliance

2024-002. Payroll

Some payments to firefighters were not properly included in wages and taxed. With a shift from contract labor to employees in 2024, there are multiple employees receiving 1099's and W-2's. This is okay if all 1099 payments occurred prior to being considered an employee. Kentucky incentive pay was correctly included in wages. However, run money was not included in wages for fiscal year 2024. With all firefighters being employees beginning in fiscal year 2025, all payments to firefighters for salary or hourly pay as well as shift pay and run money should be included in the W-2 wages and reported on the 941's. Any previously filed 941's should be amended as needed to reflect this and the associated tax liabilities.

Management's Response: The chief will contact their CPA to address payments not being properly taxed as wages. Not all firefighters are employees so volunteer firefighters will still receive 1099's as nominal fees allowed by law.

CONCORD FIRE PROTECTION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

A. Internal Control Findings

2023-01. Budget - Kentucky Revised Statutes require all Kentucky government agencies to annually adopt a budget. The adopted budget is binding with respect to expenditures, and the government shall not expend from any source except as provided in the originally adopted or subsequently amended budget. It was noted that the Concord Fire Protection District's (The District) expenditures for certain line items exceeded their budgeted expenditures for the fiscal year ended June 30, 2023.

There were no expenditures exceeding budgeted line items for the fiscal year ended June 30, 2024.

2023-02. Payroll - The District does not have a board approved compensation policy. Currently the Fire Chief is authorized to compensate each firefighter at his discretion and is only constrained by the total personnel budget as approved by the Board of Directors. The current compensation practices do not provide adequate controls to ensure each firefighter is properly compensated. Furthermore, the Board of Directors does not have a method to verify the propriety of each firefighter's compensation. A comprehensive compensation policy, that outlines all pay rates by position, shift, and training level, needs to be established in writing and formally approved by the Board of Directors. As part of the Board of Directors oversight of expenditures, periodic review of compensation payments should be performed to ensure that compensation is being paid according to the approved compensation schedule. If compensation rates or practices need to be modified in the future, the compensation schedule should be modified and approved by the Board of Directors prior to any changes in compensation.

The District has not created a written policy that details its compensation practices containing the parameters for compensation based on shift, training level, and responsibilities performed. However, there were pay rates for fiscal year 2025 provided, but no noted approval by the board.



CONCORD FIRE DEPARTMENT

STATION 1: 5265 ENTERPRISE DRIVE, PADUCAH, KENTUCKY 42001
STATION 2: 7850 LOVELACEVILLE ROAD, PADUCAH KENTUCKY 42001



PHONE: 270-442-2496

EMERGENCY: 911

CORRECTIVE ACTION PLAN

March 12, 2025

Department of Local Government

The Concord Fire Protection District respectfully submits the following corrective action plan for the year ended June 30, 2024.

Williams, Williams & Lentz, LLP
601 Jefferson Street
Paducah, Kentucky 42001

Audit period:

The findings from the June 30, 2024, schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statements Audit

Significant deficiency

2024-001. Payroll

Recommendation: The District does not have a board approved compensation policy. Currently, the Fire Chief is authorized to compensate each firefighter at his discretion and is only constrained by the total personnel budget as approved by the Board of Directors. The current compensation practices do not provide adequate controls to ensure each firefighter is properly compensated. Furthermore, the Board of Directors does not have a method to verify the propriety of each firefighter's compensation. A comprehensive compensation policy, that outlines all pay rates by position, shift, and training level, needs to be established in writing and formally approved by the Board of Directors. There should also be consistency in approvals for time sheets as some were not approved at all and others were approved by someone other than the chief. As part of the Board of Directors oversight of expenditures, periodic review of compensation payments should be performed to ensure that compensation is being paid according to the approved compensation schedule. If compensation rates or practices need to be modified in the future, the compensation schedule should be modified and approved by the Board of Directors prior to any changes in compensation. This is a repeat comment from the prior year, and it does appear a rate schedule exists for fiscal year 2025. There was no noted approval in the board minutes. We would suggest attaching these to the minutes with dates specifying the period the rates covers and a signature indicating board approval.

Action Taken:

As of June 10th, 2024, the board received and approved the funding in the 2024-2025 budget which included having two employees covering 5-day 10 hour shifts Monday thru Friday and one employee to cover 7 nights 10 hour shifts Monday thru Friday which included a comprehensive compensation policy for fiscal year 2024-2025. I will attach the policy.

All times sheets will be approved by me, the Chief or my shift Captain. Approved time sheets are sent to all Board members the same day they are sent to our CPA for review before payments are processed.

I will request the board to be sure to attach all documents and approvals from their board meetings to the minutes.



CONCORD FIRE DEPARTMENT

STATION 1: 5265 ENTERPRISE DRIVE, PADUCAH, KENTUCKY 42001
STATION 2: 7850 LOVELACEVILLE ROAD, PADUCAH KENTUCKY 42001



PHONE: 270-442-2496

EMERGENCY: 911

Findings – Compliance

2024-002 Payroll

Recommendation: Some payments to firefighters were not properly included in wages and taxed. With a shift from contract labor to employees in 2024, there are multiple employees receiving 1099's and W-2's. This is okay if all 1099 payments occurred prior to being considered an employee. Kentucky incentive pay was correctly included in wages. However, run money was not included in wages for fiscal year 2024. With all firefighters being employees beginning in fiscal year 2025, all payments to firefighters for salary or hourly pay as well as shift pay and run money should be included in the W-2 wages and reported on the 941's. Any previously filed 941's should be amended as needed to reflect this and the associated tax liabilities.

Action Taken:

I will contact our CPA to address payments not being properly taxed as wages. Not all firefighters are employees so volunteer firefighters will still receive 1099's as nominal fees allowed by law.

If the Department of Local Government has questions regarding this plan, please call Bob McGowan at 270-559-2366.

Sincerely yours,


Fire Chief