

NORTH OLDHAM FIRE PROTECTION DISTRICT

ANNUAL REPORT

JUNE 30, 2017

NORTH OLDHAM FIRE PROTECTION DISTRICT

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NORTH OLDHAM FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
North Oldham Fire Protection District
Goshen, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of North Oldham Fire Protection District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

To the Board of Trustees
North Oldham Fire Protection District
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relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North Oldham Fire Protection District as of June 30, 2017, and the respective changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 6 through 10 and page 17 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express any opinion or provide any assurance.

To the Board of Trustees
North Oldham Fire Protection District
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Emphasis of Matter

As discussed in Note 9 to the financial statements, the June 30, 2017 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017, on our consideration of the North Oldham 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 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 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 North Oldham Fire Protection District's internal control over financial reporting and compliance.

Amick & Company

Louisville, Kentucky
October 4, 2017

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

As management of the North Oldham Fire Protection District "the District", we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for all funds of the District was \$783,891 and the ending balance was \$1,125,701, an increase of \$341,810 for the year.
- The General Fund had \$1,730,882 in revenue. The major categories of revenue consisted primarily of property and motor vehicle taxes.
- On May 19, 2012 the Trustees authorized an advance refunding of the outstanding Series 2003 General Obligation Bonds maturing on or after August 1, 2016. This advance refunding will result in substantial savings to the District.
- The District's long term debt decreased by \$115,000.

OTHER HIGHLIGHTS

On May 8, 2017 the District sold the old firehouse and 0.903 acres of land located on Highway 1793. The gross sales price was \$260,000 and the District received \$243,795 after their portion of the selling expenses. The gain recognized was \$181,035 after adjustment for the remaining basis and additional selling expenses.

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

This discussion and analysis of the North Oldham Fire Protection District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the accompanying Auditors' Report, the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all activities of the North Oldham Fire Protection District.

These statements present the financial picture of the District from the economic resources measurement focus using the modified accrual basis of accounting. All assets of the District as well as all liabilities are included in the combined statements.

The statement of Net Position and the Statement of Activities and Changes in Net Position report information about the District as a whole and about its activities. These statements report the District's net position and changes in it. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's vehicles and equipment.

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

North Oldham Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The District as a Whole

The perspective of the statement of net position is that of the District as a whole.

Table 1
Net Position

	Governmental Activities	
	2017	2016
<u>Assets</u>		
Current - Assets	\$ 1,168,581	\$ 829,293
Noncurrent Assets	3,365,917	3,621,878
Total Assets	<u>\$ 4,534,498</u>	<u>\$ 4,451,171</u>
<u>Liabilities</u>		
Current Liabilities	\$ 142,556	\$ 149,133
Noncurrent Liabilities	2,225,000	2,335,000
Total Liabilities	<u>\$ 2,367,556</u>	<u>\$ 2,484,133</u>
<u>Net Position</u>		
Invested in Capital Assets		
Net of Related Debt	\$ 1,030,917	\$ 1,171,878
Restricted	-	-
Unreserved Fund Balance	1,136,025	795,160
Total Net Position	<u>\$ 2,166,942</u>	<u>\$ 1,967,038</u>

The District reported positive net assets for governmental activities.

North Oldham Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Governmental Activity

The District's governmental activity programs include Personnel, General Operations, Administration, Capital Outlay, Interest on Debt and Depreciation on Capital Assets. Each program's net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the District's taxpayers.

	Governmental Activities	
	2017	2016
<u>Expenditures:</u>		
Personnel	\$ 852,837	\$ 793,109
Operating expenses	302,704	330,457
Administration	20,495	4,823
Capital outlay	-	-
Interest on long term debt	67,650	71,887
Depreciation and amortization	224,532	236,706
Total Expenditures	<u>\$ 1,468,218</u>	<u>\$ 1,436,982</u>
<u>Program Revenues:</u>		
Property taxes	\$ 1,385,513	\$ 1,427,297
Other revenue	268,034	72,148
Charges for Services	1,800	1,800
Operating grants and contributions	12,775	16,775
Total Revenue	<u>1,668,122</u>	<u>1,518,020</u>
Changes in Net Position	<u>\$ 199,904</u>	<u>\$ 81,038</u>

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

BUDGETS AND BUDGETARY ACCOUNTING

The District uses the following procedures in establishing the budgetary data reflected in the financial statements.

1. Before the beginning of the fiscal year the Fire Chief submits to the Board of Trustees a proposed budget for the year commencing July 1.
2. A public hearing is conducted to obtain public comment.
3. The budget is subsequently adopted by final board approval.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District at 1660 KY Highway 1793, P. O. Box 3, Goshen, Kentucky 40026.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,125,701	\$ -	\$ 1,125,701
Accounts receivable			
Taxes - current	-	-	-
Accounts	-	-	-
Other	-	-	-
Bond issuance costs	<u>42,880</u>	<u>-</u>	<u>42,880</u>
Total Current Assets	<u>1,168,581</u>	<u>-</u>	<u>1,168,581</u>
CAPITAL ASSETS			
Capital assets	6,378,990	-	6,378,990
Less accumulated depreciation	<u>(3,013,073)</u>	<u>-</u>	<u>(3,013,073)</u>
Total Capital Assets	<u>3,365,917</u>	<u>-</u>	<u>3,365,917</u>
TOTAL ASSETS	<u>\$ 4,534,498</u>	<u>\$ -</u>	<u>\$ 4,534,498</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Current portion of bonds payable	110,000	-	110,000
Current portion of capital leases payable	-	-	-
Accrued compensated absences and expenses	<u>32,556</u>	<u>-</u>	<u>32,556</u>
Total Current Liabilities	<u>142,556</u>	<u>-</u>	<u>142,556</u>
NONCURRENT LIABILITIES			
Bonds payable	2,225,000	-	2,225,000
Capital leases payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>2,225,000</u>	<u>-</u>	<u>2,225,000</u>
TOTAL LIABILITIES	<u>\$ 2,367,556</u>	<u>\$ -</u>	<u>\$ 2,367,556</u>
NET POSITION			
Investment in capital assets, net of related debt	\$ 1,030,917	\$ -	\$ 1,030,917
Unrestricted	<u>1,136,025</u>	<u>-</u>	<u>1,136,025</u>
TOTAL NET POSITION	<u>\$ 2,166,942</u>	<u>\$ -</u>	<u>\$ 2,166,942</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Statement of Activities

District Wide

For the Year Ended June 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS						
Governmental Activities						
Personnel	\$ 862,837	\$ 1,800	\$ -	\$ (838,262)	\$ -	\$ (838,262)
Operating Expenses:						
Contracted services						
Advertising and printing	3,332	-	-	(3,332)	-	(3,332)
Professional services	62,541	-	-	(62,541)	-	(62,541)
Maintenance and repairs	80,291	-	-	(80,291)	-	(80,291)
Utilities	47,381	-	-	(47,381)	-	(47,381)
Insurance	46,314	-	-	(46,314)	-	(46,314)
Material and supplies						
Materials - equipment	34,673	-	-	(34,673)	-	(34,673)
Supplies	28,172	-	-	(28,172)	-	(28,172)
Administration						
Dues and subscriptions	3,694	-	-	(3,694)	-	(3,694)
Travel and training	2,949	-	-	(2,949)	-	(2,949)
Other	13,852	-	-	(13,852)	-	(13,852)
Capital outlay						
Interest on long-term debt	67,650	-	-	(67,650)	-	(67,650)
Depreciation and amortization	224,532	-	-	(224,532)	-	(224,532)
Total Governmental Activities	<u>1,468,218</u>	<u>1,800</u>	<u>12,775</u>	<u>(1,453,643)</u>	<u>-</u>	<u>(1,453,643)</u>
Business-type Activities						
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fire District	<u>\$ 1,468,218</u>	<u>\$ 1,800</u>	<u>\$ 12,775</u>	<u>\$ (1,453,643)</u>	<u>\$ -</u>	<u>\$ (1,453,643)</u>
General Revenues						
Property taxes			\$ 1,251,169	\$ -	\$ -	\$ 1,251,169
Delinquent property tax			9,726	-	-	9,726
Motor vehicle taxes			124,618	-	-	124,618
Investment earnings			1,101	-	-	1,101
State and formula grants			11,000	-	-	11,000
Gain on sale of fixed assets			181,085	-	-	181,085
Miscellaneous			74,898	-	-	74,898
Total General Revenues			<u>1,653,547</u>	<u>-</u>	<u>-</u>	<u>1,653,547</u>
Change in Net Position			199,904	-	-	199,904
Net Position - Beginning			1,967,038	-	-	1,967,038
Net Position - Ending			<u>\$ 2,166,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,166,942</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Balance Sheet
Governmental Funds
June 30, 2017

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS AND RESOURCES		
Cash and cash equivalents	\$ 1,125,701	\$ 1,125,701
Accounts receivable		
Taxes - current	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,125,701</u>	<u>\$ 1,125,701</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Other accrued expenses	4,850	4,850
Accrued compensated absences	<u>27,706</u>	<u>27,706</u>
Total Liabilities	<u>32,556</u>	<u>32,556</u>
FUND BALANCES		
Assigned		
Operating Reserves	594,000	594,000
Unassigned	<u>499,145</u>	<u>499,145</u>
Total Fund Balances	<u>1,093,145</u>	<u>1,093,145</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,125,701</u>	<u>\$ 1,125,701</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds
 To the Statement of Net Position
 June 30, 2017

Total fund balance per fund financial statements \$ 1,093,145

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position

Capital assets	\$ 6,378,990	
Accumulated depreciation	<u>(3,013,073)</u>	3,365,917

Certain other assets are not reported in this fund financial statement because they are not available to pay current period expenditures, but are reported in the statement of net position

Bond issuance costs		42,880
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Certain liabilities (such as bonds payable and capital leases payable) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position

Bonds payable	(2,335,000)	
Capital leases payable	<u>-</u>	<u>(2,335,000)</u>

Net position for governmental activities \$ 2,166,942

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Statement of Revenue, Expenditures And Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2017

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
From local sources:		
Taxes:		
Property	\$ 1,251,169	\$ 1,251,169
Motor vehicles	124,618	124,618
Delinquent property	9,726	9,726
Other	-	-
Earnings on investments	1,101	1,101
State and formula grants	23,775	23,775
Charges for services	1,800	1,800
Proceeds from sale of equipment	243,795	243,795
Other local revenues	<u>74,898</u>	<u>74,898</u>
TOTAL REVENUES	<u>1,730,882</u>	<u>1,730,882</u>
EXPENDITURES		
Personnel	852,837	852,837
Operating Expenses		
Contracted services		
Advertising and printing	3,332	3,332
Professional services	62,541	62,541
Maintenance and repairs	80,291	80,291
Utilities	47,382	47,382
Insurance	46,314	46,314
Materials and supplies		
Materials - equipment	34,673	34,673
Supplies	28,172	28,172
Administration		
Dues and subscriptions	3,694	3,694
Travel and training	2,949	2,949
Other	13,852	13,852
Capital outlay	26,050	26,050
Debt service	<u>182,650</u>	<u>182,650</u>
TOTAL EXPENDITURES	<u>1,384,737</u>	<u>1,384,737</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	346,145	346,145
FUND BALANCE JULY 1, 2016	<u>749,758</u>	<u>749,758</u>
FUND BALANCE JUNE 30, 2017	<u>\$ 1,095,903</u>	<u>\$ 1,095,903</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds
To the Statement of Activities
June 30, 2017

Net change in total fund balances per fund financial statements	\$	346,145
 Amounts reported for governmental activities in the statement of activities are different because:		
 Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		
Total cost of capital assets		26,050
Depreciation expense		(222,010)
Basis of assets sold		(60,000)
Additional Selling Expenses		(2,759)
 Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.		
Bond principal payments		115,000
Capital lease payable principal payments		-
 Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of bond issuance costs		<u>(2,522)</u>
Change in net position of governmental activities	\$	<u>199,904</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
From local sources:				
Taxes:				
Property	\$ 1,300,000	\$ 1,300,000	\$ 1,251,169	\$ (48,831)
Motor vehicles	90,000	90,000	124,618	34,618
Delinquent property	10,000	10,000	9,726	(274)
Earnings on investments	1,000	1,000	1,101	101
State and formula grants	17,550	17,550	23,775	6,225
Charges for services	1,800	1,800	1,800	-
Proceeds from sale of equipment			243,795	243,795
Other local revenues	71,117	71,117	74,898	3,781
TOTAL REVENUES	1,491,467	1,491,467	1,730,882	239,415
EXPENDITURES				
Personnel	870,200	870,200	862,837	17,363
Operating Expenses				
Contracted services				
Advertising and printing	3,300	3,300	3,332	(32)
Professional services	54,088	54,088	62,541	(8,453)
Maintenance and repairs	82,200	82,200	80,291	1,909
Utilities	48,000	48,000	47,382	618
Insurance	40,000	40,000	46,314	(6,314)
Materials and supplies				
Materials - equipment	23,300	23,300	34,673	(11,373)
Supplies	37,700	37,700	28,172	9,528
Administration				
Dues and subscriptions	8,000	8,000	3,694	4,306
Travel and training	4,000	4,000	2,949	1,051
Other	50	50	13,852	(13,802)
Capital outlay	101,500	101,500	26,050	75,450
Debt service	182,650	182,650	182,650	-
TOTAL EXPENDITURES	1,454,988	1,454,988	1,384,737	70,251
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	36,479	36,479	346,145	309,666
FUND BALANCE JULY 1, 2016	783,891	783,891	749,758	(34,133)
FUND BALANCE JUNE 30, 2017	\$ 820,370	\$ 820,370	\$ 1,095,903	\$ 275,533

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The basic financial statements of North Oldham Fire Protection District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The North Oldham Fire Protection District Board of Trustees (Trustees), a seven member group, is the level of government which has oversight responsibilities over all activities within the jurisdiction of the North Oldham Fire Protection District (District). The Trustees are selected as follows; two (2) members shall be active firefighters of the North Oldham Fire Protection District, two (2) members shall be property owners who own and reside in the North Oldham Fire Protection District and three (3) shall be appointed for terms of three years each by the Oldham County Judge Executive. The District is not included in any other governmental "reporting entity" as defined in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

B. Related Organizations

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the North Oldham Fire Protection District.

C. Basis of Presentation, Basis of Accounting

i. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

i. Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

The District has no nonmajor funds.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

i. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting (Continued)

are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the district incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Financial Statement Amounts

i. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property. Taxes are due on receipt of the tax bill and are delinquent if not paid before January 1 of the year following the year in which the tax is imposed. On April 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

ii. Capital Assets

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with cost of \$2,500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	18 – 40
Technology equipment	5
Vehicles	5 – 20
General equipment	5 – 7

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Financial Statements Amounts (Continued)

iii. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

E. Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP),

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the District at their regular meetings. Amendments are reflected in the official minutes of the District, and are not made after fiscal year-end as directed by law.

All budget appropriations lapse at year-end.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 2. COMPLIANCE AND ACCOUNTABILITY

A. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38 "*Certain Financial Statement Note Disclosures*" violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The District is allowed to invest in the following types of investments; short-term certificates of deposit, repurchase agreements, money market deposit accounts, government pools, and U. S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 3. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 348,100	\$ -	\$ (60,000)	\$ 288,100
Total nondepreciable historical cost	<u>348,100</u>	<u>-</u>	<u>(60,000)</u>	<u>288,100</u>
Capital assets that are depreciated:				
Building and building improvements	2,928,025	-	(159,574)	2,768,451
Fire trucks	2,177,870	-	-	2,177,870
Automobiles, other trucks, and boats	306,404	-	-	306,404
Fire and truck equipment	422,417	26,050	-	448,467
Computers and other equipment	298,025	-	-	298,025
Furnishings and fixtures	91,674	-	-	91,674
Total depreciable historical cost	<u>6,224,415</u>	<u>26,050</u>	<u>(159,574)</u>	<u>6,090,891</u>
Less accumulated depreciation for:				
Building and building improvements	1,118,409	70,790	(159,574)	1,029,625
Fire trucks	987,863	103,269	-	1,091,132
Automobiles, other trucks, and boats	180,429	15,492	-	195,921
Fire and truck equipment	309,615	22,696	-	332,311
Computers and other equipment	273,040	6,672	-	279,712
Furnishings and fixtures	81,282	3,091	-	84,373
Total accumulated depreciation	<u>2,950,638</u>	<u>222,010</u>	<u>(159,574)</u>	<u>3,013,074</u>
Total depreciable historical cost, net	<u>3,273,777</u>	<u>(195,960)</u>	<u>-</u>	<u>3,077,817</u>
Governmental activities capital assets, net	<u>\$ 3,621,877</u>	<u>\$ (195,960)</u>	<u>\$ (60,000)</u>	<u>\$ 3,365,917</u>

Depreciation expense charged to governmental activities for the year ended June 30, 2017 was \$222,010.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 4. BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bonds payable represents the District's future obligations to make payments relating to the bonds issued by the District aggregating \$2,845,000.

The original amount of the issue, issue dates and the interest rates of the bond issues are summarized below.

<u>ISSUE OF</u>	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>
Series 2003	\$ 2,845,000	Various, 1.25% to 5.00%

The District is obligated to make payments in amounts sufficient to satisfy debt service requirements on the bonds issued for the purpose of financing the costs of the acquisition, construction and equipping of a new fire station to be located in and operated by the District.

On May 9, 2012 the North Oldham Fire Protection District (the "Issuer") enacted a Resolution (the "Resolution") authorizing \$2,580,000 of Bonds for the purpose of refunding the outstanding North Oldham Fire Protection District General Obligation Bonds (Fire Station Project), Series 2003 (the "Series 2003 Bonds") maturing on and after August 1, 2016 which were issued for the purpose of paying the costs associated with the acquisition, construction and equipping of a new fire station located in Oldham County, Kentucky (the "Project").

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District at June 30, 2017 for debt service (principal and interest) are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017-18	\$ 110,000	\$ 65,745	\$ 175,745
2019-23	600,000	290,069	890,069
2024-28	675,000	205,862	880,862
2029-33	780,000	93,264	873,264
2034-34	<u>170,000</u>	<u>2,805</u>	<u>172,805</u>
	<u>\$ 2,335,000</u>	<u>\$ 657,745</u>	<u>\$ 2,992,745</u>

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 5. BOND AND CAPITAL LEASE DEBT

Debt balances and activity for the year ended June 30, 2017, were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Bonds payable	\$ 2,450,000	\$ -0-	\$ 115,000	\$ 2,335,000

NOTE 6. COMPENSATED ABSENCES

The District allows full-time employees to accrue paid leave to be used as paid time off work for travel, relaxation, personal time and illness/sick leave. An accrual for earned paid leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

Employees earn accrued paid leave based on the schedule as outlined in the Employee Handbook. Paid leave accrual caps at 200 hours per full time employee effective December 31, 2015. Full-time and part-time employees who leave employment with the District but still have unused accrued paid leave will be paid for those hours at a rate of 50 cents on the dollar but only up to the cap.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences" in the general fund.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 7. RETIREMENT PLAN

The District elected to join the Kentucky Public Employees Deferred Compensation Program as of November 1, 2008. The Kentucky Public Employees Deferred Compensation Program provides supplemental retirement coverage for all state, public school and university employees and employees of local political subdivisions that have elected to participate. Plan administration is performed by the Kentucky Public Employees Deferred Compensation Authority under the direction of the Authority Board of Trustees as authorized under Kentucky Revised Statutes 18A.230 – 18A.275. Plan recordkeeping, communication, and enrollment services are performed by Nationwide Retirement Solutions, Inc., a FINRA registered broker/dealer.

The District participates in the 401(k) Supplemental Retirement Plan. The 401(k) Plan is a cash or deferral arrangement authorized under Section 401(k) of the United States Internal Revenue Code. All employee contributions are handled through payroll deductions on a pre-tax basis.

The District makes a matching contribution of up to 5% for all participating employees. The amount of the District's matching contribution for the year ended June 30, 2017 was \$22,365.

NOTE 8. INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibilities, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which included Worker's compensation insurance.

NOTE 9. SUBSEQUENT EVENTS

The North Oldham Fire District has entered into a Memo of Understanding (MOU) with the Oldham County Fiscal Court to be part of the Lease Purchase Agreement for the purchase of 39 Motorola radios. The North Oldham Fire Department has agreed to pay in full to the Oldham County Fiscal Court the amount of \$124,879 on or before November 1, 2018. This arrangement netted a savings of \$23,881 on the purchase of these radios.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 9. SUBSEQUENT EVENTS (Continued)

On August 1, 2012, the North Oldham Fire Protection District issued \$2,580,000 of General Obligation Refunding Bonds Series 2012 for the purpose of refunding the outstanding North Oldham Fire Protection District General Obligation Bonds Series 2003 in the amount of \$2,620,000.

It has been subsequently discovered that the Series 2012 actually consisted of \$300,000 of unrefunded bonds and \$2,320,000 of refunded bonds.

The investigation into this matter consisted of contacting representatives of the bonding company Hilliard Lyons. The representative of Hilliard Lyons confirmed this fact and provided a closing statement relating to the sale of the Series 2012 bonds. This closing statement was not part of the official statement and was only made available to those parties at the actual closing.

The analysis of this closing statement shows that an additional \$260,000 in bonds were issued and these funds were held in escrow by the bonding company along with the \$2,320,000 being held for refunding of the 2003 bonds on August 1, 2013. The use of the \$260,000 in additional bonds follows:

o Interest payments on \$2,320,000 from May 9, 2012 through August 1, 2013	\$ 170,501
o Interest earned from May 9, 2012 through August 1, 2013	(4,735)
o Payment of costs of issuance	52,200
o Net discount on bonds	38,700
o Excess funds	<u>3,334</u>
Total	\$ <u>260,000</u>

The \$300,000 unrefunded portion of the bonds was paid in full on August 1, 2015. The net effect of this discovery is to increase the current outstanding balance of the bond payable as of June 30, 2017 by \$ 230,000 and reduce unrestricted net position by an identical amount.



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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

To the Board of Trustees
North Oldham Fire Protection District

We have audited the financial statements of the governmental activities, and each major fund of North Oldham Fire Protection District as of and for the year ended June 30, 2017, which collectively comprise the North Oldham Fire Protection District's basic financial statements, and have issued our report thereon dated October 4, 2017. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of North Oldham Fire Protection District is responsible for the establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered North Oldham Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Oldham Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Oldham Fire Protection District's internal control over financial reporting.

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 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.

To the Board of Trustees
North Oldham Fire Protection District

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We consider the deficiencies described in the schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting – Findings 2017-1 through 2017-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Oldham 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

North Oldham Fire Protection District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. North Oldham Fire Protection District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Amick & Company

Louisville, Kentucky
October 4, 2017

NORTH OLDHAM FIRE PROTECTION DISTRICT

Schedule of Findings
For the Year Ended June 30, 2017

Section I – Financial Statement Findings

Significant Deficiencies in Internal Control Over Financial Reporting

Finding Number 2017-1

Condition: The District lacks proper segregation of duties over its financial reporting.

Criteria: A fundamental concept in good system of internal control is the separation of duties. The basic concept is that no employee should have access to all phases of a transaction.

Cause: Limited personnel.

Effect: Controls are less effective due to the bookkeeper's involvement in all phases of various financial functions.

Recommendation: The District should develop procedures to monitor the financial activities where personnel are limited.

District Response: Management has reviewed the procedures currently in place and determined that no additional procedures need to be implemented.

Finding Number 2017-2

Condition: The District does not have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles.

Criteria: Management is responsible for the fair presentation of the financial results of operations, cash flows and disclosures in the financial statements in conformity with U.S. generally accepted accounting principles (GAAP).

Cause: Management has made the decision to accept this risk due to cost considerations.

Effect: Management has requested us to assist in identifying adjustments to the accounting records and to prepare a draft of the financial statements, including related footnote disclosures.

Recommendation: None.

District Response: Management has made the cost benefit decision to rely on our accounting expertise rather than incur additional internal resource costs.