

NORTH OLDHAM FIRE
PROTECTION DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2019

NORTH OLDHAM FIRE PROTECTION DISTRICT

CONTENTS

1-2.	Independent Auditor's Report
3.	Government-Wide Statement Of Net Position
4.	Government-Wide Statement Of Activities
5.	Balance Sheet – Governmental Funds
6.	Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Position
7.	Statement Of Revenues, Expenditures And Changes In Fund Balances – Governmental Funds
8.	Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances – Governmental Funds To The Statement Of Activities
9.	Statement Of Net Position – Proprietary Fund
10.	Statement Of Activities – Proprietary Fund
11.	Statement Of Cash Flows – Proprietary Fund
12-18.	Notes To Basic Financial Statements
19.	Required Supplementary Information – Governmental Funds-Statement Of Revenues, Expenditures And Changes In Fund Balances – Budget And Actual
20-21.	Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>
22-23.	Schedule Of Findings And Responses

INDEPENDENT AUDITOR'S REPORT

To The Board Of Trustees
North Oldham Fire Protection District

Report on the Financial Statements

We have audited the accompanying financial statements of the primary government activities and each major fund of the North Oldham Fire Protection District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's primary government 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 opinions 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 from 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the District as of June 30, 2019,

and the respective changes in financial position for the year then ended in conformity 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 the budgetary comparison information on page 20 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 an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019, on our consideration of the 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 the District's internal control over financial reporting and compliance.

Kelly King & Co.

Kelly King & Co.
Crestwood, Kentucky
December 12, 2019

North Oldham Fire Protection District
Government-Wide Statement Of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash And Cash Equivalents	\$ 1,343,199	\$ -	\$ 1,343,199
Receivables:			
Property Taxes Receivable	17,918	-	17,918
Capital Assets, Net Of Depreciation	<u>3,045,288</u>	<u>83,926</u>	<u>3,129,214</u>
Total Assets	<u>4,406,405</u>	<u>83,926</u>	<u>4,490,331</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	23,813	-	23,813
Accrued Compensated Absences	14,347	-	14,347
Trustee Scholarship Allowance	3,150	-	3,150
Current Portion Of Bond Payable	<u>115,000</u>	<u>-</u>	<u>115,000</u>
Total Current Liabilities	156,310	-	156,310
Noncurrent Liabilities-Bond Payable	<u>1,995,000</u>	<u>-</u>	<u>1,995,000</u>
Total Liabilities	<u>2,151,310</u>	<u>-</u>	<u>2,151,310</u>
NET POSITION			
Net Position:			
Net Investment In Capital Assets	935,288	83,926	1,019,214
Unrestricted	<u>1,319,807</u>	<u>-</u>	<u>1,319,807</u>
Total Net Position	<u>\$ 2,255,095</u>	<u>\$ 83,926</u>	<u>\$ 2,339,021</u>

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Government-Wide Statement Of Activities
For The Year Ended June 30, 2019

Program Activities:	Expenses	Program Revenues			Net(Expenses) Revenues And Changes In Net Assets		
		Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,207,858	\$ 1,800	\$ 19,505	\$ -	\$ (1,186,553)	\$ -	\$ (1,186,553)
Repairs And Maintenance	104,982	-	-	-	(104,982)	-	(104,982)
Insurance	28,813	-	-	-	(28,813)	-	(28,813)
Depreciation	231,572	-	-	-	(231,572)	-	(231,572)
Total Governmental Activities	<u>1,573,225</u>	<u>1,800</u>	<u>19,505</u>	<u>-</u>	<u>(1,551,920)</u>	<u>-</u>	<u>(1,551,920)</u>
Business-type Activities:							
Cell Tower	<u>8,913</u>	<u>96,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,673</u>	<u>87,673</u>
Total Government	<u>\$ 1,582,138</u>	<u>\$ 98,386</u>	<u>\$ 19,505</u>	<u>\$ -</u>	<u>\$ (1,551,920)</u>	<u>\$ 87,673</u>	<u>\$ (1,464,247)</u>
General Revenues:							
Property Taxes					1,509,677	-	1,509,677
Other Income					300	-	300
Interest Income					14,246	-	14,246
Unrealized (Loss) on Brokered Certificate of Deposit					6,554	-	6,554
Gain (Loss) on Sale Of Property, Plant & Equipment					(112,601)	-	(112,601)
Transfers					<u>96,586</u>	<u>(96,586)</u>	<u>-</u>
Total General Revenues And Transfers					<u>1,514,762</u>	<u>(96,586)</u>	<u>1,418,176</u>
Change In Net Position					<u>(37,158)</u>	<u>(8,913)</u>	<u>(46,071)</u>
Net Position At Beginning Of Year					<u>2,292,253</u>	<u>92,839</u>	<u>2,385,092</u>
Net Position At End Of Year					<u>\$ 2,255,095</u>	<u>\$ 83,926</u>	<u>\$ 2,339,021</u>

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund
ASSETS	
Cash And Cash Equivalents	\$ 1,343,199
Receivables:	
Property Tax Receivable	<u>17,918</u>
Total Assets	<u><u>\$ 1,361,117</u></u>
LIABILITIES	
Accounts Payable	\$ 23,813
Accrued Compensated Absences	14,347
Trustee Scholarship Allowance	<u>3,150</u>
Total Liabilities	<u>41,310</u>
FUND BALANCES	
Assigned Fund Balances	250,400
Unassigned Fund Balances	<u>1,069,407</u>
Total Fund Balances	<u><u>1,319,807</u></u>
Total Liabilities And Fund Balances	<u><u>\$ 1,361,117</u></u>

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Reconciliation Of The Governmental Funds Balance Sheet
To The Statement Of Net Position
June 30, 2019

Total Fund Balance-Total Governmental Funds	\$	1,319,807
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet		3,045,288
Long term liabilities are not due in the current period and, therefore, are not reported in the governmental funds balance sheet:		
Due Within One Year	115,000	
Due In More Than One Year	<u>1,995,000</u>	
		<u>(2,110,000)</u>
Net position of governmental activities	\$	<u><u>2,255,095</u></u>

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended June 30, 2019

	General Fund
Revenues:	
Property Taxes	1,509,677
Grant Income	19,505
Rental Income	1,800
Other Income	300
Interest Income	14,246
Gain (Loss) On Sale Of Property, Plant & Equipment	225,100
Unrealized (Loss) on Brokered Certificate of Deposit	6,554
Total Revenues	<u>1,777,182</u>
Expenditures:	
General Government	1,207,858
Repairs And Maintenance	104,982
Insurance	28,813
Capital Outlay	413,437
Total Expenditures	<u>1,755,090</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>22,092</u>
Other Financing Sources (Uses):	
Transfers In	96,586
Transfers Out	-
Repayment Of Debt	<u>(115,000)</u>
Total Other Financing Sources (Uses)	<u>(18,414)</u>
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	<u>3,678</u>
Fund Balance At Beginning Of Year	<u>1,316,129</u>
Fund Balance At End Of Year	<u><u>\$ 1,319,807</u></u>

See independent auditor's report and accompanying
notes to basic 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
For The Year Ended June 30, 2019

Net changes in fund balances-total governmental funds \$ 3,678

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

Governmental funds report capital outlay as expenditures. However, in the government-wide financial statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 413,437

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds (231,572)

Historical cost and accumulated depreciation on property, plant and equipment sold during the year are not reflected in the gain (loss) on sale reported in the governmental funds. This is the adjusted basis of equipment sold during the current year (337,701)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement Of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items 115,000

Change in net position of governmental activities \$ (37,158)

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Statement Of Net Position
Proprietary Fund
June 30, 2019

	Business-Type Activities
ASSETS	
Cash And Cash Equivalents	\$ -
Capital Assets, Net Of Depreciation	<u>83,926</u>
Total Assets	<u>83,926</u>
LIABILITIES	
Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Net Position:	
Invested In Capital Assets	83,926
Restricted	-
Unrestricted	<u>-</u>
Total Net Position	<u>\$ 83,926</u>

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Statement Of Activities
Proprietary Fund
For The Year Ended June 30, 2019

	Business-Type Activities Rental Fund
Operating Revenues:	
Cell Tower - Rental Income	\$ 96,586
Total Operating Revenues	<u>96,586</u>
Operating Expenses:	
Depreciation	<u>8,913</u>
Total Operating Expenses	<u>8,913</u>
Net Operating Income	87,673
Operating Transfers In (Out)	<u>(96,586)</u>
Increase (Decrease) In Net Assets	(8,913)
Net Position-Beginning Of Year	<u>92,839</u>
Net Position-End Of Year	<u><u>\$ 83,926</u></u>

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Statement Of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2019

	Business-Type Activities Rental Fund
Cash Flows From Operating Activities:	
Cash Received From Wireless Carriers	\$ 96,586
Net Cash Provided (Used) By Operating Activities	<u>96,586</u>
Cash Flows From Noncapital Financing Activities:	
Transfers To Other Funds	<u>(96,586)</u>
Cash Flows From Capital And Related Financing Activities:	
Principal Paid On Capital Debt	-
Interest Paid On Capital Debt	-
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>-</u>
Net Increase (Decrease) In Cash	-
Cash Beginning Of Year (Rounding)	<u>-</u>
Cash End Of Year	<u><u>\$ -</u></u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:	
Operating Income (Loss)	\$ 87,673
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:	
Cash Flows Reported In Other Categories:	
Depreciation Expense	8,913
Cell Tower Rent Credit	<u>-</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 96,586</u></u>

See independent auditor's report and accompanying
notes to basic financial statements.

North Oldham Fire Protection District
Notes To Basic Financial Statements
June 30, 2019

Note A – Summary Of Significant Accounting Policies

1. General Statement

The North Oldham Fire Protection District (District) was incorporated under the provisions of the Commonwealth of Kentucky. The District is governed by a Board of Trustees and provides the following services as authorized by its charter: public service and public safety.

The financial statements and notes are representations of the District's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those reported.

2. Financial Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the aforementioned criteria, North Oldham Fire Protection District has no component units.

3. Basis Of Presentation

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

North Oldham Fire Protection District
Notes To Basic Financial Statements
June 30, 2019

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The District has presented the following major governmental funds:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources.

Proprietary Fund Financial Statements:

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. The following proprietary funds have been reported by the District:

Cell Tower Fund

Used to account for the activity of the District’s cell tower operations. The District maintains this fund for rental income received from cell phone carriers and related capitalization and depreciation of the cell tower.

4. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which the governmental fund financial statements are prepared. Governmental fund financial statements do not include the effect of capital assets. Therefore, governmental fund financial statements have been reconciled with government-wide financial statements.

Property Taxes are the only major revenue source susceptible to accrual.

North Oldham Fire Protection District
Notes To Basic Financial Statements
June 30, 2019

5. Capital Assets And Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds. However, assets are only to be capitalized in government-wide financial statements and are not to be intermingled with fund financial statements.

As is appropriate for Phase 3 Governments (governments with annual revenues less than \$10 million), and in compliance with GASB Statement No. 34 which the District adopted as of June 30, 2003, the District has elected not to report infrastructure assets in its financial statements acquired before June 30, 2002 except for those assets with cost information readily available. The valuation base for general capital assets is historical cost.

The minimum capitalization threshold is any individual item with a total cost greater than \$2,500. Depreciation of capital assets is computed and recorded by the straight-line method.

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

5. Budgets And Budgetary Accounting

The District follows these procedures in establishing budgetary data:

- A. The District Treasurer submits to the Board Of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is conducted to obtain taxpayer comments.
- C. The budget is legally adopted by the Board Of Trustees.

Note B – Net Position And Fund Balances

In the Statement Of Net Position, the difference between the District's assets and liabilities is recorded as net position. The three components of net position are as follows:

- Net Investment In Capital Assets – records capital assets net of accumulated depreciation and related liabilities.
- Restricted – Net position that is restricted by external sources or by law are reported separately as restricted net position.
- Unrestricted – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

North Oldham Fire Protection District
Notes To Basic Financial Statements
June 30, 2019

The District has implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2019 by the District are nonspendable in form. The District has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balances are reported pursuant to ordinances passed by the District's Board of Trustees, the District's highest level of decision making authority.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balances.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In the Construction Fund, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When resources are available from multiple classifications, the District spends the funds in the following order: restricted, committed, assigned, unassigned.

Note C – Cash And Cash Equivalents And Investments

The District maintains its deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2019, the carrying amount (book balance) of the District's deposits was \$1,343,199 and the bank balance was \$1,349,742.

The District purchased a brokered certificate of deposit on November 15, 2017 with a par value of \$243,000 and a yield of 2.15%. The value of the brokered certificate of deposit is dependent on the market. However, the full par value is recoverable if held until the maturity date of November 17, 2021 because it is fully insured by the FDIC. If not held to maturity, then the recoverable value is equal to the fair market value on the date of early withdrawal. Interest earned is transferred to a money market account with the brokerage firm on a semi-annual basis and is fully recoverable upon early withdrawal. The fair market value of the brokered certificate of deposit as of June 30, 2019 was \$242,571 and the balance of the money market account was \$7,829.

All District funds were insured or collateralized with securities held by the entity or by its agent in the entity's name.

Interest Rate Risk

The District does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

North Oldham Fire Protection District
Notes To Basic Financial Statements
June 30, 2019

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned. The District does not have a formal deposit policy for custodial credit risk.

Note D – Property Taxes Receivable And Property Tax Calendar

Property taxes receivable are recorded in the General Fund, if applicable. At the fiscal year-end, the receivables represent delinquent taxes and accrued penalties and interest. The district recognizes applicable revenue received within sixty days of fiscal year-end as receivables at fiscal year-end.

The District levies property taxes on qualifying property assessed as of October 1 each year. The Sheriff of Oldham County collects substantially all property tax revenues and remits to the District monthly its portion less applicable discounts and collection commissions.

Note E – Capital Assets And Depreciation

Capital assets of all funds are stated at historical cost. Governmental fund fixed assets are recorded in the government-wide financial statements and are depreciated using the straight-line method.

A summary of capital assets net of depreciation is as follows:

	Balance <u>7/1/2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2019</u>
Governmental Activities:				
Capital Assets:				
Land	\$ 288,100	\$ -	\$ -	\$ 288,100
Buildings	2,768,450	5,103	-	2,773,553
Vehicles	2,533,858	257,941	547,623	2,244,176
Furnishings	91,674	11,814	-	103,488
Equipment	<u>729,892</u>	<u>138,579</u>	<u>-</u>	<u>868,471</u>
Total Capital Assets	<u>6,411,974</u>	<u>413,437</u>	<u>547,623</u>	<u>6,277,788</u>
Accumulated Depreciation:				
Land	-	-	-	-
Buildings	1,100,415	70,921	-	1,171,336
Vehicles	1,430,875	111,180	209,922	1,332,133
Furnishings	86,132	932	-	87,064
Equipment	<u>593,428</u>	<u>48,539</u>	<u>-</u>	<u>641,967</u>
Total Accumulated Depreciation	<u>3,210,850</u>	<u>231,572</u>	<u>209,922</u>	<u>3,232,500</u>
Total Governmental Activities Capital Assets, Net Of Accumulated Depreciation	<u>\$ 3,201,124</u>	<u>\$ 181,865</u>	<u>\$ 337,701</u>	<u>\$ 3,045,288</u>

North Oldham Fire Protection District
Notes To Basic Financial Statements
June 30, 2019

Business-Type Activities:	Balance <u>7/1/2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2019</u>
Capital Assets:				
Cell Tower	\$ 178,250	\$ -	\$ -	\$ 178,250
Total Capital Assets	<u>178,250</u>	<u>-</u>	<u>-</u>	<u>178,250</u>
Accumulated Depreciation:				
Cell Tower	85,411	8,913	-	94,324
Total Accumulated Depreciation	<u>85,411</u>	<u>8,913</u>	<u>-</u>	<u>94,324</u>
Total Business-Type Activities Capital Assets, Net Of Accumulated Depreciation	<u>\$ 92,839</u>	<u>\$ (8,913)</u>	<u>\$ -</u>	<u>\$ 83,926</u>

Additional information is included on capital assets and depreciation in Note A.

Note F – New Fire Station Property

On November 1, 2004, the District finished construction on the new fire station. The District completed the construction project with a total cost of \$2,511,206. The construction of the new fire station property was funded with \$2,580,000 of general obligation refunding bonds. See below for additional information on the bond issue.

Note G - General Obligation Refunding Bonds, Series 2012

The original issue of General Obligation Bonds, Series 2003 was \$2,485,000 and was to mature on August 1, 2016. On March 30, 2012 the Board of Trustees enacted a resolution authorizing the issuance of \$2,580,000 in General Obligation Refunding Bonds, Series 2012 bearing interest of 1.1% to 3.3%. Payments occur on February 1 and August 1 annually through August 1, 2033. The refunding bond was issued to refinance the General Obligation Bonds, Series 2003 that is used for the Fire Station Project.

Assuming the bonds are not called prior to scheduled maturity, the minimum obligations of the District for the debt service (principal and interest) for the next 5 years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 115,000	\$ 61,051	\$ 176,051
2021	120,000	58,258	178,258
2022	125,000	55,195	180,195
2023	125,000	52,070	177,070
2024	130,000	48,753	178,753
Thereafter	<u>1,495,000</u>	<u>253,178</u>	<u>1,748,178</u>
	<u>\$ 2,110,000</u>	<u>\$ 528,505</u>	<u>\$ 2,638,505</u>

North Oldham Fire Protection District
Notes To Basic Financial Statements
June 30, 2019

Note H – Accrued Compensated Absences

The District offers paid leave to full-time employees which is accrued based on the terms outlined in the Employee Handbook. Any unused, accrued paid leave at termination of employment is paid out at \$0.50 per \$1 and is capped at 200 hours. The liability presented on the financial statements represents the balance of unpaid leave as of fiscal year-end.

Note I – 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(1c) 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, 2019 was \$24,067.

Note J – Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, etc. The District has commercial insurance to cover the risks of these losses. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage.

Note L – Subsequent Events

District management has evaluated subsequent events through December 12, 2019, which is the date the financial statements were available to be issued, and have determined that no subsequent events require reporting.

North Oldham Fire Protection District
Required Supplementary Information
Governmental Funds
Statement Of Revenues, Expenditures And Changes In Fund Balances
Budget And Actual
For The Year Ended June 30, 2019

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property Taxes	\$ 1,527,984	\$ 1,527,984	\$ 1,509,677	\$ (18,307)
Grants	19,000	19,000	19,505	505
Rental Income	1,800	1,800	1,800	-
Other Income	-	-	300	300
Interest Income	2,000	2,000	14,246	12,246
Gain (Loss) On Sale Of Property, Plant & Equipment	-	-	225,100	225,100
Unrealized (Loss) on Brokered Certificate of Deposit	-	-	6,554	6,554
Total Revenues	<u>1,550,784</u>	<u>1,550,784</u>	<u>1,777,182</u>	<u>226,398</u>
Expenditures:				
General Government	1,311,760	1,311,760	1,207,858	103,902
Repairs And Maintenance	83,200	83,200	104,982	(21,782)
Insurance	36,000	36,000	28,813	7,187
Capital Outlay	<u>170,800</u>	<u>170,800</u>	<u>413,437</u>	<u>(242,637)</u>
Total Expenditures	<u>1,601,760</u>	<u>1,601,760</u>	<u>1,755,090</u>	<u>(153,330)</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(50,976)</u>	<u>(50,976)</u>	<u>22,092</u>	<u>73,068</u>
Other Financing Sources (Uses)				
Transfers In	95,957	95,957	96,586	629
Transfers Out	-	-	-	-
Repayment Of Debt	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(19,043)</u>	<u>(19,043)</u>	<u>(18,414)</u>	<u>629</u>
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	<u>\$ (70,019)</u>	<u>\$ (70,019)</u>	<u>3,678</u>	<u>\$ 73,697</u>
Fund Balance At Beginning Of Year			<u>1,316,129</u>	
Fund Balance At End Of Year			<u>\$ 1,319,807</u>	

See independent auditor's report and accompanying
notes to basic 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*

To The Board Of Trustees
North Oldham Fire Protection District, 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, business-type activities, and each major fund of the North Oldham Fire Protection District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider deficiencies 2019-2 and 2019-3 described in the accompanying schedule of findings to be material weaknesses.

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. We consider deficiency 2019-1 described in the accompany schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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*.

North Oldham Fire Protection District's Response to Findings

North Oldham Fire Protection District, Kentucky's response to the findings identified in our audit is described in the accompanying schedule of findings. The 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.

Kelly King & Co.

Kelly King & Co.

Crestwood, Kentucky

December 12, 2019

North Oldham Fire Protection District
Schedule Of Findings And Responses
June 30, 2019

Finding:

2019-1

The North Oldham Fire Protection District (District) is required to have internal controls in place that enable it to prepare complete financial statements, including note disclosures, in compliance with generally accepted accounting principles.

The District lacks personnel with the expertise to apply generally accepted accounting principles in preparing its financial statements including note disclosures and thus, does not have the internal control procedures required to take responsibility for the financial statement in conformity with generally accepted accounting principles.

Management engaged the auditor to prepare draft financial statements, including the related notes to the financial statement. Management reviewed, approved and accepted responsibility for the financial statements as prepared by the auditor for compliance with generally accepted accounting principles.

We recommend management review the costs and benefits involved to retain a consultant with the required expertise to prepare the financial statements or review the financial statements as prepared by the auditor for compliance with generally accepted accounting principles.

Response:

Management has determined that it is more cost effective to continue to engage the auditor to draft the financial statements and related notes.

Finding:

2019-2

The District is required to have internal controls in place that enable it to apply generally accepted accounting principles to its transactions. Specifically, this includes payments on behalf of the District, accounting for property taxes and year-end accrual transactions.

The District executes basic and routine transactions throughout the year; however, the District does not apply generally accepted accounting principles to certain non-routine transactions recorded during the year and in making its year-end accruals.

Management relied on the auditor's year-end adjustments to bring the District's accounting records into compliance with generally accepted accounting principles. Management reviewed, approved and accepted responsibility for the adjusting journal entries prior to the issuance of the financial statements.

We recommend management review the costs and benefits involved to retain a consultant with the required expertise to advise the District during the year concerning non-routine transactions and to assist the District with its year-end close so that the District's accounting records will be in compliance with generally accepted accounting principles.

North Oldham Fire Protection District
Schedule Of Findings And Responses
June 30, 2019

Response:

Management has determined that it is the more cost effective to continue to rely on the auditor's adjustments to bring the District's accounting records into compliance with generally accepted accounting principles.

Finding:

2019-3

The District is required to have appropriate internal controls in place to provide for segregation of duties over its financial reporting. A fundamental concept is that no employee should have access to all phases of a transaction.

Appropriate segregation of duties is affected by limited personnel.

We recommend management continue to develop procedures to monitor the financial activities where personnel are limited.

Response:

Management will continue to monitor procedures currently in place and determine if any additional procedures should be implemented.