

JEFFERSONTOWN FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

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WILLIAM W. HOLLISTER, PSC
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7607 PRESTON HIGHWAY
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Jeffersontown Fire Protection District
Jeffersontown, KY

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jeffersontown Fire Protection District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jeffersontown Fire Protection District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jeffersontown Fire Protection District, as of June 30, 2012, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012, on our consideration of the Jeffersontown 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* and should be considered in assessing the results of our audit.

Management has omitted the discussion and analysis information 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 operation, economic, or historical context. Our opinion on basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jeffersontown Fire Protection District's financial statements as a whole. The supplementary information on page 21 through 23 is presented for the purposes of additional analysis and is not a required part of the financial statements of Jeffersontown Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

William W. Hollister, PSC

William W. Hollister, PSC
Louisville, Kentucky
October 2, 2012

JEFFERSONTOWN FIRE PROTECTION DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current Assets:

Cash and cash equivalents	\$ 395,346
Taxes receivable	29,397
Other receivables	5,181
Prepaid insurance	25,422
Training Academy Receivable	46,348
Total Current Assets	<u>501,694</u>

Capital Assets:

Loan Origination Fees	29,901
Land	694,889
Buildings & improvements (Net of \$1,772,265 depreciation)	2,785,006
Equipment (Net of \$1,328,270 depreciation)	989,898
Vehicles (Net of \$1,166,570 depreciation)	182,300
Net Capital Assets	<u>4,681,994</u>

Total Assets	<u>\$ 5,183,688</u>
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LIABILITIES

Current Liabilities:

Accounts payable	\$ 15,155
Accrued payroll expense	157,906
Accrued employee benefits	133,723
Accrued interest expense	3,427
Current portion of bond and lease payable	277,358
Total Current Liabilities	<u>587,569</u>

Noncurrent Liabilities:

Training Academy	46,348
Bond payable and lease	1,200,062
Total Noncurrent liabilities	<u>1,246,410</u>

Total Liabilities	<u>\$ 1,833,979</u>
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NET ASSETS

Nonspendable	
Prepaid expense	25,422
Restricted	
Invested in capital assets, net of related debt	3,204,574
Unassigned	119,713
Total Net Assets	<u>\$ 3,349,709</u>

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES-GOV'T FUND
YEAR ENDED JUNE 30, 2012

	Functions/Programs:			
	Total	Administration	General Assistance	Debt Service
Expenses:				
Salaries, wages, and benefits	\$ 4,275,002	\$ 462,948	\$ 3,812,054	\$
Materials and supplies	46,644	4,401	42,243	
Other program expenses	403,083	24,692	378,391	
Depreciation & amortization	301,539	3,837	297,702	
Interest on debt	63,040	0	0	63,040
Loss on disposal of surplus property	0	0	0	
Total expenses	5,089,308	495,878	4,530,390	63,040
General revenues:				
Taxes	4,810,276			
State Aid	195,402			
Grants	1,500			
Rent Income	13,200			
Interest Income	171			
Miscellaneous Income	24,437			
Violations Fees	800			
Gain on Surplus Property Sold	14,058			
Total general revenues	5,059,844			
Change in net assets	(29,464)			
Net assets - beginning of year	3,379,173			
Net assets - ending of year	\$ 3,349,709			

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
BALANCE SHEET - GOV'T FUNDS
JUNE 30, 2012

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 395,346
Taxes receivable	29,397
Other receivables	5,181
Prepaid insurance	25,422
Training Academy Receivable	<u>46,345</u>
Total assets	<u>\$ 501,691</u>
LIABILITIES	
Accounts payable	\$ 15,155
Accrued payroll expense	157,906
Accrued employee benefits	133,723
Accrued interest expense	<u>3,427</u>
Total liabilities	<u>310,211</u>
FUND BALANCES	
Nonspendable	
Prepaid expense	25,422
Unassigned	<u>166,058</u>
Total fund balances	<u>191,480</u>
Total liabilities and fund balances	<u>\$ 501,691</u>

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO
STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balance-total Governmental funds	\$ 191,483
Amounts reported in governmental activities in statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds, net of accumulated depreciation and amortization of \$4,267,105	4,681,994
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Due within 1 year	(277,358)
Due in more than 1 year	<u>(1,246,410)</u>
Net assets of governmental activities	<u>\$3,349,709</u>

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVT FUNDS
YEAR ENDED JUNE 30, 2012

	General Fund	Debt Service	Total Funds
REVENUES:			
Taxes	\$ 4,810,276	\$ 0	\$ 4,810,276
State aid	195,402		195,402
Rent income	13,200		13,200
Grants	1,500		1,500
Interest income	171		171
Violation Fees	800		800
Miscellaneous income	24,437		24,437
Total Revenues	<u>5,045,786</u>	<u>0</u>	<u>5,045,786</u>
EXPENDITURES:			
Employee payroll	2,639,509		2,639,509
Payroll taxes	191,264		191,264
Employee benefits	1,444,229		1,444,229
Administration	24,692		24,692
Utilities	112,384		112,384
Equipment purchases	42,163		42,163
Legal, accounting and insurance	88,414		88,414
Maintenance	158,942		158,942
Supplies	46,644		46,644
Training	13,446		13,446
Fire prevention	3,953		3,953
Capital outlay	1,252		1,252
Debt service:			
Principal		274,863	274,863
Interest		63,040	63,040
Total Expenditures	<u>4,766,892</u>	<u>337,903</u>	<u>5,104,795</u>
Excess (deficiency) of Revenues Over Expenditures	278,894	(337,903)	(59,009)
OTHER FINANCING SOURCES (USES)			
Transfers in		337,903	337,903
Transfers out	(337,903)	0	(337,903)
Proceeds of long-term debt	0		0
Proceeds on surplus property sold	16,050	0	16,050
Total Other Financing Sources and (Uses)	<u>(321,853)</u>	<u>337,903</u>	<u>16,050</u>
Excess (deficiency) of Revenues and other Resources Over Expenditures and other (Uses)	<u>(42,959)</u>	<u>0</u>	<u>(42,959)</u>
Fund balances - beginning of year	<u>234,439</u>	<u>0</u>	<u>234,439</u>
Fund balances - ending of year	<u>\$ 191,480</u>	<u>\$ 0</u>	<u>\$ 191,480</u>

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES-GOVT. FUNDS TO THE STATEMENT OF ACTIVITIES:
YEAR ENDED JUNE 30, 2012

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

Net change in fund balances—total governmental funds	\$ (42,959)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases recorded	42,163
The net effect of various transactions involving capital assets (sales, trade ins, and contributions) is to decrease capital assets recorded in the current period	(1,992)
Depreciation and amortization expense not recorded as expenditure in gov't funds	(301,539)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Donated capital assets	-0-
Long-term receivables, net of deferred revenue	-0-
Repayment of debt principal is expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	274,863
Proceeds of debt is a source of funds in the government funds, but increases liabilities in the Statement of Net Assets	-0-
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:	
Accrued compensated absences	<u>-0-</u>
Change in Net Assets of Governmental Activities	<u><u>\$(29,464)</u></u>

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOV'T FUNDS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 4,849,613	\$ 4,849,613	\$ 4,810,276	\$ (39,337)
State Aid	216,115	216,115	195,402	(20,713)
Grants	0	0	1,500	1,500
Rent Income	13,200	13,200	13,200	0
Interest Income	1,000	1,000	171	(829)
Violation Fees	500	500	800	300
Misc Income	19,597	19,597	24,437	4,840
Unencumbered cash balance carryover	300,000	300,000	234,439	(65,561)
Total Revenue and Carryover	<u>5,400,025</u>	<u>5,400,025</u>	<u>5,280,225</u>	<u>(119,800)</u>
Expenditures				
General:				
Employee Payroll & Taxes	2,927,009	2,927,009	2,830,773	(96,236)
Employee Benefits	1,564,924	1,557,624	1,444,229	(113,395)
Administration	40,350	40,350	24,692	(15,658)
Utilities	58,500	58,500	112,384	53,884
Equipment Purchases	0	0	42,163	42,163
Legal, Accounting & Insurance	127,500	109,500	88,414	(21,086)
Maintenance	46,110	43,610	158,942	115,332
Supplies	153,200	228,200	46,644	(181,556)
Training	8,950	8,950	13,446	4,496
Fire Prevention	0	0	3,953	3,953
Capital Outlay	107,600	54,600	1,252	(53,348)
Contingency	19,830	25,630	0	(25,630)
Debt Service:				
Principal	281,568	281,568	274,863	(6,705)
Interest	64,484	64,484	63,040	(1,444)
Total Expenditures	<u>5,400,025</u>	<u>5,400,025</u>	<u>5,104,795</u>	<u>(295,230)</u>
Other Financing Sources (Uses):				
Proceeds from long-term debt			0	0
Proceeds on sale of surplus property	0	0	16,050	16,050
Total Other Financing Sources and (Uses)	<u>0</u>	<u>0</u>	<u>16,050</u>	<u>16,050</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	0	0	191,480	191,480
Fund balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 191,480</u>	

See accompanying notes to the basic financial statements

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Jeffersontown Fire Protection District (The District") was created and established for the purpose of providing fire protection and fire prevention services to the citizens and property owners of the District. The district was established under provisions of the Kentucky Revised Statutes as a special taxing district and is recognized by the Internal Revenue Service as a political subdivision of the Commonwealth of Kentucky for federal income tax purposes.

The District is governed by a seven-member board of trustees. Two of the trustees are property owners who reside in the district and are elected by District-voting property owners. Three trustees are appointed by the Metro Mayor. Two trustees are elected by members of the firefighters of the District.

Basis of Accounting

The accounting and reporting policies of the Jeffersontown Fire Protection District relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local government include those principles presented by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments and by the Financial Accounting Standards Board (when applicable). As allowed in section PBO of GASB's Codification of Governmental Accounting and Financial Reporting Standards the District has elected not to apply Financial Accounting Board Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1969. The District first applies restricted resources when an expense is incurred for restricted and unrestricted purposes. The more significant policies of the District are described below.

GASBS No. 54

Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in February 2009. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. GASBS Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2010.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GASBS No. 54 (Continued)

For classification of fund balances in accordance with Paragraph 19 of GASBS No. 54: (1) whether the government considers restricted and unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Basis of Presentation

The Government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all activities of the District. These are district activities normally supported by taxes.

The Statement of Activities demonstrates the degree to which expenses of a given program are affected by specific program revenues as indicated. Direct expenses are those that are clearly identifiable with a specific program. Indirect expenses are allocated to each program area based on direct expenses.

The District's basic financial statements include the accounts of all District operations. The District's criteria for including organizations as component units with the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

- * The organization is legally separate (can sue and be sued in their own name).
- * The District holds the corporation powers of the organization.
- * The District appoints voting majority of the organization's board.
- * The District is able to impose its will on the organization.
- * The organization has the potential to impose a financial benefit/burden on the District.
- * There is fiscal dependency by the organization on the District.

Component Unit Presentation

Based on the aforementioned criteria the District has no component unit.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

General Fund

The general fund is the general operating fund of the District. All financial resources, except those required to be accounted for in other funds, are accounted for in the general fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of financial resources for the payment of principle, interest and related cost on general long term debt paid primarily from taxes levied by the District. The fund balance on the debt service is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

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. Basis of accounting refers to timing of the measurement made regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resource measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statement presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time a liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible, that is: when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. A one year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when related fund liability is incurred. However, debt service expenditures are recorded only when the payment is due. The revenues susceptible to accrual are property taxes, state aid, and interest income and all other revenues are recognized when received.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Budgets & Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements: Formal budgetary integration is employed as a management control device during the year for the General Fund and the Debt Service Fund. The budget is prepared on a basis consistent with generally accepted accounting principles.

The Statement of Revenues and Expenditures - Budget and Actual amounts for the General and Debt Service Funds present a comparison of the legally adopted budget (approved by the Board of Trustees May 25, 2011 and amended May 8, 2012) with actual data on a budgetary basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and investments are carried at cost. State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposits, money market savings accounts, repurchase agreements, passbooks and other available bank investments provided that such financial institutions are insured by an agency of the U.S. Government. Investments in excess of the insured amount must be secured with approved securities pledged by the financial institutions.

The District's cash and investments of \$395,346 were held entirely by one financial institution at June 30, 2012. Of this balance, \$250,000 was covered by Federal depository insurance, and \$145,346 was collateralized with securities pledged by the financial institution in the Fire District's name at June 30, 2012.

3. CASH AND CASH EQUIVALENTS

The District has defined cash and cash equivalents to include cash on hand and demand deposits and highly liquid investments with and original maturity of three months or less.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

4. PREPAID ITEMS

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year and reserve for prepaid items (if required) has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

5. COMPENSATED BALANCES

All unpaid, compensated absences that will be liquidated with expendable available financial resources have been accrued as a liability in the general fund. In the government-wide Statements of Net Assets, the total amount of unpaid compensated absences is reported within accrued expenses. Earned vacation pay may be paid upon termination.

6. PROPERTY AND EQUIPMENT

Capital assets which include land, buildings and improvements, equipment and vehicles are reported in the applicable governmental columns in the government-wide financial statements. All capital assets are valued at their historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized with a threshold of \$2,000 at the completion of construction, when additions are placed into service.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 Years
Improvements	20 Years
Fire Trucks	15-25 Years
Vehicles	5-10 Years
Equipment	5-10 Years
Fire Fighting Gear	5-10 Years

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6. PROPERTY AND EQUIPMENT (Continued)

A summary of changes in property and equipment for the year ended June 30, 2012, follows:

Governmental Activities:

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/12</u>
Land	\$ 694,889	\$ -0-	\$ -0-	\$ 694,889
Buildings and Improvements	4,551,241	6,030	-0-	4,557,271
Equipment	2,304,173	19,779	5,784	2,318,168
Vehicles	<u>1,455,398</u>	<u>16,354</u>	<u>122,882</u>	<u>1,348,870</u>
TOTAL ASSETS	<u>9,005,701</u>	<u>42,163</u>	<u>128,666</u>	<u>8,919,198</u>
Less Accumulated Depreciation	<u>4,097,671</u>	<u>296,108</u>	<u>126,674</u>	<u>4,267,105</u>
Total Net Assets	<u>\$4,080,030</u>			<u>\$4,652,093</u>

7. BOND PAYABLE

Bond payable consists of the following at June 30, 2012:

<u>Bank/Lessor</u>	<u>Amount</u>	<u>Origin</u>	<u>Due</u>	<u>Rate</u>	<u>Secured By</u>
Kentucky League of Cities	\$1,840,000	01/19/98	02/15/18	Variable 1.00%	(2) KME Pumper Trucks and Facilities

The following is a summary of long-term bond transactions of the District for the year ended June 30, 2012:

Bond payable at June 30, 2011	\$1,515,417
Principal paid	<u>(217,084)</u>
Bond payable at June 30, 2012	<u>\$1,298,333</u>

Future maturities of bond payable are as follows:

<u>Year Ended</u> <u>June 30</u>	
2013	\$ 220,000
2014	224,167
2015	232,083
2016	237,083
2017	242,083
Thereafter	<u>142,917</u>
Total Principal Payments	<u>\$1,298,333</u>

JEFFERSONTOWN FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

8. CAPITAL LEASE PAYABLE

Capital lease payable consists of the following at June 30, 2012:

<u>Bank/Lessor</u>	<u>Amount</u>	<u>Origin</u>	<u>Due</u>	<u>Rate</u>	<u>Secured By</u>
PNC Equipment Finance	\$387,390	05/13/2008	05/13/15	3.98%	2009 Pierce 2000 GPM

The following is a summary of long-term lease transactions of the District for the year ended June 30, 2012:

Lease payable at June 30, 2011	\$234,250
Principal paid	<u>(55,163)</u>
Lease payable at June 30, 2012	<u>\$179,087</u>

Future maturities of lease payable are as follows:

<u>Year Ended</u>	
<u>June 30</u>	
2013	\$ 57,358
2014	59,641
2015	<u>62,088</u>
Total Principal Payments	<u>\$179,087</u>

9. PROPERTY TAX CALENDAR

Property taxes are assessed on January 1, issued in November of each year and submitted to the County Clerk for computation. Such taxes become a lien on property on the following January 1. The Sheriff of Jefferson County collects the property tax revenues and remits monthly to the District its portion less applicable discounts and fees beginning in November. A final settlement of such property taxes is received from the Sheriff at the time of audit.

10 PENSION PLAN

The District participated in the County Employee Retirement System, a cost sharing multiple-employer Public Employee Retirement System, which covers its paid employees who have achieved at least one year of service credit. For the fiscal year ended June 30, 2012 the District's covered payroll for hazardous positions was \$2,661,681 and Non-hazardous was \$53,314.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

10. PENSION PLAN - (Continued)

Plan Description

CERS is a defined benefit plan created by the Kentucky General Assembly. CERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are fully vested immediately upon reaching 60 months of service and are established by state statutes. Benefits of CERS members are calculated on the basis of age, final average salary and service credit. CERS also provides survivor, disability and health care coverage. Authority to establish and amend benefits is provided by Kentucky Revised Statutes Section 61.645.

CERS issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601.

Kentucky Revised Statutes provides authority for employee and employer contributions. Employees and the District have contributed all of the required contributions for the fiscal year ending June 30, 2011.

Contribution rates are as follows:

	<u>Employee</u>	<u>Employer</u>
Non-hazardous	5.0%-6.0%	18.96%
Hazardous	8.0%-9.0%	35.76%

The District's contribution for the fiscal year ended June 30, 2012 amounted to \$1,260,324, \$954,361 of which was contributed by the District and \$305,923 by the District's employees.

The annual pension cost of the District in accordance with the funding policies as determined by Kentucky State Statutes for the past three fiscal years are as follows:

<u>FISCAL YEAR FUNDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
06/30/10	\$827,228	100%	-0-
06/30/11	\$857,405	100%	-0-
06/30/12	\$954,361	100%	-0-

The Board of Trustees of the County Employee Retirement System (a division of Kentucky Retirement System), in consultation with the actuary, set the actuarial assumptions and methods used in the valuation. Once every five years the actuary conducts a thorough review of plan experience for the preceding five years, and then makes recommendations to the Board.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

10. PENSION PLAN (Continued)

CERS also provides post retirement health care coverage to age and service retirees with 20 or more years of qualifying CERS service credit. A portion of each employer's and employee's contribution to CERS is set aside for the funding of post retirement health care. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board Statement Number 45. KRS provides statutory authority requiring public employers to fund post retirement health care through their contributions to CERS.

The Schedule of Funding Progress for the Pension Fund and the Schedule of Funding Progress for the Health Fund, show the latest information for the past three fiscal years ending June 30, 2011 as reported in Kentucky Retirement System audited financial statements for the fiscal year ended June 30, 2011 as follows:

Schedule of Funding Progress – Pension Fund (CERS)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Target Rate	Unfunded AAL (UAAL)	Percent Funded	Covered Payroll	UAAL as a % of Cover Payroll
June 30, 2009	\$7,402,277,531	\$10,491,358,112	\$3,089,080,581	70.6	\$2,652,927,312	116.4
June 30, 2010	7,296,321,679	11,131,174,187	3,834,852,508	65.5	2,703,404,040	141.9
June 30, 2011	7,409,156,576	11,777,126,077	4,367,969,501	62.9	2,743,559,808	159.2

Schedule of Funding Progress – Health Insurance Fund (CERS)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Target Rate	Unfunded AAL (UAAL)	Percent Funded	Covered Payroll	UAAL as a % of Cover Payroll
June 30, 2009	\$1,867,762,551	\$4,663,934,281	\$2,796,171,730	40.0	\$2,652,927,312	105.4
June 30, 2010	1,985,803,363	4,833,043,390	2,847,235,027	41.1	2,703,404,040	105.3
June 30, 2011	2,204,241,067	4,721,675,960	2,517,434,893	46.7	2,743,559,808	91.8

11. CONTINGENCIES - LAWSUITS

The District is not involved in lawsuits or matters which require disclosure with the ABA Statement policy Regarding Lawyer's Responses to Auditors' Request per the opinion of counsel.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

12. RISK MANAGEMENT

Significant losses are covered by commercial insurance with premiums (based on industry information adjusted for any District claims) for general liability, vehicles, personal and real property. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

13. ON BEHALF PAYMENTS SALARIES

The District received \$195,402 from the State of Kentucky as administered by the Commission on Fire Protection Personnel Standards and Education for educational pay incentive.

14. FIRE TRAINING ACADEMY

During 2002, the District, along with Fern Creek, Buechel, and Lyndon Fire Districts, signed a Construction/Permanent Loan Note (the "Note") with a local bank as equal borrowers up to \$620,000. The Note is secured by real estate with a cost basis of approximately \$570,000. As draws were made on the Note, the above noted districts loaned the proceeds to the Jefferson County Fire Training Academy (the "Academy") to construct a new training facility. A total of \$618,268 was converted into a "permanent" note at a fixed rate of 4.55% for 72 months. These rates and terms are the same for receivable due from the Academy. In November 2009 five additional members joined the

Academy and refinanced the loan at \$463,268 at a fixed rate of 4.72% to be paid in full in annual payments beginning in January 2011.

Jeffersontown Fire Protection District is one of nine fire district members of the Jefferson County Fire Training Academy, Inc. which reported unrestricted assets in excess of liabilities at June 30, 2012 of \$1,516,865.

The District as an equal co-borrower is responsible for 11.1% of the outstanding balance of the Note as a guarantor. Management evaluated the District's exposure to loss at June 30, 2012 and no accrual was deemed necessary. A note payable has been recorded on the District's records for \$46,347. A like amount has been recorded by the District as a receivable from the Academy as of June 30, 2012.

The districts pay fees to the Academy to utilize the facilities for fire training for their employees. In addition, the facility is available to use for a fee by other Metro Louisville area fire protection districts. The fees are intended to cover operating expenses and debt retirement of the facility.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

15. LINE OF CREDIT

The District opened a Line of Credit July 1, 2010 with a commercial bank with a maximum borrowing limit of \$2,000,000 bearing interest at 4.0% per annum or the prime rate which ever is greater. Amounts outstanding under the Line of Credit are collateralized by the District's property tax receipts. There was no outstanding balance at June 30, 2012. Effective July 1, 2012 the maturity of this Line of Credit was extended to June 30, 2013.

16. SUBSEQUENT EVENTS

On August 15, 2012 bids were received from two companies concerning the purchase of a new engine. A bid for \$469,999 was accepted and is in review for purchase.

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 2, 2012 the date the financial statements were available to be issued.

JEFFERSONTOWN FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2012

REVENUES

Taxes - assessments as of January 1, 2011	\$ 4,810,276
State aid and incentive pay	195,402
Grants	1,500
Rent Income	13,200
Interest income	171
Violation Fees	800
Miscellaneous	<u>24,437</u>
<u>TOTAL REVENUES</u>	\$ <u>5,045,786</u>

OTHER FINANCING SOURCES

Proceeds on sale of property	\$ <u>16,050</u>
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JEFFERSONTOWN FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES
 YEAR ENDED JUNE 30, 2012

<u>EMPLOYEE PAYROLL</u>	
Salaries	\$2,639,509
<u>TOTAL EMPLOYEE PAYROLL</u>	<u>\$2,639,509</u>
<u>PAYROLL TAXES</u>	<u>\$ 191,264</u>
<u>EMPLOYEE BENEFITS</u>	
Group health and dental insurance	\$ 448,946
Firefighter pension	954,361
Workers compensation insurance	<u>40,922</u>
<u>TOTAL EMPLOYEE BENEFITS</u>	<u>\$1,444,229</u>
<u>ADMINISTRATION</u>	
Contingency fund	\$ 2,417
Nominal fee	1,710
Administrative expense	227
Extermination services	936
Security services	300
Public meetings	1,608
Dues and subscriptions	2,874
Physicals	11,550
Board meetings	1,975
Advertising	868
Flowers	<u>227</u>
<u>TOTAL ADMINISTRATION</u>	<u>\$ 24,692</u>
<u>UTILITIES and FUEL</u>	
Electricity and cable	\$ 36,232
Telephone and Electronic Communications	15,292
Water, Sewage and Garbage	9,013
Vehicle fuel	<u>51,847</u>
<u>TOTAL UTILITIES AND FUEL</u>	<u>\$ 112,384</u>
<u>EQUIPMENT PURCHASES</u>	
Vehicle and Apparatus	\$ 16,354
Portable Support	19,779
Office Equipment	-0-
Facilities & Improvement	<u>6,030</u>
<u>TOTAL EQUIPMENT PURCHASES</u>	<u>\$ 42,163</u>

See Auditor's Report on Supplementary Information

JEFFERSONTOWN FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES - (Continued)
 YEAR ENDED JUNE 30, 2012

<u>LEGAL, ACCOUNTING, AND INSURANCE</u>	
Legal accounting and auditing	\$ 28,024
Insurance	<u>60,390</u>
<u>TOTAL LEGAL, ACCOUNTING, AND INSURANCE</u>	<u>\$ 88,414</u>
 <u>MAINTENANCE</u>	
Vehicle and apparatus	\$ 109,208
Radios	3,643
Portable and support	11,243
Office and computer	10,890
Fire stations	<u>23,958</u>
<u>TOTAL MAINTENANCE</u>	<u>\$158,942</u>
 <u>SUPPLIES</u>	
Office and computer	\$ 4,401
Uniforms	32,545
Firefighting	<u>9,698</u>
<u>TOTAL SUPPLIES</u>	<u>\$ 46,644</u>
 <u>TRAINING</u>	
Schools and conferences	\$ 0
Travel	<u>13,446</u>
<u>TOTAL TRAINING</u>	<u>\$ 13,446</u>
 <u>FIRE PREVENTION</u>	
Supplies	<u>\$ 3,953</u>
<u>TOTAL FIRE PREVENTION</u>	<u>\$ 3,953</u>
 <u>CAPITAL OUTLAY</u>	
Portable Support	\$ 1,252
Office Equipment	0
Communication Equipment	0
Vehicle Equipment	0
Facilities Improvement	<u>\$ 0</u>
<u>TOTAL CAPITAL OUTLAY</u>	<u>\$ 1,252</u>
<u>DEBT SERVICE</u>	<u>\$ 274,863</u>
<u>INTEREST</u>	<u>\$ 63,040</u>
<u>TOTAL EXPENDITURES</u>	<u>\$5,104,795</u>

See Auditor's Report on Supplementary Information.