

JEFFERSONTOWN FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Jeffersontown Fire Protection District  
Jeffersontown, KY

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate remaining fund information of the Jeffersontown Fire Protection District as of and for the year ended June 30, 2013, 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 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, each major fund, and the aggregate remaining fund information of the Jeffersontown Fire Protection District as of the year ended June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Management has omitted the 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 the missing information.

**Other 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. The supplementary information on pages 21 through 23 is presented for the purpose 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 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 respects, in relation to the financial statements as a whole,

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2013, 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* in considering Jeffersontown Fire Protection District, of Kentucky's internal control over financial reporting and compliance.

*William W. Hollister*

Louisville, Kentucky

August 26, 2013

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2013

ASSETS

Current Assets:

Cash and cash equivalents	\$ 581,342
Taxes receivable	31,902
Other receivables	5,376
Prepaid insurance	26,518
Training Academy Receivable	<u>43,622</u>
Total Current Assets	688,760

Capital Assets:

Loan Origination Fees	24,561
Land	694,889
Buildings & improvements (Net of \$1,832,789 depreciation)	2,664,632
Equipment (Net of \$1,384,536 depreciation)	934,217
Vehicles (Net of \$1,229,559 depreciation)	<u>578,322</u>
Net Capital Assets	<u>4,896,621</u>

Total Assets \$ 5,585,381

LIABILITIES

Current Liabilities:

Accounts payable	\$ 29,788
Accrued payroll expense	171,731
Accrued employee benefits	95,036
Accrued interest expense	4,474
Current portion of bond and lease payable	<u>346,579</u>
Total Current Liabilities	647,608

Noncurrent Liabilities:

Training Academy	43,622
Bond payable and lease	<u>1,323,483</u>
Total Noncurrent liabilities	1,367,105

Total Liabilities \$ 2,014,713

NET ASSETS

Nonspendable	
Prepaid expense	26,518
Restricted	
Invested in capital assets, net of related debt	3,201,997
Unassigned	307,152
Committed	<u>35,000</u>
Total Net Assets	<u>\$ 3,570,667</u>

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES-GOV'T FUND  
YEAR ENDED JUNE 30, 2013

	Functions/Programs:			
	Total	Administration	General Assistance	Debt Service
<b>Expenses:</b>				
Salaries, wages, and benefits	\$ 4,199,986	\$ 472,809	\$ 3,727,177	\$
Materials and supplies	49,733	3,286	46,447	
Other program expenses	431,912	34,209	397,703	
Depreciation & amortization	278,507	9,649	268,858	
Interest on debt	51,395	0	0	51,395
Loss on disposal of surplus property	0	0	0	
Total expenses	5,011,533	519,953	4,440,185	51,395
<b>General revenues:</b>				
Taxes	4,987,084			
State Aid	189,561			
Grants	3,500			
Rent Income	13,200			
Interest Income	227			
Miscellaneous Income	38,054			
Violations Fees	250			
Donations	150			
Gain on Surplus Property Sold	465			
Total general revenues	5,232,491			
Change in net assets	220,958			
Net assets - beginning of year	3,349,709			
Net assets - ending of year	\$ 3,570,667			

See accompanying notes to the basic financial statements.

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOV'T FUNDS  
JUNE 30, 2013

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 581,342
Taxes receivable	31,902
Other receivables	5,376
Prepaid insurance	26,518
Training Academy Receivable	<u>43,622</u>
Total assets	<u>\$ 688,760</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 29,788
Accrued payroll expense	171,731
Accrued employee benefits	95,036
Accrued interest expense	<u>4,474</u>
Total liabilities	<u>\$ 301,029</u>
<b>FUND BALANCES</b>	
Nonspendable	
Prepaid expense	\$ 26,518
Committed	35,000
Unassigned	<u>326,213</u>
Total fund balances	<u>387,731</u>
Total liabilities and fund balances	<u>\$ 688,760</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, 2013

Total fund balance-total Governmental funds	\$ 387,730
Amounts reported in governmental activities in statement of net assets is 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 \$4,446,884	
	4,896,621
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	(346,579)
Due in more than 1 year	<u>(1,367,105)</u>
Net assets of governmental activities	<u>\$3,570,667</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  
YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Funds</u>
<b>REVENUES:</b>			
Taxes	\$ 4,987,084	\$ 0	\$ 4,987,084
State aid	189,561		189,561
Rent income	13,200		13,200
Grants	3,500		3,500
Interest income	227		227
Violation Fees	250		250
Donations	150		150
Miscellaneous income	38,054		38,054
<b>Total Revenues</b>	<u>5,232,026</u>	<u>0</u>	<u>5,232,026</u>
<b>EXPENDITURES:</b>			
Employee payroll	2,591,919		2,591,919
Payroll taxes	189,106		189,106
Employee benefits	1,418,961		1,418,961
Administration	34,209		34,209
Utilities	108,139		108,139
Equipment purchases	529,499		529,499
Legal, accounting and insurance	96,638		96,638
Maintenance	151,113		151,113
Supplies	49,733		49,733
Training	15,504		15,504
Fire prevention	5,158		5,158
Capital outlay	21,148		21,148
Debt service:			
Principal		277,358	277,358
Interest		51,395	51,395
<b>Total Expenditures</b>	<u>5,211,127</u>	<u>328,753</u>	<u>5,539,880</u>
Excess (deficiency) of Revenues Over Expenditures	20,899	(328,753)	(307,854)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		328,753	328,753
Transfers in	(328,753)	0	(328,753)
Proceeds of long-term debt	470,000	0	470,000
Proceeds on surplus property sold	34,105	0	34,105
<b>Total Other Financing Sources and (Uses)</b>	<u>175,352</u>	<u>328,753</u>	<u>504,105</u>
<b>Excess (deficiency) of Revenues and other Resources Over Expenditures and other (Uses)</b>	<u>196,251</u>	<u>0</u>	<u>196,251</u>
Fund balances - beginning of year	<u>191,480</u>	<u>0</u>	<u>191,480</u>
<b>Fund balances - ending of year</b>	<u>\$ 387,731</u>	<u>\$ 0</u>	<u>\$ 387,731</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, 2013

Net change in fund balances—total governmental funds	\$196,251
Amounts reported for governmental activities in the Statement of Activities are different because:	
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	529,499
The net effect of various transactions involving capital assets (sales, trade ins, and contributions) is to decrease capital assets recorded in the current period	(33,643)
Depreciation and amortization expense not recorded as expenditure in gov't funds	(278,507)
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:	277,358
Proceeds of debt is a source of funds in the government funds, but increases liabilities in the Statement of Net Assets	(470,000)
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>\$220,958</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, 2013

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,812,819	\$ 4,812,819	\$ 4,987,085	\$ 174,266
State Aid	218,796	218,796	189,561	(29,235)
Grants	0	0	3,500	3,500
Rent Income	13,200	13,200	13,200	0
Interest Income	150	150	227	77
Violation Fees	500	500	250	(250)
Donations	0	0	150	150
Misc Income	25,046	25,046	38,053	13,007
Unencumbered cash balance carryover	443,000	191,480	191,480	0
<b>Total Revenue and Carryover</b>	<u>5,513,511</u>	<u>5,261,991</u>	<u>5,423,506</u>	<u>161,515</u>
<b>Expenditures</b>				
<b>General:</b>				
Employee Payroll & Taxes	2,930,021	2,842,987	2,781,025	(61,962)
Employee Benefits	1,568,565	1,545,865	1,418,961	(126,904)
Administration	42,050	38,850	34,209	(4,641)
Utilities	57,300	52,800	108,139	55,339
Equipment Purchases	0	0	529,499	529,499
Legal, Accounting & Insurance	121,300	82,600	96,638	14,038
Maintenance	45,860	39,160	151,113	111,953
Supplies	212,700	157,200	49,733	(107,467)
Training	8,950	6,950	15,504	8,554
Fire Prevention	0	0	5,158	5,158
Capital Outlay	123,100	81,100	21,148	(59,952)
Contingency	71,892	86,706	0	(86,706)
<b>Debt Service:</b>				
Principal	277,367	277,367	277,358	(9)
Interest	54,406	50,406	51,395	989
<b>Total Expenditures</b>	<u>5,513,511</u>	<u>5,261,991</u>	<u>5,539,880</u>	<u>277,889</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from long-term debt			470,000	470,000
Proceeds on sale of surplus property	0	0	34,105	34,105
<b>Total Other Financing Sources and (Uses)</b>	<u>0</u>	<u>0</u>	<u>504,105</u>	<u>504,105</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	0	0	387,731	387,731
<b>Fund balance - Ending</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 387,731</u>	

See accompanying notes to the basic financial statements

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013

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, 2013

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, 2013

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 8, 2012 and amended February 12, 2013) 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 \$581,342 were held entirely by one financial institution at June 30, 2013. Of this balance, \$250,000 was covered by Federal depository insurance, and \$331,342 was collateralized with securities pledged by the financial institution in the Fire District's name at June 30, 2013.

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 an original maturity of three months or less.

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013

6. PROPERTY AND EQUIPMENT (Continued)

A summary of changes in property and equipment for the year ended June 30, 2013, follows:

Governmental Activities:

	<u>Balance</u> <u>06/30/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/13</u>
Land	\$ 694,889	\$ -0-	-0-	\$ 694,889
Buildings and Improvements	4,557,271	-0-	59,850	4,497,421
Equipment	2,318,168	32,989	32,404	2,318,753
Vehicles	<u>1,348,870</u>	<u>496,511</u>	<u>37,500</u>	<u>1,807,881</u>
Total Assets	<u>8,919,198</u>	<u>529,498</u>	<u>129,754</u>	<u>9,318,942</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,772,265	97,332	36,808	1,832,789
Equipment	1,328,270	75,347	19,081	1,384,536
Vehicles	<u>1,166,570</u>	<u>100,489</u>	<u>37,500</u>	<u>1,229,559</u>
	<u>4,267,105</u>	<u>273,168</u>	<u>93,389</u>	<u>4,446,884</u>
Total Net Assets	<u>\$4,652,093</u>			<u>\$4,872,058</u>

7. BOND PAYABLE

Bonds payable consists of the following at June 30, 2013:

<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 (2) 1.00%	KME Pumper Trucks and Facilities

The following is a summary of long-term bond transactions of the District for the year ended June 30, 2013:

Bonds payable at June 30, 2012	\$1,298,333
Principal paid	<u>(220,000)</u>
Bonds payable at June 30, 2013	<u>\$1,078,333</u>

Future maturities of bond payable are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 224,167	\$28,337
2015	232,083	23,293
2016	237,083	17,827
2017	242,083	11,650
2018	<u>142,917</u>	<u>4,550</u>
Total Payments	<u>\$1,078,333</u>	<u>\$85,669</u>

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013

8. CAPITAL LEASE PAYABLE

Capital lease payable consists of the following at June 30, 2013:

The following is a summary of long-term lease transactions of the District for the year ended June 30, 2013:

<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

Lease payable at June 30, 2012	\$179,087
Principal paid	<u>(57,358)</u>
Lease payable at June 30, 2013	<u>\$121,729</u>

Future maturities of lease payable are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2014	\$ 59,641	\$ 4,845
2015	<u>62,088</u>	<u>2,471</u>
Total Principal Payments	<u>\$121,729</u>	<u>\$7,316</u>

<u>Bank/Lessor</u>	<u>Amount</u>	<u>Origin</u>	<u>Due</u>	<u>Rate</u>	<u>Secured By</u>
BB & T Bank	\$470,000	12/13/2012	01/20/20	1.88%	2013 Seagrave

Lease payable at June 30, 2012	\$ -0-
Proceeds	<u>470,000</u>
Lease payable at June 30, 2013	<u>\$470,000</u>

Future maturities of lease payable are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2014	\$ 62,771	\$ 9,636
2015	64,751	7,656
2016	65,968	6,439
2017	67,208	5,198
2018	68,472	3,934
2019-2020	<u>140,830</u>	<u>3,984</u>
Total Principal Payments	<u>\$470,000</u>	<u>\$36,847</u>

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 the District's covered payroll for hazardous positions was \$2,519,075 and non-hazardous was \$61,626.

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, 2013.

Contribution rates are as follows:

	<u>Employee</u>	<u>Employer</u>
Non-hazardous	5.0%-6.0%	19.55%
Hazardous	8.0%-9.0%	37.60%

The District's contribution for the fiscal year ended June 30, 2013 amounted to \$1,125,035, \$927,602 of which was contributed by the District and \$197,733 by the District's employees.

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013

10. PENSION PLAN (Continued)

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>	ANNUAL PENSION COST <u>(APC)</u>	PERCENTAGE OF APC <u>CONTRIBUTED</u>	NET PENSION <u>OBLIGATION</u>
06/30/11	\$857,405	100%	-0-
06/30/12	\$954,361	100%	-0-
06/30/13	\$927,602	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.

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, 2012 as reported in Kentucky Retirement System audited financial statements for the fiscal year ended June 30, 2012 as follows:

Schedule of Funding Progress – Pension Fund (CERS)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	Actuarial Accrued Liability (AAL) Target Rate	Unfunded AAL (UAAL)	Percent Funded	Covered Payroll	UAAL as a % of Cover Payroll
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	7,409,156,579	11,777,126,077	4,367,969,501	62.9	2,743,559,808	159.2
June 30, 2012	7,294,614,896	12,149,559,743	4,854,944,847	60.0	2,700,775,268	179.8

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013

10. PENSION PLAN (Continued)

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, 2010	\$1,985,803,363	\$4,833,043,391	\$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
June 30, 2012	2,341,894,693	3,735,614,345	1,393,719,652	62.7	2,700,775,268	51.6

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.

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 \$189,561 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  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

14. FIRE TRAINING ACADEMY (Continued)

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, 2013 of \$1,642,007.

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, 2013 and no accrual was deemed necessary. A note payable has been recorded on the District's records for \$43,622. A like amount has been recorded by the District as a receivable from the Academy as of June 30, 2013.

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.

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 2.19% per annum or the prime rate whichever 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, 2013. Effective July 1, 2013 the maturity of this Line of Credit was extended to June 30, 2014.

16. SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through August 26, 2013 the date the financial statements were available to be issued.

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES  
YEAR ENDED JUNE 30, 2013

REVENUES

Taxes - assessments as of January 1, 2012	\$ 4,987,085
State aid and incentive pay	189,561
Grants	3,500
Rent Income	13,200
Interest income	227
Violation Fees	250
Donations	150
Miscellaneous	<u>38,053</u>
 <u>TOTAL REVENUES</u>	 <u>\$ 5,232,026</u>

OTHER FINANCING SOURCES

Proceeds on sale of property	\$ <u>34,105</u>
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See Auditor's Report on Supplementary Information

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2013

<u>EMPLOYEE PAYROLL</u>	
Salaries	\$2,591,919
<u>TOTAL EMPLOYEE PAYROLL</u>	<u>\$2,591,919</u>
<u>PAYROLL TAXES</u>	<u>\$ 189,106</u>
<u>EMPLOYEE BENEFITS</u>	
Group health and dental insurance	\$ 448,637
Firefighter pension	927,602
Workers compensation insurance	<u>42,722</u>
<u>TOTAL EMPLOYEE BENEFITS</u>	<u>\$1,418,961</u>
<u>ADMINISTRATION</u>	
Hydrant Painting	\$ 3,094
Contingency fund	2,215
Nominal fee	-0-
Administrative expense	4,458
Extermination services	936
Security services	325
Public meetings	3,215
Dues and subscriptions	2,638
Physicals	13,716
Board meetings	2,000
Advertising	1,319
Flowers	<u>293</u>
<u>TOTAL ADMINISTRATION</u>	<u>\$ 34,209</u>
<u>UTILITIES and FUEL</u>	
Electricity and cable	\$ 30,880
Telephone and Electronic Communications	16,115
Water, Sewage and Garbage	7,717
Vehicle fuel	<u>53,427</u>
<u>TOTAL UTILITIES AND FUEL</u>	<u>\$ 108,139</u>
<u>EQUIPMENT PURCHASES</u>	
Vehicle and Apparatus	\$ 496,511
Portable Support	15,240
Office Equipment	17,748
Facilities & Improvement	<u>-0-</u>
<u>TOTAL EQUIPMENT PURCHASES</u>	<u>\$ 529,499</u>

See Auditor's Report on Supplementary Information

JEFFERSONTOWN FIRE PROTECTION DISTRICT  
SCHEDULE OF EXPENDITURES - (Continued)  
YEAR ENDED JUNE 30, 2013

<u>LEGAL, ACCOUNTING, AND INSURANCE</u>	
Legal accounting and auditing	\$ 34,774
Insurance	<u>61,864</u>
<u>TOTAL LEGAL, ACCOUNTING, AND INSURANCE</u>	<u>\$ 96,638</u>
<u>MAINTENANCE</u>	
Vehicle and apparatus	\$ 94,429
Radios	1,551
Portable and support	11,703
Office and computer	14,895
Fire stations	<u>28,535</u>
<u>TOTAL MAINTENANCE</u>	<u>\$151,113</u>
<u>SUPPLIES</u>	
Office and computer	\$ 3,286
Uniforms	42,614
Firefighting	<u>3,833</u>
<u>TOTAL SUPPLIES</u>	<u>\$ 49,733</u>
<u>TRAINING</u>	
Schools and conferences	\$ -0-
Travel	<u>15,304</u>
<u>TOTAL TRAINING</u>	<u>\$ 15,304</u>
<u>FIRE PREVENTION</u>	
Supplies	<u>\$ 5,158</u>
<u>TOTAL FIRE PREVENTION</u>	<u>\$ 5,158</u>
<u>CAPITAL OUTLAY</u>	
Portable Support	\$ 9,184
Office Equipment	5,871
Communication Equipment	644
Vehicle Equipment	-0-
Facilities Improvement	<u>5,449</u>
<u>TOTAL CAPITAL OUTLAY</u>	<u>\$ 21,148</u>
<u>DEBT SERVICE</u>	<u>\$ 277,358</u>
<u>INTEREST</u>	<u>\$ 51,395</u>
<u>TOTAL EXPENDITURES</u>	<u>\$5,539,680</u>

See Auditor's Report on Supplementary Information.