

**NEIGHBORHOOD DEVELOPMENT FUND
Not-for-Profit Transmittal and Approval Form**

Applicant/Program: Okolona Fire District - Halloween ^{Safe}
_{Trick or Treat}

Executive Summary of Request:
To provide candy + fire prevention materials to the 1,000 Kids who come through the fire house on Halloween night. It is a safe trick-or-treat.

Is this program/project a fundraiser?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is this applicant a faith based organization?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does this application include funding for sub-grantee(s)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

I have reviewed the attached Neighborhood Development Fund Application and have found it complete and within Metro Council guidelines and request approval of funding in the following amount(s). I have read the organization's statement of public purpose to be furthered by the funds requested and I agree that the public purpose is legitimate. I have also completed the disclosure section below, if required.

24 District # Madonna Flood Council Member Signature \$1,005 Amount 7-22-16 Date

Primary Sponsor Disclosure
List below any personal or business relationship you, your family or your legislative assistant have with this organization, its volunteers, its employees or members of its board of directors.
Council woman's Flood husband, John Flood, is a Trustee for OFD. He will not benefit from these funds.

Approved by:

_____ Date _____
Appropriations Committee Chairman

Clerk's Office Only:

Request Amount: _____ Committee Amended Appropriation: _____
Original Appropriation: _____ Council Amended Appropriation: _____

**LOUISVILLE METRO COUNCIL
NEIGHBORHOOD DEVELOPMENT FUND APPLICATION CHECKLIST**

Legal Name of Applicant Organization: Okolona Fire District

Program Name and Request Amount: Safe Halloween Trick-or-Treat

	Yes/No/NA
Is the NDF Transmittal Sheet Signed by all Council Member(s) Appropriating Funding?	...Y
Is the funding proposed by Council Member(s) less than or equal to the request amount?	...Y
Is the proposed public purpose of the program viable and well-documented?	...Y
Will all of the funding go to programs specific to Louisville/Jefferson County?	...Y
Has Council or Staff relationship to the Agency been adequately disclosed on the cover sheet?	...Y
Has prior Metro Funds committed/granted been disclosed?	...Y
Is the application properly signed and dated by authorized signatory?	...Y
Is proof of Tax Exempt status of 501(c) 3, 4, 6, 19, 1120-H included?	...Y
If Metro funding is for a separate taxing district is the funding appropriated for a program outside the legal responsibility of that taxing district?	NA
Is the entity in good standing with: <ul style="list-style-type: none"> • Kentucky Secretary of State? • Louisville Metro Revenue Commission? • Louisville Metro Government? • Internal Revenue Service? • Louisville Metro Human Relations Commission? 	...Y
Is the current Fiscal Year Budget included?	...Y
Is the entity's board member list (with term length/term limits) included?	...Y
Is recommended funding less than 33% of total agency operating budget?	...Y
Does the application budget reflect only the revenue and expenses of the project/program?	...Y
Is the cost estimate(s) from proposed vendor (if request is for capital expense) included?	NA
Is the most recent annual audit (if required by organization) included?	...Y
Is a copy of Signed Lease (if rent costs are requested) included?	NA
Is the Supplemental Questionnaire for churches/religious organizations (if requesting organization is faith-based) included?	NA
Are the Articles of Incorporation of the Agency included?	...Y
Is the IRS Form W-9 included?	...Y
Is the IRS Form 990 included?	...Y
Are the evaluation forms (if program participants are given evaluation forms) included?	NA
Affirmative Action/Equal Employment Opportunity plan and/or policy statement included (if required to do so)?	NA
Has the Agency agreed to participate in the BBB Charity review program? If so, has the applicant met the BBB Charity Review Standards?	NA

Prepared by: Andiea Devoen Date: 7-22-16



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 1 – APPLICANT INFORMATION

Legal Name of Applicant Organization: Okolona Fire District
(as listed on: http://www.sos.ky.gov/business/records)

Main Office Street & Mailing Address: 8501 Preston Highway Louisville, Ky 40219

Website: www.okolonafire.org

Applicant Contact: Scott Evans Title: Assistant Chief

Phone: 502-964-5111 Email: scott.evans@okolonafire.org

Financial Contact: Chris Gosnell Title: Fire Chief

Phone: 502-964-5111 Email: chris.gosnell@okolonafire.org

Organization's Representative who attended NDF Training: Scott Evans

GEOGRAPHICAL AREA(S) WHERE PROGRAM ACTIVITIES ARE (WILL BE) PROVIDED

Program Facility Location(s): Okolona Fire Station #1

Council District(s): 24 Zip Code(s): 40219

SECTION 2 – PROGRAM REQUEST & FINANCIAL INFORMATION

PROGRAM/PROJECT NAME: Annual Halloween Trick-or-Treat at the fire house

Total Request: (\$) 1,005.00 Total Metro Award (this program) in previous year: (\$) 0

- Purpose of Request (check all that apply):
[] Operating Funds (generally cannot exceed 33% of agency's total operating budget)
[] Programming/services/events for direct benefit to community or qualified individuals
[] Capital Project of the organization (equipment, furnishing, building, etc)

The Following are Required Attachments:

- [] IRS Exempt Status Determination Letter
[] Signed lease if rent costs are being requested
[] Current Year Projected Budget
[] IRS Form W9
[] List of Board of Directors (include term & term limits)
[] Evaluation forms if used in the proposed program
[] Current financial statement
[] Annual audit (if required by organization)
[] Most recent IRS Form 990 or 1120-H
[] Faith Based Organization Certification Form, if required
[] Articles of Incorporation
[] Staff including the 3 highest paid staff
[] Cost estimates from proposed vendor if request is for capital expense

For the current fiscal year ending June 30, list all funds appropriated and/or received from Louisville Metro Government for this or any other program or expense, including funds received through Metro Federal Grants, from any department or Metro Council Appropriation (Neighborhood Development Funds). Attach additional sheet if necessary.

Table with 3 columns: Source, Amount: (\$), and an empty column for listing funds.

Has the applicant contacted the BBB Charity Review for participation? [] Yes [x] No

Has the applicant met the BBB Charity Review Standards? [] Yes [x] No



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 3 – AGENCY DETAILS

Describe Agency's Vision, Mission and Services:

MISSION STATEMENT:

The mission of the Okolona Fire Department is to preserve life and property and to promote public safety through the leadership, management and actions as an emergency services provider.

VISION:

We will be a dynamic leader in our industry as an innovative fire department providing the highest level of service. Our members will work together as a cohesive group for the betterment of the organization and our community.

GOALS:

- Further develop an organization that can effectively manage the resources of the department.
- Promote a greater sense of organizational pride.
- Develop the most progressive Training and Fire Prevention Bureaus possible.
- Provide the most effective emergency response possible.

CORE VALUES:

Okolona Fire Department members are the most valuable resource that we support our mission with. We recognize that our organization has a collective personality and the values of its members enhance the organization.

- Positive Attitude - We value trust, fairness, pride, respect, dedication, integrity, honesty, and well-being.
- Readiness - We value preparedness through training and education, the health and wellness of our members, dedication and an understanding that lives are more valuable than property.
- Involvement - We value the free exchange of ideas, a commitment to excellence, and a shared vision with one voice through unity of our members.
- Discipline - We value a professional attitude with high moral work ethic that can enhance all of the members of our team.
- Excellence - We value the evaluation of efficiencies, effectiveness in delivering the highest quality of service possible to our community with the utmost professionalism and integrity.



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 4 – PROGRAM/PROJECT NARRATIVE

A: Describe the program/project start and end dates, a description of the program/project and applicable data with regards to specific client population the program will address (attach related flyers, planning minutes, designs, event permits, proposals for services/goods, etc.):

The event will be held on October 31, 2016. This is an annual trick-or-treat event held at our main fire station that is open to everyone in the community. During the event we hand out candy, fire prevention materials, and speak with the children about fire safety.

B: Describe specifically how the funding will be spent including identification of funding to sub grantee(s):

The money will be spent to purchase candy and fire prevention materials to be handed out during our annual Halloween trick-or-treat event.



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

C: If this request is a fundraiser, please detail how the proceeds will be spent:

D: For Expenditure Reimbursement Only – The grant award period begins with the Metro Council approval date and ends on June 30 of Metro fiscal year in which the grant is approved. If any part of this funding request is for funds to be spent before the grant award period, identify the applicable circumstances:

Effective October 24, 2013, reimbursements should not be made unless an emergency can be demonstrated by the primary council sponsor. The funding request is a reimbursement of the following expenditures (attach invoices or proof of payment):

- ✓ Attach a copy of invoices and/or receipts to provide proof of purchase of activities associated with the work plan identified in this application.
- ✓ Attach a copy of cancelled checks to provide proof of payment of the invoices or receipts associated with the work plan identified in this application.

The funding request is a reimbursement of the following expenditures that will probably be incurred after the application date, but prior to the execution of the grant agreement:

- ✓ If selecting this option, the invoice, receipt and payment documentation should not be available as of the date of this application.

The Grantee will be required to submit financial reporting in accordance with the reporting schedule provided in the grant agreement.

Purchase of candy and fire prevention materials.



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

E: Describe the program's benefits to those being served (measurable outcomes). Include the program's process for collecting data and the indicators that will be tracked to measure the benefits to those being served:

Last year we had more than one thousand people stop by the fire station during this event where we were able to give them information on fire safety and also give the children in the community a safe place to trick-or-treat.

F: Briefly describe any existing collaborative relationships the organization has with other community organizations. Describe what those partners are bringing to the relationship in general and to this program/project specifically.

We collaborate with district 24 Councilwoman Madonna Flood on various projects throughout the year, including the doing our part from the heart campaign. We go to various businesses in our district during the year to do fire truck displays and hand out fire safety information. We also go to multiple JCPD schools during the year to give fire safety talks to the children.



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 5 – PROGRAM/PROJECT BUDGET SUMMARY

THE PROGRAM/PROJECT BUDGET SHOULD REALISTICALLY ESTIMATE WHAT AMOUNT IS NEEDED FROM METRO GOVERNMENT AND WHAT IS EXPECTED FROM OTHER SOURCES.

Program/Project Expenses	Column 1	Column 2	Column (1+2)=3
	Proposed Metro Funds	Non- Metro Funds	Total Funds
A: Personnel Costs Including Benefits			
B: Rent/Utilities			
C: Office Supplies			
D: Telephone			
E: In-town Travel			
F: Client Assistance (Attach Detailed List)			
G: Professional Service Contracts			
H: Program Materials	605.00		
I: Community Events & Festivals (Attach Detail List)	400.00	300.00	
J: Machinery & Equipment			
K: Capital Project			
L: Other Expenses (Attach Detail List)			
*TOTAL PROGRAM/PROJECT FUNDS	1,005.00	300.00	1,305.00
<i>% of Program Budget</i>	77 %	23 %	100%

List funding sources for total program/project costs in Column 2, Non-Metro Funds:

Other State, Federal or Local Government	
United Way	
Private Contributions (do not include individual donor names)	\$300.00
Fees Collected from Program Participants	
Other (please specify)	
<i>Total Revenue for Column 2 Expenses **</i>	

**Total of Column 1 MUST match "Total Request on Page 1, Section 2"*

***Must equal or exceed total in column 2.*



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Detail of In-Kind Contributions for this PROGRAM only: Includes Volunteers, Space, Utilities, etc. (Include anything not bought with cash revenues of the agency).

Donor*/Type of Contribution	Value of Contribution	Method of Valuation
Walmart/Gift Card	\$50.00	Face Value
Target/Gift Card	\$50.00	Face Value
Kroger/Candy	\$100.00	Retail Price
Okolona Business Association/Candy	\$100.00	Retail Price
<i>Total Value of In-Kind</i> <i>(to match Program Budget Line Item.</i> Volunteer Contribution & Other In Kind)	\$300.00	

* DONOR INFORMATION REFERS TO WHO MADE THE IN KIND CONTRIBUTION. VOLUNTEERS NEED NOT BE LISTED INDIVIDUALLY, BUT GROUPED TOGETHER ON ONE LINE AS A TOTAL NOTING HOW MANY HOURS PER PERSON PER WEEK

Agency Fiscal Year Start Date: July 01, 2016

Does your Agency anticipate a significant increase or decrease in your budget from the current fiscal year to the budget projected for next fiscal year? NO YES

If YES, please explain:



LOUISVILLE METRO COUNCIL NEIGHBORHOOD DEVELOPMENT FUND APPLICATION

SECTION 6 – CERTIFICATIONS & ASSURANCES

By signing Section 7 of the Grant Application, the authorized official signing for the applicant organization certifies and assures to the best of his or her knowledge and/or belief the following Assurances and Certifications. If there is any reason why one or more of the assurances or certifications listed cannot be certified or assured, please explain in writing and attach to this application.

Standard Assurances

1. Applicant understands this application and its attachments as well as any resulting grant agreement, reports and proof of expenditure is subject to Kentucky's open records law.
2. Applicant will establish safeguards to prohibit employees or any person that receives compensation from awarded funds from using their position for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
3. Applicant and any sub grantee will give Louisville Metro Government access to and the right to examine all paper or electronic records related to the awarded grant for up to five years of the grant agreement date.
4. Applicant assures compliance with the grant requirements and will monitor the performance of any third party (sub-grantee).
5. The Agency is in good standing with the Kentucky Secretary of State, Louisville Metro Government, the Jefferson County Revenue Commission, the Internal Revenue Service, and the Louisville Metro Human Relations Commission.
6. Applicant understands failure to provide the services, programs, or projects included in the agreement will result in funds being withheld or requested to be returned if previously disbursed.
7. Applicant understands they must return to Louisville Metro any unexpended funds by July 31 following the Metro Louisville's fiscal year end
8. Applicant understands they must provide proof of all expenditures (canceled checks, receipts, paid invoices). The Applicant understands the failure to provide proof of expenditures as required in the grant agreement could result in funding being withheld or request to be returned if previously disbursed.
9. Applicant understands if this application is approved, the grant agreement will identify an award period that begins with the Metro Council approval date, and will end with June 30 of the fiscal year in which the grant is approved. Expenditures associated with this award expected to occur prior to the award period (approval date) must be disclosed in this application in order to be considered compliant with the grant agreement.
10. Applicant understands if we choose to incur expenditures prior to the approval of the application by the Metro Council, there is no guarantee that funding will be reimbursed, as the Council may choose not to award the application.
11. Applicant understands if the grant agreement is not returned to Louisville Metro within 90 days of its mailing to the applicant, the approval is automatically revoked.

Standard Certifications

1. The Agency certifies it will not use Louisville Metro Government funds for any religious, political or fraternal Activities.
2. The Agency has a written Affirmative Action/Equal Opportunity Policy.
3. The Agency does not discriminate in employment or in provision of any service/program/activity/event based on age, color, disabled status, national origin, race, religion, sex, gender identity or sexual orientation, or Vietnam era veteran status.
4. The Agency certifies it will not require clients, recipients, or beneficiaries to participate in religious, political, fraternal or like activities in order to receive services/benefits provided with Louisville Metro Government funds.
5. The Agency understands the Americans with Disabilities Act (ADA) and makes reasonable accommodations.

Relationship Disclosure: List below any relationship you or any member of your Board of Directors or employees has with any Councilperson, Councilperson's family, Councilperson's staff or any Louisville Metro Government employee.

SECTION 7 – CERTIFICATIONS & ASSURANCES

I certify under the penalty of law the information in this application (including, without limitation, "Certifications and Assurances") is accurate to the best of my knowledge. I am aware my organization will not be eligible for funding if investigation at any time shows falsification. If falsification is shown after funding has been approved, any allocations already received and expended are subject to be repaid. I further certify that I am legally authorized to sign this application for the applying organization and have initialed each page of the application.

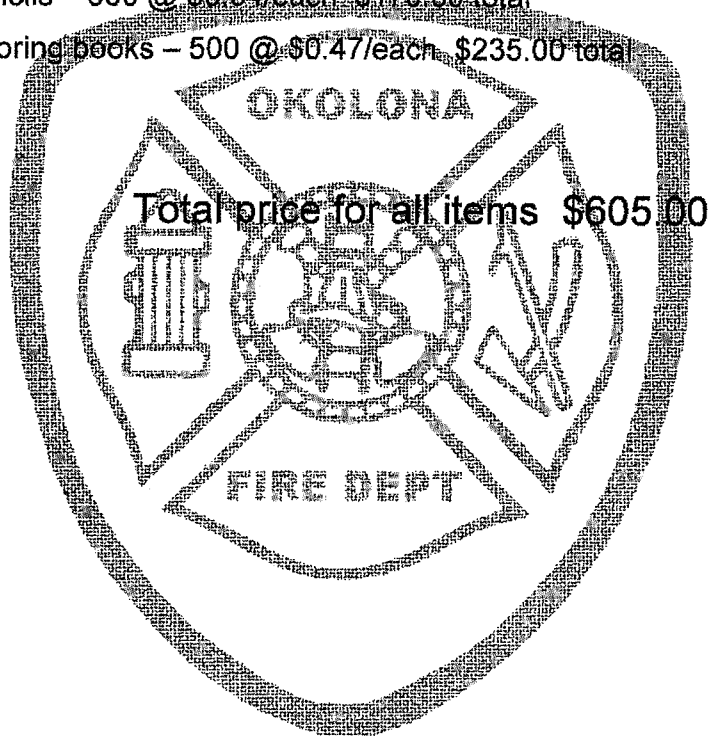
Signature of Legal Signatory:	<i>Chris Gosnell</i>	Date:	<i>8-9-16</i>
Legal Signatory: (please print):	<i>Chris Gosnell</i>	Title:	<i>Fire Chief</i>
Phone:	<i>502-964-5111</i>	Extension:	
Email:	<i>chris.gosnell@okolonafire.org</i>		

OKOLONA
Fire Department

8501 Preston Highway
Louisville, KY 40218 (502) 964-5111 Fax: (502) 966-8388

Program Materials for NDF Application

- 1.) Halloween bags with safety message – 500 @ \$0.40/each \$200.00 total
- 2.) Fire safety pencils – 500 @ \$0.34/each \$170.00 total
- 3.) Fire safety coloring books – 500 @ \$0.47/each \$235.00 total



CG

8-17-16

This grant is to provide candy for the Annual Halloween Trick-or-Treat at the Okolona Fire Station.

We will purchase our candy at a bulk super store and buy candy not to exceed \$400. Receipts will be included with our updates upon the completion of the Trick-or-Treat.

Thank you!

CG

OKOLONA

Fire Department

8501 Preston Highway
Louisville, KY 40219 (502) 964-5111 Fax: (502) 966-8388

Relationship Disclosure for NDF Application

Okolona Fire District Board of Trustees member John Flood is the husband of District 24 Councilwoman Madonna Flood. Mr. Flood will in no way benefit from any money received from the Louisville Metro Council.

51B129
7-75

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT
40601

TO: Okolona Fire Protection District
P. O. Box 19066
Louisville, Kentucky 40219

Permit Number: SD-56-103

DATE: July 24, 1975

SUBJECT: Tax Free Purchases

Based on the information submitted in your "Application for Classification as an Exempt Unit of Local Government," you are hereby authorized to make tax free purchases as provided by Regulation 103 KAR 30:225E. A copy of this letter should be presented to the vendor to be retained by him as authorization to make such sales.

Every vendor making such sales must require an official or an employee exercising comparable authority of the local governmental unit to sign and acknowledge in writing on a copy of the invoice that the sale and delivery of the property was actually made to a unit of local government. The invoice shall be retained by the vendor as documentary evidence in support of his deduction of the sale from gross receipts on his sales tax return. For proper reporting, the vendor must deduct receipts from these sales on line 22 of his return.

If any of the property or service is not used for an exempt purpose, the purchaser will be required to pay any tax due on purchases made tax free under this exemption.

In the event there is a change in your operations from the information submitted in your application, you must notify the department immediately.

Claude B. Slone
Claude B. Slone
Director
Sales and Severance Tax Division

Budget 2015 - 2016

Amended 5-5-16
2015-2016

FY
2015-2016

Budget 2015 - 2016

Amended 5-5-16
2015-2016

FY
2015-2016

2016 -
Working Budget
2017

SPGE Line#	Account Name	Budget 2015 - 2016	Amended 5-5-16 2015-2016	FY 2015-2016	Budget 2015 - 2016	Amended 5-5-16 2015-2016	FY 2015-2016	2016 - Working Budget 2017
1000	EMPLOYEE PAYROLL							
1001	Salaries Full Time	\$ 1,730,800.75	\$ 1,730,800.75	\$ 2,038,439.48	\$ 1,817,768.86	\$ 1,817,768.86	\$ 2,375,281.18	
1001.1	Salaries Part Time	\$ 60,065.00	\$ 60,065.00					
1001.2	Overtime (Fire Runs)	\$ 50,000.00	\$ 50,000.00					
1001.3	Overtime (Risk Level)	\$ 79,000.00	\$ 67,000.00					
1005.1	Unemployment Insurance	\$ 6,000.00	\$ 6,000.00					
1005.2	Social Security and Medicare	\$ 146,869.73	\$ 141,869.73					
1006	State Incentive Pay	\$ 170,704.00	\$ 182,704.00					
1007	One time lump sum payment							
1007.1	Sec. Sec. one time lump sum payment							
1007.2	W/C one time lump sum payment							
1100	EMPLOYEE BENEFITS							
1101	Health Insurance Premium	\$ 433,801.50	\$ 463,801.50	\$ 1,181,874.86	\$ 989,074.50	\$ 989,074.50		
1101.1	Health Reimbursement Act	\$ 45,000.00	\$ 48,000.00					
1101.2	Health Advances - Promotion Evaluation							
1102	Retirement (Paid)	\$ 632,595.76	\$ 586,595.76					
1102.1	Retirement (one time lump sum payment)							
1103	Retirement (Volunteer)	\$ 35,000.00	\$ 10,000.00					
1104	Workers Compensation Insurance	\$ 75,000.00	\$ 45,000.00					
1105	Meal Stipend	\$ 35,427.60	\$ 38,427.60					
1200	ADMINISTRATION							
1201	Party Cash	\$ 1,000.00	\$ 1,000.00	\$ 124,896.34	\$ 1,000.00	\$ 1,000.00	\$ 132,896.34	
1202	Advertising	\$ 6,296.34	\$ 6,296.34					
1203	Public Relations							
1204	Recruiting	\$ 2,500.00	\$ 2,500.00					
1206	Sympathy & Distress	\$ 500.00	\$ 500.00					
1207	Dues & Subscriptions	\$ 4,500.00	\$ 4,500.00					
1208	Awards & Recognition Banquets	\$ 22,000.00	\$ 25,000.00					
1209	Travel & Mileage Reimbursements	\$ 2,000.00	\$ 2,000.00					
1210	Trustee Meeting Allowance	\$ 2,100.00	\$ 2,100.00					
1211	Miscellaneous	\$ 4,000.00	\$ 4,000.00					
1212	Bank Service Charges	\$ 1,500.00	\$ 1,500.00					
1213	Taxolls	\$ 75,000.00	\$ 68,400.00					
1214	Certifications & Recertifications	\$ 500.00	\$ 1,600.00					
1215	Crusade For Children	\$ 500.00	\$ 500.00					
1216	Professional Counseling	\$ 2,000.00	\$ 2,000.00					
1218	Qualification & Testing	\$ 500.00	\$ 500.00					
1218	Administration of Flex Spending	\$ 500.00	\$ 500.00					
1299	Contingency							
1300	PERSONNEL RETENTION							
1301	Volunteer Retention Length of Service	\$ 18,000.00	\$ 18,000.00	\$ 54,540.29	\$ 18,000.00	\$ 18,000.00	\$ 56,000.00	
1301.1	Life Insurance	\$ 17,000.00	\$ 17,000.00					
1302	Reimbursement	\$ 25,000.00	\$ 13,540.29					
1303	Accidental Death & Disability	\$ 6,000.00	\$ 6,000.00					
1304	Personnel Retention Program							
1400	UTILITIES							
1401	Station 1 Gas & Electric	\$ 37,250.00	\$ 37,250.00	\$ 133,350.00	\$ 37,250.00	\$ 37,250.00	\$ 134,350.00	
1402	Station 2 Gas & Electric	\$ 14,500.00	\$ 14,500.00					
1403	Station 3 Gas & Electric	\$ 22,000.00	\$ 22,000.00					
1404	Station 4 Gas & Electric							
1411	Station 1, 2, 3 & Telephone	\$ 28,000.00	\$ 38,000.00					
1414	Cellular Telephone	\$ 10,500.00	\$ 10,500.00					
1421	Station 1 Water, Sewer & Drainage	\$ 6,000.00	\$ 6,000.00					

15%

31.06%

30 K from 1102
3 K from 1102

30 K to 1101 1/3 K to 1101 1/3 K to 1105/ 10 K to 1411
25 K to 1908.1
30 K to 1702
3 K from 1102

3 K from 1213
2.5 K from 1213
3 K to 1208/ 2.5 K to 1211/ 1.1 K to 1214
1.1 K from 1213

11480.52 to 1704
8 K to 1803
10 K from 1102

Budget 2015 - 2016

1422 Station 2 Water/Sewer & Drainage	10D	\$	5,000.00	\$	5,000.00			\$5,000.00
1423 Station 3 Water/Sewer & Drainage	10D	\$	6,000.00	\$	6,000.00			\$6,000.00
1424 Station 4 Water/Sewer & Drainage	10D	\$	1,200.00	\$	1,200.00			\$1,200.00
1431 Station 1 Cable Television	10D	\$	500.00	\$	500.00			\$700.00
1432 Station 2 Cable Television	10D	\$	300.00	\$	300.00			\$700.00
1433 Station 3 Cable Television	10D	\$		\$				
1433 Station 4 Cable Television	10D	\$		\$				
1500 LOANS, RENT AND INTEREST		\$	287,546.06	\$	287,546.06			\$287,546.06
1501 Apparatus Loans & Rent & Bldg Add.	13C	\$	80,000.00	\$	80,000.00			\$80,000.00
1501.1 Apparatus Loan 2003 Purchase	13C	\$	60,536.87	\$	60,536.87			\$60,536.87
1502 New Apparatus Lease Payment (2013)	13C	\$	66,478.21	\$	66,478.21			\$66,478.21
1502 Facility Loans & Rent		\$		\$				
1503 Interest for 1501.0	13D	\$	26,561.78	\$	16,561.78		10 K to 1708	\$26,561.78
1503.1 Interest for 1501.1	13D	\$	18,504.73	\$	18,504.73			\$18,504.73
1503.1 Interest for 1501.3 new app lease	13D	\$	5,418.47	\$	5,418.47			\$5,418.47
1600 LEGAL, ACCOUNTING & INSURANCE		\$	101,200.00	\$	101,200.00			\$106,000.00
1601 Legal - In house Counsel	10B	\$	20,000.00	\$	20,000.00			\$20,000.00
1602 Accounting	10B	\$	28,000.00	\$	28,000.00			\$28,000.00
1603 Insurance	10F	\$	53,200.00	\$	53,200.00			\$56,000.00
1604 Real Estate Commission		\$		\$				
1700 MAINTENANCE		\$	236,000.00	\$	236,000.00			\$274,000.00
1702 Vehicle & Apparatus	10C	\$	175,000.00	\$	326,735.85		416,195.56 (2,848.38) 30 k from 1104	\$180,000.00
1703 Radio	10C	\$	2,000.00	\$	2,000.00			\$2,000.00
1704 Portable & Support	10C	\$	8,000.00	\$	19,459.71		11,459.71 from 1302	\$12,000.00
1705 Office & Computer	10C	\$	10,000.00	\$	10,000.00			\$10,000.00
1706 Station 1	10C	\$	24,000.00	\$	26,000.00		2 K from 1903	\$24,000.00
1707 Station 2	10C	\$	8,000.00	\$	13,000.00		5 K from 1005.2	\$10,000.00
1708 Station 3/Training Facility	10C	\$	8,000.00	\$	18,000.00		10 K from 1503.1	\$35,000.00
1709 Station 4	10C	\$		\$				
1710 Tool	10C	\$	500.00	\$	500.00			\$500.00
1711 Hydrant	10C	\$	500.00	\$	500.00			\$500.00
1800 FACILITY IMPROVEMENTS		\$	9,403.06	\$	9,403.06			\$5,500.00
1801 Station 1	12D trustee rm.	\$		\$				\$5,500.00
1801.6 Station 1 - Information Sign	12D	\$		\$				
1801.7 Station 1 - Tels. Sys. Replacement	12D	\$		\$				
1802 Station 1 - Dormitory Carpet replacement	12D	\$		\$				
1803 Station 2	12D	\$	5,000.00	\$	5,000.00			\$5,000.00
1804 Station 3/Training Facility	12D	\$	5,000.00	\$	13,000.00		8 K from 1403	\$5,000.00
1804 Station 4	12D	\$		\$				
1804.1 Fire Station #1, #2, #3 repairs/improvements	12D Ex. Sys. Imp.	\$		\$				\$12,000.00
1900 NEW EQUIPMENT		\$	132,500.00	\$	132,500.00			\$177,930.54
1901 Radio	12F	\$	2,000.00	\$	2,000.00			\$2,000.00
1902 Portable & Support	12F	\$	30,000.00	\$	30,000.00			\$50,732.54
1903 Personal	12F	\$	50,000.00	\$	48,000.00			\$50,000.00
1904 Vehicle & Apparatus	12F	\$		\$				\$38,098.00
1904.1 Vehicle & Apparatus Replace 8081	12F	\$		\$				
1906 Office	12F	\$	2,000.00	\$	2,000.00			\$2,000.00
1907 Tool	12F	\$	2,000.00	\$	2,000.00			\$2,000.00
1908 Computer Hardware & Peripherals	12F	\$	8,500.00	\$	8,500.00			\$8,500.00
1908.4.2 Station 1 server replacement	12F	\$	6,000.00	\$	31,000.00			\$12,000.00
1909 Miscellaneous Facilities	12F	\$	2,000.00	\$	2,000.00			\$2,000.00
1910 SCBA Cylinder Replacement (50)	12F	\$	30,000.00	\$	30,000.00		25 K from 1103	\$30,000.00
2000 SUPPLIES		\$	115,000.00	\$	115,000.00			\$111,300.00
		\$	132,500.00	\$	132,500.00			\$177,930.54
		\$	9,403.06	\$	9,403.06			\$5,500.00
		\$	2,000.00	\$	2,000.00			\$2,000.00
		\$	30,000.00	\$	30,000.00			\$50,732.54
		\$	50,000.00	\$	48,000.00			\$50,000.00
		\$		\$				\$38,098.00
		\$	2,000.00	\$	2,000.00			\$2,000.00
		\$	2,000.00	\$	2,000.00			\$2,000.00
		\$	8,500.00	\$	8,500.00			\$8,500.00
		\$	6,000.00	\$	31,000.00			\$12,000.00
		\$	2,000.00	\$	2,000.00			\$2,000.00
		\$	30,000.00	\$	30,000.00			\$30,000.00
		\$	115,000.00	\$	115,000.00			\$111,300.00

Budget 2015 - 2016

	10K						6 K to 2002		
2001	10K	\$	15,000.00	\$	7,000.00		6 K from 2001		\$10,000.00
2002	10K	\$	7,800.00	\$	13,800.00				\$11,000.00
2003	10K	\$	5,000.00	\$	5,000.00				\$5,000.00
2004	10K	\$	5,000.00	\$	5,000.00				\$5,000.00
2005	10K	\$	65,000.00	\$	61,000.00				\$62,000.00
2006	10K	\$	5,000.00	\$	9,000.00		4 K from 2005		\$5,000.00
2006.1	10K	\$	8,000.00	\$	8,000.00				\$8,000.00
2007	10K	\$	1,800.00	\$	1,600.00				\$1,800.00
2008	10K	\$	2,500.00	\$	2,500.00				\$2,500.00
2009	10K	\$	1,000.00	\$	1,000.00				\$1,000.00
2100 TRAINING			\$	\$	69,730.00	\$	69,730.00		\$70,500.00
2101	118	(2) FH conf.	\$	\$	31,500.00			(2) FH conf.	\$31,500.00
2102	118	Equipment	\$	\$	9,250.00	\$	9,264.69		\$10,000.00
2104	118	CPR Training Center	\$	\$	2,000.00	\$	2,000.00		\$2,000.00
2105	118	Physical Fitness	\$	\$	5,000.00	\$	5,000.00		\$5,000.00
2106	118	Medical Testing	\$	\$	12,000.00	\$	12,000.00		\$12,000.00
2107	118	Regional Training Academy	\$	\$	10,000.00	\$	10,000.00		\$10,000.00
2200 FIRE PREVENTION			\$	\$	9,000.00	\$	9,000.00		\$13,000.00
2201	101	Public Education	\$	\$	2,000.00	\$	2,000.00		\$5,000.00
2202	101	Equipment	\$	\$	4,000.00	\$	4,000.00		\$5,000.00
2203	101	Supplies	\$	\$	3,000.00	\$	3,000.00		\$5,000.00
2300 INTER-FUND TRANSFERS			\$	\$		\$			\$5,050,500.43
2301		Savings - Future Capital	\$	\$	125,000.00	\$			\$5,050,500.43
2302		Savings - S.C.B. Cylinders	\$	\$	4,763,863.80	\$	4,883,414.35		\$5,050,500.43
2303		Savings - Carryover From 2012-1013	\$	\$	4,763,863.81	\$	4,883,414.35		\$5,050,500.43
		Expenditure Total	\$	\$	125,000.00	\$	4,883,414.35		\$5,050,500.43
		Revenue Total	\$	\$	4,763,863.81	\$	4,883,414.35		\$5,050,500.43
		Difference	\$	\$	0.01	\$	(0.00)		\$0.00
		Transfer From Savings	\$	\$		\$			\$0.00

**DISTRICT CERTIFICATION - REPORTING FORM OF
OKOLONA FIRE PROTECTION DISTRICT**

Pursuant to KRS 65.070, the names and addresses of the Trustees of the Okolona Fire Protection District are as follows:

			<u>Term Expires</u>
Chairperson:	Dorsey Powell		June 30, 2019
2016 - 2019	[REDACTED]	3 YR TERM ←	Appointed Mayor
Secretary:	Tammy Baechle		June 30, 2020
2016 - 2020	[REDACTED]	4 YR TERM ←	Elected Property Owner
Treasurer:	Mike Portman		June 30, 2018
2015 - 2018	[REDACTED]	3 YR TERM ←	Appointed Mayor
Trustees:	James Keith Durbin		June 30, 2019
2015 - 2019	[REDACTED]	4 YR TERM ←	Elected Firefighter
	Jeffrey Carlson		June 30, 2017
2014 - 2018	[REDACTED]	4 YR TERM ←	Elected Firefighter
	John Flood		June 30, 2017
2014 - 2017	[REDACTED]	3 YR TERM ←	Appointed Mayor
	Ed Hogan		June 30, 2018
2014 - 2018	[REDACTED]	4 YR TERM ←	Elected Property Owner
Chief Executive Officer:	Christopher Gosnell (Chief)		

Correspondence may be directed to Station One, 8501 Preston Hwy, Louisville, Kentucky 40219.

The financial records of the District are available for public inspection and may be examined at Station One during the hours of 9 a.m. to 5 p.m. Should other time arrangements be necessary, you may contact any Trustee to make such arrangements. These records include the current District budget and previous audits.

A map of the Okolona Fire Protection District has been previously filed with the Jefferson County Clerk and its boundaries have not changed.

The Okolona Fire Protection District was created pursuant to KRS 75.010 et. seq. and KRS Chapter 65.

Submitted by:
Fire District Attorney Jason McGregor
8501 Preston Highway
Louisville, KY 40219
(502) 964-5111

OKOLONA FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Okolona Fire Protection District
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Okolona Fire Protection District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Okolona Fire Protection 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 Okolona Fire Protection District, as of June 30, 2015; 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 and the respective budgetary comparison for the General Fund.

Change in Accounting Principle

As described in Note 1 to the financial statements, for the year ending June 30, 2015 the District adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Liability information on page 23 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 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to 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. 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 Okolona Fire Protection District's basic financial statements. The supplementary information on pages 24 through 27 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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 basic 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 September 11, 2015, on our consideration of the Okolona 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 the Okolona Fire Protection District's internal control over financial reporting and compliance.

William W. Hollister, CPA

Louisville, Kentucky
September 11, 2015

OKOLONA FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

Current Assets:

Cash and cash equivalents		\$ 3,307,192
Taxes receivable		42,738
Prepaid insurance		70,558
Total Current Assets		3,420,488

Capital Assets

Land		62,468
Buildings & improvements	Net of \$ 3,485,483 depreciation	1,230,551
Equipment	Net of \$ 2,023,052 depreciation	162,671
Vehicles	Net of \$ 2,778,677 depreciation	1,169,789
Training academy membership	Net of \$ 50,000 amortization	-
Net Capital Assets		2,625,479

Total Assets

\$ 6,045,967

Deferred Outflows of Resources

Pension contributions - current year		669,345
Total Deferred Outflows of Resources		669,345

LIABILITIES

Current Liabilities:

Accounts payable		\$ 54,567
Accrued wages, payroll taxes and retirement		148,865
Accrued interest		10,077
Current portion of notes and lease payable		208,311
Total Current Liabilities		421,820

Noncurrent Liabilities:

Notes payable		342,035
Lease payable		782,961
Net pension liability		4,973,069
Total Noncurrent Liabilities		6,098,065

Total Noncurrent Liabilities
\$6,098,065

Net pension liability
4,973,069

Total Liabilities

6,519,885

Deferred Inflows of Resources

Deferred Investment Earnings on Pension		392,000
Total Deferred Inflows of Resources		392,000

NET POSITION

Net invested in capital assets		1,292,172
Restricted		134,000
Unrestricted (Deficit)		(2,390,090)
Total Net Position		\$ (196,574)

See accompanying notes to the basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES-GOVERNMENT FUNDS
YEAR ENDED JUNE 30, 2015

	Functions/Programs:			
	Total	Administration	General Assistance	Debt Service
Expenses:				
Salaries, wages, and benefits	\$ 3,266,183	\$ 47,032	\$ 3,219,151	\$
Materials and supplies	107,725	0	107,725	
Other program expenses	736,115	109,248	626,867	
Depreciation and amortization	491,176	10,735	480,441	
Interest on debt	27,501	0	0	27,501
Total Expenses	\$ 4,628,700	\$ 167,015	\$ 4,434,184	\$ 27,501
General Revenues:				
Taxes	4,680,834			
State incentive pay & aid	170,149			
Grants	3,200			
Cellular tower rental	33,264			
Insurance recovery	1,243			
Fees & reimbursement	31,556			
Interest income	509			
Gain on disposal of surplus property	2,775			
Total General Revenues	4,923,531			
Change in net position	294,831			
Net position - beginning of year, as restated	(491,405)			
Net position - end of year	\$ (196,574)			

See accompanying notes to the basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
BALANCE SHEET-GOVERNMENT FUNDS
JUNE 30, 2015

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 3,307,192
Taxes receivable	42,738
Prepaid insurance	70,558
Total Current Assets	<u>3,420,488</u>
Total Assets	<u>\$ 3,420,488</u>
LIABILITIES	
Accounts payable	\$ 54,567
Accrued wages and payroll taxes	148,865
Accrued interest	10,077
Total Liabilities	<u>213,509</u>
FUND BALANCES	
Nonspendable	70,558
Prepaid expense	134,000
Committed	3,002,421
Unassigned	<u>3,206,979</u>
Total Fund Balances	<u>3,206,979</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,420,488</u>

See accompanying notes to the basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance-total Governmental funds	\$	3,206,979
Amounts reported in governmental activities in Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds, net of accumulated depreciation of \$8,287,212		2,625,479
Training academy membership in governmental activities is not a financial resource and therefore not reported in funds, net of accumulated amortization of \$50,000		-
Deffered outflows and inflows used in governmental activites are not financial resources and therefore are not reported in the governmental funds:		
Outflows related to pension		669,345
Inflows related to pension		(392,000)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the funds:		
Due within 1 year		(208,311)
Due in more than 1 year		(1,124,997)
Deferred Investment Earning on Pension are not due and payable in the current year and therefore are not reported in the government fund		<u>(4,973,069)</u>
Net position of governmental activities	\$	<u><u>(196,574)</u></u>

See accompanying notes to the basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-GOV'T FUNDS
YEAR ENDED JUNE 30, 2015

	General Fund	Debt Service	Total Funds
REVENUES:			
Taxes	\$ 4,680,834	\$ 0	\$ 4,680,834
State incentive pay & aid	170,149		170,149
Grants	3,200		3,200
Cell tower income	33,264		33,264
Insurance recoveries	1,243		1,243
Fees and reimbursement	31,557		31,557
Interest income	509		509
Total Revenues	<u>4,920,756</u>	<u>0</u>	<u>4,920,756</u>
EXPENDITURES			
Employee payroll	2,044,116		2,044,116
Payroll taxes	143,232		143,232
Employee benefits	1,073,835		1,073,835
Volunteer retention	25,881		25,881
Administration	109,248		109,248
Utilities	123,461		123,461
Equipment purchases	77,105		77,105
Facility improvements	110,250		110,250
Legal, accounting and insurance	86,079		86,079
Maintenance	257,210		257,210
Supplies	107,725		107,725
Training	55,926		55,926
Fire prevention	5,979		5,979
Debt service:			
Principal		212,904	212,904
Interest		27,501	27,501
Total Expenditures	<u>4,225,047</u>	<u>240,405</u>	<u>4,465,452</u>
Excess (deficiency) of Revenues Over Expenditures	695,709	(240,405)	455,304
OTHER FINANCING SOURCES (USES)			
Transfers in	0	240,405	240,405
Transfers out	(240,405)	0	(240,405)
Proceeds from sale of fixed assets	2,775	0	2,775
Total Other Financing Sources and (Uses)	<u>(237,630)</u>	<u>240,405</u>	<u>2,775</u>
Net changes in fund balance	<u>458,079</u>	<u>0</u>	<u>458,079</u>
Fund balances - beginning of year as restated	<u>2,748,900</u>	<u>0</u>	<u>2,748,900</u>
Fund balances - ending of year	<u>\$ 3,206,979</u>	<u>\$ 0</u>	<u>\$ 3,206,979</u>

See accompanying notes to basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
 BALANCES-GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES:
 YEAR ENDED JUNE 30, 2015

Net change in fund balances—total governmental funds \$ 458,079

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 115,023

The net effect of various transactions involving capital assets (sales,
 trade-ins, and contributions) is to decrease capital assets recorded in
 the current period 0

Depreciation expense not recorded as expenditure in gov't. funds (393,175)

Amortization expense not recorded as expenditure in gov't. funds (98,000)

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

Proceeds from long term debt 0

Repayment of debt principal is expenditure in the governmental funds,
 but the repayment reduces long-term liabilities in the Statement of Net
 Position 212,904

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 absence 0

Change in Net Position of Governmental Activities \$ 294,831

OKOLONA FIRE PROTECTION DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOV'T FUNDS
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Actual Amounts (Budgetary Basis)	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Original	Final				
REVENUES						
Taxes	\$ 4,594,370	\$ 4,560,506	104,571	4,665,077	\$(15,757)	4,660,834
State incentive pay	177,000	177,000	(6,851)	170,149		170,149
Grants	0	0	3,200	3,200		3,200
Cell tower income	31,680	31,680	1,584	33,264		33,264
Insurance recoveries	0	0	1,243	1,243		1,243
Fees and reimbursement	21,350	57,124	(25,567)	31,557		31,557
Interest income	2,000	3,000	(2,491)	509		509
Cash transfers from Other Funds	0	0	0	0		0
Unencumbered cash balance carryover	451,725	451,725	2,775,738	3,227,463	(367,956)	2,859,507
Total Revenue and Carryover	5,278,125	5,281,035	2,851,428	8,132,463	(383,713)	7,780,263
Expenditures						
Employee payroll & taxes	2,219,908	2,219,908	(56,840)	2,163,068	(24,280)	2,187,348
Employee benefits	1,267,926	1,247,926	(169,091)	1,078,835	0	1,078,835
Volunteer retention	66,000	54,000	(28,119)	25,881		25,881
Administration	124,000	124,000	(14,752)	109,248		109,248
Utilities	130,465	132,986	(9,505)	123,461		123,461
Equipment purchases	162,000	86,000	(2,454)	83,546	6,441	77,105
Facility improvements	29,095	110,542	(292)	110,250		110,250
Reserve for transfer	451,725	451,725	(451,725)	0	2,596	86,079
Legal, accounting & insurance	92,006	99,006	(10,331)	88,675		257,210
Maintenance	268,500	268,162	(30,952)	257,210		107,725
Supplies	139,000	132,800	(25,075)	107,725		55,926
Training	63,000	64,500	(8,574)	55,926		5,979
Fire prevention	7,000	11,000	(5,021)	5,979		212,904
Debt Service:	207,015	208,015	4,889	212,904		27,501
Principal	50,485	50,485	(21,091)	29,394	1,893	4,465,452
Interest	5,278,125	5,281,035	(828,933)	4,452,102	(13,350)	
Total Expenditures						
Other Financing Sources (Uses):						
Proceeds of long term debt	0	0	0	0		2,775
Sale of surplus property	0	0	2,775	2,775	0	2,775
Total Other Financing Sources and (Uses)	0	0	2,775	2,775		
Excess (deficiency) of revenues and other sources over expenditures and other uses	0	0	3,683,136	3,683,136	(370,363)	3,317,586
Fund balance - Ending	0	0		3,683,136		3,317,586

See accompanying note to budgetary comparison schedules.

OKOLONA FIRE PROTECTION DISTRICT
EXPLANATION OF BUDGET TO GAAP DIFFERENCE
YEAR ENDED JUNE 30, 2015

RECONCILIATION OF GAAP TO BUDGET BASIS DUE TO

Adjustments created because budget prepared on a cash basis and financial statements prepared on accrual basis.

Prior year fund balance carryover of \$2,859,507 (as restated) is adjusted to cash basis carryover of \$3,227,463. This is not revenue of the current period, but is presented as revenue for budgetary reporting purposes only.

Tax revenue is adjusted by subtracting taxes receivable difference of \$15,757 for the years ended June 30, 2014 and June 30, 2015.

Insurance expense is adjusted by adding back prepaid health insurance difference of \$2,596 for the years ended June 30, 2014 and June 30, 2015.

Equipment Purchases is adjusted by adding back accounts payable difference of \$6,441 for the years ended June 30, 2014 and June 30, 2015.

Employee payroll is adjusted by subtracting accrued vacation and retirement difference of \$24,280 for the years ended June 30, 2014 and June 30, 2015.

Interest expense is adjusted by adding back accrued interest difference of \$1,893 for the years ended June 30, 2014 and June 30, 2015.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Okolona Fire Protection District was created and established by virtue of the Judgment of the Circuit Court of Jefferson County, Kentucky, in December 1957. The District was established under the 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. 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 Okolona 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, 1989. 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 classification and clarifies definitions for governmental fund types. GASB 54 is effective for financial statements for fiscal years beginning after June 15, 2010.

For classification of fund balances in accordance with Paragraph 18 of GASBS No. 54 the following should be considered: (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 expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position/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:

Invested in Capital Assets - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

Restricted Net Position - Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net position.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Net Position/Fund Balances - (Continued)

Unrestricted Net Position - This category represents net assets not appropriated for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into the following classifications, as applicable:

Non-spendable - These resources include amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed - Amounts constrained for a specific purpose by the District using its highest level of decision-making authority. For resources considered committed the Board of Trustees issues a resolution that can only be changed with another corresponding resolution.

Assigned - These funds include amounts that the District intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Amounts may be assigned by the Board of Trustees or the member from the Board of Trustees given authority to assign amounts.

Unassigned - These funds include amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

GASBS No. 68

Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012. This statement requires changes to the accounting for pension costs related to the District's participation in the Kentucky County Retirement System. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. GASB 68 is effective for financial statements for fiscal years beginning after June 15, 2014.

GASBS No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASBS Statement No. 68, which is to be applied simultaneously with GASBS No. 68.

Basis of Presentation

The Government-wide financial statements (the Statement of Net Position 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.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation – (Continued)

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 units.

General Fund

The general fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, 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 principal, 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 position 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 time liability is incurred.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budgets & Budgetary Accounting

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. All other revenues are recognized when received.

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 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 22, 2014 and final amendment on June 4, 2015), with actual data on a budgetary cash basis. Included with the comparison is a reconciliation of the accrual based financial with the cash based budget.

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometime report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of resources of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. This is the District's pension contributions made subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category, Difference between expected and actual experience changes in assumptions, which is reported in the Statement of Net Position and Balance Sheet – Government Funds. These amounts are recognized as an inflow of resources in the period that the amounts become available. Refer to the Pension Liability, Pension Expense and Deferred inflows of Resources Related to Pension in Note 8, Pension Plan.

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Implementation of New GASB Pronouncements

In fiscal year end June 30, 2015 the District adopted the following new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement:

Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012. This statement requires changes to the accounting for pension costs related to the District’s participation in the Kentucky County Retirement System. The impact on the financial statements was a decrease in beginning net position as follows:

	Statement of Activities
Net position – beginning of year, as previously reported	\$ 4,216,928
Restatement of Deferred Outflow of Resources	669,345
Restatement of beginning net pension liability	(5,475,678)
Restatement of Amortization of Deferred Inflows of Resources	<u>98,000</u>
Net position – beginning of year, as restated	<u>\$ (491,405)</u>

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 \$3,307,192 were held entirely by one financial institution at June 30, 2015. Of this balance, \$250,000 was covered by federal depository insurance, and \$3,057,192 was collateralized with securities pledged by the financial institution and a U.S. Treasury Money Market account in the District's name. Based on the above information, there was no cash and investments in excess of the collateralized amount at June 30, 2015.

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.

4. PREPAID ITEMS

Prepaid insurance represents payments made by the District in the current year to provide services occurring in the subsequent fiscal year.

5. CAPITAL ASSETS

A capital asset, which includes 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.

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

5. CAPITAL ASSETS - (Continued)

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

Buildings	40 Years
Improvements	20 years
Fire Trucks	15 Years
Vehicles	5 Years
Equipment	5 Years
Fire Fighting Gear	10 Years

A summary of changes in property and equipment for the year ended June 30, 2015, follows:

Governmental Activities:

	Balance <u>06/30/14</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/15</u>
Land	\$ 62,468	\$ -0-	\$ -0-	\$ 62,468
Buildings and Improvements	4,627,439	88,595	-0-	4,716,034
Equipment	2,323,731	26,428	69,813	2,280,396
Vehicles	<u>3,875,891</u>	<u>-0-</u>	<u>22,098</u>	<u>3,853,793</u>
Total Assets	10,889,579	115,023	91,911	10,912,691
Less Accumulated Depreciation				
Buildings and Improvements	3,359,552	125,931	-0-	3,485,483
Equipment	2,018,238	74,627	69,813	2,023,052
Vehicles	<u>2,608,157</u>	<u>192,618</u>	<u>22,098</u>	<u>2,778,677</u>
Total Acc Depreciation	<u>7,985,947</u>	<u>393,176</u>	<u>91,911</u>	<u>8,287,212</u>
Total Net Assets	\$ <u>2,903,632</u>			\$ <u>2,625,479</u>

6. NOTES PAYABLE - PNC BANK

Notes payable consist of the following at June 30, 2015:

Note dated February 11, 2005 payable to PNC Bank. This note is secured by equipment, fixtures and other assets. Payment is to be made in monthly installments of \$6,586 including principal and interest beginning April 12, 2010 with interest at 3.20% with a maturity date of February 11, 2020.

The following is a summary of long-term note transactions of the District for the year ended June 30, 2015:

Note payable at June 30, 2014	\$415,922
Principal paid	<u>(73,887)</u>
Note payable at June 30, 2015	<u>\$342,035</u>

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

6. NOTES PAYABLE - PNC BANK - (CONTINUED)

Future maturities of the above note payable are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2016	\$ 69,302	\$ 9,937
2017	71,348	7,693
2018	73,665	5,376
2019	76,057	2,984
2020	<u>51,663</u>	<u>623</u>
Total Payments	<u>\$342,035</u>	<u>\$26,613</u>

Lease dated March 1, 2011 payable to PNC Bank. This lease is secured by equipment. Payments are to be made for monthly interest and annual principal payments of \$80,000 beginning April 1, 2011 with interest at 3.35% with a maturity date of March 1, 2021.

The following is a summary of long-term lease transactions of the District for the year ended June 30, 2015:

Lease payable at June 30, 2014	\$555,763
Principal paid	<u>(80,000)</u>
Lease payable at June 30, 2015	<u>\$475,763</u>

Future maturities of the above note payable are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2016	\$ 80,000	\$14,301
2017	80,000	11,539
2018	80,000	8,822
2019	80,000	6,104
2020	80,000	3,402
2021	<u>75,763</u>	<u>670</u>
Total Payments	<u>\$475,763</u>	<u>\$44,838</u>

Lease dated March 12, 2013 payable to PNC Equipment Lease. This lease is secured by equipment. Payments are to be made annually in the amount of \$71,897 beginning July 1, 2013 with interest at 2.5% with a maturity date of July 12, 2022.

The following is a summary of long-term lease transactions of the District for the year ended June 30, 2015:

Lease payable at June 30, 2014	\$573,079
Principal paid	<u>(57,570)</u>
Lease payable at June 30, 2015	<u>\$515,509</u>

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

6. NOTES PAYABLE - PNC BANK – (CONTINUED)

Future maturities of the above note payable are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 59,009	\$ 12,888
2017	60,484	11,413
2018	61,996	9,900
2019	63,546	8,350
2020	65,135	6,762
2021 – 2023	<u>208,339</u>	<u>12,061</u>
Total Payments	<u>\$515,509</u>	<u>\$61,374</u>

7. 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 in August of the following year.

8. PENSION PLAN

The District participates in the County Employee Retirement System, a cost sharing multiple-employer Public Employee Retirement System, which covers its paid employees and all volunteer firefighters who have achieved at least one year of service credit. For the fiscal year ended June 30, 2015, the District's covered payroll for hazardous and non-hazardous positions were \$2,044,116 including volunteer firefighters deemed wages.

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, 2015.

Contribution rates were as follows:

	<u>Employee</u>	<u>Employer</u>
Non-hazardous	5.0%-6.0%	17.67%
Hazardous	8.0%-9.0%	34.31%

The District's contribution for the fiscal year ended June 30, 2015 amounted to \$825,718. \$669,345 of which was contributed by the District and \$156,373 by the District's employees.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. 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:

FISCAL YEAR FUNDING	PENSION ANNUAL COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
06/30/13	\$765,824	100%	-0-
06/30/14	\$730,816	100%	-0-
06/30/15	\$669,345	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, 2014 as reported in Kentucky Retirement System audited financial statements for the fiscal year ended June 30, 2014 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 Covered Payroll
June 30, 2012	7,294,614,896	12,149,559,742	4,854,944,846	60.0	2,700,775,268	179.8
June 30, 2013	7,438,785,893	12,503,081,707	5,064,295,814	59.5	2,697,950,056	187.7
June 30, 2014	8,084,773,719	13,061,348,369	4,976,574,650	61.9	2,751,434,303	180.9

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 Covered Payroll
June 30, 2012	2,341,894,693	3,735,614,345	1,393,719,652	62.7	2,700,775,268	51.6
June 30, 2013	2,521,018,588	3,881,226,917	1,360,208,329	65.0	2,697,950,056	50.4
June 30, 2014	2,828,932,702	4,110,778,979	1,281,846,277	68.8	2,751,434,303	46.6

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN – (Continued)

Pension Liability, Pension Expense, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$4,973,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportionate of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions to the pension plan relative to the projected contributions of all participating fire districts, actuarially determined.

For the year ended June 30, 2015, the District recognized pension expense of \$558,736. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ - 0 -	\$490,000
Changes in assumptions	- 0 -	- 0 -
Net difference between projected and actual earnings on pension plan investment	- 0 -	- 0 -
Amortization of deferred inflows from net difference between projected and actual earnings on Plan investments (5-years)	- 0 -	(98,000)
District contribution subsequent to the measurement date	<u>669,345</u>	<u>- 0 -</u>
 Total	 <u>\$ 669,345</u>	 <u>\$392,000</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as followed:

Year ended June 30:	
2016	\$ 98,000
2017	98,000
2018	98,000
2019	<u>98,000</u>
Total	<u>\$392,000</u>

Actuarial assumptions. The total pension liability for CERS was determined by applying procedures to the actuarial valuation to the June 30, 2014. The financial reporting actuarial reporting as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2005 – June 30, 2008
Actuarial Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5 year smoothed market
Inflation	3.50 percent
Salary increase	4.50 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN – (Continued)

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period disability retirement.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimates ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.50%
Private Equity	7%	11.25%
Real Estate	5%	7.00%
Core US Fixed Income	10%	5.25%
High Yield US Fixed Income	5%	7.25%
Non US Fixed Income	5%	5.50%
Commodities	5%	7.75%
TIPS	5%	5.00%
Cash	1%	3.25%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability of 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2014, based on the June 30, 2014, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8 PENSION PLAN – (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate.

	<u>Discount rate</u>	<u>District's proportionate share of net pension liability</u>
1% decrease	6.75%	\$6,458,000
Current discount rate	7.75%	\$4,973,000
1% increase	8.75%	\$3,829,000

9. DEFERRED COMPENSATION

The District participates in the Kentucky Public Employees Deferred Compensation System, which provides deferred compensation plans under Section 457 (Plan I) and Section 401(k) (Plan II) of the Internal Revenue Code. Deferrals under Plan I remain the property of the District, subject only to the claims of its general creditors until paid out in benefits. The plans cover the District's paid personnel who elect to participate. The liability is funded through employee contributions to the plans.

10. CONTINGENCIES - LAWSUITS

On April 11, 2013, a lawsuit was filed in Jefferson Circuit Court, *Clark Property Tax Investments, LLC vs. Black Mud Fire District, Inc. et al.* (case number 13-CI-401386). The case involves unpaid telecommunication taxes in the amount of \$3,057 (plus statutory interest and attorney fees) related to a cell tower located at Station 3 (formally Black Mudd Fire District merged with Okolona Fire Protection District). The plaintiff is seeking foreclosure of the District's property. There was a dispute regarding which, if any, cell carrier owes the tax. The Jefferson County Property Valuation Administrator exonerated the tax bills on October 15, 2014 that were subject to the lawsuit and a refund was issued to Clark Property through the Jefferson County Attorney's Office for amounts they paid to purchase the tax bills. This action should result in dismissal of their suit.

11. 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.

12. ON BEHALF PAYMENTS SALARIES

The District received \$170,149 from the State of Kentucky as administered by the Commission on Fire Protection Personnel Standards and Education for educational pay incentive.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

13. FIRE TRAINING ACADEMY

Okolona Fire Protection District is one of nine fire district members of the Jefferson County Fire Training Academy, Inc. The Training Academy issues a stand-alone financial report.

The District as an equal co-borrower, is responsible for 11.12% (\$32,090) of the outstanding balance of the Note in the amount of \$288,577, and is jointly and severally liable on the balance of the Note. Management evaluated the District's exposure to loss at June 30, 2015 and no accrual was deemed necessary.

The District pays 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.

14. SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through September 11, 2015, the date the financial statements were available to be issued.

15. 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 Statement of Net Position, the total amount of unpaid compensated absences is reported with accrued expenses.

16. COMMITMENTS

The District has made a commitment to purchase rescue equipment not to exceed \$134,000.

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 COUNTY EMPLOYEE SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>June 30, 2014</u>
District proportion of the net pension liability (assets)	0.4106%
District's proportionate share of the net pension liability (asset)	\$ 4,973,069
District's covered-employee payroll	\$ 2,044,116
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.1037%
Plan fiduciary net position as a percentage of the total pension liability	65.9591%

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES
 YEAR ENDED JUNE 30, 2015

<u>EMPLOYEE PAYROLL</u>	\$ <u>2,044,116</u>
<u>PAYROLL TAXES</u>	\$ <u>143,232</u>
<u>EMPLOYEE BENEFITS</u>	
Health Awareness/Promo Education	41,852
Group Health and Dental Insurance	383,827
Firefighter Pension	558,736
Lump Sum Payment	1,545
Workers Compensation	56,072
Deferred Compensation Payment	-
Meal Stipend	<u>36,803</u>
<u>TOTAL EMPLOYEE BENEFITS</u>	\$ <u>1,078,835</u>
<u>VOLUNTEER RETENTION</u>	
Retention & Life Insurance	\$ 8,319
Firefighter's Expense Reimbursement	16,173
Disability, Life & Additional Insurance	<u>1,389</u>
<u>TOTAL VOLUNTEER RETENTION</u>	\$ <u>25,881</u>
<u>ADMINISTRATION</u>	
Petty Cash	\$ 500
Legal Advertising	6,963
Qualification and Testing	-
Dues and Subscriptions	3,372
Fire Fighters Fund	1,405
Awards and Recognition Banquet	20,248
Travel and Mileage Reimbursement	223
Trustee Meeting Allowance	2,000
Miscellaneous	2,073
Bank Charges	1,458
Tax Rolls	67,005
Professional Counseling	2,250
Crusade for Children	1,006
Certifications & Re-certifications	575
Sympathy and Distress	<u>170</u>
<u>TOTAL ADMINISTRATION</u>	\$ <u>109,248</u>

See Auditor's Report on Supplementary Information.

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES - (Continued)
 YEAR ENDED JUNE 30, 2015

UTILITIES

Gas and Electricity	\$	64,558
Telephone		42,836
Water and Sewer		14,712
Cable Television		<u>1,355</u>
<u>TOTAL UTILITIES</u>	\$	<u>\$123,461</u>

EQUIPMENT PURCHASES

Vehicle and Apparatus	\$	10
Building and Improvements		-
Office Equipment		5,804
Portable Support		28,602
Tools		688
Radios		423
Personal		<u>41,578</u>
<u>TOTAL EQUIPMENT PURCHASES</u>	\$	<u>77,105</u>

FACILITY IMPROVEMENTS

Improvements - All Stations	\$	<u>110,250</u>
<u>TOTAL FACILITY IMPROVEMENTS</u>	\$	<u>110,250</u>

LEGAL, ACCOUNTING, AND INSURANCE

Legal and In-house Counsel	\$	12,081
Accounting and Auditing		21,470
Insurance		<u>52,528</u>

TOTAL LEGAL, ACCOUNTING, AND INSURANCE

\$ 86,079

MAINTENANCE

Vehicle and Apparatus	\$	184,114
Radios		698
Portable and Support		21,364
Office and Computer		1,987
Fire Stations		<u>49,047</u>

TOTAL MAINTENANCE

\$ 257,210

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES - (Continued)
 YEAR ENDED JUNE 30, 2015

SUPPLIES

Cleaning and Kitchen	\$	11,840
Office and Computer		20,474
Food and Refreshments		4,445
Firefighting		4,174
Fuel and Oil		65,792
EMT and First Aid		54
Maintenance		0
Postage and Shipping		946

TOTAL SUPPLIES \$ 107,725

TRAINING

Schools and Conferences	\$	24,669
Equipment and Supplies		6,593
Regional Fire Academy		10,000
Training Awards		399
Physical Fitness		4,489
Medical Testing		9,776

TOTAL TRAINING \$ 55,926

FIRE PREVENTION

Public Education	\$	0
Equipment		70
Supplies		5,909

TOTAL FIRE PREVENTION \$ 5,979

DEBT REPAYMENT

\$ 212,904

INTEREST

\$ 27,501

TOTAL EXPENDITURES

\$ 4,465,452

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES - (Continued)
 YEAR ENDED JUNE 30, 2015

SUPPLIES

Cleaning and Kitchen	\$ 11,840
Office and Computer	20,474
Food and Refreshments	4,445
Firefighting	4,174
Fuel and Oil	65,792
EMT and First Aid	54
Maintenance	0
Postage and Shipping	946
	<u>946</u>

TOTAL SUPPLIES \$ 107,725

TRAINING

Schools and Conferences	\$ 24,669
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Regional Fire Academy	10,000
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	<u>9,776</u>

TOTAL TRAINING \$ 55,926

FIRE PREVENTION

Public Education	\$ 0
Equipment	70
Supplies	5,909
	<u>5,909</u>

TOTAL FIRE PREVENTION \$ 5,979

DEBT REPAYMENT \$ 212,904 *Cracks*

INTEREST \$ 27,501 *Cracks*

TOTAL EXPENDITURES \$ 4,465,452

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES - (Continued)
 YEAR ENDED JUNE 30, 2015

UTILITIES

Gas and Electricity	\$ 64,558
Telephone	42,836
Water and Sewer	14,712
Cable Television	1,355
	<u>1,355</u>

TOTAL UTILITIES \$ \$123,461

EQUIPMENT PURCHASES

Vehicle and Apparatus	\$ 10
Building and Improvements	-
Office Equipment	5,804
Portable Support	28,602
Tools	688
Radios	423
Personal	41,578
	<u>41,578</u>

TOTAL EQUIPMENT PURCHASES \$ 77,105

FACILITY IMPROVEMENTS

Improvements - All Stations	\$ <u>110,250</u>
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TOTAL FACILITY IMPROVEMENTS \$ 110,250

LEGAL, ACCOUNTING, AND INSURANCE

Legal and In-house Counsel	\$ 12,081
Accounting and Auditing	21,470
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	<u>52,528</u>

TOTAL LEGAL, ACCOUNTING, AND INSURANCE \$ 86,079

MAINTENANCE

Vehicle and Apparatus	\$ 184,114
Radios	698
Portable and Support	21,364
Office and Computer	1,987
Fire Stations	49,047
	<u>49,047</u>

TOTAL MAINTENANCE \$ 257,210

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES
 YEAR ENDED JUNE 30, 2015

<u>EMPLOYEE PAYROLL</u>	\$ <u>2,044,116</u>
<u>PAYROLL TAXES</u>	\$ <u>143,232</u>
<u>EMPLOYEE BENEFITS</u>	
Health Awareness/Promo Education	41,852
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Firefighter Pension	558,736
Lump Sum Payment	1,545
Workers Compensation	56,072
Deferred Compensation Payment	-
Meal Stipend	<u>36,803</u>
<u>TOTALEMPLOYEE BENEFITS</u>	\$ <u>1,078,835</u>
<u>VOLUNTEER RETENTION</u>	
Retention & Life Insurance	\$ 8,319
Firefighter's Expense Reimbursement	16,173
Disability, Life & Additional Insurance	<u>1,389</u>
<u>TOTAL VOLUNTEER RETENTION</u>	\$ <u>25,881</u>
<u>ADMINISTRATION</u>	
Petty Cash	\$ 500
Legal Advertising	6,963
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Dues and Subscriptions	3,372
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Certifications & Re-certifications	575
Sympathy and Distress	<u>170</u>
<u>TOTAL ADMINISTRATION</u>	\$ <u>109,248</u>

See Auditor's Report on Supplementary Information.

OKOLONA FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2015

REVENUES

Taxes - Assessments as of January 1, 2014	\$ 4,680,834
State Aid and Incentive Pay	170,149
Grants	3,200
Cell Tower Income	33,264
Insurance recoveries	1,243
Fees and reimbursements	31,557
Interest Income	<u>509</u>

TOTAL REVENUES \$ 4,920,756

OTHER FINANCING SOURCES OR (SOURCES)

Sale of Surplus Property \$ \$2,775

TOTAL OTHER FINANCING SOURCES OR (SOURCES) \$ 2,775

OKOLONA FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
COUNTY EMPLOYEE SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

	<u>June 30, 2014</u>
Statutorily required contribution	\$ 669,345
Contributions in relation to the statutorily required contribution	(669,345)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered payroll	2,044,116
Contributions as a percentage of covered employee payroll	32.74%

See Auditor's Report on Required Supplementary Information

OKOLONA FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 COUNTY EMPLOYEE SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2015

		<u>June 30, 2014</u>
District proportion of the net pension liability (assets)		0.4106%
District's proportionate share of the net pension liability (asset)	\$	4,973,069
District's covered-employee payroll	\$	2,044,116
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		41.1037%
Plan fiduciary net position as a percentage of the total pension liability		65.9591%

Out of State

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

13. FIRE TRAINING ACADEMY

Okolona Fire Protection District is one of nine fire district members of the Jefferson County Fire Training Academy, Inc. The Training Academy issues a stand-alone financial report.

The District as an equal co-borrower, is responsible for 11.12% ^{gfd + wmt} (\$32,090) of the outstanding balance of the Note in the amount of \$288,577, and is jointly and severally liable on the balance of the Note. Management evaluated the District's exposure to loss at June 30, 2015 and no accrual was deemed necessary.

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In preparing these financial statements, the District as evaluated events and transactions for potential recognition or disclosure through September 11, 2015, the date the financial statements were available to be issued.

15. COMPENSATED BALANCES

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16. COMMITMENTS

The District has made a commitment to purchase rescue equipment not to exceed \$134,000.

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN – (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate:

	<u>Discount rate</u>	<u>District's proportionate share of net pension liability</u>
1% decrease	6.75%	\$6,458,000
Current discount rate	7.75%	\$4,973,000
1% increase	8.75%	\$3,829,000

9. DEFERRED COMPENSATION

The District participates in the Kentucky Public Employees Deferred Compensation System, which provides deferred compensation plans under Section 457 (Plan I) and Section 401(k) (Plan II) of the Internal Revenue Code. Deferrals under Plan I remain the property of the District, subject only to the claims of its general creditors until paid out in benefits. The plans cover the District's paid personnel who elect to participate. The liability is funded through employee contributions to the plans.

10. CONTINGENCIES - LAWSUITS

On April 11, 2013, a lawsuit was filed in Jefferson Circuit Court, *Clark Property Tax Investments, LLC vs. Black Mud Fire District, Inc. et al.* (case number 13-CI-401386). The case involves unpaid telecommunication taxes in the amount of \$3,057 (plus statutory interest and attorney fees) related to a cell tower located at Station 3 (formally Black Mudd Fire District merged with Okolona Fire Protection District). The plaintiff is seeking foreclosure of the District's property. There was a dispute regarding which, if any, cell carrier owes the tax. The Jefferson County Property Valuation Administrator exonerated the tax bills on October 15, 2014 that were subject to the lawsuit and a refund was issued to Clark Property through the Jefferson County Attorney's Office for amounts they paid to purchase the tax bills. This action should result in dismissal of their suit.

*followed
 with on
 10/15/14*

11. 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.

12. ON BEHALF PAYMENTS SALARIES

The District received \$170,149 from the State of Kentucky as administered by the Commission on Fire Protection Personnel Standards and Education for educational pay incentive.

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN – (Continued)

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period disability retirement.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimates ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.50%
Private Equity	7%	11.25%
Real Estate	5%	7.00%
Core US Fixed Income	10%	5.25%
High Yield US Fixed Income	5%	7.25%
Non US Fixed Income	5%	5.50%
Commodities	5%	7.75%
TIPS	5%	5.00%
Cash	1%	3.25%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability of 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments, The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2014, based on the June 30, 2014, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

8. PENSION PLAN – (Continued)

Pension Liability, Pension Expense, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$4,973,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportionate of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions to the pension plan relative to the projected contributions of all participating fire districts, actuarially determined.

For the year ended June 30, 2015, the District recognized pension expense of \$558,736. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ - 0 -	\$490,000
Changes in assumptions	- 0 -	- 0 -
Net difference between projected and actual earnings on pension plan investment	- 0 -	- 0 -
Amortization of deferred inflows from net difference between projected and actual earnings on Plan investments (5-years)	- 0 -	(98,000)
District contribution subsequent to the measurement date	<u>669,345</u>	<u>- 0 -</u>
Total	<u>\$ 669,345</u>	<u>\$392,000</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as followed:

Year ended June 30:	
2016	\$ 98,000
2017	98,000
2018	98,000
2019	<u>98,000</u>
Total	<u>\$392,000</u>

Actuarial assumptions. The total pension liability for CERS was determined by applying procedures to the actuarial valuation to the June 30, 2014. The financial reporting actuarial reporting as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2005 – June 30, 2008
Actuarial Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5 year smoothed market
Inflation	3.50 percent
Salary increase	4.50 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

8. 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:

FISCAL YEAR <u>FUNDING</u>	PENSION ANNUAL COST (APC)	PERCENTAGE OF APC <u>CONTRIBUTED</u>	NET PENSION OBLIGATION
06/30/13	\$765,824	100%	-0-
06/30/14	\$730,816	100%	-0-
06/30/15	\$669,345	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, 2014 as reported in Kentucky Retirement System audited financial statements for the fiscal year ended June 30, 2014 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 Covered Payroll
June 30, 2012	7,294,614,896	12,149,559,742	4,854,944,846	60.0	2,700,775,268	179.8
June 30, 2013	7,438,785,893	12,503,081,707	5,064,295,814	59.5	2,697,950,056	187.7
June 30, 2014	8,084,773,719	13,061,348,369	4,976,574,650	61.9	2,751,434,303	180.9

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 Covered Payroll
June 30, 2012	2,341,894,693	3,735,614,345	1,393,719,652	62.7	2,700,775,268	51.6
June 30, 2013	2,521,018,588	3,881,226,917	1,360,208,329	65.0	2,697,950,056	50.4
June 30, 2014	2,828,932,702	4,110,778,979	1,281,846,277	68.8	2,751,434,303	46.6

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

6. NOTES PAYABLE - PNC BANK – (CONTINUED)

Future maturities of the above note payable are as follows:

<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 59,009	\$ 12,888
2017	60,484	11,413
2018	61,996	9,900
2019	63,546	8,350
2020	65,135	6,762
2021 – 2023	<u>208,339</u>	<u>12,061</u>
Total Payments	<u>\$515,509</u>	<u>\$61,374</u>

7. 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 in August of the following year.

8. PENSION PLAN

The District participates in the County Employee Retirement System, a cost sharing multiple-employer Public Employee Retirement System, which covers its paid employees and all volunteer firefighters who have achieved at least one year of service credit. For the fiscal year ended June 30, 2015, the District's covered payroll for hazardous and non-hazardous positions were \$2,044,116 including volunteer firefighters deemed wages.

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, 2015.

Contribution rates were as follows:

	<u>Employee</u>	<u>Employer</u>
Non-hazardous	5.0%-6.0%	17.67%
Hazardous	8.0%-9.0%	34.31%

The District's contribution for the fiscal year ended June 30, 2015 amounted to \$825,718, \$669,345 of which was contributed by the District and \$156,373 by the District's employees.

OKOLONA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

6. NOTES PAYABLE - PNC BANK - (CONTINUED)

Future maturities of the above note payable are as follows:

<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 69,302	\$ 9,937
2017	71,348	7,693
2018	73,665	5,376
2019	76,057	2,984
2020	<u>51,663</u>	<u>623</u>
Total Payments	<u>\$342,035</u>	<u>\$26,613</u>

Lease dated March 1, 2011 payable to PNC Bank. This lease is secured by equipment. Payments are to be made for monthly interest and annual principal payments of \$80,000 beginning April 1, 2011 with interest at 3.35% with a maturity date of March 1, 2021.

The following is a summary of long-term lease transactions of the District for the year ended June 30, 2015:

Lease payable at June 30, 2014	\$555,763
Principal paid	<u>(80,000)</u>
Lease payable at June 30, 2015	<u>\$475,763</u>

Future maturities of the above note payable are as follows:

<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 80,000	\$14,301
2017	80,000	11,539
2018	80,000	8,822
2019	80,000	6,104
2020	80,000	3,402
2021	<u>75,763</u>	<u>670</u>
Total Payments	<u>\$475,763</u>	<u>\$44,838</u>

Lease dated March 12, 2013 payable to PNC Equipment Lease. This lease is secured by equipment. Payments are to be made annually in the amount of \$71,897 beginning July 1, 2013 with interest at 2.5% with a maturity date of July 12, 2022.

The following is a summary of long-term lease transactions of the District for the year ended June 30, 2015:

Lease payable at June 30, 2014	\$573,079
Principal paid	<u>(57,570)</u>
Lease payable at June 30, 2015	<u>\$515,509</u>

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

5. CAPITAL ASSETS - (Continued)

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

Buildings	40 Years
Improvements	20 years
Fire Trucks	15 Years
Vehicles	5 Years
Equipment	5 Years
Fire Fighting Gear	10 Years

A summary of changes in property and equipment for the year ended June 30, 2015, follows:

Governmental Activities:

	Balance <u>06/30/14</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/15</u>
Land	\$ 62,468	\$ -0-	\$ -0-	\$ 62,468
Buildings and Improvements	4,627,439	88,595	-0-	4,716,034
Equipment	2,323,781	26,428	69,813	2,280,396
Vehicles	<u>3,875,891</u>	<u>-0-</u>	<u>22,098</u>	<u>3,853,793</u>
Total Assets	10,889,579	115,023	91,911	10,912,691
Less Accumulated Depreciation				
Buildings and Improvements	3,359,552	125,931	-0-	3,485,483
Equipment	2,018,238	74,627	69,813	2,023,052
Vehicles	<u>2,608,157</u>	<u>192,618</u>	<u>22,098</u>	<u>2,778,677</u>
Total Acc. Depreciation	<u>7,985,947</u>	<u>393,176</u>	<u>91,911</u>	<u>8,287,212</u>
Total Net Assets	\$ <u>2,903,632</u>			\$ <u>2,625,479</u>

6. NOTES PAYABLE - PNC BANK

Notes payable consist of the following at June 30, 2015:

Note dated February 11, 2005 payable to PNC Bank. This note is secured by equipment, fixtures and other assets. Payment is to be made in monthly installments of \$6,586 including principal and interest beginning April 12, 2010 with interest at 3.20% with a maturity date of February 11, 2020.

The following is a summary of long-term note transactions of the District for the year ended June 30, 2015:

Note payable at June 30, 2014	\$415,922
Principal paid	<u>(73,887)</u>
Note payable at June 30, 2015	<u>\$342,035</u>

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Implementation of New GASB Pronouncements

In fiscal year end June 30, 2015 the District adopted the following new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement:

Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012. This statement requires changes to the accounting for pension costs related to the District's participation in the Kentucky County Retirement System. The impact on the financial statements was a decrease in beginning net position as follows:

	Statement of Activities
Net position – beginning of year, as previously reported	\$ 4,216,928
Restatement of Deferred Outflow of Resources	669,345
Restatement of beginning net pension liability	(5,475,678)
Restatement of Amortization of Deferred Inflows of Resources	98,000
Net position – beginning of year, as restated	<u>\$ (491,405)</u>

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 \$3,307,192 were held entirely by one financial institution at June 30, 2015. Of this balance, \$250,000 was covered by federal depository insurance, and \$3,057,192 was collateralized with securities pledged by the financial institution and a U.S. Treasury Money Market account in the District's name. Based on the above information, there was no cash and investments in excess of the collateralized amount at June 30, 2015.

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.

4. PREPAID ITEMS

Prepaid insurance represents payments made by the District in the current year to provide services occurring in the subsequent fiscal year.

5. CAPITAL ASSETS

A capital asset, which includes 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.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budgets & Budgetary Accounting

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. All other revenues are recognized when received.

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 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 22, 2014 and final amendment on June 4, 2015), with actual data on a budgetary cash basis. Included with the comparison is a reconciliation of the accrual based financial with the cash based budget.

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometime report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of resources of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. This is the District's pension contributions made subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category, Difference between expected and actual experience changes in assumptions, which is reported in the Statement of Net Position and Balance Sheet – Government Funds. These amounts are recognized as an inflow of resources in the period that the amounts become available. Refer to the Pension Liability, Pension Expense and Deferred inflows of Resources Related to Pension in Note 8, Pension Plan.

*Deferrals
Pension
Reporting*

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation – (Continued)

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 units.

General Fund

The general fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, 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 principal, 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 position 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 time liability is incurred.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Net Position/Fund Balances - (Continued)

Unrestricted Net Position - This category represents net assets not appropriated for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into the following classifications, as applicable:

Non-spendable - These resources include amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed - Amounts constrained for a specific purpose by the District using its highest level of decision-making authority. For resources considered committed the Board of Trustees issues a resolution that can only be changed with another corresponding resolution.

Assigned - These funds include amounts that the District intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Amounts may be assigned by the Board of Trustees or the member from the Board of Trustees given authority to assign amounts.

Unassigned - These funds include amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

GASBS No. 68

Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012. This statement requires changes to the accounting for pension costs related to the District's participation in the Kentucky County Retirement System. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. GASB 68 is effective for financial statements for fiscal years beginning after June 15, 2014.

GASBS No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASBS Statement No. 68, which is to be applied simultaneously with GASBS No. 68.

Basis of Presentation

The Government-wide financial statements (the Statement of Net Position 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.

OKOLONA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Okolona Fire Protection District was created and established by virtue of the Judgment of the Circuit Court of Jefferson County, Kentucky, in December 1957. The District was established under the 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. 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 Okolona 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, 1989. 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 classification and clarifies definitions for governmental fund types. GASB 54 is effective for financial statements for fiscal years beginning after June 15, 2010.

For classification of fund balances in accordance with Paragraph 18 of GASBS No. 54 the following should be considered: (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 expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position/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:

Invested in Capital Assets - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

Restricted Net Position - Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net position.

OKOLONA FIRE PROTECTION DISTRICT
EXPLANATION OF BUDGET TO GAAP DIFFERENCE
YEAR ENDED JUNE 30, 2015

RECONCILIATION OF GAAP TO BUDGET BASIS DUE TO:

Adjustments created because budget prepared on a cash basis and financial statements prepared on accrual basis.

Prior year fund balance carryover of \$2,859,507 (as restated) is adjusted to cash basis carryover of \$3,227,463. This is not revenue of the current period, but is presented as revenue for budgetary reporting purposes only.

Tax revenue is adjusted by subtracting taxes receivable difference of \$15,757 for the years ended June 30, 2014 and June 30, 2015.

Insurance expense is adjusted by adding back prepaid health insurance difference of \$2,596 for the years ended June 30, 2014 and June 30, 2015.

Equipment Purchases is adjusted by adding back accounts payable difference of \$6,441 for the years ended June 30, 2014 and June 30, 2015.

Employee payroll is adjusted by subtracting accrued vacation and retirement difference of \$24,280 for the years ended June 30, 2014 and June 30, 2015.

Interest expense is adjusted by adding back accrued interest difference of \$1,893 for the years ended June 30, 2014 and June 30, 2015.

See accompanying note to budgetary comparison schedule.

OKOLONA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOV'T FUNDS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Actual Amounts (Budgetary Basis)	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
	Original	Final				
REVENUES						
Taxes	\$ 4,594,370	\$ 4,560,506	\$ 104,571	\$ 4,665,077	\$ (15,757)	\$ 4,680,834
State incentive pay	177,000	177,000	(6,851)	170,149		170,149
Grants	0	0	3,200	3,200		3,200
Cell tower income	31,680	31,680	1,584	33,264		33,264
Insurance recoveries	0	0	1,243	1,243		1,243
Fees and reimbursement	21,350	57,124	(25,567)	31,557		31,557
Interest income	2,000	3,000	(2,491)	509		509
Cash transfers from Other Funds	0	0	0	0		0
Unencumbered cash balance carryover	451,725	451,725	2,775,738	3,227,463	(367,956)	2,859,507
Total Revenue and Carryover	5,278,125	5,281,035	2,851,428	8,132,463	(383,713)	7,780,263
Expenditures						
Employee payroll & taxes	2,219,908	2,219,908	(56,840)	2,163,068	(24,280)	2,187,348
Employee benefits	1,267,926	1,247,926	(169,091)	1,078,835	0	1,078,835
Volunteer retention	66,000	54,000	(28,119)	25,881		25,881
Administration	124,000	124,000	(14,752)	109,248		109,248
Utilities	130,465	132,966	(9,505)	123,461		123,461
Equipment purchases	162,000	86,000	(2,454)	83,546	6,441	77,105
Facility improvements	29,095	110,542	(292)	110,250		110,250
Reserve for transfer	451,725	451,725	(451,725)	0		0
Legal, accounting & insurance	92,006	99,006	(10,331)	88,675	2,596	86,079
Maintenance	268,500	288,162	(30,952)	257,210		257,210
Supplies	139,000	132,800	(25,075)	107,725		107,725
Training	63,000	64,500	(8,574)	55,926		55,926
Fire prevention	7,000	11,000	(5,021)	5,979		5,979
Debt Service:						
Principal	207,015	208,015	4,889	212,904		212,904
Interest	50,485	50,485	(21,091)	29,394	1,893	27,501
Total Expenditures	5,278,125	5,281,035	(828,933)	4,452,102	(13,350)	4,465,452
Other Financing Sources (Uses):						
Proceeds of long term debt	0	0	0	0		0
Sale of surplus property	0	0	2,775	2,775		2,775
Total Other Financing Sources and (Uses)	0	0	2,775	2,775	0	2,775
Excess (deficiency) of revenues and other sources over expenditures and other uses	0	0	3,683,136	3,683,136	(370,363)	3,317,586
Fund balance - Ending	0	0	\$	\$ 3,683,136	\$	\$ 3,317,586

See accompanying note to budgetary comparison schedules.

OKOLONA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES:
YEAR ENDED JUNE 30, 2015

Net change in fund balances—total governmental funds	\$	458,079
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases recorded		115,023
The net effect of various transactions involving capital assets (sales, trade-ins, and contributions) is to decrease capital assets recorded in the current period		0
Depreciation expense not recorded as expenditure in gov't. funds		(393,175)
Amortization expense not recorded as expenditure in gov't. funds		(98,000)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Donated capital assets		0
Long-term receivables, net of deferred revenue		0
Proceeds from long term debt		0
Repayment of debt principal is expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		212,904
<p>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:</p>		
Accrued compensated absence		<u>0</u>
Change in Net Position of Governmental Activities	\$	<u><u>294,831</u></u>

See accompanying notes to the basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-GOV'T FUNDS
YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Funds</u>
REVENUES:			
Taxes	\$ 4,680,834	\$ 0	\$ 4,680,834
State incentive pay & aid	170,149		170,149
Grants	3,200		3,200
Cell tower income	33,264		33,264
Insurance recoveries	1,243		1,243
Fees and reimbursement	31,557		31,557
Interest income	509		509
Total Revenues	<u>4,920,756</u>	<u>0</u>	<u>4,920,756</u> ✓
EXPENDITURES			
Employee payroll	2,044,116		2,044,116
Payroll taxes	143,232		143,232
Employee benefits	1,078,835		1,078,835
Volunteer retention	25,881		25,881
Administration	109,248		109,248
Utilities	123,461		123,461
Equipment purchases	77,105		77,105
Facility improvements	110,250		110,250
Legal, accounting and insurance	86,079		86,079
Maintenance	257,210		257,210
Supplies	107,725		107,725
Training	55,926		55,926
Fire prevention	5,979		5,979
Debt service:			
Principal		212,904	212,904
Interest		27,501	27,501
Total Expenditures	<u>4,225,047</u>	<u>240,405</u>	<u>4,465,452</u> ✓
Excess (deficiency) of Revenues Over Expenditures	695,709	(240,405)	455,304
OTHER FINANCING SOURCES (USES)			
Transfers in	0	240,405	240,405
Transfers out	(240,405)	0	(240,405)
Proceeds from sale of fixed assets	2,775	0	2,775
Total Other Financing Sources and (Uses)	<u>(237,630)</u>	<u>240,405</u>	<u>2,775</u>
Net changes in fund balance	<u>458,079</u>	<u>0</u>	<u>458,079</u>
Fund balances - beginning of year as restated	<u>2,748,900</u>	<u>0</u>	<u>2,748,900</u>
Fund balances - ending of year	<u>\$ 3,206,979</u>	<u>\$ 0</u>	<u>\$ 3,206,979</u> ✓

See accompanying notes to basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance-total Governmental funds	\$	3,206,979
Amounts reported in governmental activities in Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds, net of accumulated depreciation of \$8,287,212		2,625,479
Training academy membership in governmental activities is not a financial resource and therefore not reported in funds, net of accumulated amortization of \$50,000		-
Deffered outflows and inflows used in govenmental activites are not finanical resources and therefore are not reported in the governmental funds:		
Outflows related to pension		669,345
Inflows related to pension		(392,000)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the funds:		
Due within 1 year		(208,311)
Due in more than 1 year		(1,124,997)
Deferred Investment Earning on Pension are not due and payable in the current year and therefore are not reported in the government fund		<u>(4,973,069)</u>
Net position of governmental activities	\$	<u><u>(196,574)</u></u>

See accompanying notes to the basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
BALANCE SHEET-GOVERNMENT FUNDS
JUNE 30, 2015

	General
ASSETS	
Cash and cash equivalents	\$ 3,307,192
Taxes receivable	42,738
Prepaid insurance	70,558
Total Current Assets	3,420,488
Total Assets	\$ 3,420,488
LIABILITIES	
Accounts payable	\$ 54,567
Accrued wages and payroll taxes	148,865
Accrued interest	10,077
Total Liabilities	213,509
FUND BALANCES	
Nonspendable	
Prepaid expense	70,558
Committed	134,000
Unassigned	3,002,421
Total Fund Balances	3,206,979
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,420,488

See accompanying notes to the basic financial statements.

OKOLONA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES-GOVERNMENT FUNDS
YEAR ENDED JUNE 30, 2015

		Functions/Programs:		
	Total	Administration	General Assistance	Debt Service
Expenses:				
Salaries, wages, and benefits	\$ 3,266,183	\$ 47,032	\$ 3,219,151	\$
Materials and supplies	107,725	0	107,725	
Other program expenses	736,115	109,248	626,867	
Depreciation and amortization	491,176	10,735	480,441	
Interest on debt	27,501	0	0	27,501
Total Expenses	\$ 4,628,700	\$ 167,015	\$ 4,434,184	\$ 27,501
General Revenues:				
Taxes	4,680,834			
State incentive pay & aid	170,149			
Grants	3,200			
Cellular tower rental	33,264			
Insurance recovery	1,243			
Fees & reimbursement	31,556			
Interest income	509			
Gain on disposal of surplus property	2,775			
Total General Revenues	4,923,531			
Change in net position	294,831	<i>-true net income for year</i>		
Net position - beginning of year, as restated	(491,405)			
Net position - end of year	\$ (196,574)			

See accompanying notes to the basic financial statements.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Okolona Fire Protection District
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Okolona Fire Protection District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Okolona Fire Protection 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 Okolona Fire Protection District, as of June 30, 2015; and the respective changes in financial position, for the

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OKOLONA FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

<u>Emp. #</u>	Firefighters Name	2016-2017 Salary Amount
new	M. Howard	\$29,750.75
107	J Schneider	\$31,028.67
106	K.Burns	\$30,003.63
105	Allendorf B	\$31,028.67
86	Mayes C	\$31,556.16
99	Newman	\$31,556.16
89	Moore, T.	\$32,092.61
92	Alexander	\$32,413.54
84	Anderson, K	\$32,946.57
79	Underwood	\$33,193.03
77	Moore, M.	\$33,524.97
74	Thomas, M	\$33,757.29
73	McKenna	\$34,331.20
61	Wetzel	\$34,914.82
55	Bailey	\$35,508.37
35	Lucas	\$36,112.01
10	Campisano	\$37,985.22
16	Delaney	\$37,985.22
44	Shofner	\$37,985.22
48	Taylor, D.	\$37,985.22
26	Gritton	\$39,955.59
90	Kiefer	\$36,338.96
13	Casey	\$41,428.18
97	Ogle T.	\$38,623.25
50	Tobbe	\$40,836.06
6	Barrett	\$44,322.63
1	Adkins	\$40,252.40
57	Kampschaefer	\$39,677.08
49	Thomas, B	\$41,244.43
11	Carlson, Jr.	\$46,237.58
60	Carlson, J.	\$44,321.03
62	Sturtzel	\$44,321.03
38	Nalley, F.	\$48,514.93
34	Little	\$46,369.61
18	Durbin	\$48,668.64
31	Kline	\$53,179.12
40	Schmidt	\$57,597.64
14	Craig	\$57,597.64
36	Mattingly	\$57,992.47
2	Allendorf M.	\$60,092.78
23	Evans S.	\$54,464.19

25	Gosnell C.	\$83,517.77
85	McIntosh M.	\$37,477.28
		\$1,778,689.62