

CONCORD FIRE PROTECTION DISTRICT

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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Independent Auditor's Report

Board of Directors
Concord Fire Protection District
McCracken County, Kentucky

We have audited the accompanying modified cash basis financial statements of the governmental activities, and the aggregate remaining fund information of the Concord Fire Protection District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Concord 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, and the aggregate remaining fund information of the Concord Fire Protection District as of June 30, 2018, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Concord Fire Protection District's basic financial statements. The budgetary comparison information on page 11, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, on our consideration of the Concord 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 Concord Fire Protection District's internal control over financial reporting and compliance.

Williams, Williams & Lentz, LLP

Paducah, Kentucky
January 14, 2019



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CONCORD FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	<u>\$ 163,932</u>
TOTAL ASSETS	<u>\$ 163,932</u>
<u>LIABILITIES</u>	
Payroll liabilities	<u>\$ 559</u>
TOTAL LIABILITIES	<u>\$ 559</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 163,373</u>
TOTAL NET POSITION	<u>\$ 163,373</u>

See notes to financial statements.

**CONCORD FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS

	Cash	Program Receipts		Net
	Disbursements	Charges for	Operating	(Disbursements)
		Services	Grants	Receipts and
				Changes in
				Net Position
Governmental Activities:				
Public safety	<u>\$ 937,965</u>	<u>\$ 41,893</u>	<u>\$ 18,200</u>	<u>\$ (877,872)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$ 937,965</u></u>	<u><u>\$ 41,893</u></u>	<u><u>\$ 18,200</u></u>	<u><u>(877,872)</u></u>
General receipts:				
Taxes and licenses:				
Property taxes				447,442
Gain on sale of assets				54,000
Interest income				<u>1,054</u>
Total general receipts				<u>502,496</u>
Change in net position				(375,376)
Net position July 1, 2017				<u>538,749</u>
NET POSITION JUNE 30, 2018				<u><u>\$ 163,373</u></u>

See notes to financial statements.

CONCORD FIRE PROTECTION DISTRICT
GENERAL FUND BALANCE SHEET - MODIFIED CASH BASIS
JUNE 30, 2018

ASSETS

Cash	<u>\$ 163,932</u>
TOTAL ASSETS	<u><u>\$ 163,932</u></u>

LIABILITIES AND FUND BALANCE

Payroll liabilities	<u>\$ 559</u>
Total liabilities	<u>559</u>
Fund Balance:	
Unassigned	<u>163,373</u>
Total fund balance	<u>163,373</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 163,932</u></u>

See notes to financial statements.

CONCORD FIRE PROTECTION DISTRICT
STATEMENT OF GENERAL FUND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Receipts:	
Taxes:	
Property taxes	\$ 447,442
Other:	
Miscellaneous	41,893
Interest income	1,054
Grants	<u>18,200</u>
 Total receipts	 <u>508,589</u>
Disbursements:	
Wages - office staff	52,990
Employee benefits	10,400
Incentive pay	4,000
Payroll expenses	4,317
Volunteer standby program	60,720
Debt service principal	65,000
Debt service interest	22,621
Advertising	1,797
Utilities	17,186
Insurance	35,073
Vehicle	3,446
Equipment purchases	492,744
Repairs and maintenance	51,559
Fuel	11,235
Training	17,764
Dues and memberships	3,043
Meals and entertainment	8,029
Professional fees	10,873
Office expense	2,989
Supplies	26,823
Uniforms	27,991
Miscellaneous	<u>7,365</u>
 Total disbursements	 937,965
 Gain on sale of assets	 <u>54,000</u>
 Net change in fund balances	 (375,376)
 Fund balances, July 1, 2017	 <u>538,749</u>
 FUND BALANCES, JUNE 30, 2018	 <u><u>\$ 163,373</u></u>

See notes to financial statements.

CONCORD FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies:

As discussed further in Note 1C, these financial statements are presented on the Modified Cash Basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant *Governmental Accounting Standards Board* (GASB) pronouncements.

1A. Reporting Entity

The financial statements of the Concord Fire Protection District (District) consist only of the operations of the District. The District has no oversight responsibility for any other entity since no other entities are considered to be controlled by or dependent upon the District. Control or dependence is determined upon the basis of budget adoption, funding, and appointment of the respective governing board.

1B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis display information about the reporting government as a whole. They detail the governmental activities of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

Fund Financial Statements

Fund financial statements of the reporting entity detail the activities of the general fund. Funds are accounted for by providing a separate set of self-balancing accounts that constitute its assets and fund equity, receipts, and disbursements.

The District is a single fund entity.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Basis of Accounting

In the government-wide Statement of Net Position - Modified Cash Basis and Statement of Activities - Modified Cash Basis and the fund financial statements, activities are presented using the Modified Cash Basis of accounting. Receipts and related assets are generally recognized when received rather than when earned. Disbursements are recognized when paid rather than when a liability is incurred including capital asset purchases.

As a result of the use of the Modified Cash Basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

(Continued)

CONCORD FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued):

ID. Assets and Equity

Deposits and Investments

For the purpose of the Statement of Net Position - Modified Cash Basis, "cash in bank" includes all demand, savings accounts, and certificates of deposit of the District. Additional cash disclosures are presented in Note 2A. The District maintains its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The District has no investment policy that would further limit its investment choices.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in two components:

- a. Restricted - Consists of equity with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. The District did not have a restricted net position at June 30, 2018.
- b. Unrestricted - All other equity that does not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance and displayed in five components:

- a. Nonspendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact indefinitely. The District did not have a nonspendable fund balance at June 30, 2018.
- b. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by creditors, grantors, contributors, or laws or regulations of other governments. The District did not have a restricted fund balance at June 30, 2018.
- c. Committed fund balance includes amounts that can be used only for the specific purposes determined by the District through approval of resolutions. Commitments may be changed or lifted only by the District making the same formal action that imposed the constraint originally. The District did not have a committed fund balance at June 30, 2018.
- d. Assigned fund balance comprises the amounts intended to be used for a specific purpose. Intent can be expressed by the board of trustees or the District director. No formal action is required. The District did not have an assigned fund balance at June 30, 2018.
- e. Unassigned fund balance is the residual balance not contained in or "nonspendable fund balance" or "restricted fund balance" or "committed fund balance" or "assigned fund balance."

**CONCORD FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 1 - Summary of Significant Accounting Policies (Continued):

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

1E. Receipts and Disbursements

Program Receipts

The District's primary revenues are property taxes, fees, and intergovernmental payments. In the Statement of Activities - Modified Cash Basis, program receipts consist of facilities rent and state aid.

The McCracken County Clerk bills and the Sheriff collects property taxes for the District. The taxes are remitted to the District by the Sheriff's office. District property tax revenues are recorded when received.

The due dates and collection period for all property taxes for the year ended June 30, 2018, are as follows:

<u>Description</u>	<u>Date</u>
Assessment and enforceable lien	January 1, 2018
Levy	October 1, 2018
Face value amount payment dates	December 31, 2018
Delinquent date	January 1, 2019

1F. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 14, 2019, the date financial statements were available to be issued.

1G. Legal Compliance - Budget

The budget is adopted on the modified cash basis of accounting and laws of Kentucky as required by the Department for Local Governments (DLG). The District is required to submit estimated revenues and proposed expenditures to DLG by July 15th of the budget year. The budget is required to be adopted by the District no later than June 30th of the preceding year. Any amendments to the budget must be approved by the governing body (the District's Board) and may not create an unbalanced budget. All budget amendments must be submitted to DLG.

Note 2 - Detail Notes on Transaction Classes/Accounts:

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, equity, receipts, and disbursements.

(Continued)

CONCORD FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Note 2 - Detail Notes on Transaction Classes/Accounts (Continued):

2A. Cash

The carrying amount of the District's cash in bank was \$163,932, and the bank balance was \$186,248 for the year ended June 30, 2018. The bank balance was insured by federal depository insurance up to \$250,000 which covered the full bank balance on June 30, 2018.

SUPPLEMENTARY INFORMATION

CONCORD FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 406,000	\$ 447,442	\$ 41,442
Miscellaneous	10,000	41,893	31,893
Interest income	-	1,054	1,054
Grants	15,000	18,200	3,200
Total revenues	<u>431,000</u>	<u>508,589</u>	<u>77,589</u>
Expenditures:			
Wages - office staff	53,000	52,990	(10)
Employee benefits	10,400	10,400	-
Incentive pay	4,000	4,000	-
Payroll expenses	4,100	4,317	217
Volunteer standby program	62,400	60,720	(1,680)
Debt service principal	65,000	65,000	-
Debt service interest	32,647	22,621	(10,026)
Advertising	2,000	1,797	(203)
Utilities	17,600	17,186	(414)
Insurance	33,500	35,073	1,573
Vehicle internet	3,400	3,446	46
Equipment and vehicles	356,000	492,744	136,744
Repairs and maintenance	73,800	51,559	(22,241)
Fuel	9,000	11,235	2,235
Training	21,000	17,764	(3,236)
Dues and memberships	2,000	3,043	1,043
Meals and entertainment	9,600	8,029	(1,571)
Professional fees	14,600	10,873	(3,727)
Office expense	3,600	2,989	(611)
Supplies	17,800	26,823	9,023
Uniforms	28,600	27,991	(609)
Miscellaneous	6,000	7,365	1,365
Total expenditures	<u>830,047</u>	<u>937,965</u>	<u>107,918</u>
Gain on sale of assets	-	54,000	54,000
Revenues over (under) expenditures	<u>\$ (399,047)</u>	<u>(375,376)</u>	<u>\$ 23,671</u>
Fund balance, July 1, 2017		<u>538,749</u>	
FUND BALANCE, JUNE 30, 2018		<u>\$ 163,373</u>	
Allocation of prior year Fund Balance	\$ 399,047	N/A	N/A



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**Independent Auditor's Report On Internal Control
Over Financial Reporting And On Compliance
And Other Matters Based On An Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards***

The Board of Directors
Concord Fire Protection District
Paducah, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the aggregate remaining fund information of the Concord Fire Protection District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Concord Fire Protection District's basic financial statements, and have issued our report thereon dated January 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Concord Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Concord Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Concord Fire Protection District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Concord Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings.

Concord Fire Protection District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams, Williams & Lentz, LLP

Paducah, Kentucky
January 14, 2019



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& LENTZ

CONCORD FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

A. Findings - Basic Financial Statements Audit:

1. **Budget-** Kentucky Revised Statutes require all Kentucky government agencies to annually adopt a budget. The adopted budget is binding with respect to expenditures, and the government shall not expend from any source except as provided in the originally adopted or subsequently amended budget. It was noted that the Concord Fire Protection District's expenditures for certain line items exceeded their budgeted expenditures for the fiscal year ended June 30, 2018.

Management's Response:

Future amendments and transfers to the budget will be approved by the Board of Directors, recorded in the minutes, and filed with the Department for Local Governments (DLG) before any expenditures that would exceed the amount budgeted for that category.