

NORTH OLDHAM FIRE PROTECTION DISTRICT

ANNUAL REPORT

JUNE 30, 2008



CPAS / CONSULTANTS

NORTH OLDHAM FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	3 – 4
Management's Discussion and Analysis	5 – 8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14

NORTH OLDHAM FIRE PROTECTION DISTRICT

TABLE OF CONTENTS (CONTINUED)

	PAGE
Fund Financial Statements (Continued):	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	15
Notes to the Basic Financial Statements	16 - 27
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 <u>Government Auditing Standards</u>	28 - 29



Chestnut Centre
410 West Chestnut Street STE. 237
Louisville, KY 40202-2342

(502) 583-5381
(800) 456-7531
FAX (502) 582-2516

INDEPENDENT AUDITORS' REPORT

Members of the Board of Trustees of
North Oldham Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Oldham Fire Protection District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the North Oldham Fire Protection District as of June 30, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2008, on our consideration of the North Oldham Fire Protection District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 5 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Amick & Company

Louisville, Kentucky
November 5, 2008

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

This discussion and analysis of the North Oldham Fire District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the accompanying Auditors' Report, the basic financial statements and the accompanying notes to those financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all activities of the North Oldham Fire District.

These statements present the financial picture of the District from the economic resources measurement focus using the modified accrual basis of accounting. All assets of the District as well as all liabilities are included in the combined statements.

The statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the District as a whole and about its activities. These statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's vehicles and equipment.

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The District as a Whole

The perspective of the statement of net assets is that of the District as a whole. This is the third year of government-wide financial statements under GASB Statement 34 reporting.

Table 1
 Net Assets

	Governmental Activities	
	2008	2007
<u>Assets</u>		
Current - Assets	\$ 801,054	\$ 627,727
Noncurrent Assets	3,953,024	4,084,283
Total Assets	\$ 4,754,078	\$ 4,712,010
<u>Liabilities</u>		
Current Liabilities	\$ 159,990	\$ 130,811
Noncurrent Liabilities	3,335,522	3,444,672
Total Liabilities	\$ 3,495,512	\$ 3,575,483
<u>Net Assets</u>		
Invested in Capital Assets		
Net of Related Debt	\$ 518,356	\$ 550,985
Restricted	-	-
Unreserved Fund Balance	740,210	562,151
Total Net Assets	\$ 1,258,566	\$ 1,113,136

The District reported positive net assets for governmental activities.

North Oldham Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Governmental Activity

The District's governmental activity programs include Personnel, General Operations, Administration, Capital Outlay, Interest on Debt and Depreciation on Capital Assets. Each program's net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the District's taxpayers.

	Governmental Activities	
	2008	2007
<u>Expenditures:</u>		
Personnel	\$ 463,458	\$ 421,433
Operating expenses	339,915	297,813
Administration	14,922	28,013
Capital outlay	29,056	16,798
Interest on long term debt	165,019	162,996
Depreciation and amortization	236,616	219,634
Total Expenditures	<u>\$ 1,248,986</u>	<u>\$ 1,146,687</u>
<u>Program Revenues:</u>		
Property taxes	\$ 1,316,577	\$ 1,207,713
Other revenue	39,858	26,341
Operating grants and contributions	14,450	8,250
Total Revenue	<u>1,370,885</u>	<u>1,242,304</u>
Changes in Net Assets	<u>\$ 121,899</u>	<u>\$ 95,617</u>

The governmental activity showed an increase in net assets during the year. The City received a grant from the State of Kentucky in the amount of \$8,250 to help with the cost of the equipment purchases.

North Oldham Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

BUDGETS AND BUDGETARY ACCOUNTING

The District uses the following procedures in establishing the budgetary data reflected in the financial statements.

1. Before the beginning of the fiscal year the Fire Chief submits to the Board of Trustees a proposed budget for the year commencing July 1.
2. A public hearing is conducted to obtain public comment.
3. The budget is subsequently adopted by final board approval.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District at 1660 KY Highway 1793, P. O. Box 3, Goshen, Kentucky 40026.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Statement of Net Assets

June 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 734,901	\$ -	\$ 734,901
Accounts receivable			
Taxes - current	-	-	-
Accounts	-	-	-
Other	572	-	572
Bond issuance costs	65,581	-	65,581
Total Current Assets	<u>801,054</u>	<u>-</u>	<u>801,054</u>
CAPITAL ASSETS			
Capital assets	5,474,918	-	5,474,918
Less accumulated depreciation	<u>(1,521,894)</u>	<u>-</u>	<u>(1,521,894)</u>
Total Capital Assets	<u>3,953,024</u>	<u>-</u>	<u>3,953,024</u>
TOTAL ASSETS	<u>\$ 4,754,078</u>	<u>\$ -</u>	<u>\$ 4,754,078</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 3,000	\$ -	\$ 3,000
Current portion of bonds payable	5,000	-	5,000
Current portion of notes payable	55,598	-	55,598
Current portion of capital leases payable	38,548	-	38,548
Accrued compensated absences	57,844	-	57,844
Total Current Liabilities	<u>159,990</u>	<u>-</u>	<u>159,990</u>
NONCURRENT LIABILITIES			
Bonds payable	2,820,000	-	2,820,000
Notes payable	173,299	-	173,299
Capital leases payable	342,223	-	342,223
Total Noncurrent Liabilities	<u>3,335,522</u>	<u>-</u>	<u>3,335,522</u>
TOTAL LIABILITIES	<u>\$ 3,495,512</u>	<u>\$ -</u>	<u>\$ 3,495,512</u>
NET ASSETS			
Investment in capital assets, net of related debt	\$ 518,356	\$ -	\$ 518,356
Unrestricted	740,210	-	740,210
TOTAL NET ASSETS	<u>\$ 1,258,566</u>	<u>\$ -</u>	<u>\$ 1,258,566</u>

The accompanying notes are an integral part of these financial statements.

NORTL DUDHAM FIRE PROTECTION DISTRICT
 Statement of Activities
 District Wide
 For the Year Ended June 30, 2008

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
Personnel	\$ 463,458	\$ -	\$ -	\$ (441,108)	\$ -	\$ (441,108)
Operating Expenses:						
Contracted services						
Advertising and printing	132	-	-	(132)	-	(132)
Professional services	16,472	-	-	(16,472)	-	(16,472)
Maintenance and repairs	121,659	-	-	(121,659)	-	(121,659)
Utilities	47,676	-	-	(47,676)	-	(47,676)
Insurance	50,106	-	-	(50,106)	-	(50,106)
Material and supplies						
Materials - equipment	50,546	-	-	(50,546)	-	(50,546)
Supplies	53,322	-	-	(53,322)	-	(53,322)
Administration						
Dues and subscriptions	1,809	-	-	(1,809)	-	(1,809)
Travel and training	13,113	-	-	(13,113)	-	(13,113)
Other	-	-	-	-	-	-
Capital outlay	29,056	14,450	-	(14,606)	-	(14,606)
Interest on long-term debt	165,019	-	-	(165,019)	-	(165,019)
Depreciation and amortization	236,616	-	-	(236,616)	-	(236,616)
Total Governmental Activities	<u>1,248,984</u>	<u>14,450</u>	<u>-</u>	<u>(1,212,184)</u>	<u>-</u>	<u>(1,212,184)</u>
Business-type Activities						
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fire District	<u>\$ 1,248,984</u>	<u>\$ 14,450</u>	<u>\$ -</u>	<u>\$ (1,212,184)</u>	<u>\$ -</u>	<u>\$ (1,212,184)</u>
	General Revenues					
	Property taxes	1,181,729		\$ 1,181,729		\$ 1,181,729
	Delinquent property tax	11,779		11,779		11,779
	Motor vehicle taxes	96,573		96,573		96,573
	Other taxes	26,495		26,495		26,495
	Investment earnings	15,183		15,183		15,183
	State and formula grants	-		-		-
	Gain on sale of fixed assets	-		-		-
	Miscellaneous	2,325		2,325		2,325
	Total General Revenues	<u>1,334,084</u>		<u>1,334,084</u>		<u>1,334,084</u>
	Change in Net Assets	121,900		121,900		121,900
	Net Assets - Beginning	1,136,667		1,136,667		1,136,667
	Net Assets - Ending	<u>\$ 1,258,567</u>		<u>\$ 1,258,567</u>		<u>\$ 1,258,567</u>

The accompanying notes are an integral part of these financial statements.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Balance Sheet
Governmental Funds
June 30, 2008

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS AND RESOURCES		
Cash and cash equivalents	\$ 734,901	\$ 734,901
Accounts receivable		
Taxes - current	-	-
Accounts	<u>572</u>	<u>572</u>
TOTAL ASSETS	<u>\$ 735,473</u>	<u>\$ 735,473</u>
LIABILITIES		
Accounts payable	\$ 3,000	\$ 3,000
Accrued compensated absences	<u>57,844</u>	<u>57,844</u>
Total Liabilities	<u>60,844</u>	<u>60,844</u>
FUND BALANCES		
Unreserved		
Undesignated, reported in		
General fund	<u>674,629</u>	<u>674,629</u>
Total Fund Balances	<u>674,629</u>	<u>674,629</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 735,473</u>	<u>\$ 735,473</u>

The accompanying notes are an integral part of these financial statements.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds

To the Statement of Net Assets

June 30, 2008

Total fund balance per fund financial statements \$ 674,629

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

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets

Capital assets	5,474,918	
Accumulated depreciation	<u>(1,521,894)</u>	3,953,024

Certain other assets are not reported in this fund financial statement because they are not available to pay current period expenditures, but are reported in the statement of net assets

Bond issuance costs		65,581
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Certain liabilities (such as bonds payable and capital leases payable) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets

Bonds payable	(2,825,000)	
Notes payable	(228,896)	
Capital leases payable	<u>(380,772)</u>	<u>(3,434,668)</u>

Net assets for governmental activities \$ 1,258,566

The accompanying notes are an integral part of these financial statements.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Statement of Revenue, Expenditures And Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2008

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
From local sources:		
Taxes:		
Property	\$ 1,181,729	\$ 1,181,729
Motor vehicles	96,573	96,573
Delinquent property	11,779	11,779
Other	26,495	26,495
Earnings on investments	15,183	15,183
State and formula grants	14,450	14,450
Charges for services	22,350	22,350
Other local revenues	2,325	2,325
TOTAL REVENUES	1,370,884	1,370,884
EXPENDITURES		
Current:		
Personnel	463,458	463,458
Contracted services		
Advertising and printing	132	132
Professional services	16,472	16,472
Maintenance and repairs	121,659	121,659
Utilities	47,676	47,676
Insurance	50,106	50,106
Materials and supplies		
Materials - equipment	50,546	50,546
Supplies	53,322	53,322
Administration		
Dues and subscriptions	1,809	1,809
Travel and training	13,113	13,113
Other	-	-
Capital outlay	128,271	128,271
Debt service	263,649	263,649
TOTAL EXPENDITURES	1,210,213	1,210,213
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	160,671	160,671
FUND BALANCE JULY 1, 2007	513,958	513,958
FUND BALANCE JUNE 30, 2008	\$ 674,629	\$ 674,629

The accompanying notes are an integral part of these financial statements.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Net Assets June 30, 2008

Net change in total fund balances per fund financial statements	\$ 160,671
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Total cost of capital assets	99,215
Depreciation expense	(234,093)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.	
Bond principal payments	5,000
Notes payable principal payments	57,577
Capital lease payable principal payments	36,051
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.	
Amortization of bond issuance costs	<u>(2,522)</u>
Change in net assets of governmental activities	<u>\$ 121,899</u>

The accompanying notes are an integral part of these financial statements.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
From local sources:				
Taxes:				
Property	\$ 1,168,643	\$ 1,168,643	\$ 1,181,729	\$ 13,086
Motor vehicles	101,000	101,000	96,573	(4,427)
Delinquent property	12,000	12,000	11,779	(221)
Other local revenues	-	-	26,495	26,495
Earnings on investments	18,000	18,000	15,183	(2,817)
State and formula grants	17,550	17,550	14,450	(3,100)
Other local revenues	29,000	29,000	24,675	(4,325)
TOTAL REVENUES	1,346,193	1,346,193	1,370,884	24,691
EXPENDITURES				
Current:				
Personnel	475,096	475,096	463,458	11,638
Contracted services				
Advertising and printing	1,000	1,000	132	868
Professional services	13,300	13,300	16,472	(3,172)
Maintenance and repairs	107,300	107,300	121,659	(14,359)
Utilities	45,100	45,100	47,676	(2,576)
Insurance	35,000	35,000	50,106	(15,106)
Materials and supplies				
Materials - equipment	53,956	53,956	50,546	3,410
Supplies	39,850	39,850	53,322	(13,472)
Administration				
Dues and subscriptions	2,000	2,000	1,809	191
Travel and training	34,000	34,000	13,113	20,887
Other	-	-	-	-
Capital outlay	161,700	161,700	128,271	33,429
Debt service	262,309	262,309	263,649	(1,340)
TOTAL EXPENDITURES	1,230,611	1,230,611	1,210,213	20,398
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	115,582	115,582	160,671	45,089
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of capital lease	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	115,582	115,582	160,671	45,089
FUND BALANCE JULY 1, 2007	513,958	513,958	513,958	-
FUND BALANCE JUNE 30, 2008	\$ 629,540	\$ 629,540	\$ 674,629	\$ 45,089

The accompanying notes are an integral part of these financial statements.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The basic financial statements of North Oldham Fire Protection District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The North Oldham Fire Protection District Board of Trustees (Trustees), a seven member group, is the level of government which has oversight responsibilities over all activities within the jurisdiction of the North Oldham Fire Protection District (District). The Trustees are selected as follows; two (2) members shall be active firefighters of the North Oldham Fire Protection District, two (2) members shall be property owners who own and reside in the North Oldham Fire Protection District and three (3) shall be appointed for terms of three years each by the Oldham County Judge Executive. The District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14 "*The Financial Reporting Entity*" and there are no component units included within the reporting entity.

B. Related Organizations

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the North Oldham Fire Protection District.

C. Basis of Presentation, Basis of Accounting

i. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

i. Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

The District has no nonmajor funds.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation, Basis of Accounting (Continued)

i. Basis of Presentation (Continued)

Measurement Focus, Basis of Accounting (Continued)

cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the district incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Financial Statement Amounts

i. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property. Taxes are due on receipt of the tax bill and are delinquent if not paid before January 1 of the year following the year in which the tax is imposed. On April 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

ii. Capital Assets

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with cost of \$2,500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	18 – 40
Technology equipment	5
Vehicles	5 – 20
General equipment	5 - 7

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statements Amounts (Continued)

iii. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP),

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the District at their regular meetings. Amendments are reflected in the official minutes of the District, and are not made after fiscal year-end as directed by law.

All budget appropriations lapse at year-end.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 2. COMPLIANCE AND ACCOUNTABILITY

A. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38 "*Certain Financial Statement Note Disclosures*" violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At June 30, 2008, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$734,901 and the bank balance was \$763,353. The District's cash deposits at June 30, 2008, and during the year ended June 30, 2008, were entirely covered by FDIC insurance or pledged collateral held by the District's agent bank.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 - Cash and cash equivalents that are insured or registered, or securities held by the fire district or by its agent in the fire district's name.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)
June 30, 2008

NOTE 2. COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deposits and Investments (Continued)

Cash Deposits (Continued):

Category 2 - Cash and cash equivalents and investments that are uninsured or unregistered, with securities held by the counterpart's trust department or agent in the fire district's name.

Category 3 - Cash and cash equivalents and investments that are uninsured and unregistered with securities held by the counterparty or its trust department or agent but not in the fire district's name.

The fire district's deposits and investments at June 30, 2008, are categorized as follows:

	Carrying Amount/ Market Value	Bank Balance	Category		
			1	2	3
Demand Deposits:					
Checking	\$ 718,613	\$ 747,066	\$ 100,000	\$ -0-	\$ 618,613
Money Market	<u>16,288</u>	<u>16,288</u>	<u>-0-</u>	<u>-0-</u>	<u>16,288</u>
Totals	<u>\$ 734,901</u>	<u>\$ 763,354</u>	<u>\$ 100,000</u>	<u>\$ -0-</u>	<u>\$ 634,901</u>

The District is allowed to invest in the following types of investments; short-term certificates of deposit, repurchase agreements, money market deposit accounts, government pools, and U. S. Treasury Obligations. The District records nonparticipating interest-earning investment contracts at cost. All other securities are recorded at fair value. For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2008

NOTE 3. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2008, were as follows:

	<u>Beginning</u>		<u>Retirements</u>		<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Balance</u>	<u>Balance</u>
Governmental activities:					
Capital assets that are not depreciated:					
Land	\$ 348,100	\$ -	\$ -	\$ -	\$ 348,100
Total nondepreciable historical cost	<u>348,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,100</u>
Capital assets that are depreciated:					
Building and building improvements	2,767,230	60,085	-	-	2,827,315
Fire trucks	1,618,065	-	-	-	1,618,065
Automobiles and other trucks	130,848	18,800	-	-	149,648
Fire and truck equipment	239,146	23,950	-	-	263,096
Computers and other equipment	199,146	-	-	-	199,146
Furnishings and fixtures	69,548	-	-	-	69,548
Total depreciable historical cost	<u>5,023,983</u>	<u>102,835</u>	<u>-</u>	<u>-</u>	<u>5,126,818</u>
Less accumulated depreciation for:					
Building and building improvements	368,062	72,161	-	-	440,223
Fire trucks	497,500	85,878	-	-	583,378
Automobiles and other trucks	84,224	11,475	-	-	95,699
Fire and truck equipment	199,696	12,428	-	-	212,124
Computers and other equipment	103,542	38,242	-	-	141,784
Furnishings and fixtures	34,775	13,910	-	-	48,685
Total accumulated depreciation	<u>1,287,799</u>	<u>234,094</u>	<u>-</u>	<u>-</u>	<u>1,521,893</u>
Total depreciable historical cost, net	<u>3,736,184</u>	<u>(131,259)</u>	<u>-</u>	<u>-</u>	<u>3,604,925</u>
Governmental activities capital assets, net	<u>\$ 4,084,284</u>	<u>\$ (131,259)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,953,025</u>

Depreciation expense charged to governmental activities for the year ended June 30, 2008 was \$234,094.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 4. BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued by the District aggregating \$2,845,000.

The original amount of the issue, issue dates and the interest rates of the bond issues are summarized below:

<u>ISSUE OF</u>	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>
Series 2003	\$ 2,845,000	Various, 1.25% to 5.00%

The District is obligated to make payments in amounts sufficient to satisfy debt service requirements on the bonds issued for the purpose of financing the costs of the acquisition, construction and equipping of a new fire station to be located in and operated by the District.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District at June 30, 2008 for debt service (principal and interest) are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008-09	\$ 5,000	\$ 132,865	\$ 137,865
2009-10	65,000	131,766	196,766
2010-11	65,000	129,621	194,621
2011-16	370,000	607,422	977,422
2016-21	455,000	519,222	974,222
2021-26	580,000	396,362	976,362
2026-31	745,000	231,875	976,875
2031-34	<u>540,000</u>	<u>41,500</u>	<u>581,500</u>
	<u>\$ 2,825,000</u>	<u>\$ 2,190,633</u>	<u>\$ 5,015,633</u>

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 5. NOTE PAYABLE

Lender and Terms

National City Bank

Installment note payable in the amount of \$514,330, payable in monthly installments of \$5,355 including principal and interest. Interest rate is 4.53%. Note is secured by 2002 Seagrave Quint fire truck

\$ 228,896

Less current portion (55,598)

TOTAL DUE ON OR AFTER ONE YEAR \$ 173,298

Total installments due on note payable over the next five years are as follows:

June 30, 2009	\$ 55,598
June 30, 2010	57,577
June 30, 2011	60,245
June 30, 2012	<u>55,476</u>
	\$ <u>228,896</u>

Interest expense for the year ended June 30, 2008 was \$12,031.

NOTE 6. CAPITAL LEASE PAYABLE

The District leases one fire truck. This agreement qualifies as a capital lease under the requirements set forth in Financial Accounting Standards (FASB) Number 13.

The District entered into this agreement on October 12, 2006. It requires one hundred twenty (120) monthly payments of \$4,650 due and payable on the 12th of each month. The lease agreement is collateralized by a General States Custom Fire Pumper.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)
June 30, 2008

NOTE 6. CAPITAL LEASE PAYABLE (Continued)

The following is an analysis of the leased property under capital lease by class:

<u>Classes of Property</u>	<u>Book value as of June 30, 2008</u>
Fire Truck	\$ 449,154
<u>Year Ending June 30</u>	
2009	\$ 55,798
2010	55,798
2011	55,798
2012	55,798
20123	55,798
Thereafter	<u>185,997</u>
Total minimum lease payments	464,987
Less: Amount representing interest	<u>(84,215)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$ 380,772</u>

NOTE 7. LONG-TERM DEBT

Long-term debt balances and activity for the year ended June 30, 2008, were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Bonds payable	\$ 2,830,000	\$ -0-	\$ 5,000	\$ 2,825,000
Notes payable	286,474	-0-	57,578	228,896
Capital leases payable	<u>416,824</u>	<u>-0-</u>	<u>36,052</u>	<u>380,772</u>
Total Long-term Debt	<u>\$ 3,533,298</u>	<u>\$ -0-</u>	<u>\$ 98,630</u>	<u>\$ 3,434,668</u>

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)
June 30, 2008

NOTE 8. COMPENSATED ABSCENCES

The District allows full-time employees to accrue sick leave benefits at a rate of 9 hours per month. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The District allows full-time employees to accrue vacation leave. Vacation leave is accrued on a vesting method as specified in the employee handbook.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences" in the general fund.

NOTE 9. INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibilities, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which included Worker's compensation insurance.



Chestnut Centre
410 West Chestnut Street STE. 237
Louisville, KY 40202-2342

(502) 583-5381
(800) 456-7531
FAX (502) 582-2516

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*

Members of the Board of Trustees of
North Oldham Fire Protection District

We have audited the financial statements of the governmental activities and each major fund of North Oldham Fire Protection District as of and for the year ended June 30, 2008, which collectively comprise the North Oldham Fire Protection District's basic financial statements and have issued our report thereon dated November 5, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Oldham Fire Protection District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected

within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

Compliance

As part of obtaining reasonable assurance about whether North Oldham 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Amick & Company

Louisville, Kentucky
November 5, 2008