

NORTH OLDHAM FIRE PROTECTION DISTRICT

ANNUAL REPORT

JUNE 30, 2009



CPAS / CONSULTANTS

NORTH OLDHAM FIRE PROTECTION DISTRICT

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NORTH OLDHAM FIRE PROTECTION DISTRICT

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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, 2009, 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, 2009, 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.

Members of the Board of Trustees
North Oldham Fire Protection District
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2009, 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 9, 2009

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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, 2009. 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, 2009

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 fourth year of government-wide financial statements under GASB Statement 34 reporting.

Table 1
Net Assets

	Governmental Activities	
	2009	2008
<u>Assets</u>		
Current - Assets	\$ 967,464	\$ 801,054
Noncurrent Assets	3,945,526	3,953,024
Total Assets	<u>\$ 4,912,990</u>	<u>\$ 4,754,078</u>
<u>Liabilities</u>		
Current Liabilities	\$ 202,945	\$ 159,990
Noncurrent Liabilities	3,339,073	3,335,522
Total Liabilities	<u>\$ 3,542,018</u>	<u>\$ 3,495,512</u>
<u>Net Assets</u>		
Invested in Capital Assets		
Net of Related Debt	\$ 608,661	\$ 518,356
Restricted	-	-
Unreserved Fund Balance	762,311	740,210
Total Net Assets	<u>\$ 1,370,972</u>	<u>\$ 1,258,566</u>

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, 2009
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	
	2009	2008
<u>Expenditures:</u>		
Personnel	\$ 544,441	\$ 463,458
Operating expenses	334,165	339,915
Administration	23,118	14,922
Capital outlay	21,119	29,056
Interest on long term debt	163,772	165,019
Depreciation and amortization	262,463	236,616
Total Expenditures	<u>\$ 1,349,078</u>	<u>\$ 1,248,986</u>
<u>Program Revenues:</u>		
Property taxes	\$ 1,418,296	\$ 1,316,577
Other revenue	27,707	39,858
Operating grants and contributions	15,481	14,450
Total Revenue	<u>1,461,484</u>	<u>1,370,885</u>
Changes in Net Assets	<u>\$ 112,406</u>	<u>\$ 121,899</u>

The governmental activity showed an increase in net assets during the year. The District 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, 2009
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, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 898,211	\$ -	\$ 898,211
Accounts receivable			
Taxes - current	-	-	-
Accounts	-	-	-
Other	6,195	-	6,195
Bond issuance costs	<u>63,059</u>	<u>-</u>	<u>63,059</u>
Total Current Assets	<u>967,465</u>	<u>-</u>	<u>967,465</u>
CAPITAL ASSETS			
Capital assets	5,719,084	-	5,719,084
Less accumulated depreciation	<u>(1,773,559)</u>	<u>-</u>	<u>(1,773,559)</u>
Total Capital Assets	<u>3,945,525</u>	<u>-</u>	<u>3,945,525</u>
TOTAL ASSETS	<u>\$ 4,912,990</u>	<u>\$ -</u>	<u>\$ 4,912,990</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Current portion of bonds payable	65,000	-	65,000
Current portion of notes payable	57,360	-	57,360
Current portion of capital leases payable	52,231	-	52,231
Accrued compensated absences	<u>28,354</u>	<u>-</u>	<u>28,354</u>
Total Current Liabilities	<u>202,945</u>	<u>-</u>	<u>202,945</u>
NONCURRENT LIABILITIES			
Bonds payable	2,755,000	-	2,755,000
Notes payable	116,652	-	116,652
Capital leases payable	<u>467,421</u>	<u>-</u>	<u>467,421</u>
Total Noncurrent Liabilities	<u>3,339,073</u>	<u>-</u>	<u>3,339,073</u>
TOTAL LIABILITIES	<u>\$ 3,542,018</u>	<u>\$ -</u>	<u>\$ 3,542,018</u>
NET ASSETS			
Investment in capital assets, net of related debt	\$ 608,661	\$ -	\$ 608,661
Unrestricted	<u>762,311</u>	<u>-</u>	<u>762,311</u>
TOTAL NET ASSETS	<u>\$ 1,370,972</u>	<u>\$ -</u>	<u>\$ 1,370,972</u>

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

NORTH LUDHAM FIRE PROTECTION DISTRICT
 Statement of Activities
 District Wide
 For the Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
FUNCTIONS/PROGRAMS					
Governmental Activities					
Personnel	\$ 544,441	\$ 8,453	\$ 9,300	\$ -	\$ (526,688)
Operating Expenses:					
Contracted services					
Advertising and printing	436	-	-	-	(436)
Professional services	28,936	-	-	-	(28,936)
Maintenance and repairs	123,440	-	-	-	(123,440)
Utilities	42,863	-	-	-	(42,863)
Insurance	48,614	-	-	-	(48,614)
Material and supplies					
Materials - equipment	47,453	-	-	-	(47,453)
Supplies	42,423	-	-	-	(42,423)
Administration					
Dues and subscriptions	2,214	-	-	-	(2,214)
Travel and training	20,904	-	-	-	(20,904)
Other	-	-	-	-	-
Capital outlay	21,119	-	8,250	-	(12,869)
Interest on long-term debt	163,772	-	-	-	(163,772)
Depreciation and amortization	262,463	-	-	-	(262,463)
Total Governmental Activities	<u>1,349,078</u>	<u>8,453</u>	<u>17,550</u>	<u>-</u>	<u>(1,323,075)</u>
Business-type Activities					
Total Business-type Activities					
Total Fire District	<u>\$ 1,349,078</u>	<u>\$ 8,453</u>	<u>\$ 17,550</u>	<u>\$ -</u>	<u>\$ (1,323,075)</u>
		General Revenues			
		Property taxes	\$ 1,290,609	\$ -	\$ 1,290,609
		Delinquent property tax	-	-	-
		Motor vehicle taxes	101,191	-	101,191
		Other taxes	26,495	-	26,495
		Investment earnings	7,454	-	7,454
		State and formula grants	-	-	-
		Gain on sale of fixed assets	(2,069)	-	(2,069)
		Miscellaneous	11,800	-	11,800
		Total General Revenues	<u>1,435,480</u>	<u>-</u>	<u>1,435,480</u>
		Change in Net Assets	112,405	-	112,405
		Net Assets - Beginning	1,258,567	-	1,258,567
		Net Assets - Ending	<u>\$ 1,370,972</u>	<u>\$ -</u>	<u>\$ 1,370,972</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Balance Sheet
Governmental Funds
June 30, 2009

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS AND RESOURCES		
Cash and cash equivalents	\$ 898,211	\$ 898,211
Accounts receivable		
Taxes - current	-	-
Accounts	<u>6,195</u>	<u>6,195</u>
TOTAL ASSETS	<u>\$ 904,406</u>	<u>\$ 904,406</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued compensated absences	<u>28,354</u>	<u>28,354</u>
Total Liabilities	<u>28,354</u>	<u>28,354</u>
FUND BALANCES		
Unreserved		
Undesignated, reported in		
General fund	<u>876,052</u>	<u>876,052</u>
Total Fund Balances	<u>876,052</u>	<u>876,052</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 904,406</u>	<u>\$ 904,406</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, 2009

Total fund balance per fund financial statements	\$	876,052
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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	\$ 5,719,084	
Accumulated depreciation	<u>(1,773,559)</u>	3,945,525

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		63,059
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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	(2,820,000)	
Notes payable	(174,012)	
Capital leases payable	<u>(519,652)</u>	<u>(3,513,664)</u>

Net assets for governmental activities	\$	<u>1,370,972</u>
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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, 2009

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
From local sources:		
Taxes:		
Property	\$ 1,290,609	\$ 1,290,609
Motor vehicles	101,191	101,191
Delinquent property	-	-
Other	26,495	26,495
Earnings on investments	7,454	7,454
State and formula grants	17,550	17,550
Charges for services	8,453	8,453
Other local revenues	<u>11,800</u>	<u>11,800</u>
TOTAL REVENUES	<u>1,463,552</u>	<u>1,463,552</u>
EXPENDITURES		
Personnel	544,441	544,441
Operating Expenses		
Contracted services		
Advertising and printing	436	436
Professional services	28,936	28,936
Maintenance and repairs	123,440	123,440
Utilities	42,863	42,863
Insurance	48,614	48,614
Materials and supplies		
Materials - equipment	57,268	57,268
Supplies	42,423	42,423
Administration		
Dues and subscriptions	2,214	2,214
Travel and training	20,904	20,904
Other	-	-
Capital outlay	265,814	265,814
Debt service	<u>266,506</u>	<u>266,506</u>
TOTAL EXPENDITURES	<u>1,443,859</u>	<u>1,443,859</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>19,693</u>	<u>19,693</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from issuance of capital lease	<u>181,730</u>	<u>181,730</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>181,730</u>	<u>181,730</u>
FUND BALANCE JULY 1, 2008	<u>674,629</u>	<u>674,629</u>
FUND BALANCE JUNE 30, 2009	<u>\$ 876,052</u>	<u>\$ 876,052</u>

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, 2009

Net change in total fund balances per fund financial statements \$ 201,423

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	72,781
Depreciation expense	(259,941)
Loss on disposal of fixed assets	(2,069)

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	54,884
Capital lease payable principal payments	42,849

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>
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Change in net assets of governmental activities \$ 112,405

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, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
From local sources:				
Taxes:				
Property	\$ 1,283,242	\$ 1,283,242	\$ 1,290,609	\$ 7,367
Motor vehicles	101,000	94,000	101,191	7,191
Delinquent property	12,000	9,500	-	(9,500)
Other local revenues	-	-	26,495	26,495
Earnings on investments	19,000	7,500	7,454	(46)
State and formula grants	17,550	17,550	17,550	-
Other local revenues	26,000	25,000	20,253	(4,747)
TOTAL REVENUES	1,458,792	1,436,792	1,463,552	26,760
EXPENDITURES				
Personnel	559,464	559,464	544,441	15,023
Operating Expenses				
Contracted services				
Advertising and printing	1,000	1,000	436	564
Professional services	16,700	16,700	28,936	(12,236)
Maintenance and repairs	120,300	120,300	123,440	(3,140)
Utilities	43,300	43,300	42,863	437
Insurance	42,500	42,500	48,614	(6,114)
Materials and supplies				
Materials - equipment	67,360	67,360	57,268	10,092
Supplies	52,900	52,900	42,423	10,477
Administration				
Dues and subscriptions	2,000	2,000	2,214	(214)
Travel and training	34,000	34,000	20,904	13,096
Other	-	-	-	-
Capital outlay	253,512	253,512	265,814	(12,302)
Debt service	318,143	318,143	266,506	51,637
TOTAL EXPENDITURES	1,511,179	1,511,179	1,443,859	67,320
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(52,387)	(74,387)	19,693	94,080
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of capital lease	181,730	181,730	181,730	-
Proceeds from sale of fixed assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	181,730	181,730	181,730	-
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	129,343	107,343	201,423	94,080
FUND BALANCE JULY 1, 2008	674,629	674,629	674,629	-
FUND BALANCE JUNE 30, 2009	\$ 803,972	\$ 781,972	\$ 876,052	\$ 94,080

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements

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)

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

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

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)

are recorded at the time liabilities are incurred, regardless of when the related 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)

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)

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)

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, 2009, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$898,210 and the bank balance was \$920,435. The District's cash deposits at June 30, 2009, and during the year ended June 30, 2009, 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)

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, 2009, are categorized as follows:

	Carrying Amount/ <u>Market Value</u>	Bank <u>Balance</u>	<u>Category</u>		
			<u>1</u>	<u>2</u>	<u>3</u>
Demand Deposits:					
Checking	\$ 831,743	\$853,968	\$305,246	\$-	\$526,498
Cert of Deposit	50,000	50,000	50,000	-	-
Money Market	<u>16,467</u>	<u>16,467</u>	<u>-</u>	<u>-</u>	<u>16,467</u>
Totals	<u>\$ 898,210</u>	<u>\$920,435</u>	<u>\$355,246</u>	<u>\$-</u>	<u>\$542,965</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 (Continued)

NOTE 3. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2009, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Ending 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>348,100</u>
Capital assets that are depreciated:				
Building and building improvements	2,827,315	33,338	-	2,860,653
Fire trucks	1,618,065	-	-	1,618,065
Automobiles, other trucks, boats	149,648	204,258	-	353,906
Fire and truck equipment	263,096	5,320	-	268,416
Computers and other equipment	199,146	11,595	(10,345)	200,396
Furnishings and fixtures	69,548	-	-	69,548
Total depreciable historical cost	<u>5,126,818</u>	<u>254,511</u>	<u>(10,345)</u>	<u>5,370,984</u>
Less accumulated depreciation for:				
Building and building improvements	440,223	84,760	-	524,983
Fire trucks	583,378	85,878	-	669,256
Automobiles and other trucks	95,699	20,438	-	116,137
Fire and truck equipment	212,124	15,429	-	227,553
Computers and other equipment	141,784	39,526	(8,276)	173,034
Furnishings and fixtures	48,685	13,910	-	62,595
Total accumulated depreciation	<u>1,521,893</u>	<u>259,941</u>	<u>(8,276)</u>	<u>1,773,558</u>
Total depreciable historical cost, net	<u>3,604,925</u>	<u>(5,430)</u>	<u>(2,069)</u>	<u>3,597,426</u>
Governmental activities capital assets, net	<u>\$ 3,953,025</u>	<u>\$ (5,430)</u>	<u>\$ (2,069)</u>	<u>\$ 3,945,526</u>

Depreciation expense charged to governmental activities for the year ended June 30, 2009 was \$258,877.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

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, 2009 for debt service (principal and interest) are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$ 2,820,000</u>	<u>\$ 2,057,768</u>	<u>\$ 4,877,768</u>

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

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 \$ 174,012

Less current portion (57,360)

TOTAL DUE ON OR AFTER ONE YEAR \$ 116,652

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

June 30, 2010	\$ 57,360
June 30, 2011	60,245
June 30, 2012	<u>56,407</u>
	<u>\$ 174,012</u>

Interest expense for the year ended June 30, 2009 was \$9,370.

NOTE 6. CAPITAL LEASE PAYABLE

The District has leases on a fire truck and a fire boat. These agreements qualify as capital leases under the requirements set forth in Financial Accounting Standards (FASB) Number 13.

The District entered into the agreement on the fire truck 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)

NOTE 6. CAPITAL LEASE PAYABLE (Continued)

The District entered into the agreement on the fire boat on January 20, 2009. It requires one hundred forty-four (144) monthly payments of \$1,600 due and payable on the 20th of each month. The lease agreement is collateralized by a 2009 Munson 28' Packcat Landing Craft Rescue Boat.

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, 2009</u>
Fire Truck	\$ 449,154
Fire Boat	204,258
	<u>Capital Lease</u>
<u>Year Ending June 30</u>	<u>Payable</u>
2010	\$ 74,995
2011	74,995
2012	74,995
2013	74,995
2014	74,994
Thereafter	<u>256,643</u>
Total minimum lease payments	631,618
Less: Amount representing interest	<u>(111,898)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 519,720</u>

NORTH OLDHAM FIRE PROTECTION DISTRICT
Notes to Financial Statements (Continued)

NOTE 7. LONG-TERM DEBT

Long-term debt balances and activity for the year ended June 30, 2009, were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Bonds payable	\$ 2,825,000	\$ -0-	\$ 5,000	\$ 2,820,000
Notes payable	228,896	-0-	54,884	174,012
Capital leases payable	<u>380,772</u>	<u>181,730</u>	<u>42,849</u>	<u>519,653</u>
Total Long-term Debt	\$ <u>3,434,668</u>	\$ <u>181,730</u>	\$ <u>102,733</u>	\$ <u>3,513,665</u>

NOTE 8. COMPENSATED ABSCENCES

The District allows full-time employees to accrue paid leave to be used as paid time off work for travel, relaxation, personal time and illness/sick leave. An accrual for earned paid 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.

Employees earn accrued paid leave based on the schedule as outlined in the Employee Handbook. Paid leave accrual caps at 450 hours per full time employee. Full-time employees who leave employment with the District but still have unused accrued paid leave will be paid for those hours but only up to the cap.

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.

NORTH OLDHAM FIRE PROTECTION DISTRICT

Notes to Financial Statements (Continued)

NOTE 9. RETIREMENT PLAN

The District elected to join the Kentucky Public Employees Deferred Compensation Program as of November 1, 2008. The Kentucky Public Employees Deferred Compensation Program provides supplemental retirement coverage for all state, public school and university employees and employees of local political subdivisions that have elected to participate. Plan administration is performed by the Kentucky Public Employees Deferred Compensation Authority under the direction of the Authority Board of Trustees as authorized under Kentucky Revised Statutes 18A.230 – 18A.275. Plan recordkeeping, communication, and enrollment services are performed by Nationwide Retirement Solutions, Inc., a FINRA registered broker/dealer.

The District participates in the 401(k) Supplemental Retirement Plan. The 401(k) Plan is a cash or deferral arrangement authorized under Section 401(k) of the United States Internal Revenue Code. All employee contributions are handled through payroll deductions on a pre-tax basis.

The District makes a matching contribution of up to 4% for all participating employees. The amount of the District's matching contribution for the year ended June 30, 2009 was \$7,672.

NOTE 10. 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.



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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
North Oldham Fire Protection District

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of North Oldham Fire Protection District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2009. 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 *Governmental 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Oldham Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Oldham Fire Protection District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the North Oldham Fire Protection District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the North Oldham Fire Protection District's financial statements that is more than inconsequential will not be prevented or detected by the North Oldham Fire Protection District's internal control. We consider the deficiencies described in the schedule of findings to be significant deficiencies in internal control over financial reporting – Findings 2009-1 and 2009-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the North Oldham Fire Protection District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weaknesses.

Compliance and Other Matters

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

Members of the Board of Trustees
North Oldham Fire Protection District
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audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of North Oldham Fire Protection District in a separate letter dated November 9, 2009.

This report is intended solely for the information and use of management of North Oldham Fire Protection District, others within the entity, 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 9, 2009

NORTH OLDHAM FIRE PROTECTION DISTRICT

Schedule of Findings For the Year Ended June 30, 2009

Section I – Financial Statement Findings

Significant Deficiencies in Internal Control Over Financial Reporting

Finding Number 2009-1

Condition:	The District lacks proper segregation of duties over its financial reporting.
Criteria:	A fundamental concept in good system of internal control is the separation of duties. The basic concept is that no employee should have access to all phases of a transaction.
Cause:	Limited personnel.
Effect:	Controls are less effective due to the bookkeeper's involvement in all phases of various financial functions.
Recommendation:	The District should develop procedures to monitor the financial activities where personnel are limited.
District Response:	Management will review the procedures currently in place and determine what, if any, additional procedures need to be implemented.

Finding Number 2009-2

Condition:	The District does not have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles.
Criteria:	Management is responsible for the fair presentation of the financial results of operations, cash flows and disclosures in the financial statements in conformity with U.S. generally accepted accounting principles (GAAP).
Cause:	Management has made the decision to accept this risk due to cost considerations.
Effect:	Management has requested us to assist in identifying adjustments to the accounting records and to prepare a draft of the financial statements, including related footnote disclosures.
Recommendation:	None.
District Response:	Management has made the cost benefit decision to rely on our accounting expertise rather than incur additional internal resource costs.