

NORTH OLDHAM FIRE PROTECTION DISTRICT

ANNUAL REPORT

JUNE 30, 2013

NORTH OLDHAM FIRE PROTECTION DISTRICT

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NORTH OLDHAM FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
North Oldham Fire Protection District
Goshen, Kentucky

Report on the Financial Statements

We have audited the accompanying 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 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

To the Board of Trustees
North Oldham Fire Protection District
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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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North Oldham Fire Protection District as of June 30, 2013, and the respective changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 6 through 10 and page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express any opinion or provide any assurance.

To the Board of Trustees
North Oldham Fire Protection District
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Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2014, on our consideration of the North Oldham 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 North Oldham Fire Protection District's internal control over financial reporting and compliance.

Amick & Company

Louisville, Kentucky
January 3, 2014

NORTH OLDHAM FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A) YEAR ENDED JUNE 30, 2013

As management of the North Oldham Fire District "the District", we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for all funds of the District was \$669,124 and the ending balance was \$741,158, an increase of \$72,034 for the year, principally due to the District reduced capital outlay expenditures.
- The General Fund had \$1,569,227 in revenue. The major categories of revenue consisted primarily of property and motor vehicle taxes.
- On May 19, 2012 the Trustees authorized an advance refunding of the outstanding Series 2003 General Obligation Bonds maturing on or after August 1, 2016. This advance refunding will result in substantial savings to the District.
- The District's long term debt decreased by \$305,738.

OTHER HIGHLIGHTS

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

This discussion and analysis of the North Oldham Fire Protection District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. 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 Protection 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

All 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, 2013

The District as a Whole

The perspective of the statement of net assets is that of the District as a whole.

Table 1
Net Assets

	Governmental Activities	
	2013	2012
<u>Assets</u>		
Current - Assets	\$ 794,128	\$ 724,616
Noncurrent Assets	4,394,760	4,664,777
Total Assets	<u>\$ 5,188,888</u>	<u>\$ 5,389,393</u>
<u>Liabilities</u>		
Current Liabilities	\$ 173,674	\$ 182,606
Noncurrent Liabilities	3,051,218	3,356,956
Total Liabilities	<u>\$ 3,224,892</u>	<u>\$ 3,539,562</u>
<u>Net Assets</u>		
Invested in Capital Assets		
Net of Related Debt	\$ 1,204,542	\$ 1,150,821
Restricted	-	-
Unreserved Fund Balance	759,454	699,010
Total Net Assets	<u>\$ 1,963,996</u>	<u>\$ 1,849,831</u>

The District reported positive net assets for governmental activities.

The change in Net Assets were (1) an increase in Invested in Capital Assets of \$53,721 and (2) an increase in Unreserved Fund Balance of \$60,444 resulting in an overall increase in Net Assets of \$114,165.

North Oldham Fire Protection District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

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	
	2013	2012
<u>Expenditures:</u>		
Personnel	\$ 683,387	\$ 688,485
Operating expenses	320,582	383,908
Administration	21,315	16,959
Capital outlay	19,250	7,543
Interest on long term debt	123,915	167,473
Depreciation and amortization	286,825	277,748
Total Expenditures	<u>\$ 1,455,274</u>	<u>\$ 1,542,116</u>
<u>Program Revenues:</u>		
Property taxes	\$ 1,471,534	\$ 1,470,101
Other revenue	71,878	69,334
Charges for Services	2,100	-
Operating grants and contributions	23,716	25,678
Total Revenue	<u>1,569,228</u>	<u>1,565,113</u>
Changes in Net Assets	<u>\$ 113,954</u>	<u>\$ 22,997</u>

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

North Oldham Fire Protection District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
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, 2013

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash and cash equivalents	\$ 741,158	\$ -	\$ 741,158
Accounts receivable			
Taxes - current	-	-	-
Accounts	-	-	-
Other	-	-	-
Bond issuance costs	<u>52,970</u>	<u>-</u>	<u>52,970</u>
Total Current Assets	<u>794,128</u>	<u>-</u>	<u>794,128</u>
CAPITAL ASSETS			
Capital assets	6,972,451	-	6,972,451
Less accumulated depreciation	<u>(2,577,691)</u>	<u>-</u>	<u>(2,577,691)</u>
Total Capital Assets	<u>4,394,760</u>	<u>-</u>	<u>4,394,760</u>
TOTAL ASSETS	<u>\$ 5,188,888</u>	<u>\$ -</u>	<u>\$ 5,188,888</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Current portion of bonds payable	30,000	-	30,000
Current portion of capital leases payable	109,000	-	109,000
Accrued compensated absences	<u>34,674</u>	<u>-</u>	<u>34,674</u>
Total Current Liabilities	<u>173,674</u>	<u>-</u>	<u>173,674</u>
NONCURRENT LIABILITIES			
Bonds payable	2,510,000	-	2,510,000
Capital leases payable	<u>541,218</u>	<u>-</u>	<u>541,218</u>
Total Noncurrent Liabilities	<u>3,051,218</u>	<u>-</u>	<u>3,051,218</u>
TOTAL LIABILITIES	<u>\$ 3,224,892</u>	<u>\$ -</u>	<u>\$ 3,224,892</u>
NET ASSETS			
Investment in capital assets, net of related debt	\$ 1,204,542	\$ -	\$ 1,204,542
Unrestricted	<u>759,454</u>	<u>-</u>	<u>759,454</u>
TOTAL NET ASSETS	<u>\$ 1,963,996</u>	<u>\$ -</u>	<u>\$ 1,963,996</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Statement of Activities

District Wide

For the Year Ended June 30, 2013

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	\$ 683,387	\$ 2,100	\$ -	\$ (665,821)	\$ -	\$ (665,821)
Operating Expenses:						
Contracted services						
Advertising and printing	1,087	-	-	(1,087)	-	(1,087)
Professional services	26,807	-	-	(26,807)	-	(26,807)
Maintenance and repairs	93,475	-	-	(93,475)	-	(93,475)
Utilities	45,722	-	-	(45,722)	-	(45,722)
Insurance	59,623	-	-	(59,623)	-	(59,623)
Material and supplies						
Materials - equipment	19,094	-	-	(19,094)	-	(19,094)
Supplies	62,256	-	-	(62,256)	-	(62,256)
Administration						
Dues and subscriptions	9,014	-	-	(9,014)	-	(9,014)
Travel and training	12,301	-	-	(12,301)	-	(12,301)
Other	12,517	-	-	(12,517)	-	(12,517)
Capital outlay	19,250	8,250	-	(11,000)	-	(11,000)
Interest on long-term debt	123,915	-	-	(123,915)	-	(123,915)
Depreciation and amortization	286,825	-	-	(286,825)	-	(286,825)
Total Governmental Activities	<u>1,455,273</u>	<u>23,716</u>	<u>-</u>	<u>(1,429,457)</u>	<u>-</u>	<u>(1,429,457)</u>
Business-type Activities						
Total Business-type Activities	-	-	-	-	-	-
Total Fire District	<u>\$ 1,455,273</u>	<u>\$ 23,716</u>	<u>\$ -</u>	<u>\$ (1,429,457)</u>	<u>\$ -</u>	<u>\$ (1,429,457)</u>
		General Revenues				
		Property taxes	\$ 1,321,119	\$ -	\$ -	\$ 1,321,119
		Delinquent property tax	10,830	-	-	10,830
		Motor vehicle taxes	109,584	-	-	109,584
		Other taxes	30,000	-	-	30,000
		Investment earnings	1,813	-	-	1,813
		State and formula grants	-	-	-	-
		Gain on sale of fixed assets	-	-	-	-
		Miscellaneous	70,065	-	-	70,065
		Total General Revenues	<u>1,543,411</u>	<u>-</u>	<u>-</u>	<u>1,543,411</u>
		Change in Net Assets	113,954	-	-	113,954
		Net Assets - Beginning	1,850,041	-	-	1,850,041
		Net Assets - Ending	<u>\$ 1,963,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,963,995</u>

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

NORTH OLDHAM FIRE PROTECTION DISTRICT

Balance Sheet
Governmental Funds
June 30, 2013

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS AND RESOURCES		
Cash and cash equivalents	\$ 741,158	\$ 741,158
Accounts receivable		
Taxes - current	-	-
Accounts	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 741,158	\$ 741,158
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued compensated absences	34,674	34,674
	<hr/>	<hr/>
Total Liabilities	34,674	34,674
FUND BALANCES		
Assigned		
Operating Reserves	594,000	594,000
Unassigned	112,484	112,484
	<hr/>	<hr/>
Total Fund Balances	706,484	706,484
TOTAL LIABILITIES AND FUND BALANCES	\$ 741,158	\$ 741,158

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, 2013

Total fund balance per fund financial statements \$ 706,484

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	\$ 6,972,451	
Accumulated depreciation	<u>(2,577,691)</u>	4,394,760

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		52,970
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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	(2,540,000)	
Capital leases payable	<u>(650,218)</u>	<u>(3,190,218)</u>

Net assets for governmental activities \$ 1,963,996

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, 2013

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
From local sources:		
Taxes:		
Property	\$ 1,321,119	\$ 1,321,119
Motor vehicles	109,584	109,584
Delinquent property	10,830	10,830
Other	30,000	30,000
Earnings on investments	1,813	1,813
State and formula grants	23,716	23,716
Charges for services	2,100	2,100
Other local revenues	70,065	70,065
TOTAL REVENUES	<u>1,569,227</u>	<u>1,569,227</u>
EXPENDITURES		
Personnel	683,387	683,387
Operating Expenses		
Contracted services		
Advertising and printing	1,087	1,087
Professional services	26,807	26,807
Maintenance and repairs	93,475	93,475
Utilities	45,722	45,722
Insurance	59,623	59,623
Materials and supplies		
Materials - equipment	19,094	19,094
Supplies	62,256	62,256
Administration		
Dues and subscriptions	9,014	9,014
Travel and training	12,301	12,301
Other	12,517	12,517
Capital outlay	33,535	33,535
Debt service	447,653	447,653
TOTAL EXPENDITURES	<u>1,506,471</u>	<u>1,506,471</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>62,756</u>	<u>62,756</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from insurance reimbursement	-	-
Proceeds from issuance of capital lease	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
FUND BALANCE JULY 1, 2012	<u>643,728</u>	<u>643,728</u>
FUND BALANCE JUNE 30, 2013	<u>\$ 706,484</u>	<u>\$ 706,484</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, 2013

Net change in total fund balances per fund financial statements	\$	62,756
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Total cost of capital assets		14,285
Depreciation expense		(284,302)
<p>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.</p>		
Bond principal payments		80,000
Notes payable principal payments		-
Capital lease payable principal payments		243,737
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Amortization of bond issuance costs		<u>(2,522)</u>
Change in net assets of governmental activities	\$	<u>113,954</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, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
From local sources:				
Taxes:				
Property	\$ 1,263,463	\$ 1,263,463	\$ 1,321,119	\$ 57,656
Motor vehicles	101,651	101,651	109,584	7,933
Delinquent property	20,000	20,000	10,830	(9,170)
Other	30,000	30,000	30,000	-
Earnings on investments	1,341	1,341	1,813	472
State and formula grants	23,750	23,750	23,716	(34)
Charges for services	-	-	2,100	2,100
Other local revenues	66,600	66,600	70,065	3,465
TOTAL REVENUES	<u>1,506,805</u>	<u>1,506,805</u>	<u>1,569,227</u>	<u>62,422</u>
EXPENDITURES				
Personnel	673,962	673,962	683,387	(9,425)
Operating Expenses				
Contracted services				
Advertising and printing	1,200	1,200	1,087	113
Professional services	26,302	26,302	26,807	(505)
Maintenance and repairs	102,750	102,750	93,475	9,275
Utilities	47,500	47,500	45,722	1,778
Insurance	47,500	47,750	59,623	(11,873)
Other	13,000	13,000	-	13,000
Materials and supplies				
Materials - equipment	49,700	49,700	19,094	30,606
Supplies	62,800	62,800	62,256	544
Administration				
Dues and subscriptions	7,750	7,750	9,014	(1,264)
Travel and training	21,500	21,500	12,301	9,199
Other	-	-	12,517	(12,517)
Capital outlay	70,000	70,000	33,535	36,465
Debt service	342,591	478,865	447,653	31,212
TOTAL EXPENDITURES	<u>1,466,555</u>	<u>1,603,079</u>	<u>1,506,471</u>	<u>96,608</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>40,250</u>	<u>(96,274)</u>	<u>62,756</u>	<u>159,030</u>
FUND BALANCE JULY 1, 2012	<u>643,728</u>	<u>643,728</u>	<u>643,728</u>	<u>-</u>
FUND BALANCE JUNE 30, 2013	<u>\$ 683,978</u>	<u>\$ 547,454</u>	<u>\$ 706,484</u>	<u>\$ 159,030</u>

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 in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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 non-exchange 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. Non-exchange 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 are 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.

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.

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, 2013, 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	2,928,024	-	-	2,928,024
Fire trucks	2,527,267	-	-	2,527,267
Automobiles, other trucks, and boats	394,204	-	-	394,204
Fire and truck equipment	485,346	-	-	485,346
Computers and other equipment	200,396	5,500	-	205,896
Furnishings and fixtures	74,828	8,785	-	83,613
Total depreciable historical cost	<u>6,610,065</u>	<u>14,285</u>	<u>-</u>	<u>6,624,350</u>
Less accumulated depreciation for:				
Building and building improvements	796,327	93,553	-	889,880
Fire trucks	836,951	120,663	-	957,614
Automobiles, other trucks, and boats	183,328	28,158	-	211,486
Fire and truck equipment	208,311	38,595	-	246,906
Computers and other equipment	198,393	1,473	-	199,866
Furnishings and fixtures	70,078	1,860	-	71,938
Total accumulated depreciation	<u>2,293,388</u>	<u>284,302</u>	<u>-</u>	<u>2,577,690</u>
Total depreciable historical cost, net	<u>4,316,677</u>	<u>(270,017)</u>	<u>-</u>	<u>4,046,660</u>
Governmental activities capital assets, net	<u>\$ 4,664,777</u>	<u>\$ (270,017)</u>	<u>\$ -</u>	<u>\$ 4,394,760</u>

Depreciation expense charged to governmental activities for the year ended June 30, 2013 was \$284,302.

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 bonds payable represents the District's future obligations to make 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.

On May 9, 2012 the North Oldham Fire Protection District (the "Issuer") enacted a Resolution (the "Resolution") authorizing \$2,580,000 of Bonds for the purpose of refunding the outstanding North Oldham Fire Protection District General Obligation Bonds (Fire Station Project), Series 2003 (the "Series 2003 Bonds") maturing on and after August 1, 2016 which were issued for the purpose of paying the costs associated with the acquisition, construction and equipping of a new fire station located in Oldham County, Kentucky (the "Project").

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, 2013 for debt service (principal and interest) are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013-14	\$ 30,000	\$ 69,280	\$ 99,280
2014-19	400,000	334,460	734,460
2019-24	615,000	275,326	890,326
2024-29	695,000	185,683	880,683
2030-33	<u>800,000</u>	<u>67,496</u>	<u>867,496</u>
	<u>\$ 2,540,000</u>	<u>\$ 932,245</u>	<u>\$ 3,472,245</u>

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

NOTE 5. CAPITAL LEASE PAYABLE

The District has leases on three (3) fire trucks. These agreements qualify as capital leases under the requirements set forth in Section 840 of the FASB Accounting Standards Codification.

The District entered into the agreement for a General States Custom Pumper (Quad 1441) 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 the General States Custom Fire Pumper.

The District entered into the agreement for the purchase of two (2) fire trucks on June 23, 2010. It requires one hundred twenty (120) monthly payments due and payable on the 23th of each month. The lease agreement is collateralized by two (2) custom pumper fire trucks.

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

<u>Classes of Property</u>	Book value as of <u>June 30, 2013</u>
Fire Truck (Quad 1441)	\$ 479,171
Fire Trucks (2)	779,552
<u>Year Ending June 30</u>	Capital Lease <u>Payable</u>
2014	133,596
2015	133,596
2016	133,596
2017	81,550
2018	77,797
Thereafter	<u>90,083</u>
Total minimum lease payments	650,218
Less: Amount representing interest	<u>(63,985)</u>
Present Value of Net Minimum Lease Payments	\$ <u>586,233</u>

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

NOTE 6. BOND AND CAPITAL LEASE DEBT

Debt balances and activity for the year ended June 30, 2013, were as follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Bonds payable	\$ 2,620,000	\$ -0-	\$ 80,000	\$ 2,540,000
Capital leases payable	<u>893,955</u>	<u>-0-</u>	<u>243,737</u>	<u>650,218</u>
Total Long-term Debt	\$ <u>3,513,955</u>	\$ <u>-0-</u>	\$ <u>323,737</u>	\$ <u>3,190,218</u>

NOTE 7. 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 8. 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, 2013 was \$24,983.

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.



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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

To the Board of Trustees
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, 2013, which collectively comprise the North Oldham Fire Protection District's basic financial statements, and have issued our report thereon dated January 3, 2013. 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

Management of North Oldham Fire Protection District is responsible for the establishing and maintaining effective 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.

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 functions, 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.

To the Board of Directors
North Oldham Fire Protection District

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We consider the deficiencies described in the schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting – Findings 2013-1 through 2013-4.

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 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*.

This report is intended solely for the information and use of management, the Commission, 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
January 4, 2014

NORTH OLDHAM FIRE PROTECTION DISTRICT
Schedule of Findings
For the Year Ended June 30, 2013

Section I – Financial Statement Findings

Significant Deficiencies in Internal Control Over Financial Reporting

Finding Number 2013-1

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 2013-2

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.

NORTH OLDHAM FIRE PROTECTION DISTRICT
Schedule of Findings
For the Year Ended June 30, 2013

Section I – Financial Statement Findings (Continued)

Significant Deficiencies in Internal Control Over Financial Reporting (Continued)

Finding Number 2013-3

Condition: In reviewing minutes of the Trustee meetings, we noted that not all significant matters discussed or decided at meetings were included in the minutes.

Criteria: The minutes should reflect all significant decisions made by the Board.

Cause: There were several significant activities that had been authorized by the Board but the authorization was not reflected in the minutes.

Effect: The lack of formal Board approval of such matters could lead to improper transactions occurring.

Recommendation: We recommend that matters such as pay raises, opening and closing of bank accounts, approval of significant contracts, and approval of budgets or amendments to budgets should be documented in the minutes.

District Response: Management will review their monitoring procedures currently in place and determine what changes are necessary to ensure policies are followed.

Finding Number 2013-4

Condition: The District amends its annual budget only at year end.

Criteria: The proper use of budgets allow the District to expeditiously identify and resolve financial problems that may arise.

Cause: The Board is aware when significant or unusual transactions occur but do not amend the budget on a timely basis to reflect these items.

Effect: A more frequent review of operating results and budget variation will enable management to more actively run the District by recognizing unusual trends, unwise use of resources, operational inefficiencies or poor decision making.

Recommendation: We recommend that the District conduct a budget review at least quarterly with amendments proposed and documented as needed.

District Response: Management will review their monitoring procedures currently in place and determine what changes are necessary to ensure policies are followed.