

**MADEIRA & INDIAN HILL
JOINT FIRE DISTRICT**

HAMILTON COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2009**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Madeira & Indian Hill Joint Fire District
6475 Drake Road
Cincinnati, Ohio 45243

We have reviewed the *Independent Auditors' Report* of the Madeira & Indian Hill Joint Fire District, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Madeira & Indian Hill Joint Fire District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 25, 2010

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**MADEIRA & INDIAN HILL JOINT FIRE DISTRICT
HAMILTON COUNTY, OHIO**

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Bastin & Company, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Trustees
Madeira & Indian Hill Joint Fire District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madeira & Indian Hill Joint Fire District, Hamilton County, Ohio (the District) as of and for the year ended December 31, 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2010, on our consideration of the 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 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 considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 34 through 35 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.

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive style and is centered within a light gray rectangular box.

Cincinnati, Ohio
April 15, 2010

Madeira & Indian Hill Joint Fire District, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

The discussion and analysis of Madeira & Indian Hill Joint Fire District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets increased \$117,228.
- General revenues accounted for \$2,675,403 in revenue, or 88% of all revenues. Program specific revenues in the form of charges for services and sales accounted for \$376,537, or 12% of total revenues of \$3,051,940.
- The District had \$2,934,712 in expenses related to governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The General Fund is the only governmental fund of the District and is therefore the only major fund.

Government-wide Financial Statements

While this document contains information about the funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2009?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial.

In the Government-wide Financial Statements, the District presents:

- Governmental Activities – All of the District's programs and services are reported here as security of persons and property and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major fund is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major fund.

Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available 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 you determine whether there are more or fewer 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 governmental *funds* is reconciled in the financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

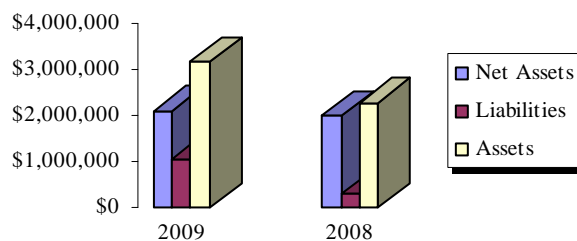
The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2009 compared to 2008:

Table 1
Net Assets

	Governmental Activities	
	2009	2008
Assets		
Current and Other Assets	\$1,634,776	\$1,278,746
Capital Assets	1,532,455	1,016,728
Total Assets	3,167,231	2,295,474
Liabilities		
Long-Term Liabilities	789,494	167,220
Other Liabilities	268,663	136,408
Total Liabilities	1,058,157	303,628
Net Assets		
Invested in Capital Assets, Net of Debt	917,455	1,016,728
Unrestricted	1,191,619	975,118
Total Net Assets	\$2,109,074	\$1,991,846



Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the District's assets exceeded liabilities by \$2,109,074.

At year end, capital assets represented 48% of total assets. Capital assets include land, buildings and improvements, and equipment. The amount invested in capital assets, net of debt at December 31, 2009, was \$917,455.

Current assets increased mainly due to an increase in equity in pooled cash and investments, which was due to an increase in the investments value of the District's STAROhio investment. Capital assets increased mainly due to the purchase of a \$615,000 fire truck in 2009. Long-term liabilities increased mainly due to the issuance of a capital lease for the corresponding fire truck purchase for \$615,000.

Table 2 shows the change in net assets for 2009 and 2008.

Table 2
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$201,537	\$152,336
Capital Grants and Contributions	175,000	175,000
General Revenues:		
Grants and Entitlements, Not Restricted	2,615,455	2,525,156
Other Revenues	59,948	118,742
Total Revenues	<u>3,051,940</u>	<u>2,971,234</u>
Program Expenses:		
Security of Persons and Property	2,923,242	2,756,924
Interest and Fiscal Charges	11,470	0
Total Expenses	<u>2,934,712</u>	<u>2,756,924</u>
Change in Net Assets	117,228	214,310
Net Assets Beginning of Year	<u>1,991,846</u>	<u>1,777,536</u>
Net Assets End of Year	<u><u>\$2,109,074</u></u>	<u><u>\$1,991,846</u></u>

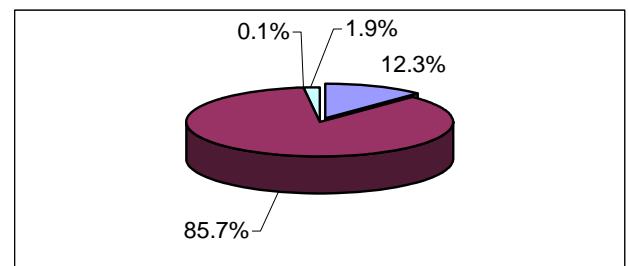
Security of persons and property comprises 99.7% of governmental program expenses.

Grants and Entitlements increased mainly due to an increase in grant monies (intergovernmental revenue) received in 2009 compared to 2008. Total expenses increased mainly due to general inflationary factors.

Governmental Activities

The District revenues are mainly from one source. Grants and entitlements (General Grants) comprised 86% of the District's revenues for governmental activities.

Revenue Sources	2009	Percent of Total
Program Revenues	\$376,537	12.3%
General Grants	2,615,455	85.7%
Investment Earnings	3,285	0.1%
Other Revenues	56,663	1.9%
	<u><u>\$3,051,940</u></u>	<u><u>100.0%</u></u>



The District's reliance upon Grants and Entitlements (General Grants) is demonstrated by the above graph.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by grants and entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Security of Persons and Property	\$2,923,242	\$2,756,924	(\$2,546,705)	(\$2,429,588)
Interest and Fiscal Charges	11,470	0	(11,470)	0
	<u>\$2,934,712</u>	<u>\$2,756,924</u>	<u>(\$2,558,175)</u>	<u>(\$2,429,588)</u>

The District's Major Fund

The District has one major governmental fund: the General Fund. Assets of the General Fund comprised \$1,634,776 (100%) of the total governmental fund assets.

General Fund: Fund balance at December 31, 2009 was \$1,366,113. The increase in fund balance is a result of the increase in grant monies received (intergovernmental revenue).

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The only budgeted fund is the General Fund.

During the course of 2009, the District did not amend its General Fund budget. The District uses budgeting systems designed to tightly control budgets but provide flexibility for management.

For the General Fund, original and final budget basis revenue was \$3,027,001.

The District's ending unobligated cash balance was \$1,366,113.

Capital Assets and Debt Administration

Capital Assets

At year end, the District had \$1,532,455 invested in land, buildings and improvements, and equipment. Table 4 shows 2009 balances compared to 2008:

Table 4
Capital Assets

	Governmental Activities	
	2009	2008
Land	\$24,096	\$24,096
Buildings and Improvements	268,575	265,367
Equipment	1,239,784	727,265
Total Net Capital Assets	<u>\$1,532,455</u>	<u>\$1,016,728</u>

The increase in capital assets is due to the purchase of a \$615,000 fire truck.

See Note 4 to the basic financial statements for further details on the District's capital assets.

Debt

At year end, the District had \$615,000 in capital leases payable, \$123,000 due within one year. Table 5 summarizes capital leases outstanding at year end.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2009	2008
Capital Leases	<u>\$615,000</u>	<u>\$0</u>

See Note 6 and 7 of the Notes to the Basic Financial Statements for further details on the District's long-term obligations.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dianne Donlan, Clerk at Madeira & Indian Hill Joint Fire District, 6475 Drake Road, Cincinnati, Ohio 45243.

Madeira & Indian Hill Joint Fire District, Ohio
Statement of Net Assets
December 31, 2009

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$1,474,297
Receivables:	
Accounts	104,052
Prepays	49,084
Deferred Bond Issuance Costs	7,343
Nondepreciable Capital Assets	24,096
Depreciable Capital Assets, Net	<u>1,508,359</u>
 Total Assets	 <u>3,167,231</u>
Liabilities:	
Accrued Liabilities	153,809
Accrued Interest Payable	10,802
Intergovernmental Payable	104,052
Long-Term Liabilities:	
Due Within One Year	175,368
Due In More Than One Year	<u>614,126</u>
 Total Liabilities	 <u>1,058,157</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	917,455
Unrestricted	<u>1,191,619</u>
 Total Net Assets	 <u><u>\$2,109,074</u></u>

See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2009

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
Security of Persons and Property	\$2,923,242	\$201,537	\$175,000	(\$2,546,705)
Interest and Fiscal Charges	11,470	0	0	(11,470)
Total Governmental Activities	<u>\$2,934,712</u>	<u>\$201,537</u>	<u>\$175,000</u>	<u>(2,558,175)</u>

General Revenues:	
Grants and Entitlements not Restricted to Specific Programs	2,615,455
Investment Earnings	3,285
Other Revenues	56,663
Total General Revenues	<u>2,675,403</u>
Change in Net Assets	117,228
Net Assets Beginning of Year	<u>1,991,846</u>
Net Assets End of Year	<u><u>\$2,109,074</u></u>

See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
Balance Sheet
Governmental Fund
December 31, 2009

	<u>General</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,474,297
Receivables:	
Accounts	104,052
Prepays	49,084
Deferred Bond Issuance Costs	<u>7,343</u>
Total Assets	<u><u>1,634,776</u></u>
Liabilities and Fund Balances:	
Liabilities:	
Accrued Liabilities	153,809
Accrued Interest Payable	10,802
Intergovernmental Payable	<u>104,052</u>
Total Liabilities	<u>268,663</u>
Fund Balances:	
Reserved for Prepays	49,084
Unreserved, Designated for Capital Items	932,101
Unreserved, Designated for Compensated Absences	174,494
Unreserved, Undesignated, Reported in:	
General Fund	<u>210,434</u>
Total Fund Balances	<u>1,366,113</u>
Total Liabilities and Fund Balances	<u><u>\$1,634,776</u></u>

See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
December 31, 2009

Total Governmental Fund Balance	\$1,366,113
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	1,532,455
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in the governmental fund.	
Compensated Absences	(174,494)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(615,000)</u>
Net Assets of Governmental Activities	<u>\$2,109,074</u>

See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended December 31, 2009

	<u>General</u>
Revenues:	
Investment Earnings	\$3,285
Intergovernmental	2,790,455
Charges for Services	201,537
Other Revenues	<u>56,663</u>
Total Revenues	<u>3,051,940</u>
Expenditures:	
Current:	
Security of Persons and Property	2,739,349
Capital Outlay	692,346
Debt Service:	
Interest and Fiscal Charges	<u>11,470</u>
Total Expenditures	<u>3,443,165</u>
Excess of Revenues Over (Under) Expenditures	<u>(391,225)</u>
Other Financing Sources (Uses):	
Issuance of Capital Leases	<u>615,000</u>
Total Other Financing Sources (Uses)	<u>615,000</u>
Net Change in Fund Balance	223,775
Fund Balance Beginning of Year	<u>1,142,338</u>
Fund Balance End of Year	<u><u>\$1,366,113</u></u>

See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Fund to the Statement of Activities
 For the Fiscal Year Ended December 31, 2009

Net Change in Fund Balance - Total Governmental Fund \$223,775

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

Governmental fund reports capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	692,346	
Depreciation Expense	<u>(139,657)</u>	
		552,689

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (36,962)

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 fund.

Compensated Absences		(7,274)
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Issuance of capital leases are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (615,000)

Change in Net Assets of Governmental Activities		<u><u>\$117,228</u></u>
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See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	<u>Pension Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Investments	<u>\$875,849</u>	<u>\$44,063</u>
Total Assets	<u>875,849</u>	<u>44,063</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>44,063</u>
Total Liabilities	<u>0</u>	<u>\$44,063</u>
Net Assets:		
Held in Trust	<u>875,849</u>	
Total Net Assets	<u>\$875,849</u>	

See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended December 31, 2009

	Pension Trust
Additions:	
Contributions	\$30,625
Investment Earnings	11,530
Increase (Decrease) in Fair Value of Investments	192,588
Total Additions	<u>234,743</u>
Deductions:	
Benefits	58,387
Administrative Expenses	8,563
Total Deductions	<u>66,950</u>
Change in Net Assets	167,793
Net Assets Beginning of Year	<u>708,056</u>
Net Assets End of Year	<u><u>\$875,849</u></u>

See accompanying notes to the basic financial statements.

Madeira & Indian Hill Joint Fire District, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Madeira & Indian Hill Joint Fire District (the “District”) is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District was established by the councils of the City of the Village of Indian Hill and the City of Madeira under the provisions of Section 505.371, Ohio Revised Code, on December 17, 1984, commencing operation as a District on January 1, 1985. The Fire District operates under the direction of a twelve member Board of Trustees, of which two members are council members of their respective Cities. The District provides the following services: fire protection, medical services, public safety and other public services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the District’s accounting policies are described below.

MEASUREMENT FOCUS

Government-wide Financial Statements

The District’s basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Private purpose trust funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary. The focus of government fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental fund:

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has a pension trust fund which accounts for the District's Private Pension Plan. The District has a medical reimbursement plan agency fund which accounts for assets and liabilities held for the District's employees covered under the medical reimbursement plan.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty days of year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include grants and entitlements. Revenue from grants and entitlements is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

EQUITY IN POOLED CASH AND INVESTMENTS

To improve cash management the District's cash and investments are pooled. Monies for all funds, except cash and investments held in segregated accounts, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price.

For presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

The General Fund and the Pension Trust Fund receive investment earnings. Investment earnings credited to the General Fund amounted to \$3,285. Investment earnings credited to the Pension Trust Fund amounted to \$11,530.

PREPAIDS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids.

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	5-30 years
Equipment	5-20 years

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Compensated absences are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

FUND BALANCE RESERVES AND DESIGNATIONS

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, prepaids are recorded as a reservation of fund balance.

Designations may be established to indicate tentative plans for financial resource utilization in a future period. The District has financial resources designated for future capital items and future compensated absences liabilities.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The District did not have any net assets restricted by enabling legislation.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 – EQUITY IN POOLED CASH AND INVESTMENTS

Cash resources are combined to form a pool of cash and investments. This pool is displayed on the combined balance sheet as “Equity in Pooled Cash and Investments.”

Statutes require the classification of funds held by the District into three categories.

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to, passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAROhio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2009, \$33,973 of the District's bank balance of \$283,973 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of December 31, 2009, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Governmental Fund:		
STAROhio	\$1,313,631	0.17
Fiduciary Funds:		
Money Market Funds	1,812	0.00
Mutual Funds	874,037	0.00
Total Fair Value	<u>\$2,189,480</u>	
Portfolio Weighted Average Maturity		0.10

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in STAROhio were rated AAAM by Standard and Poor's and Fitch ratings. Money market funds and mutual funds were rated AAA by Standard and Poor's and Fitch ratings and Aaa by Moody's Investors Service.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District's governmental fund is invested 100% in STAROhio. The District's Pension Trust fund has invested 100% in mutual funds and less than 1% in money market funds.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the current year end was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$24,096	\$0	\$0	\$24,096
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	964,213	21,749	1,700	984,262
Equipment	2,040,909	670,597	378,449	2,333,057
Totals at Historical Cost	<u>3,029,218</u>	<u>692,346</u>	<u>380,149</u>	<u>3,341,415</u>
Less Accumulated Depreciation:				
Buildings and Improvements	698,846	18,541	1,700	715,687
Equipment	1,313,644	121,116	341,487	1,093,273
Total Accumulated Depreciation	<u>2,012,490</u>	<u>139,657</u>	<u>343,187</u>	<u>1,808,960</u>
Governmental Activities Capital Assets, Net	<u>\$1,016,728</u>	<u>\$552,689</u>	<u>\$36,962</u>	<u>\$1,532,455</u>

Depreciation expense was charged to the governmental function as follows:

Security of Persons and Property	\$139,657
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NOTE 5 – COMPENSATED ABSENCES

Sick leave is accrued at the rate of 4.6 hours for each 80 hours worked. Upon retirement from active service with the District, employees may convert one-fourth of unused sick leave (maximum 720 hours) to pay. Employees cannot accumulate vacation but full-time employees may carry-over into the next year up to two vacation days, which carry-over days must be used in the following (carry-over) year. If any carry-over vacation days are not used in the following year, then said carry-over vacation days will be lost. Or, upon written request to the Fire Chief prior to December 1, and upon approval of the Fire Chief, full-time employees may be paid for unused vacation days up to a maximum amount of fifty percent of their annual vacation days.

NOTE 6 – LONG-TERM DEBT

	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
Governmental Activities:					
Capital Leases	\$0	\$615,000	\$0	\$615,000	\$123,000
Compensated Absences	167,220	7,274	0	174,494	52,368
Total Governmental Activities	<u>\$167,220</u>	<u>\$622,274</u>	<u>\$0</u>	<u>\$789,494</u>	<u>\$175,368</u>

Compensated absences will be paid from the fund from which the employee is paid (historically this is the general fund). Capital lease obligations will be paid from the General Fund.

NOTE 7 - CAPITAL LEASE

The District has entered into a capital lease for a fire truck.

The lease described above meets the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 “Accounting for Leases”, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Future capital lease payments will be made from the General Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

<u>Fiscal Year Ending June 30</u>	<u>Capital Leases</u>
2010	\$146,311
2011	141,403
2012	136,497
2013	131,589
2014	126,891
Total Minimum Lease Payments	682,691
Less: Amount Representing Interest	<u>(67,691)</u>
Present Value of Minimum Lease Payments	<u>\$615,000</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Equipment	\$615,000
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NOTE 8 – INSURANCE

The District maintains comprehensive coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. Settled claims have not exceeded coverage in any of the past three years. There have been no significant changes in coverage from last year.

NOTE 9 – PENSION PLANS

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the District is 14% of covered payroll. The contribution rates are determined actuarially. The District's required contributions to OPERS for the years ended December 31, 2009, 2008 and 2007 were \$7,321, \$9,249 and \$10,661, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Ohio Police and Fire Pension Fund

The District contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the District) are required to contribute 19.5% for police officers and 24.0% for firefighters. The District's contributions to OP&F for the years ending December 31, 2009, 2008 and 2007 were \$311,818, \$314,116, and \$300,136, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Madeira & Indian Hill Fire Company Defined Benefit Pension Plan

Certain District employees participate in the Madeira & Indian Hill Fire Company Defined Benefit Pension Plan (the plan), a single-employer defined benefit pension plan administered by the Fifth Third Bank. Benefits were established by agreement with employees as of January 1, 1975. The plan issues a stand-alone financial report containing information required for the schedule of funding progress which may be obtained by writing to the Madeira & Indian Hill Fire Company Defined Benefit Pension Plan, 6475 Drake Road, Cincinnati, Ohio 45243.

The Plan provides basic retirement benefits to plan members and beneficiaries. Plan members consist of full-time employees who were participants on December 31, 1984. The Plan is closed to new entrants.

Plan members are not required to contribute to fund pension obligations. The employer pension contributions consist of pay-as-you-go contributions when required to restore the Plan to fully funded status. The Plan also pays the administrative costs. Contributions are authorized by the Trust Agreement for the Plan. The required contributions are determined actuarially. The District's required contributions to the Plan for the years ended December 31, 2009, 2008 and 2007 were \$30,625, \$0, and \$10,760, respectively. The full amount has been contributed for 2009, 2008 and 2007.

The financial statements of the Plan are prepared using the accrual basis of accounting. The employer's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All Plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the Joint Fire District's balance sheet date.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the Ohio Police and Fire Pension Fund use Social Security. As of December 31, 2009, several employees have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 10 – POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health card coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, the District contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contribution allocated to the health care plan was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from District's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The District's actual contributions for the current year, which were used to fund postemployment benefits, were \$915 for the period of January 1 through March 31, 2009 and were \$2,157 for the period of April 1 through December 31, 2009, \$4,625 for 2008, \$1,924 for the period of January 1 through June 30, 2007 and were \$2,306 for the period of July 1 through December 31, 2007.

OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

Other Information

At December 31, 2009, the number of active contributing participants in the Traditional and Combined Plans totaled 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388.

The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. Based on the actuarial cost method used, the Actuarial Valuations as of December 31, 2008, (the latest information available) reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

Ohio Police and Fire Pension Fund

Plan Description

The District contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One is for health care benefits under IRS Code Section 115 trust and one is for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from District's Records

The District's contributions to OP&F for the year ending December 31, 2009 were \$87,699 for fire; for the year ending December 31, 2008 were \$88,345 for fire; and for the year ending December 31, 2007 were \$84,413 for fire, respectively, and were allocated to the healthcare plan.

Other Information

The number of participants eligible to receive health care benefits as of December 31, 2008, the date of the last actuarial valuation available, are 14,567 for Police and 10,750 for Firefighters. OP&F's total health care expense for the year ending December 31, 2008, the date of the last actuarial valuation available, was \$96,472,398, which was net of member contributions of \$56,948,977.

REQUIRED SUPPLEMENTARY INFORMATION

Madeira & Indian Hill Joint Fire District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2009

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$2,712	\$2,712	\$3,285	\$573
Charges for Services	166,366	166,366	201,537	35,171
Intergovernmental	2,303,476	2,303,476	2,790,455	486,979
Other Revenues	46,774	46,774	56,663	9,889
Total Revenues	<u>2,519,328</u>	<u>2,519,328</u>	<u>3,051,940</u>	<u>532,612</u>
Expenditures:				
Current:				
<u>Security of Persons and Property</u>				
Personal Services	2,780,623	2,780,623	2,451,417	329,206
Contractual Services	216,890	216,890	191,212	25,678
Supplies and Materials	106,017	106,017	93,465	12,552
Capital Outlay	785,323	785,323	692,346	92,977
Other Expenditures	3,692	3,692	3,255	437
Debt Service:				
Interest and Fiscal Charges	13,010	13,010	11,470	1,540
Total Expenditures	<u>3,905,555</u>	<u>3,905,555</u>	<u>3,443,165</u>	<u>462,390</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,386,227)</u>	<u>(1,386,227)</u>	<u>(391,225)</u>	<u>995,002</u>
Other Financing Sources (Uses):				
Issuance of Capital Leases	507,673	507,673	615,000	107,327
Total Other Financing Sources (Uses)	<u>507,673</u>	<u>507,673</u>	<u>615,000</u>	<u>107,327</u>
Net Change in Fund Balance	(878,554)	(878,554)	223,775	1,102,329
Fund Balance Beginning of Year	<u>1,142,338</u>	<u>1,142,338</u>	<u>1,142,338</u>	<u>0</u>
Fund Balance End of Year	<u>\$263,784</u>	<u>\$263,784</u>	<u>\$1,366,113</u>	<u>\$1,102,329</u>

See accompanying notes to the required supplementary information.

Madeira & Indian Hill Joint Fire District, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2009

NOTE 1 - BUDGETARY PROCESS

The District prepares its budget on a GAAP basis. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the budget, the appropriations resolution and the certificate of estimated resources, which are also prepared on the GAAP basis of accounting. The certificate of estimated resources establishes a limit on the amount that the Board of Trustees may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by Board. The legal level of control has been established by the Board at the fund and function, and object level. Any budgetary modifications at this level may only be made by the resolution of the Board of Trustees.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the year 2009.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year.

As indicated above, the District prepares its budget on a GAAP basis. Therefore there are no differences between the budget basis and GAAP basis.

Bastin & Company, LLC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Members of the Board of Trustees
Madeira & Indian Hill Joint Fire District

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madeira & Indian Hill Joint Fire District, Hamilton County, Ohio (the District), as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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.

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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Board of Trustees, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

Bastin & Company, LLC

Cincinnati, Ohio
April 15, 2010



Mary Taylor, CPA
Auditor of State

MADEIRA & INDIAN HILL JOINT FIRE DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 8, 2010**