

**THE COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF MADEIRA**



State of Ohio

FOR THE YEAR ENDED DECEMBER 31, 2011



Dave Yost • Auditor of State

Honorable Mayor and Members of City Council
City of Madeira
7141 Miami Ave
Cincinnati, Ohio 45243-2699

We have reviewed the *Independent Auditor's Report* of the City of Madeira, Hamilton County, prepared by Foxx & Company, for the audit period January 1, 2011 through December 31, 2011. 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 City of Madeira is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 7, 2013

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**CITY OF MADEIRA,
OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2011**

Prepared by:

Treasurer's Office

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City of Madeira, Ohio
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended December 31, 2011

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INTRODUCTORY SECTION

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CITY OF MADEIRA

7141 Miami Avenue • Cincinnati, Ohio 45243-2699
(513) 561-7228 • Fax (513) 272-4211

June 27, 2012

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Madeira:

State law requires that all general-purposes local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Madeira for the fiscal year ended December 31, 2011.

This report consists of management's representations concerning the finances of the City of Madeira. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Madeira has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Madeira financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Madeira's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Madeira's financial statements have been audited by Foxx & Company, CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Madeira for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Madeira's financial statements for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Madeira's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Madeira, incorporated in 1910 as a village, is located in the southwestern part of the state. The City of Madeira currently occupies a land area of 3.4 square miles and serves a population of 8,923. The City of Madeira is empowered to levy a property tax on real properties located within its boundaries.

The City of Madeira has operated under the council-manager form of government since 1959. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The City's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day to day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members are elected at large and serve four-year staggered terms, with elections every two years. The Madeira Home Rule Charter specifies term limits of three consecutive terms.

The Madeira City Council elects a Mayor and Vice-Mayor from within its ranks. The Mayor and Vice-Mayor each serve a two-year term. The Mayor's primary duties include presiding over City Council meetings, performing ceremonial civic duties and overseeing the proceedings of Mayor's Court. The Vice-Mayor assumes the duties of the Mayor in his or her absence.

The City of Madeira provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for the financial planning and control. The government's manager presents his proposed budget to the council for review prior to December 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Madeira's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Madeira operates.

Local economy. The City of Madeira currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include consumer product manufacturers, jet engine and automobile component manufacturers, and several financial and insurance institutions.

The City's central business district is expected to maintain its current high occupancy rate with a variety of stores, specialty shops, and commercial businesses. Meanwhile, there continues to be a discernable trend toward steady residential growth.

Long-term financial planning. Unreserved, undesignated fund balance in the general fund (37% of general fund expenditures) falls above the policy guidelines set by the city council for budgeting and planning purposes (i.e. – between 20 and 25 percent of general fund expenditures). It is council's intent to not borrow to fund improvement projects unless the project size is over 1 million. The City Council plans to add and improve walk ways, bike ways, park space and obtain an improvement grant from the state. In addition, they are trying to repave all streets on the existing 20 year schedule. The anticipated future annual street improvement budget is approximately \$500,000 per year.

Relevant financial policies. During 2011 the City began planning for reductions in future intergovernmental revenue due to State cut backs. The City is considering an increase in income tax rates and reducing spending and services.

Major Initiatives. The City borrowed \$1.1 million in 2011 to pay for the costs of the Kenwood Road Project. In 2009, the City also received a grant for sidewalk improvements that will require 50% participation by the City. The estimated cost is \$240,000 and the project should begin in 2012.

Awards and Acknowledgments

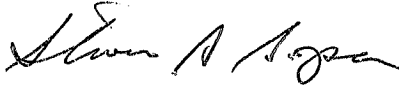
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madeira for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. This was the sixteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to

express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Madeira's finances.

Respectfully submitted,



Steven A. Soper
Treasurer



Thomas W. Moeller
City Manager

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Madeira
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Dandison

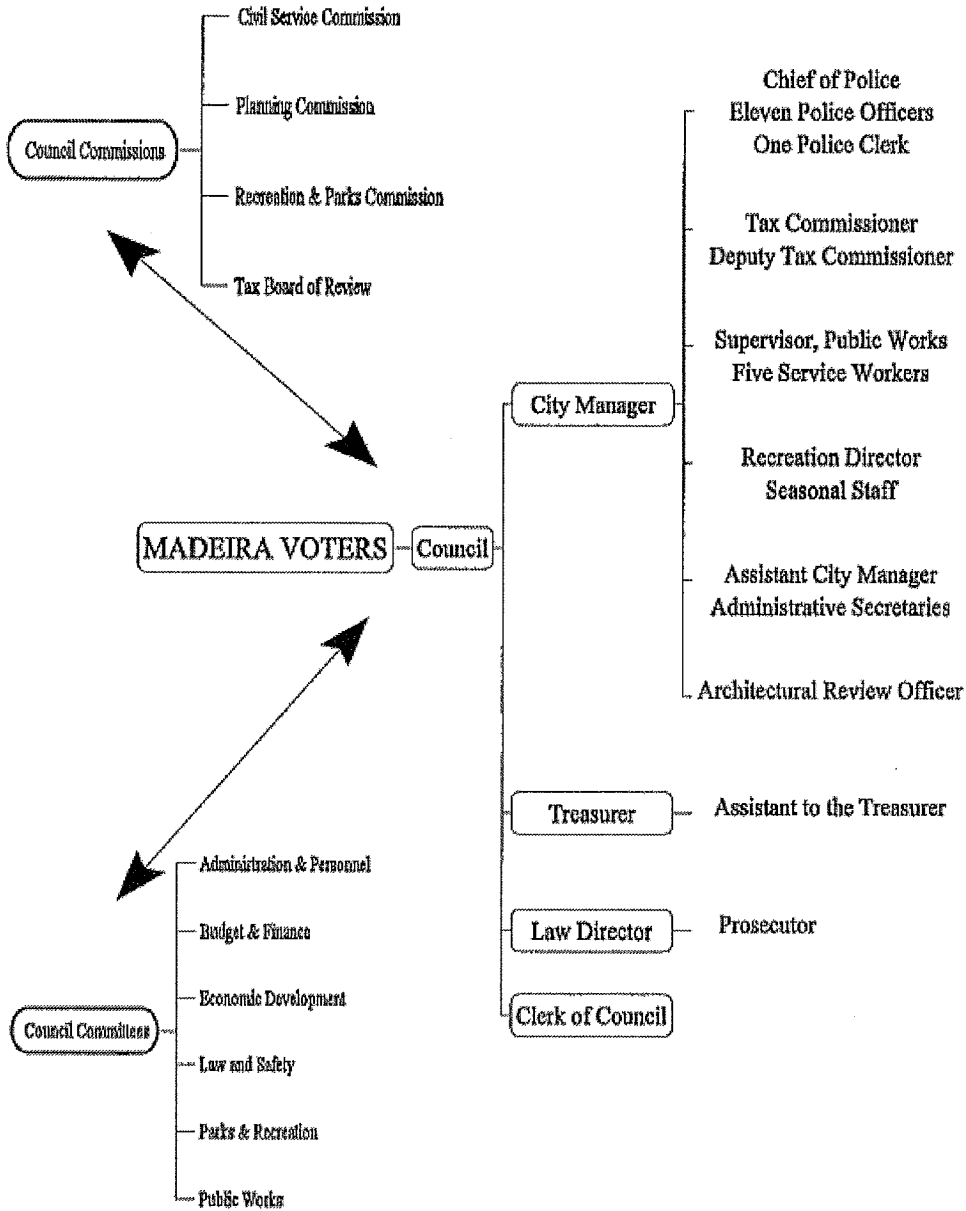
President

Jeffrey R. Enos

Executive Director

City of Madeira

Organizational Chart



**City of Madeira, Ohio
List of Elected and Appointed Officials
December 31, 2011**

ELECTED OFFICIALS:

MAYOR **Rick Brasington** **Term on Council: 12/1/05 to 11/30/13**

VICE MAYOR **Tim Dicke** **Term on Council: 12/1/05 to 11/30/13**

MEMBERS OF COUNCIL:

Ken Born	Term on Council: 11/22/04-11/30/15
Rick Staubach	Term on Council: 12/1/05 to 11/30/13
Mike Steur	Term on Council: 12/1/09 to 11/30/13
Rob Steier	Term on Council: 12/1/11-11/30/15
Melisa Adrien	Term on Council: 12/1/11-11/30/15

APPOINTED OFFICIALS:

CITY MANAGER **Thomas W. Moeller, M.P.A.** **Hired 3/6/89 for Indefinite Term**

TREASURER **Steven A. Soper, CPA** **Term of Office: 12/1/97-11/30/13**

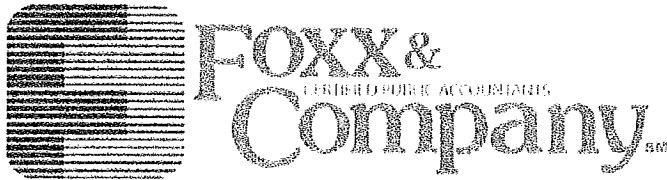
PROSECUTOR **Michael Menninger** **Term of Office: 12/1/08-11/30/13**

LAW DIRECTOR **Robert Malloy, LLP** **Term of Office: 12/1/89-11/30/13**

ARCHITECTURAL REVIEW OFFICER
David H. Ballweg **Term of Office: 7/1/94-1/1/13**

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Madeira, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Madeira, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 the 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, the business-type activities, each major fund, the combining and individual fund statements, capital assets schedules, and the aggregate remaining fund information of the City of Madeira, Ohio, as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Street Repair fund 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 June 27, 2012, on our consideration of the City'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Cincinnati, Ohio
June 27, 2012

Management's Discussion and Analysis

As management of the City of Madeira, we offer readers of the City of Madeira's financial statements this narrative overview and analysis of the financial activities of the City of Madeira for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in this report.

Financial Highlights

- The assets of the City of Madeira exceeded its liabilities at the close of the most recent fiscal year by \$11,006,485 (net assets). Of this amount, \$4,048,548 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$33,897.
- As of the close of the current fiscal year, the City of Madeira's governmental funds reported combined ending fund balances of \$1,542,804, an increase of \$296,918 in comparison with the prior year. 100 percent of this total amount, \$1,542,804 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,023,357 or 37 percent of total general fund expenditures.
- The City of Madeira's total debt decreased by \$405,000 (27 Percent) during the current fiscal year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Madeira's basic financial statements. The City of Madeira's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Madeira's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Madeira's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Madeira is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Madeira that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Madeira include general government, public safety, transportation, sanitation, community environment, and recreation. The business-type activity of the City of Madeira is rental property.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Madeira, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Madeira can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Madeira maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street repair fund and the debt service fund, all which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Madeira adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary fund. The City of Madeira maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Madeira uses an enterprise fund to account for its rental property operation.

Proprietary funds provide the same type of information as the governmental-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the rental property operation, which is considered to be a major fund of the City of Madeira.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Madeira's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Madeira, assets exceeded liabilities by \$11,006,485 at the close of the most recent fiscal year.

A portion of the City of Madeira's net assets (66 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens consequently; these assets are not available for future spending. Although the City of Madeira's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Madeira's Net Assets
(In Thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$5,695	\$6,272	\$15	\$8	\$5,710	\$6,280
Capital Assets	8,441	8,873	345	367	\$8,786	\$9,240
Total Assets	14,136	15,145	360	375	14,496	15,520
Long-term liabilities outstanding	1,252	1,641	0	0	1,252	1,641
Other liabilities	2,238	2,904	0	3	2,238	2,907
Total Liabilities	3,490	4,545	0	3	3,490	4,548
Net assets:						
Invested in capital assets, net of related debt	7,361	7,388	345	367	7,706	7,755
Restricted	(748)	234	0	0	(748)	234
Unrestricted	4,033	2,978	15	5	4,048	2,983
Total Net Assets	\$10,646	\$10,600	\$360	\$372	\$11,006	\$10,972

An additional portion of the City of Madeira's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,048) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Madeira is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net assets increased by \$34 during the current fiscal year. This growth largely reflects income in excess of expenses.

Governmental activities. Governmental activities increased the City of Madeira's net assets by \$46, thereby accounting for namely all of the growth in the net assets of the City of Madeira. Key elements of this increase are as follows:

City of Madeira's Changes in Net Assets
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for Services	\$464	\$397	\$36	\$35	\$500	\$432
Operating Grants and Contributions	517	1,965	0	0	517	1,965
General revenues:						
Property Taxes	2,103	2,165	0	0	2,103	2,165
Other Taxes	2,439	2,213	0	0	2,439	2,213
Grants & Contributions not Restricted to Specific Programs	904	1,389	0	0	904	1,389
Investment Earnings	1	5	0	0	1	5
Total Revenues	6,428	8,134	36	35	6,464	8,169
Expenses:						
General Government	1,058	986	0	0	1,058	986
Public Safety	3,183	3,107	0	0	3,183	3,107
Transportation	1,236	1,126	0	0	1,236	1,126
Sanitation	574	541	0	0	574	541
Community Environment	101	99	0	0	101	99
Recreation	227	253	0	0	227	253
Interest on Long-Term Debt	3	27	0	0	3	27
Rental Property	0	0	48	53	48	53
Total Expenses	6,382	6,139	48	53	6,430	6,192
Increase/(Decrease) in net assets	46	1,995	(12)	(18)	34	1,977
Net Assets – Beginning	10,600	8,605	372	390	10,972	8,995
Net Assets - Ending	\$10,646	\$10,600	\$360	\$372	\$11,006	\$10,972

- Charges for services increased 6% from the previous year due to increased usage.
- Property tax collections decreased \$62 from the previous year due to reduced property values. The income and franchise taxes increased by \$226 due to a better economy.
- Grants for road work ended reducing revenues by \$1,448.
- Grants not restricted also fell \$485 due to reduced estate tax collections.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. Business-type activities decreased the City of Madeira's net assets by \$12.

Financial analysis of the City of Madeira's Funds

As noted earlier, the City of Madeira uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Madeira's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Madeira's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Madeira's governmental funds reported combined ending fund balances of \$1,542,804, an increase of \$296,918 in comparison with the prior year. This entire amount, \$1,542,804, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Madeira. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,023,357. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 37 percent of total general fund expenditures.

The fund balance of the City of Madeira's general fund increased by \$352,456 during the current fiscal year. Key factors in this increase are as follows:

- One time decrease in intergovernmental revenues of \$331,306 due to a decrease in estate tax.
- Increase in tax collections of \$183,841 due to improved economy.
- Increase in public safety of \$60,616 due to increased personnel related costs.
- Increase in general government of \$69,387 due to increased repairs, capital purchases and legal costs.
- Decrease in transfers to other funds of \$585,038.

The fund balance for Street Repair increased by \$217,907, which was due to a decrease in Capital Projects.

The debt service fund has a total fund balance of \$0. The net decrease in fund balance during the current year in the debt service fund was \$279,204, due to retirement of debt.

Proprietary fund. The City of Madeira's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the rental property at the end of the year amounted to \$4,845. The

increase in net assets was (\$11,992). Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Madeira business-type activities.

General Fund Budgetary Highlights

The increase between the original and final budget anticipated revenues totaled \$550,000. It was evident as the year progressed that intergovernmental revenue from estate tax was going to exceed original estimates. However, taxes did not increase as projected.

Differences between the original budget and the final amended budget for expenditures totaled \$205,000. During the year, however, revenues did not exceed budgetary estimates and expenditures were less than budgetary estimates, thus reducing the amount to be drawn upon the existing fund balance. The actual revenues fell short of our final budget, due to reduced income tax collections. Actual expenditures and transfers out were short of the final budget by a total of \$190,665. The favorable variance was due to anticipated capital expenditures not incurred prior to the end of the year and conservative budgeting.

Capital Asset and Debt Administration

Capital assets. The City of Madeira's investment in capital assets for its governmental and business type activities as of December 31, 2011 amounts to \$8,786,152 (net of accumulated depreciation). This investment in capital assets includes vehicles, improvements, furniture and equipment and roads. The total decrease in the City of Madeira's investment in capital assets for the current fiscal year was 52 percent.

No major capital asset events occurred during the current fiscal year.

City of Madeira's Capital Assets
(net of depreciation)
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$645	\$645	\$134	\$134	\$779	\$779
Buildings and Improvements	1,108	1,198	211	233	1,319	1,431
Vehicles	40	86	0	0	40	86
Furniture and Software	138	169	0	0	138	169
Infrastructure	6,510	6,775	0	0	6,510	6,775
Total	\$8,441	\$8,873	\$345	\$367	\$8,786	\$9,240

Additional information on City of Madeira's capital assets can be found in note IV.C.

Long-term debt. At the end of the current year, the City of Madeira had a bond anticipation note outstanding of \$1,080,000.

All \$1,080,000 is backed by the full faith and credit of the government.

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City of Madeira's Outstanding Debt
General Obligation Bonds
(In thousands)

	Governmental Activities	
	2011	2010
General obligation bond anticipation note	\$1,080	\$1,200
General obligation bonds	0	285
Total	\$1,080	\$1,485

Additional information on City of Madeira's long-term debt can be found in note IV.E.

The City of Madeira's total debt decreased by \$405,000 during the current fiscal year. The key factor in the decrease was the scheduled payment principal retirement.

Economic Factors and Next Year's Budgets and Rates

- The occupancy rate of the City's central business district has remained at a high percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.
- Building permits and earnings tax to remain flat.
- Reduction in expenditures due to anticipated future elimination of estate tax

All of these factors were considered in preparing the City of Madeira's budget for the 2012 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$2,023,357. The City of Madeira has appropriated \$461,445 of this amount for spending in the 2012 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Madeira's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Treasurer, 7141 Miami Avenue, Madeira, Ohio, 45243.

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BASIC FINANCIAL STATEMENTS

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CITY OF MADEIRA, OHIO

Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$2,274,013	\$12,394	\$2,286,407
Receivables			
Taxes Receivable	2,891,556	0	2,891,556
Intergovernmental Receivable	466,232	0	466,232
Accounts Receivables	36,918	2,700	39,618
Inventory of Supplies	26,968	0	26,968
Capital Assets - Land	645,000	134,008	779,008
Capital Assets, Net of Accumulated Depreciation	7,795,994	211,150	8,007,144
Total Assets	<u>14,136,681</u>	<u>360,252</u>	<u>14,496,933</u>
LIABILITIES:			
Accounts Payable	140,686	249	140,935
Accrued Payroll	113,202	0	113,202
Unearned Revenues	1,972,422	0	1,972,422
Accrued Interest	11,352	0	11,352
Noncurrent Liabilities:			
Due within one year	1,198,694	0	1,198,694
Due in more than one year	53,843	0	53,843
Total Liabilities	<u>3,490,199</u>	<u>249</u>	<u>3,490,448</u>
NET ASSETS			
Investment in Capital Assets, net of related debt	7,360,994	345,158	7,706,152
Restricted for:			
Transportation	(748,215)	0	(748,215)
Unrestricted	4,033,703	14,845	4,048,548
Total Net Assets	<u>\$10,646,482</u>	<u>\$360,003</u>	<u>\$11,006,485</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
General Government	\$1,058,228	\$40,993	\$0	(1,017,235)	\$0	(1,017,235)
Public Safety	3,183,126	259,738	984	(2,922,404)	0	(2,922,404)
Transportation	1,235,558	0	501,949	(733,609)	0	(733,609)
Sanitation	574,455	29,728	0	(544,727)	0	(544,727)
Community Environment	101,003	123,473	0	22,470	0	22,470
Recreation	227,728	10,219	13,675	(203,834)	0	(203,834)
Interest on Long Term Debt	3,215	0	0	(3,215)	0	(3,215)
Total Governmental Activities	6,383,313	464,151	516,608	(5,402,554)	0	(5,402,554)
Business-Type Activities:						
Rental Property	47,992	36,000	0	0	(11,992)	(11,992)
Total Business-Type Activities	47,992	36,000	0	0	(11,992)	(11,992)
Total - Primary Government	6,431,305	500,151	516,608	(5,402,554)	(11,992)	(5,414,546)
General Revenues						
Property Taxes				2,103,994	0	2,103,994
Income Taxes				2,266,874	0	2,266,874
Franchise Taxes				171,629	0	171,629
Grants and Contributions Not Restricted to Specific Programs				904,600	0	904,600
Unrestricted Investment Earnings				1,346	0	1,346
Total General Revenues and Transfers				5,448,443	0	5,448,443
Change in Net Assets				45,889	(11,992)	33,897
Net Assets Beginning of Year				10,600,593	371,995	10,972,588
Net Assets End of Year				\$10,646,482	\$360,003	\$11,006,485

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

	General	Street Repair	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$1,755,688	\$143,100	\$375,225	\$2,274,013
Taxes Receivable	2,891,556	0	0	2,891,556
Intergovernmental Receivable	262,855	203,377	0	466,232
Other Receivables	21,792	13,626	1,500	36,918
Inventory of Supplies	26,968	0	0	26,968
Total Assets	4,958,859	360,103	376,725	5,695,687
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	118,211	16,966	5,509	140,686
Accrued Payroll	113,202	0	0	113,202
Deferred Revenues	2,671,697	130,522	0	2,802,219
Unearned Revenues	5,424			5,424
Note Payable		1,080,000		1,080,000
Note Interest Payable		11,352		11,352
Total Liabilities	2,908,534	1,238,840	5,509	4,152,883
Fund Balances:				
Nonspendable:				
Inventory	26,968			26,968
Restricted for:				
Special Revenue Funds		(878,737)	149,994	(728,743)
Capital Project Funds			221,222	221,222
Unassigned:				
General Fund	2,023,357			2,023,357
Total Fund Balances	2,050,325	(878,737)	371,216	1,542,804
Total Liabilities and Fund Balances	\$4,958,859	\$360,103	\$376,725	

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 funds. 8,440,994

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 835,221

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (172,537)

Net Assets of Governmental Activities \$10,646,482

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

	General	Street Repair	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$4,390,757	\$0	\$1,446	\$0	\$4,392,203
Licenses & Permits	123,473	0	0	0	123,473
Intergovernmental Revenue	984,201	456,649	0	31,571	1,472,421
Charges for Services	106,851	0	0	10,093	116,944
Investment Earnings	1,246	100	0	0	1,346
Fines & Forfeitures	75,779	0	0	3,188	78,967
All Other Revenues	317,254	13,626	0	13,801	344,681
Total Revenues	<u>5,999,561</u>	<u>470,375</u>	<u>1,446</u>	<u>58,653</u>	<u>6,530,035</u>
EXPENDITURES					
Current					
Public Safety	3,146,176	0	0	4,075	3,150,251
Recreation	98,946	0	0	14,799	113,745
Community Environment	93,794	0	0	7,209	101,003
Transportation	597,216	66,985	0	0	664,201
Sanitation	574,455	0	0	0	574,455
General Government	987,756	0	0	0	987,756
Capital Outlay	0	174,131	0	164,811	338,942
Debt Service					
Principal Retirement	0	0	285,000	0	285,000
Interest	0	11,352	6,412	0	17,764
Total Expenditures	<u>5,498,343</u>	<u>252,468</u>	<u>291,412</u>	<u>190,894</u>	<u>6,233,117</u>
Excess/(Deficiency) of Revenues over (under) Expenditures	<u>501,218</u>	<u>217,907</u>	<u>(289,966)</u>	<u>(132,241)</u>	<u>296,918</u>
OTHER FINANCING SOURCES/(USES)					
Transfers In	0	0	10,762	138,000	148,762
Transfers Out	(148,762)	0	0	0	(148,762)
Total Other Financing Sources and Uses	<u>(148,762)</u>	<u>0</u>	<u>10,762</u>	<u>138,000</u>	<u>0</u>
Net Change in Fund Balances	352,456	217,907	(279,204)	5,759	296,918
Fund Balance - Beginning	<u>1,697,869</u>	<u>(1,096,644)</u>	<u>279,204</u>	<u>365,457</u>	<u>1,245,886</u>
Fund Balance - Ending	<u>\$2,050,325</u>	<u>(\$878,737)</u>	<u>\$0</u>	<u>\$371,216</u>	<u>\$1,542,804</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

Net Change in Fund Balances - Total Governmental Funds	\$296,918
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**Amounts reported for governmental activities in the
statement of activities are different because**

Governmental funds report capital outlays 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 by which capital outlays exceeded depreciation in the current period.

	(432,727)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(3,366)	
Income Tax	(16,523)	
Intergovernmental Revenues	(80,944)	
	(100,833)	
Total		(100,833)

The issuance of long-term debt provides current financial resources, while the repayment of the principal consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets.

	285,000
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

	14,549
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Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(17,018)
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Change in Net Assets of Governmental Activities	\$45,889
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The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes	\$4,430,841	\$4,430,841	\$4,390,757	(\$40,084)
Licenses & Permits	66,000	116,000	123,473	7,473
Intergovernmental Revenue	703,484	1,103,484	984,201	(119,283)
Charges for Services	66,100	106,100	106,851	751
Investment Earnings	6,000	6,000	1,246	(4,754)
Fines & Forfeitures	85,000	85,000	75,779	(9,221)
All Other Revenues	242,050	302,050	317,254	15,204
Total Revenues	5,599,475	6,149,475	5,999,561	(149,914)
EXPENDITURES				
Current:				
Public Safety	3,107,700	3,182,700	3,146,176	36,524
Recreation	137,800	137,800	98,946	38,854
Community Environment	91,500	101,500	93,794	7,706
Transportation	612,995	652,995	597,216	55,779
Sanitation	574,455	574,455	574,455	0
General Government	995,320	1,025,320	987,756	37,564
Total Expenditures	5,519,770	5,674,770	5,498,343	176,427
Excess of Revenues Over Expenditures	79,705	474,705	501,218	26,513
OTHER FINANCING SOURCES/(USES)				
Transfers Out	(113,000)	(163,000)	(148,762)	14,238
Total Other Financing Sources/(Uses)	(113,000)	(163,000)	(148,762)	14,238
Net Change in Fund Balance	(33,295)	311,705	352,456	40,751
Fund Balance - Beginning	1,697,869	1,697,869	1,697,869	0
Fund Balance - Ending	\$1,664,574	\$2,009,574	\$2,050,325	\$40,751

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

Street Repair Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Intergovernmental Revenue	\$477,000	\$477,000	\$456,649	(\$20,351)
Investment Earnings	0	0	100	100
All Other Revenues	0	0	13,626	13,626
TOTAL REVENUES	477,000	477,000	470,375	(6,625)
EXPENDITURES				
Current				
Transportation	110,500	110,500	66,985	43,515
Capital Outlay	250,000	250,000	174,131	75,869
Debt Service				
Principal Retirement	1,200,000	1,200,000	0	1,200,000
Interest	0	0	11,352	(11,352)
TOTAL EXPENDITURES	1,560,500	1,560,500	252,468	1,308,032
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,083,500)	(1,083,500)	217,907	1,301,407
OTHER FINANCING SOURCES/(USES)				
Issuance of Debt	1,087,000	1,087,000	0	(1,087,000)
TOTAL OTHER FINANCING SOURCES/(USES)	1,087,000	1,087,000	0	(1,087,000)
Net Change in Fund Balance	3,500	3,500	217,907	214,407
Fund Balance - Beginning	(1,096,644)	(1,096,644)	(1,096,644)	0
Fund Balance - Ending	(\$1,093,144)	(\$1,093,144)	(\$878,737)	\$214,407

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

Statement of Net Assets Proprietary Fund December 31, 2011

	<u>Business-type Activities Enterprise Fund</u>
	<u>Rental Property</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$12,394
Receivables:	
Accounts	<u>2,700</u>
Total Current Assets	<u>15,094</u>
Noncurrent Assets:	
Capital Assets:	
Land	134,008
Depreciable Capital Assets, Net	<u>211,150</u>
Total Noncurrent Assets	<u>345,158</u>
Total Assets	<u>360,252</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>249</u>
Total Current Liabilities	<u>249</u>
Total Liabilities	<u>249</u>
Net Assets	
Invested in Capital Assets	345,158
Unrestricted	<u>14,845</u>
Total Net Assets	<u><u>\$360,003</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2011

	Business-type Activities Enterprise Fund
	<u>Rental Property</u>
Operating Revenues	
Rents	<u>\$36,000</u>
Total Operating Revenues	<u>36,000</u>
Operating Expenses	
Insurance	4,510
Gas & Electric	0
Water	281
Professional Services	5,195
Repairs & Maintenance	5,638
Property Taxes	2,909
Depreciation	<u>29,459</u>
Total Operating Expenses	<u>47,992</u>
Operating Income (Loss)	<u>(11,992)</u>
Change in Net Assets	(11,992)
Total Net Assets Beginning of Year	<u>371,995</u>
Total Net Assets End of Year	<u><u>\$360,003</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2010

	<u>Business-Type Activities Enterprise Fund</u>
	<u>Rental Property</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$34,550
Cash Payments for Goods and Services	<u>(21,049)</u>
Net Cash Used by Operating Activities	<u>13,501</u>
Cash Flows from Capital and Related Financing Activities	
Property Improvements	<u>(7,730)</u>
Net Cash Provided by (Used) by Capital and Related Financing Activities	<u>(7,730)</u>
Net Increase in Cash and Cash Equivalents	5,771
Cash and Cash Equivalents Beginning of Year	<u>6,623</u>
Cash and Cash Equivalents End of Year	<u><u>12,394</u></u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating (Loss)	(11,992)
Adjustments:	
Depreciation	29,459
Increase in Assets:	
Accounts Receivable	(1,450)
Decrease in Liabilities:	
Accounts Payable	<u>(2,516)</u>
Net Cash Used by Operating Activities	<u><u>\$13,501</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF MADEIRA, OHIO

Statement of Fiduciary Assets & Liabilities
Agency Fund
December 31, 2011

ASSETS

Cash with Fiscal Agent	\$13,210
Total Assets	<u>13,210</u>

LIABILITIES

Due to Other Governments	13,210
Total Liabilities	<u>\$13,210</u>

The Notes to the Financial Statements are an integral part of this statement.

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CITY OF MADEIRA, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

I. Summary of significant accounting policies

A. Reporting Entity

The City of Madeira (the City) is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own charter, which provides for a council/manager form of government and was adopted in 1959. The seven-member council is elected to four-year terms. Every two years council selects one of its members to serve as mayor and one of its members to serve as vice-mayor. Council also appoints the city manager, treasurer, law director and clerk of council.

The City provides various services including police protection, parks and recreation, planning, street maintenance and repair, and community development. The City also provides refuse collection and fire protection through annual contracts with outside contractors.

For financial reporting purposes, the City's financial statements include all funds for which the City is financially accountable based upon criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14. The City reviewed certain legally separate organizations to determine if the elected officials of the City were financially accountable. No such organizations were identified.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements; however interfund services provided and used are not eliminated in the process of consolidating. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. However, Agency fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The street repair fund accounts for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The government reports the following proprietary fund:

The proprietary fund type consists of only one Enterprise Fund. This fund accounts for operations of rental properties.

The government reports the following fiduciary fund:

The fiduciary fund type consists of only one Agency Fund. This fund accounts for Mayor's Court.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the

Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is rent. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, Certificates of Deposit, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables

All trade and property tax receivables are considered collectable at December 31, 2011, and the allowance for uncollectible amounts receivable is zero.

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2009. Real property taxes collected in any calendar year are generally levied on assessed values as of January 1 of the preceding year according to the following calendar:

Property Tax Calendar - 2011 Collections

Lien Date	January 1, 2010
Levy Date	October 31, 2010
First Installment Payment Due	January 31, 2011
Second Installment Payment Due	June 20, 2011

The full tax rate applied to real property for the fiscal year ended December 31, 2011, was \$7.50 per \$1,000 of assessed valuation. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

The Hamilton County Treasurer collects property tax on behalf of all taxing districts within the County. The Hamilton County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Tangible personal property used in business, other than public utilities, is no longer taxed.

Public utilities real and tangible personal property taxes collected in any calendar year are those levied on assessed values as of December 31 of the preceding year. Certain tangible personal property of public utilities is currently assessed at 100% of its true value. Real property of public utilities is currently assessed at 35% of true value. Property taxes on public utilities are subject to the same calendar as real property taxes, which are described above.

Property taxes that are measurable but not available at fiscal yearend are recorded as a receivable with the corresponding revenue deferred until available. Delinquent property tax amounts, net of allowance for uncollectibles, are recorded if material in amount.

3. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building & Improvements	27
Infrastructure	15
Police Vehicles	3
All Other Vehicles	5
Office Furniture & Software	3 - 5

Infrastructure assets acquired prior to 2004 have not been capitalized.

5. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government, unless they are eligible to retire. If they are eligible to retire, a liability is recorded for 40 percent of their accrued sick leave up to a maximum of 480 hours and accounted for using the termination method. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the

- governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

8. Estimates

The preparation of financial statements in accordance 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.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Compensated Absences	\$172,537
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$172,537

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statements of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital Outlay	\$296,696
Depreciation Expense	(729,423)
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	(\$432,727)

III. Stewardship, compliance, and accountability

A. Budgetary information

In 1994 the City, being a home rule Municipal Corporation, adopted, through ordinance, GAAP (generally accepted accounting principle) as its budgetary basis. This change was thought necessary in order to provide more comparable budget and actual revenue and expenditure analysis. Therefore, the revenue and expenditure statements contained herein for comparative purposes are presented on the basis of generally accepted accounting principles. The City is reporting at the legal level of budgetary control which requires the governing body to approve any over budget expenditures of appropriations or transfers of appropriated amounts at the fund level.

Budgetary Process

Annual budgets are adopted for all governmental funds. The City adopts an annual budget for the proprietary fund; however, budgetary data is not presented for the proprietary fund due to the nature of the fund. There is no legal requirement to report on such budget. The budgetary process is prescribed by provisions of the Ohio Revised Code. The legal level of budgetary control is defined as the level at which management may not reallocate appropriations without the approval of the governing body (City Council). For the City, the legal level of control is the fund level for each fund. The major documents prepared are:

Tax Budget. A tax budget of estimated cash revenues and expenditures for all budgeted funds, for the period January 1 to December 31 of the following year, is submitted to the County Auditor by July 20 of each year. The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. The certificate of estimated resources may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. Because the tax budget prepared for the County Auditor is on a cash basis, those numbers do not match the GAAP-basis budget shown in this report as required by ordinance.

Appropriations. A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be amended during the year by ordinance of council as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. During the year, one supplemental

appropriation measure was passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. All annual appropriations lapse at December 31.

Encumbrances. As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered and unexpended appropriations lapse at year end. Encumbrances are closed to unreserved fund balance/net assets at year end and are re-encumbered and re-appropriated at the start of the following year.

B. Deficit Fund Equity

The SR-21 Street Repair Fund had a deficit balance at December 31, 2011, due to street improvements incurred in 2010 in excess of revenue. The City plans to transfer funds from the general fund to cover the short fall over the next several years.

IV. Detailed notes on all funds

A. Deposits and investments

The City follows the practice of pooling cash and investments with the Treasurer, except for the cash and cash equivalents in Agency Fund. Each fund's portion of total cash and investments is summarized by fund type in the Balance Sheet as either "Cash and Cash Equivalents" and/or "Investments."

Deposits

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, Municipal Corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year-end, none of the City's bank balance of \$85,912 was exposed to custodial credit risk, as it was fully insured by the FDIC.

Investments

The City's investments at December 31, 2011 are as summarized as follows:

	Fair Value	Average Maturity Years
Star Ohio	\$2,272,132	n/a

Credit Risk. It is the City'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 a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City is required to disclose the amount of investments with any one issuer that represent five percent or more of total investments. Investments issued by the U.S. government, investments, and investments in external investment pools are excluded from this requirement. At December 31, 2011 100% of the City's investments are STAR Ohio, which is an external investment pool.

STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Reconciliation between the classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$2,299,617	\$0
Star Ohio	(2,272,132)	2,272,132
GASB Statement 3	\$27,485	\$2,272,132

B. Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

C. Capital assets

Capital asset activity for the year ended December 31, 2011 was as follows:

Governmental Activities	Balance at 1/1/11	Increases	Decreases	Balance at 12/31/11
Land - not being depreciated	\$645,000	\$0	\$0	\$645,000
Capital Assets - being depreciated				
Building & Land Improvements	3,183,076	45,808	0	3,228,884
Vehicles	702,032		0	702,032
Infrastructure	7,563,429	238,345	0	7,801,774
Furniture, Equipment and Software	626,963	12,543	0	639,506
Total Capital Assets	12,720,500	\$296,696	\$0	13,017,196
Less Accumulated Depreciation				
Building & Land Improvements	(1,985,554)	(135,849)	0	(2,121,403)
Vehicles	(615,945)	(45,959)	0	(661,904)
Infrastructure	(787,551)	(504,229)	0	(1,291,780)
Furniture, Equipment and Software	(457,729)	(43,386)	0	(501,115)
Total Accumulated Depreciation	(3,846,779)	(729,423)	0	(4,576,202)
Total Capital Assets, being depreciated, net	8,228,721	(432,727)	0	7,795,994
Governmental Activities Capital Assets, Net	\$8,873,721	(\$432,727)	\$0	\$8,440,994

Business-type Activities	Balance at 1/1/11	Increases	Decreases	Balance at 12/31/11
Land - not being depreciated	\$134,008	\$0	\$0	\$134,008
Capital assets being depreciated:				
Land Improvements	111,097	7,730	0	118,827
Buildings	370,164	0	0	370,164
Subtotal	615,269	7,730	0	622,999
Less Accumulated Depreciation:				
Land Improvements	(59,090)	(15,779)	0	(74,869)
Buildings	(189,292)	(13,680)	0	(202,972)
Total Accumulated Depreciation	(248,382)	(29,459)	0	(277,841)
Total Capital Assets, being depreciated, net	232,879	(21,729)	0	211,150
Net Capital Assets	\$366,887	(\$21,729)	\$0	\$345,158

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$69,977
Public Safety	31,674
Transportation	571,789
Recreation	<u>55,983</u>

Total depreciation expense - governmental activities \$729,423

Business-type activities:

Enterprise	<u>\$29,459</u>
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D. Interfund transfers

Interfund transfers:

	CI&R	Debt Service	Non Major Governmental	Total
Transfers Out:				
General Fund	\$50,000	\$10,762	\$88,000	\$148,762

Transfers were made to fund debt service, capital improvements and subsidize recreation programs.

E. Long-term debt

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City and will be paid by the Debt Service Fund.

In April 1, 1999, the City issued general obligation bonds in the amount of \$2,750,000 with interest rates ranging from 3.5% to 4.5% and maturing April 1, 2000 through April 1, 2011. Proceeds were used to pay off \$625,000 of outstanding notes as they matured during 1999, as well as, \$1,500,000 of bonds that were callable on December 1, 1999. The balance of the proceeds was used to fund improvements throughout the City. All outstanding debt is capital related.

On May 24, 2011 the City issued a one-year bond anticipation note in the amount of \$1,080,000 for the Kenwood Road resurfacing project. This note will be due on May 23, 2012

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bond Anticipation Note	\$1,200,000	\$0	(\$120,000)	\$1,080,000	\$1,080,000
General Obligation Bonds	285,000	0	(285,000)	0	0
Compensated Absences	155,519	99,797	(82,779)	172,537	118,694
Governmental Activity Long-Term Liabilities	<u>\$1,640,519</u>	<u>\$99,797</u>	<u>(\$487,779)</u>	<u>\$1,252,537</u>	<u>\$1,198,694</u>

Compensated absences have been liquidated from the General Fund in the past.

V. Other information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees and natural disasters. During 2011 the City contracted with Miami Valley Risk Management Association for vehicle, property and general liability insurance. There has been no reduction in coverage from the prior years and claims have not exceeded coverage in any of the past three years. The City provided medical insurance through Anthem Health Insurance, dental insurance through Superior and life insurance through Anthem Health Insurance.

Insurance Pool

Miami Valley Risk Management Association, Inc. (MVRMA, Inc.) is a consortium of municipalities located in southwest Ohio which, beginning in 1988, formed an Association under Section 2744.081 of the Ohio Revised Code (ORC) to act collectively in addressing its members' risk management and risk financing needs. At December 31, 2011, Madeira's participation was limited to coverage for all property, crime liability, boiler and machinery and public official liability up to the limits stated below. MVRMA provides broad-based coverage, through self-insurance and commercial reinsurance, up to the limits stated below, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA, Inc. is a corporation governed by a board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own books of account. Budgeting and financing of MVRMA, Inc. is subject to the approval of the board. The City of Madeira does not hold an equity interest in MVRMA, Inc.

The following is a summary of insurance coverage at year end:

1. General Liability: \$10,000,000/occurrence
Automobile Liability: \$10,000,000/occurrence
MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000, and from General Reinsurance Corporation for \$8 million excess \$2 million.
2. Police Professional Liability: \$10,000,000/occurrence
MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000, and from General Reinsurance Corporation for \$8 million excess \$2 million.
3. Employment Practices Liability and Public Officials Liability Including Employee Benefits Liability
MVRMA self-insured \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000, and from General Reinsurance Corporation for \$8 million excess \$2 million — Annual aggregate \$10 million per member.
4. Property (effective 7/1/09-7/1/12):
\$1,000,000,000/occurrence
MVRMA SIR: \$250,000/occurrence
Coverage excess SIR provided by PEPiP USA as follows:
Lexington Insurance Company (Primary \$25 million)
List of carriers for layers excess of \$25 million provided upon request.

5. Flood (effective 7/1/09-7/1/12) - included in Property Policy
 \$25 million/occurrence and annual aggregate
 Sublimit: Flood Zone A & V - \$5 million/occurrence and annual aggregate MVRMA
 SIR: \$100,000/occurrence excluding Flood Zones A & V MVRMA SIR:
 \$250,000/occurrence Flood Zones A & V
6. Earthquake (effective 7/1/09-7/1/12) - included in Property Policy
 \$25 million/occurrence and annual aggregate
 MVRMA SIR: \$100,000/occurrence
7. Boiler & Machinery (effective 7/1/09-7/1/12)
 \$100,000,000/occurrence
 MVRMA SIR: \$5,000/occurrence (except as shown for specific objects or perils)
 Coverage excess SIR provided by PEPiP USA as follows:
 Lexington Insurance Company (Primary \$25 million)
 List of carriers for layers excess of \$25 million provided upon request.
8. Cyber Coverage (effective 7/1/10-7/1/12)
 MVRMA SIR: \$100,000/occurrence
 Coverage excess SIR provided by Lloyd's of London - Beazley Syndicate

Third Party Liability:
 \$2 million/occurrence and annual aggregate, but sublimited to:
 \$500,000/occurrence and annual aggregate for Privacy Notification Costs

First Party Computer Liability:
 \$2 million/occurrence and annual aggregate subject to policy sublimits
9. Pollution Liability (effective 7/1/11-7/1/12) - Claims Made and Reported Policy
 Retroactive Date: Policy inception
 \$1 million/pollution condition and aggregate with a \$200,000 sublimit for Fungi &
 Legionella
 MVRMA SIR: \$100,000/pollution condition; \$750,000 underground storage
 tanks specific

The deductible per occurrence for all types is \$2,500.

MVRMA prepares annual financial statements. Additional information can be obtained from their Comprehensive Annual Financial Report for 2011 by writing MVRMA, 1450 E. David Road, Suite 1B, Kettering, OH 45429-5706.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. In order to lower rates charged to the City, the City has joined a group rating program through Ohio Municipal League.

B. Contingent liabilities

The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

C. Contractual commitments

The City contracts with the Madeira/Indian Hill Joint Fire District for fire protection and emergency medical services. The contract fee for 2011 was \$1,514,180.

The City also contracts with CSI for solid waste collection. The contract fee for 2011 was \$560,418.

Health Department services are provided through Hamilton County. The cost of \$18,028 deducted from property tax receipts collected by the County.

D. Resolution of legal claim

In March 1992, an employee of the City suffered a fatal accident while working on City business. In February of 1993, Council approved Resolution 10-93 which approved an agreement concerning a settlement with the employee's widow. The settlement provided for a guaranteed amount of \$88,400, payable to the widow (or her estate) in monthly installments of \$737 from February of 1993 through February of 2003. The guaranteed amount was paid off in February of 2003 and no liability exists at December 31, 2010 relative to the guaranteed settlement.

In addition, the agreement provided for monthly payments of \$650 to the widow after February of 2003, contingent upon death or remarriage. The City made all such required payments to the widow from January through December 2011.

E. Defined Benefit Pension Plan

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

Ohio Public Employees Retirement System - (OPERS)

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers, participate in one of the three pension plans administered by OPERS: The Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the 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 the 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 the member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has the elements of both defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including post-employment health care coverage. Chapter 145 of the Ohio Revised Code (ORC) provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 OR 1-800-222-7377. The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans. The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.0% of covered payroll, which is the maximum contribution rate set by State statutes. The City's required employer contributions for all plans are equal to 100% of employer charges. The pension obligations for the years ending December 31, 2011, 2010, and 2009 were \$106,370, \$104,100, and \$104,541 respectively.

Ohio Police and Fire Pension Fund – (OP&F)

All City full-time police officers participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5%. The City's contributions to OP&F for the years ended December 31, 2011, 2010, and 2009 were \$186,805, \$189,015, and \$188,217, respectively, or 62% of the required contributions for 2010, 55% of the required contributions for 2009 and 75% of required contributions for 2008.

F. Other Postemployment benefits

Ohio Public Employees Retirement System – (OPERS)

Plan Description - 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 care 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.

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 2011, local government employer units 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 for local employer units. 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 Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during the calendar year of 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during the calendar year of 2011. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The rates stated above, are the contractually required contribution rates for OPERS. The employer contributions actually made to fund post-employment benefits for the years ending December 31, 2011, 2010, and 2009 were \$30,390, \$37,768, 49,303, respectively, which equaled the required contributions each year.

OPERS Retirement Board Implements its Health Care Preservation Plan - The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description - The City of Madeira contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost sharing multiple-employer defined postemployment health care 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 health care 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 health care 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 health care coverage to eligible participants and to establish and amend benefits is 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.

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, 19.50% of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one 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 the Section 401(h) account as the

employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care 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 health care 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.

The City of Madeira's contributions to OP&F for the years ending December 31, 2011, 2010, and 2009 were \$186,805, \$189,015, and \$188,217, respectively, which equaled the required contributions each year. The portion of each year's payment allocated to the health care plan was \$65,635, \$65,428 and \$65,123, respectively.

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Nonmajor Governmental Funds Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Sidewalk Repair Fund: Accounts for maintenance and repair of all city sidewalks.

Recreation and Parks: Accounts for the City's operation of recreation programs and improvements to the City's two parks, Sellman and McDonald Commons. Revenues are derived from recreation fees.

Street Dance: Accounts for the annual Street Dance held in August by the Recreation and Parks Commission. Revenues are proceeds from the sale of beer at the function.

Police Trust Fund: Receives proceeds from the sale of confiscated properties (vehicles, weapons, etc.) other than from drug cases. Disbursements may be made from the fund only to pay the costs of investigations, technical training, matching funds for federal grants or other appropriate law enforcement purposes.

Police Forfeitures: Receives proceeds from the sale of confiscated properties and equipment from drug related cases. Expenditures may only be made for drug enforcement programs.

DUI: Receives fines imposed upon DUI offenders. Under state law, disbursements may be made from this fund for law enforcement purposes related to informing the public of laws governing the operation of a motor vehicle while under the influence of alcohol, and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.

Computer Fund: Receives fines for the operation and maintenance of the computer system for the police department.

Centennial Celebration Fund: Accounts for revenue and expenses due to the City of Madeira's Centennial Celebration.

Capital Project Funds

OPWC: Accounts for expenditures for road improvements reimbursed by the State of Ohio.

Stormwater: Accounts for expenditures made to repair and replace parts of the City's stormwater system.

Central Business District: Accounts for expenditures made for the repair and improvement of Madeira's central business district.

CI&R: Accounts for capital expenditures made for all general improvement projects not funded elsewhere.

CITY OF MADEIRA, OHIO

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Special Revenue							Capital Projects			Total Nonmajor Governmental Funds		
	Sidewalk Repairs	Recreation and Parks	Street Dance	Police Trust	Police Forfeitures	DUI	Computer Fund	Centennial Celebration	Total	Stormwater		Central Business District	Capital Improvement & Reserve
ASSETS:													
Cash and Cash Equivalents	\$100,000	\$3,761	\$823	\$1,025	\$293	\$5,352	\$9,613	\$27,957	\$148,824	\$16,192	\$17,473	\$192,736	\$226,401
Total Assets	\$100,000	\$5,261	\$823	\$1,025	\$293	\$5,352	\$9,613	\$27,957	\$150,324	\$16,192	\$17,473	\$192,736	\$226,401
LIABILITIES													
Accounts Payable	0	0	0	0	160	0	170	0	330	4,926	253	0	5,179
Total Liabilities	0	0	0	0	160	0	170	0	330	4,926	253	0	5,179
FUND BALANCES													
Unreserved and Undesignated	100,000	5,261	823	1,025	133	5,352	9,443	27,957	149,994	11,266	17,220	192,736	221,222
Total Fund Balances	100,000	5,261	823	1,025	133	5,352	9,443	27,957	149,994	11,266	17,220	192,736	221,222
Total Liabilities and Fund Balances	\$100,000	\$5,261	\$823	\$1,025	\$293	\$5,352	\$9,613	\$27,957	\$150,324	\$16,192	\$17,473	\$192,736	\$226,401

CITY OF MADEIRA, OHIO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2011

	Special Revenue											Total Nonmajor Governmental Funds	
	Recreation and Parks	Street Dance	Police Trust	Police Forfeitures	DUI	Computer Fund	Centennial Celebration	Total	OPWC	Stormwater	Central Business District		Capital Improvement & Reserve
REVENUES													
Intergovernmental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,571	\$0	\$0	\$0	\$31,571
Charges for Services	\$0	\$6,285	\$3,808	\$0	\$0	\$0	\$0	\$10,093	\$0	\$0	\$0	\$0	\$10,093
Fines & Forfeitures	0	0	0	293	75	2,820	0	3,188	0	0	0	0	3,188
All Other Revenues	0	0	1,000	0	0	0	12,801	13,801	0	0	0	0	13,801
TOTAL REVENUES	0	6,285	4,808	293	75	2,820	12,801	27,082	31,571	0	0	0	58,653
EXPENDITURES													
Current													
Public Safety	0	0	0	160	80	3,835	0	4,075	0	0	0	0	4,075
Recreation	0	2,359	8,971	0	0	0	3,469	14,799	0	0	0	0	14,799
Community Environment	0	0	0	0	0	0	0	0	0	7,209	0	0	7,209
Capital Improvements	0	0	0	0	0	0	0	0	31,571	28,968	0	104,272	164,811
TOTAL EXPENDITURES	0	2,359	8,971	160	80	3,835	3,469	18,874	31,571	28,968	7,209	104,272	172,020
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	0	3,926	(4,163)	0	133	(5)	(1,015)	9,332	0	(28,968)	(7,209)	(104,272)	(132,241)
OTHER FINANCING SOURCES/(USES)													
Transfers In	50,000	0	3,000	0	0	0	0	53,000	0	20,000	15,000	50,000	138,000
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES/(USES)	50,000	0	3,000	0	0	0	0	53,000	0	20,000	15,000	50,000	138,000
Net Change in Fund Balance	50,000	3,926	(1,163)	0	133	(5)	(1,015)	9,332	61,208	(8,968)	7,791	(54,272)	5,759
Fund Balance - Beginning	50,000	1,335	1,986	1,025	0	5,357	10,458	18,625	88,786	20,234	9,429	247,008	365,457
Fund Balance - Ending	\$100,000	\$5,261	\$823	\$1,025	\$133	\$5,352	\$9,443	\$27,957	\$149,994	\$11,266	\$17,220	\$192,736	\$371,216

CITY OF MADEIRA, OHIO

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Taxes	\$0	\$0	\$1,446	\$1,446
TOTAL REVENUES	0	0	1,446	1,446
EXPENDITURES				
Current:				
Principal Retirement	285,000	285,000	285,000	0
Interest	6,413	6,413	6,412	1
TOTAL EXPENDITURES	291,413	291,413	291,412	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(291,413)	(291,413)	(289,966)	1,447
OTHER FINANCING SOURCES/(USES)				
Transfers In	15,000	15,000	10,762	(4,238)
TOTAL OTHER FINANCING SOURCES/(USES)	15,000	15,000	10,762	(4,238)
Net Change in Fund Balance	(276,413)	(276,413)	(279,204)	(2,791)
Fund Balance - Beginning	279,204	279,204	279,204	0
Fund Balance - Ending	\$2,791	\$2,791	\$0	(\$2,791)

CITY OF MADEIRA, OHIO

Sidewalk Repair Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
All Other Revenues	\$0	\$0	\$0	\$0
TOTAL REVENUES	0	0	0	0
EXPENDITURES				
Current				
Capital Outlay	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	0	0	0	0
OTHER FINANCING SOURCES/(USES)				
Transfers In	50,000	50,000	50,000	0
TOTAL OTHER FINANCING SOURCES/(USES)	50,000	50,000	50,000	0
Net Change in Fund Balance	50,000	50,000	50,000	0
Fund Balance - Beginning	50,000	50,000	50,000	0
Fund Balance - Ending	\$100,000	\$100,000	\$100,000	\$0

CITY OF MADEIRA, OHIO

Recreation and Parks Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Charges for Services	\$6,000	\$6,000	\$6,285	\$285
TOTAL REVENUES	6,000	6,000	6,285	285
EXPENDITURES				
Current				
Recreation	11,000	11,000	2,359	8,641
TOTAL EXPENDITURES	11,000	11,000	2,359	8,641
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(5,000)	(5,000)	3,926	8,926
OTHER FINANCING SOURCES/(USES)				
Transfers In	5,000	5,000	0	(5,000)
TOTAL OTHER FINANCING SOURCES/(USES)	5,000	5,000	0	(5,000)
Net Change in Fund Balance	0	0	3,926	3,926
Fund Balance - Beginning	1,335	1,335	1,335	0
Fund Balance - Ending	\$1,335	\$1,335	\$5,261	\$3,926

CITY OF MADEIRA, OHIO

Street Dance Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Charges for Services	\$3,770	\$3,770	\$3,808	\$38
All Other Revenues	1,000	1,000	1,000	0
TOTAL REVENUES	4,770	4,770	4,808	38
EXPENDITURES				
Current				
Recreation	11,000	11,000	8,971	2,029
TOTAL EXPENDITURES	11,000	11,000	8,971	2,029
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(6,230)	(6,230)	(4,163)	2,067
OTHER FINANCING SOURCES/(USES)				
Transfers In	7,000	7,000	3,000	(4,000)
TOTAL OTHER FINANCING SOURCES/(USES)	7,000	7,000	3,000	(4,000)
Net Change in Fund Balance	770	770	(1,163)	(1,933)
Fund Balance - Beginning	1,986	1,986	1,986	0
Fund Balance - Ending	\$2,756	\$2,756	\$823	(\$1,933)

CITY OF MADEIRA, OHIO

Police Trust Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Fines & Forfeitures	\$1,000	\$1,000	\$0	(\$1,000)
TOTAL REVENUES	1,000	1,000	0	(1,000)
EXPENDITURES				
Current				
Public Safety	1,000	1,000	0	1,000
TOTAL EXPENDITURES	1,000	1,000	0	1,000
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning	1,025	1,025	1,025	0
Fund Balance - Ending	\$1,025	\$1,025	\$1,025	\$0

CITY OF MADEIRA, OHIO

Police Forfeitures Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES				
Fines & Forfeitures	\$1,000	\$1,000	\$293	(\$707)
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>293</u>	<u>(707)</u>
EXPENDITURES				
Current				
Public Safety	1,000	1,000	160	840
TOTAL EXPENDITURES	<u>1,000</u>	<u>1,000</u>	<u>160</u>	<u>840</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>133</u>	<u>133</u>
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$133</u>	<u>\$133</u>

CITY OF MADEIRA, OHIO

DUI Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
Fines & Forfeitures	\$1,000	\$1,000	\$75	(\$925)
TOTAL REVENUES	1,000	1,000	75	(925)
EXPENDITURES				
Current				
Public Safety	1,000	1,000	80	920
TOTAL EXPENDITURES	1,000	1,000	80	920
Net Change in Fund Balance	0	0	(5)	(5)
Fund Balance - Beginning	5,357	5,357	5,357	0
Fund Balance - Ending	\$5,357	\$5,357	\$5,352	(\$5)

CITY OF MADEIRA, OHIO

Computer Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES				
Fines & Forfeitures	\$5,000	\$5,000	\$2,820	(\$2,180)
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>2,820</u>	<u>(2,180)</u>
EXPENDITURES				
Current				
Public Safety	5,000	5,000	3,835	1,165
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>3,835</u>	<u>1,165</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>(1,015)</u>	<u>(1,015)</u>
Fund Balance - Beginning	<u>10,458</u>	<u>10,458</u>	<u>10,458</u>	<u>0</u>
Fund Balance - Ending	<u>\$10,458</u>	<u>\$10,458</u>	<u>\$9,443</u>	<u>(\$1,015)</u>

CITY OF MADEIRA, OHIO

Centennial Celebration Special Revenue Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
All Other Revenues	\$100,000	\$30,000	\$12,801	(\$17,199)
TOTAL REVENUES	100,000	30,000	12,801	(17,199)
EXPENDITURES				
Current				
Recreation	105,000	35,000	3,469	31,531
TOTAL EXPENDITURES	105,000	35,000	3,469	31,531
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(5,000)	(5,000)	9,332	14,332
Net Change in Fund Balance	(5,000)	(5,000)	9,332	14,332
Fund Balance - Beginning	18,625	18,625	18,625	0
Fund Balance - Ending	\$13,625	\$13,625	\$27,957	\$14,332

CITY OF MADEIRA, OHIO

OPWC Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
REVENUES				
Intergovernmental Revenue	\$500,000	\$100,000	\$31,571	(\$68,429)
TOTAL REVENUES	<u>500,000</u>	<u>100,000</u>	<u>31,571</u>	<u>(68,429)</u>
EXPENDITURES				
Current:				
Capital Improvements	500,000	100,000	31,571	68,429
TOTAL EXPENDITURES	<u>500,000</u>	<u>100,000</u>	<u>31,571</u>	<u>68,429</u>
Net Change in Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF MADEIRA, OHIO

Stormwater Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
All Other Revenues	\$0	\$0	\$0	\$0
TOTAL REVENUES	0	0	0	0
EXPENDITURES				
Current:				
Capital Improvements	20,000	30,000	28,968	1,032
TOTAL EXPENDITURES	20,000	30,000	28,968	1,032
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(20,000)	(30,000)	(28,968)	1,032
OTHER FINANCING SOURCES				
Transfers In	20,000	20,000	20,000	0
TOTAL OTHER FINANCING SOURCES	20,000	20,000	20,000	0
Net Change in Fund Balance	0	(10,000)	(8,968)	1,032
Fund Balance - Beginning	20,234	20,234	20,234	0
Fund Balance - Ending	\$20,234	\$10,234	\$11,266	\$1,032

CITY OF MADEIRA, OHIO

Central Business District Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
All Other Revenues	\$0	\$0	\$0	\$0
TOTAL REVENUES	0	0	0	0
EXPENDITURES				
Current:				
Community Environment	14,600	14,600	7,209	7,391
TOTAL EXPENDITURES	14,600	14,600	7,209	7,391
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(14,600)	(14,600)	(7,209)	7,391
OTHER FINANCING SOURCES				
Transfers In	16,000	16,000	15,000	(1,000)
TOTAL OTHER FINANCING SOURCES	16,000	16,000	15,000	(1,000)
Net Change in Fund Balance	1,400	1,400	7,791	6,391
Fund Balance - Beginning	9,429	9,429	9,429	0
Fund Balance - Ending	\$10,829	\$10,829	\$17,220	\$6,391

CITY OF MADEIRA, OHIO

Capital Improvement & Reserve Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance from Final Budget
REVENUES				
All Other Revenues	\$0	\$0	\$0	\$0
TOTAL REVENUES	0	0	0	0
EXPENDITURES				
Current:				
Capital Improvements	243,000	243,000	104,272	138,728
TOTAL EXPENDITURES	243,000	243,000	104,272	138,728
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	(243,000)	(243,000)	(104,272)	138,728
OTHER FINANCING SOURCES				
Transfers In	50,000	50,000	50,000	0
TOTAL OTHER FINANCING SOURCES	50,000	50,000	50,000	0
Net Change in Fund Balance	(193,000)	(193,000)	(54,272)	138,728
Fund Balance - Beginning	247,008	247,008	247,008	0
Fund Balance - Ending	\$54,008	\$54,008	\$192,736	\$138,728

CITY OF MADEIRA, OHIO

Statement of Change in Fiduciary Assets & Liabilities
Fiduciary Funds
For the Year Ended December 31, 2011

Assets:	<u>Balance</u> <u>December 31, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2011</u>
Cash & Cash Equivalents	<u>\$13,090</u>	<u>\$101,164</u>	<u>(\$101,044)</u>	<u>\$13,210</u>
Total Assets	<u><u>\$13,090</u></u>	<u><u>\$101,164</u></u>	<u><u>(\$101,044)</u></u>	<u><u>\$13,210</u></u>
 Liabilities:				
Due to Other Governments	<u>\$13,090</u>	<u>\$101,164</u>	<u>(\$101,044)</u>	<u>\$13,210</u>
Total Liabilities	<u><u>\$13,090</u></u>	<u><u>\$101,164</u></u>	<u><u>(\$101,044)</u></u>	<u><u>\$13,210</u></u>

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CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF MADEIRA, OHIO

Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land	\$645,000	\$645,000
Buildings and Land Improvements	3,228,884	3,183,076
Furniture, Equipment and Software	639,506	626,963
Vehicles	702,032	702,032
Infrastructure	7,801,774	7,563,429
Total Governmental Funds Capital Assets	<u>13,017,196</u>	<u>12,720,500</u>
Investments in governmental funds capital assets by source:		
General fund	5,215,422	5,157,071
Special revenue fund	7,801,774	7,563,429
Total Governmental Funds Capital Assets	<u>\$13,017,196</u>	<u>\$12,720,500</u>

This schedule presents only the capital asset balances related to governmental funds.

CITY OF MADEIRA, OHIO

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Year Ended December 31, 2011

Function and Activity	Governmental Funds Capital Assets 1/1/11	Additions	Deletions	Governmental Funds Capital Assets 12/31/11
Public Safety	\$382,919	\$1,154		\$384,073
Transportation	8,534,408	238,345		8,772,753
Recreation	1,841,917			1,841,917
General Government	1,961,256	57,197		2,018,453
Total Governmental Funds Capital Assets	<u>\$12,720,500</u>	<u>\$296,696</u>	<u>\$0</u>	<u>\$13,017,196</u>

CITY OF MADEIRA, OHIO

Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2011

<u>By Function and Activity:</u>	<u>Land</u>	<u>Building & Land Improvements</u>	<u>Furniture, Equipment & Software</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Total</u>
Public Safety	\$0	\$0	\$132,744	\$251,329	\$0	\$384,073
Transportation	0	405,599	123,409	441,971	7,801,774	8,772,753
Recreation	460,000	1,096,529	276,656	8,732	0	1,841,917
General Government	<u>185,000</u>	<u>1,726,756</u>	<u>106,697</u>	<u>0</u>	<u>0</u>	<u>2,018,453</u>
Total Governmental Funds Capital Assets	<u>\$645,000</u>	<u>\$3,228,884</u>	<u>\$639,506</u>	<u>\$702,032</u>	<u>\$7,801,774</u>	<u>\$13,017,196</u>

STATISTICAL SECTION

This part of the City of Madeira's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	83
<p>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	88
<p>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	93
<p>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	97
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	99
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	

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CITY OF MADEIRA, OHIO

Net Assets By Component

Last Eight Years

(Accrual Basis of Accounting)

(In Thousands)

	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in Capital Assets,								
Net of Related Debt	\$6,956	\$7,388	\$6,017	\$4,327	\$2,847	\$2,095	\$1,000	\$613
Restricted:								
Transportation	343	234	25	481	780	337	485	390
Unrestricted	3,347	2,978	2,563	3,031	3,613	3,526	2,649	1,985
Total Governmental Activities Net Assets	\$10,646	\$10,600	\$8,605	\$7,839	\$7,240	\$5,958	\$4,134	\$2,988
Business Type - Activities								
Invested in Capital Assets,								
Net of Related Debt	\$345	\$367	\$390	\$413	\$352	\$367	\$383	\$398
Unrestricted	15	5	0	1	31	39	33	26
Total Business-Type Activities Net Assets	\$360	\$372	\$390	\$414	\$383	\$406	\$416	\$424
Primary Government								
Invested in Capital Assets,								
Net of Related Debt	\$7,301	\$7,755	\$6,407	\$4,740	\$3,199	\$2,462	\$1,383	\$1,011
Restricted	343	234	25	481	780	337	485	390
Unrestricted	3,362	2,983	2,563	3,032	3,644	3,565	2,682	2,011
Total Primary Government Net Assets	\$11,006	\$10,972	\$8,995	\$8,253	\$7,623	\$6,364	\$4,550	\$3,412

Information for 2003 to 2002 not available.

CITY OF MADEIRA, OHIO

*Changes in Net Assets
Last Eight Years
(Accrual Basis of Accounting)
(in Thousands)*

	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues								
Governmental Activities:								
Charges for Services:								
General Government	\$41	\$6	\$7	\$29	\$10	\$0	\$31	\$35
Public Safety	260	269	265	242	267	343	155	60
Sanitation	30	34	37	47	51	42	43	39
Recreation	10	16	6	9	5	12	11	16
Community Environment	123	72	75	88	108	91	215	139
Transportation	0	0	0	0	0	0	0	93
Subtotal - Charges for Services	464	397	390	415	441	488	455	382
Operating Grants and Contributions:								
General Government	0	0	1	1	1	0	1	1
Public Safety	1	3	4	5	8	17	3	8
Recreation	14	24	1	1	15	92	33	14
Transportation	502	1,938	1,191	767	473	449	448	417
Subtotal - Operating Grants and Contributions	517	1,965	1,197	774	497	558	485	440
Total Governmental Activities Program Revenues	981	2,362	1,587	1,189	938	1,046	940	822
Business-Type Activities:								
Charges for Services:								
Rental Property	36	36	23	18	22	28	27	19
Total Primary Government Program Revenues	\$1,017	\$2,398	\$1,610	\$1,207	\$960	\$1,074	\$967	\$841
Expenses								
Governmental Activities:								
Charges for Services:								
General Government	\$1,058	\$986	\$1,010	\$1,120	\$990	\$990	\$943	\$903
Public Safety	3,183	3,107	3,151	3,098	2,853	2,720	2,350	2,286
Sanitation	574	541	518	498	502	420	374	360
Recreation	228	253	268	273	250	195	173	235
Community Environment	101	99	105	158	130	112	132	103
Transportation	1,236	1,126	944	933	788	648	765	720
Interest and Fiscal Charges	3	27	28	38	49	58	68	77
Total Governmental Activities Expenses	6,383	6,139	6,024	6,118	5,562	5,143	4,805	4,684

	2011	2010	2009	2008	2007	2006	2005	2004
Business-Type Activities								
Rental Property	48	53	47	48	45	38	35	31
<i>Total Business-Type Activities Expenses</i>	48	53	47	48	45	38	35	31
<i>Total Primary Government Program Expenses</i>	6,431	6,192	6,071	6,166	5,607	5,181	4,840	4,715
Net (Expense)/Revenue								
Governmental Activities	(5,402)	(3,777)	(4,437)	(4,929)	(4,624)	(4,097)	(3,865)	(3,862)
Business-Type Activities	(12)	(17)	(24)	(30)	(23)	(10)	(8)	(12)
<i>Total Primary Government Net Expense</i>	(5,414)	(3,794)	(4,461)	(4,959)	(4,647)	(4,107)	(3,873)	(3,874)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes:								
Property Taxes Levied For:								
General Purposes	\$2,104	\$2,165	\$2,126	\$2,096	\$2,041	\$2,046	\$1,684	\$1,685
Municipal Income Taxes levied for:								
General Purposes	2,267	2,047	2,105	2,369	2,389	2,376	1,891	1,693
Franchise Fees	172	166	117	111	100	94	93	91
Grants and Entitlements not Restricted to Specific Programs	904	1,389	836	908	1,225	1,292	1,291	735
Investment Income	1	5	19	105	150	118	52	21
<i>Total Governmental Activities</i>	5,448	5,772	5,203	5,589	5,905	5,926	5,011	4,225
Transfers to Business-type Activities	0	0	0	(60)	0	0	0	0
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	5,448	5,772	5,203	5,529	5,905	5,926	5,011	4,225
Change in Net Assets								
Governmental Activities	46	1,995	766	600	1,281	1,829	1,146	363
Business-Type Activities	(12)	(17)	(24)	30	(23)	(10)	(8)	(12)
<i>Total Primary Government Change in Net Assets</i>	\$34	\$1,978	\$742	\$630	\$1,258	\$1,819	\$1,138	\$351

Information for 2003 to 2002 not available.

CITY OF MADEIRA, OHIO

*Fund Balances, Governmental Funds
Last Ten Years*

(In Thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17	\$6
Unassigned	2,050	1,698	1,697	2,014	2,467	2,558	1,814	1,492	1,502	1,931
Total General Fund	<u>2,050</u>	<u>1,698</u>	<u>1,697</u>	<u>2,014</u>	<u>2,467</u>	<u>2,558</u>	<u>1,814</u>	<u>1,492</u>	<u>1,519</u>	<u>1,937</u>
All Other Governmental Funds										
Restricted for:	584	748	191	730	1,126	491	493	350	255	288
Total All Other Governmental Funds	<u>584</u>	<u>748</u>	<u>191</u>	<u>730</u>	<u>1,126</u>	<u>491</u>	<u>493</u>	<u>350</u>	<u>255</u>	<u>288</u>
Total Governmental Funds	<u>\$2,634</u>	<u>\$2,446</u>	<u>\$1,888</u>	<u>\$2,744</u>	<u>\$3,593</u>	<u>\$3,049</u>	<u>\$2,307</u>	<u>\$1,842</u>	<u>\$1,774</u>	<u>\$2,225</u>

CITY OF MADEIRA, OHIO
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Property Taxes	\$2,098,683	\$1,858,638	\$2,079,768	\$1,995,772	\$1,955,236	\$2,137,191	\$1,683,823	1,659,970	\$1,622,232	\$1,473,060
Municipal Income Taxes	2,293,520	2,349,311	2,211,643	2,343,262	2,475,033	2,247,219	1,842,967	1,658,839	1,724,149	1,635,242
Charges for Services	116,944	122,935	73,498	72,320	67,606	79,220	75,374	82,816	71,565	63,573
Fees, Licenses and Permits	123,473	72,382	75,030	87,864	108,223	91,317	215,230	138,871	95,474	55,012
Fines and Forfeitures	78,967	108,149	123,744	132,792	153,147	210,429	132,954	58,424	65,642	48,905
Intergovernmental	1,472,421	2,986,201	1,949,114	1,864,647	1,698,294	1,909,896	1,472,955	1,107,955	997,437	1,476,324
Interest	1,346	4,535	19,416	104,745	150,733	118,170	52,259	20,928	22,642	51,002
Other	344,681	419,847	314,787	239,935	235,388	224,376	151,473	216,028	90,078	123,736
Total Revenues	6,530,035	7,921,998	6,847,000	6,841,337	6,843,660	7,017,818	5,627,035	4,943,831	4,689,219	4,926,854
Expenditures										
Current:										
General Government	987,756	918,369	931,392	1,052,349	920,116	944,340	870,637	801,346	887,493	828,094
Police	3,150,251	3,092,362	3,131,639	3,094,902	2,849,358	2,737,666	2,336,996	2,274,701	2,138,544	2,146,004
Sanitation	574,455	540,817	517,959	498,387	502,338	419,973	374,555	360,059	0	0
Recreation	113,745	130,564	162,086	180,179	225,156	278,535	135,411	133,933	199,148	145,453
Community Environment	101,003	99,195	105,225	157,749	129,955	111,598	131,862	103,255	64,174	128,920
Transportation	664,201	766,500	1,029,463	1,759,368	1,185,688	1,180,183	1,015,368	937,064	1,293,657	1,472,638
Capital Outlay	338,942	2,677,023	1,535,448	596,005	195,085	313,162	7,302	23,393	265,831	650,978
Principal Retirement	1,485,000	270,000	260,000	250,000	240,000	230,000	220,000	215,000	205,000	200,000
Interest and Fiscal Charges	6,412	18,765	30,295	41,135	51,305	60,882	69,940	78,533	86,671	94,368
Total Expenditures	7,421,765	8,513,595	7,703,507	7,630,074	6,299,001	6,276,339	5,162,071	4,927,284	5,140,518	5,666,455
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(891,730)</i>	<i>(591,597)</i>	<i>(856,507)</i>	<i>(788,737)</i>	<i>544,659</i>	<i>741,479</i>	<i>464,964</i>	<i>16,547</i>	<i>(451,299)</i>	<i>(739,601)</i>
Other Financing Sources (Uses)										
Proceeds from the Sale of Bonds	1,080,000	1,200,000								
Transfers In	148,762	477,000	477,000	652,000	1,383,917	794,996	325,800	193,336	480,006	688,000
Transfers Out	(148,762)	(477,000)	(477,000)	(712,000)	(1,383,917)	(794,996)	(325,800)	(193,336)	(480,006)	(688,000)
Total Other Financing Sources (Uses)	1,080,000	1,200,000	0	(60,000)	0	0	0	0	0	0
Net Change in Fund Balances	\$188,270	\$608,403	(\$856,507)	(\$848,737)	\$544,659	\$741,479	\$464,964	\$16,547	(\$451,299)	(\$739,601)
Debt Service as a Percentage of Noncapital Expenditures	20.9%	5.0%	4.9%	4.8%	5.0%	5.1%	6.0%	6.4%	6.4%	6.2%

CITY OF MADEIRA, OHIO
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property		Tangible Personal Property				Personal Property		Public Utility		Personal Property		Total		
	Assessed Value	Estimated Actual Value	Assessed Value	Assessed Value	Estimated Actual Value	Assessed Value	Assessed Value	Estimated Actual Value	Assessed Value	Assessed Value	Estimated Actual Value	Assessed Value	Total Direct Tax Rate Per Thousand	Estimated Actual Value	Ratio
2011	\$293,306,210	\$838,017,743	\$4,991,980	\$5,672,705	\$0	\$0	\$298,298,190	7.50	\$843,690,447	35.36%					
2010	\$319,494,300	\$912,840,857	\$4,625,570	\$5,256,330	\$138,080	\$736,427	\$324,257,950	7.50	\$918,833,613	35.29%					
2009	319,622,020	913,205,771	4,028,650	4,578,011	265,040	1,413,547	323,915,710	7.50	919,197,329	35.24					
2008	296,467,680	847,050,514	3,940,800	4,478,182	1,740,610	9,283,253	302,149,090	7.50	860,811,949	35.10					
2007	295,215,620	843,473,200	4,447,990	5,054,534	3,078,490	16,418,613	302,742,100	7.50	864,946,347	35.00					
2006	292,479,760	835,656,457	4,489,330	5,101,511	4,336,660	23,128,853	301,305,750	7.50	863,886,822	34.88					
2005	245,947,700	702,707,714	4,846,340	5,507,205	4,911,050	19,644,200	255,705,090	7.50	727,859,119	35.13					
2004	243,653,130	696,151,800	4,479,680	5,090,545	4,756,840	19,027,360	252,889,650	7.50	720,269,705	35.11					
2003	241,898,190	691,137,686	4,358,670	4,953,034	4,702,060	18,808,240	250,958,920	7.50	714,898,960	35.10					
2002	212,432,810	606,950,886	4,263,690	4,845,102	6,112,850	24,451,400	222,809,350	7.50	636,247,388	35.02					

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal. The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Hamilton County Auditor

CITY OF MADEIRA, OHIO

*Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years*

Fiscal Year	Overlapping Rates										Total Direct and Overlapping Rates		
	County Wide			Local School Districts			Total						
City	Hamilton County Millage	Charter Millage	Total County Millage	Madeira School District	Cincinnati School District	Indian Hill School District	Madeira School District	Cincinnati School District	Indian Hill School District	Total	Total	Total	
2011	20.48	7.50	23.18	94.02	68.54	45.72	145.18	119.70	96.88	145.18	119.70	96.88	
2010	20.48	7.50	23.18	91.02	67.87	45.82	142.18	119.03	96.98	142.18	119.03	96.98	
2009	20.63	7.50	23.33	95.39	67.95	46.32	146.85	119.41	97.78	146.85	119.41	97.78	
2008	20.56	7.50	23.26	94.77	59.67	45.42	146.09	110.99	96.74	146.09	110.99	96.74	
2007	20.18	7.50	22.88	94.77	59.37	45.42	145.33	109.93	95.98	145.33	109.93	95.98	
2006	20.81	7.50	23.51	85.67	59.77	46.52	137.49	111.59	98.34	137.49	111.59	98.34	
2005	21.06	7.50	23.76	86.34	60.83	46.54	138.66	113.15	98.86	138.66	113.15	98.86	
2004	21.51	7.50	24.21	79.47	60.75	46.70	132.69	113.97	99.92	132.69	113.97	99.92	
2003	21.87	7.50	24.57	79.47	56.25	47.10	133.41	110.19	101.04	133.41	110.19	101.04	
2002	21.47	7.50	24.17	80.04	57.15	47.10	133.18	110.29	100.24	133.18	110.29	100.24	

Source: Hamilton County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generate the property tax revenue billed in that year. The city's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter Millage is consistently applied to all types of property.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the City.

CITY OF MADEIRA, OHIO
Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date		Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy		
2011	\$2,516,050	\$2,372,615	94.30%	\$53,969	\$2,426,584	96.44%	\$89,132	3.54%
2010	2,538,622	2,376,948	93.63	70,010	2,446,958	96.39	90,669	3.57
2009	2,517,907	2,360,628	93.75	65,119	2,425,747	96.34	92,049	3.66
2008	2,346,973	2,200,774	93.77	68,467	2,269,241	96.69	77,058	3.28
2007	2,234,725	2,174,757	97.32	35,422	2,210,179	98.90	84,513	3.78
2006	2,226,473	2,181,683	97.99	48,124	2,229,807	100.15	60,060	2.70
2005	1,882,582	1,843,404	97.92	33,928	1,877,332	99.72	54,699	2.91
2004	1,860,170	1,820,427	97.86	49,230	1,869,657	100.51	53,204	2.86
2003	1,845,045	1,803,422	97.74	33,677	1,837,099	99.57	57,875	3.14
2002	1,624,168	1,624,168	100.00	1,354	1,625,522	100.08	46,932	2.89

Source: Hamilton County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

CITY OF MADEIRA, OHIO
Principal Taxpayers - Real Estate Tax
2011 and 2001

<i>2011</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Duke Energy Ohio, Inc.	\$4,837,960	1.65 %
Kenwood Country Club	3,585,280	1.22
Kenwood Galleria Corporation	3,150,000	1.07
Lamb Realty, LLC	1,452,500	0.50
Edgewood Investment, LLC	1,317,100	0.45
Steigler Road Realty, LLC	1,277,720	0.44
Kugler Mill Partners, LLC	1,225,010	0.42
Manorcare Health Services, Inc.	975,400	0.33
RDG Euclid, LLC	853,740	0.29
Cole WG Madeira OH, LLC	808,180	0.28
Total	\$19,482,890	6.64 %
Total Assessed Valuation	\$293,306,210	
<i>2001</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Kenwood Country Club	\$3,430,050	1.68 %
Kenwood Galleria Corporation	3,059,950	1.50
Edgewood Investment	1,394,010	0.68
Burnett Square	1,204,110	0.59
Steigler Realty	1,151,260	0.57
Americana Health Care	1,145,940	0.56
Al Neyer, Inc.	996,140	0.49
Camargo Manor Realty Company	783,000	0.38
Park Place Partnership	562,180	0.28
Lucero Cortex Properties	507,710	0.25
Total	\$14,234,350	6.99 %
Total Assessed Valuation	\$203,624,260	

Source: Hamilton County Auditor

(1) The amounts presented represent the assessed values upon which 2011 and 2001 collections were based.

CITY OF MADEIRA, OHIO

Income Tax Revenue Base and Collections

Last Ten Years

Tax Year (1)	Tax Rate (2)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2011	1.00%	\$2,293,520	\$1,081,410	47.15%	\$148,354	6.47%	\$1,063,757	46.38%
2010	1.00%	\$2,349,311	\$1,109,323	47.22%	\$197,602	8.41%	\$1,042,387	44.37%
2009	1.00%	\$2,211,643	\$1,095,639	49.54%	\$124,664	5.64%	\$991,340	44.82%
2008	1.00	2,343,262	1,089,159	46.48	219,558	9.37	1,034,544	44.15
2007	1.00	2,475,033	1,085,944	43.88	153,232	6.19	1,235,857	49.93
2006	1.00	2,247,219	1,027,672	45.73	154,987	6.90	1,064,560	47.37
2005	1.00	1,842,967	976,790	53.00	149,047	8.09	717,130	38.91
2004	1.00	1,658,839	957,527	57.72	120,601	7.27	580,711	35.01
2003	1.00	1,724,149	950,428	55.12	169,825	9.85	603,896	35.03
2002	1.00	1,635,242	898,197	54.93	138,308	8.46	598,737	36.61

CITY OF MADEIRA, OHIO
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Governmental Activities

<u>Year</u>	<u>General Obligation Bonds & Notes</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2011	\$1,080,000	\$1,080,000	0.40%	\$124
2010	1,485,000	1,485,000	0.54%	170
2009	555,000	555,000	0.20%	62
2008	815,000	815,000	0.30%	91
2007	1,065,000	1,065,000	0.39%	119
2006	1,305,000	1,305,000	0.48%	146
2005	1,535,000	1,535,000	0.56%	172
2004	1,755,000	1,755,000	0.64%	197
2003	1,970,000	1,970,000	0.72%	221
2002	2,175,000	2,175,000	0.79%	244

CITY OF MADEIRA, OHIO
*Ratio of General Obligation Debt to Assessed
Value and Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Debt (3)</u>	<u>Ratio of Net Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Debt Per Capita</u>
2011	8,726	a	\$843,690,447	\$1,080,000	0.13 %	\$124
2010	8,726	a	918,833,613	1,485,000	0.16 %	170
2009	8,923	b	919,197,329	555,000	0.06 %	62
2008	8,923	b	860,811,949	815,000	0.09 %	91
2007	8,923	b	864,946,347	1,065,000	0.12 %	119
2006	8,923	b	863,886,822	1,305,000	0.15 %	146
2005	8,923	b	727,859,119	1,535,000	0.21 %	172
2004	8,923	b	720,269,705	1,755,000	0.24 %	197
2003	8,923	b	714,898,960	1,970,000	0.28 %	221
2002	8,923	b	636,247,388	2,175,000	0.34 %	244

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 2010 Federal Census

(b) 2000 Federal Census

(2) Hamilton County Auditor

(3) Includes all general obligation debt with the exception of Special Assessment debt.

CITY OF MADEIRA, OHIO

Computation of Direct and Overlapping Governmental Activities Debt

December 31, 2011

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct Debt	<u>\$1,080,000</u>	100.00 %	<u>\$1,080,000</u>
Overlapping			
Hamilton County	84,155,000	1.62%	1,363,311
Madeira City School District	25,824,994	98.35%	25,398,882
Cincinnati City School District	558,110,000	0.02%	111,622
Indian Hill XV School District	32,040,000	0.78%	249,912
Great Oaks Career Center Joint Vocational School District	<u>17,500,000</u>	1.67%	<u>292,250</u>
<i>Total Overlapping Debt</i>	<u>717,629,994</u>		<u>27,415,977</u>
Total	<u><u>\$717,629,994</u></u>		<u><u>\$27,415,977</u></u>

Source: Ohio Municipal Advisory Council

Debt is allocated based on assessed valuations.

CITY OF MADEIRA, OHIO
Legal Debt Margin
Last Ten Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total Assessed Property Value	\$298,298,190	\$324,257,950	\$323,915,710	\$302,149,090	\$302,742,100	\$301,305,750	\$255,705,090	\$252,889,650	\$250,958,920	\$222,809,350
Overall Legal Debt Limit (10 1/2 % of Assessed Valuation)	31,321,310	34,047,085	34,011,150	31,725,654	31,787,921	31,637,104	26,849,034	26,553,413	26,350,687	23,394,982
Debt Outstanding:										
General Obligation Bonds	\$0	\$285,000	\$555,000	\$815,000	\$1,065,000	\$1,305,000	\$1,535,000	\$1,755,000	\$1,970,000	\$2,175,000
Special Assessment Bonds	0	0	0	0	0	0	0	0	0	0
Bond Anticipation Notes	1,080,000	1,200,000	0	0	0	0	0	0	0	0
Total Gross Indebtedness	1,080,000	1,485,000	555,000	815,000	1,065,000	1,305,000	1,535,000	1,755,000	1,970,000	2,175,000
Less:										
Debt Outside Limitations	0	0	0	0	0	0	0	0	0	0
General Obligation Bond Retirement Fund Balance	0	(279,204)	(3,136)	(1,398)	(448)	(592)	(1,474)	(1,575)	(16,382)	(8,032)
Total Net Debt Applicable to Debt Limit	1,080,000	1,205,796	551,864	813,602	1,064,552	1,304,408	1,533,526	1,753,425	1,953,618	2,166,968
Legal Debt Margin Within 10 1/2 % Limitations	\$30,241,310	\$32,841,289	\$33,459,286	\$30,912,052	\$30,723,369	\$30,332,696	\$25,315,508	\$24,799,988	\$24,397,069	\$21,228,014
Legal Debt Margin as a Percentage of the Debt Limit	96.55%	96.46%	98.38%	97.44%	96.65%	95.88%	94.29%	93.40%	92.59%	90.74%
Unvoted Debt Limitation (5 1/2 % of Assessed Valuation)	\$16,406,400	\$17,834,187	\$17,813,364	\$16,618,200	\$16,650,816	\$16,571,816	\$14,063,780	\$13,908,931	\$13,802,741	\$12,254,514
Total Gross Indebtedness	1,080,000	1,485,000	555,000	815,000	1,065,000	1,305,000	1,535,000	1,755,000	1,970,000	2,175,000
Less:										
Debt Outside Limitations	0	0	0	0	0	0	0	0	0	0
General Obligation Bond Retirement Fund Balance	0	(279,204)	(3,136)	(1,398)	(448)	(592)	(1,474)	(1,575)	(16,382)	(8,032)
Net Debt Within 5 1/2 % Limitations	1,080,000	1,205,796	551,864	813,602	1,064,552	1,304,408	1,533,526	1,753,425	1,953,618	2,166,968
Unvoted Legal Debt Margin Within 5 1/2 % Limitations	\$15,326,400	\$16,628,391	\$17,263,500	\$15,804,598	\$15,586,264	\$15,267,408	\$12,530,254	\$12,155,506	\$11,849,123	\$10,087,546
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	93.42%	93.24%	96.90%	95.10%	93.61%	92.13%	89.10%	87.39%	85.85%	82.32%

Source: City Financial Records

CITY OF MADEIRA, OHIO
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment:		School Enrollment (2)	Hamilton County Unemployment Rate (3)(6)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
						Bachelor's Degree or Higher (1)	Enrollment (2)				
2011	8,726	\$267,678,776	\$30,676	\$59,626	41.6	44.6%	1,404	9.4%	\$238,288	\$298,298,190	
2010	8,726	\$267,678,776	\$30,676	\$59,626	41.6	44.6%	1,404	9.4%	\$266,044	\$324,257,950	
2009	8,923	273,721,948	30,676	59,626	41.6	44.6	1,409	8.9	229,995	323,915,710	
2008	8,923	273,721,948	30,676	59,626	41.6	44.6	1,410	5.6	231,138	302,149,090	
2007	8,923	273,721,948	30,676	59,626	41.6	44.6	1,411	4.9	310,568	302,742,100	
2006	8,923	273,721,948	30,676	59,626	41.6	44.6	1,552	5.0	265,533	301,305,750	
2005	8,923	273,721,948	30,676	59,626	41.6	44.6	1,491	5.5	286,581	255,705,090	
2004	8,923	273,721,948	30,676	59,626	41.6	44.6	1,508	5.7	220,859	252,889,650	
2003	8,923	273,721,948	30,676	59,626	41.6	44.6	1,491	5.4	238,624	250,958,920	
2002	8,923	273,721,948	30,676	59,626	41.6	44.6	1,514	5.5	211,375	222,809,350	
2001	8,923	273,721,948	30,676	59,626	41.6	44.6	1,487	4.0	194,964	219,338,940	

(1) Source: U. S. Census

(a) Years 2000 through 2009 - 2000 Federal Census "<http://www.census.gov/census2000>"

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/reportcardfiles>"

(3) Source: Ohio Labor Market Info Website: "<http://lmi.state.oh.us>"

(4) Source: Hamilton County Auditor

CITY OF MADEIRA, OHIO
Principal Employers
Current Year and Ten Years Ago

2011		
Employer	Employees	Percentage of Total City Employment
Kenwood Country Club	302	5.90%
Heartland Employment	280	5.47
Madeira City Schools	223	4.35
Kroger Company	192	3.75
Hospice of Southwest Ohio	162	3.16
Madeira Health Care	151	2.95
Kutol Products	138	2.69
Embers	136	2.66
TGI Fridays	128	2.50
Chi-nnati's Pizza, LLC	68	1.33
Total	<u>1,780</u>	<u>34.75%</u>
Total Employment within the City	<u>5,122</u>	

2001		
Employer	Employees	Percentage of Total City Employment
Kenwood Country Club	412	8.43
TGI Fridays	322	6.59
Madeira City Schools	297	6.08
New Manorcare Health (Heartland)	237	4.85
Kroger Company	209	4.28
Madeira Health Care Center	192	3.93
Mitchell's Salon	131	2.68
Camargo Manor	128	2.62
Aluta (Kutol Products)	97	1.98
St Gertrude	65	1.33
Total	<u>2,090</u>	<u>42.77%</u>
Total Employment within the City	<u>4,888</u>	

Source: Number of employees obtained from the W2's
from the City Tax Department

CITY OF MADEIRA, OHIO

*Full-Time Equivalent City Government Employees by Function
Last Nine Years (1)*

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Council	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Finance	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Tax	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Security of Persons and Property										
Police	12.00	12.00	12.00	13.00	12.00	12.00	11.00	11.00	12.00	12.00
Police - Auxiliary/Guards	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Police - Dispatchers/Office/Other	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Leisure Time Activities										
Recreation	2.00	2.00	2.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Transportation										
Service	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Totals:	35.00	35.00	35.00	39.00	38.00	38.00	37.00	37.00	38.00	38.00

Source: City Payroll Department

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

CITY OF MADEIRA, OHIO
Operating Indicators by Function
Last Nine Years

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
<i>Council and Clerk</i>										
Number of Ordinances Passed	35	26	40	43	49	48	41	38	39	44
Number of Resolutions Passed	11	8	8	9	11	7	8	12	11	10
Number of Planning Commission docket items	46	36	5	25	9	45	63	56	46	62
Zoning Board of Appeals docket items	0	6	16	7	30	26	41	33	29	32
Finance Department										
Number of checks/ vouchers issued	2,943	3,052	3,329	3,433	3,262	3,232	3,072	3,044	n/a	n/a
Amount of checks written	\$4,248,417	\$5,560,534	\$4,304,386	\$5,223,493	\$4,959,129	\$4,868,670	\$4,587,095	\$3,709,953	n/a	n/a
Interest earnings for fiscal year	\$1,346	\$4,535	\$19,416	\$105,032	\$150,733	\$118,170	\$52,259	\$20,927	\$22,642	\$51,002
Number of Budget Adjustments issued	1	3	2	3	1	2	1	1	1	1
Agency Ratings - Moody's Financial Services	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA
General Fund Receipts (in thousands)	\$6,000	\$6,072	\$5,645	\$6,034	\$6,352	\$6,439	\$5,112	\$4,407	\$4,198	\$4,231
General Fund Expenditures (in thousands)	\$5,498	\$5,337	\$5,486	\$5,835	\$5,153	\$4,900	\$4,505	\$4,299	\$4,176	\$3,980
General Fund Cash Balances (in thousands)	\$1,756	\$1,500	\$1,173	\$1,397	\$1,179	\$1,368	\$719	\$674	\$939	\$1,147
Income Tax Department										
Number of Individual Returns	4,285	4,243	4,239	4,192	4,188	3,971	3,537	3,143	2,833	2,572
Number of Business Returns	621	616	606	601	604	647	587	491	429	385
Number of Business withholding accounts	625	617	615	584	586	568	435	349	306	277
Amount of Penalties and Interest Collected	\$18,425	\$17,328	\$12,399	\$19,684	\$15,835	\$8,385	\$10,578	\$7,574	\$11,175	\$12,816
Annual number of Corporate withholding forms processed	2,601	2,553	2,519	2,501	2,560	2,400	2,131	2,125	2,128	2,089
Annual number of balance due statements forms processed	525	570	609	694	966	476	354	370	359	396
Annual number of estimated payment forms processed	3,600	3,441	3,675	2,766	4,626	4,788	2,263	2,149	2,102	2,157
Annual number of reconciliations of withholdings processed	585	591	556	592	599	569	548	518	529	529
Civil Service										
Number of police entry tests administered	1	0	1	0	1	0	1	0	1	0
Number of police promotional tests administered	0	0	1	0	0	0	0	0	0	0
Number of hires of Police Officers from certified lists	0	0	0	0	0	0	2	2	2	1
Number of promotions from police certified lists	0	0	0	0	0	0	0	0	0	0
Building Department Indicators										
Number of permits issued	316	270	295	287	333	301	318	303	338	336
Estimated Value of Construction (In Thousands)	\$18,487	\$7,536	\$7,771	\$10,126	\$13,683	\$10,466	\$24,776	\$14,284	\$7,990	\$8,162
Amount of Revenue generated from permits	\$113,395	\$67,307	\$70,624	\$77,326	\$102,938	\$91,317	\$215,230	\$138,871	\$95,474	\$55,012

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Security of Persons & Property										
<i>Police</i>										
Number of traffic citations issued	659	792	965	924	947	1,439	1,131	n/a	n/a	n/a
Number of parking citations issued	73	56	32	35	52	137	81	n/a	n/a	n/a
Number of criminal arrests	601	366	393	388	313	469	108	n/a	n/a	n/a
OVI Arrests	12	13	23	21	24	16	26	31	32	46
Motor Vehicle Accidents	138	172	167	180	194	206	208	230	226	195
Fatalities from Motor Vehicle Accidents	0	0	0	1	0	0	0	0	0	0
Gasoline costs of fleet	\$28,436	\$28,436	\$22,750	\$37,334	\$30,048	\$31,672	\$23,337	\$15,577	\$14,763	\$15,643
Basic Utility Services										
Refuse disposal per year (in tons)	2,642	2,693	2,633	2,855	2,741	400	400	400	400	400
Refuse disposal costs per year	\$574,455	\$540,817	\$517,959	\$534,335	\$502,338	\$419,972	\$396,770	\$347,987	\$396,996	n/a
Annual recycling tonnage (excluding leaf, and compost items)	854	1,061	767	1,005	927	100	100	100	100	400
Percentage of waste recycled	24.43%	28.25%	22.56%	26.04%	25.27%	20.00%	20.00%	20.00%	20.00%	n/a
Transportation										
Street Improvements - asphalt overlay (linear feet)	0	9,000	4,000	5,550	8,460	5,750	7,350	2,950	4,500	7,800
Leaf collection (hours)	860	860	860	860	860	860	860	860	860	860
Tons of snow melting salt purchased	364	1,549	1,046	1,120	844	396	994	689	1,397	n/a
Cost of salt purchased	\$24,008	\$100,733	\$62,380	\$59,550	\$43,270	\$20,691	\$41,952	\$26,129	\$48,921	n/a

CITY OF MADEIRA, OHIO
Capital Assets Statistics by Function
Last Nine Years

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Square Footage Occupied	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Vehicles	7	7	7	7	7	6	6	6	6	6
Recreation										
Number of Parks	4	4	4	4	4	4	4	4	4	4
Number of Tennis Courts	4	4	4	4	4	4	4	4	4	4
Number of Baseball Diamonds	3	3	3	3	3	3	3	3	3	3
Number of Tot Lots	2	2	2	2	2	2	2	2	2	2
Number of Soccer Fields	4	4	4	4	4	4	4	4	4	4
Other Public Works										
Streets (miles)	47	47	47	47	47	47	47	47	47	47
Service Vehicles	9	9	9	9	9	9	9	9	9	9
Wastewater										
Storm Sewers (miles)	20	20	20	20	20	20	20	20	20	20



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 Honorable Mayor and Members of the City Council
City of Madeira, Ohio:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Madeira, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2012. 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 City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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.

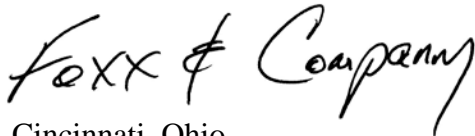
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

We noted certain matters that we reported to management of the City of Madeira, Ohio, in a separate letter dated June 27, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Fox & Company". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
June 27, 2012



Dave Yost • Auditor of State

CITY OF MADEIRA

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
JANUARY 17, 2013**