

**Village of Evendale**

**Financial Statements**

**December 31, 2006**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Evendale  
10500 Reading Road  
Evendale, Ohio 45241

We have reviewed the *Report of Independent Accountants* of the Village of Evendale, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. 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 Village of Evendale is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 20, 2007

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June 29, 2007

## REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Mayor and Members of the  
Village Council of the Village of Evendale, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Ohio, (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

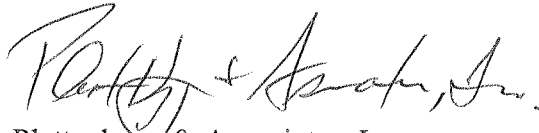
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Ohio, as of December 31, 2006, and the respective changes in cash basis financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script, appearing to read "Plattenburg & Associates, Inc.", is written in black ink.

Plattenburg & Associates, Inc.  
Certified Public Accountants

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of the Village of Evendale's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$1,871,563, or 12%. Although the General Fund had the largest dollar increase, \$759,104, the Evendale Commons Public Improvement Fund was responsible for the most significant change from the prior year, going from a zero dollar to a balance of \$677,280. Without the Evendale Commons Public Improvement Fund, net assets of governmental activities increased \$1,194,283 or 7%.

The Village's general receipts are primarily earnings taxes. Earnings tax represents 85% of the total cash received for governmental activities during the year. Income related to investments totaled \$721,876, almost doubling the 2005 amount. This increase was due mainly to having all of the Village's funds invested for an entire year. Charges for Emergency Medical Service runs performed by the Village's Fire Department resulted in income of \$125,151 in 2006. Revenues from EMS services are accounted for in a Special Revenue Fund, Fire Services, and are used to help offset the cost of providing Fire and EMS services and equipment costs.

In 2006 the Village Council elected not to collect property taxes that would increase the total revenues of the Village by approximately \$750,000. The property tax millage available to the Village includes the following:

	Inside Mils	Outside Mils
General Fund	2.16	.84
Police Pension	.30	
Fire Pension	.04	

On January 12, 2006 the Village Council passed Ordinance 06-03 approving the execution of a tax incentive agreement with the Princeton School District and Evendale Commons Ltd. for the improvement of certain real property located in the Village. On March 9, 2006 the Village Council passed Ordinance 06-05 providing for the issuance of Tax Increment Revenue Notes by the Village, not to exceed \$4,385,000, in anticipation of the issuance of revenue bonds, for the purpose of financing certain public improvements at the Evendale Commons project. On May 4, 2006 the Village signed a Contract of Purchase with Fifth Third Securities, Inc, the underwriter, for the underwriter to purchase and the resell of notes of the Village in the amount of \$3,910,000 with an interest rate of 3.85% per annum. The notes were dated May 16, 2006. The Village received \$3,818,496 from the sale of the notes. The notes are not a general obligation of the Village and the general credit and taxing power of the Village are not pledged to the payment of the debt service on the Notes. Only the revenues from the service payments to be made by owners of the property located within the Evendale Commons project and the Letter of Credit issued by Evendale Commons Ltd. are pledged to pay the debt service on the notes.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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The Village roadway reconstructions during 2006 included Brinton Trail, Carpenter's Creek Drive, Carpenter's View Drive and Fawnrun Drive. The total bid contract for this work was \$1,143,733.

The Fire Department ordered and received a new ambulance in 2006. The Horton ambulance was delivered in late 2006 and went into service in January 2007. The vehicle cost \$146,142.20 and was paid for from the Fire Services Fund. A 1995 Horton Ambulance was taken out of service. A proposal to sell the 1995 Horton Ambulance to the Village of Elmwood Place was being considered by Council at the end of the year. The Fire Department also spent \$64,407 for equipment from the General Fund. Equipment purchases included a new 12 lead monitor/defibrillator, projection equipment used for training, furniture for the common area, and five Mobile Data Computers for Fire vehicles.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's cash basis of accounting.

#### **Report Components**

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting using a GASB Statement 34 format. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.



Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Reporting the Village as a Whole**

The Village of Evendale, Hamilton County, Ohio, is a home rule municipality corporation established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under its own Charter and is directed by a publicly-elected Mayor and six member Council. The Village provides general governmental services including Police protection, Fire and Emergency Medical Services, Recreation Center and Fitness activities, park operations, local tax return preparation, trash and yard waste removal, maintenance of Village streets and thoroughfares.

The Statement of Net Assets and the Statement of Activities reflect how the Village performed financially during 2006, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental and business-type activities of the Village as of December 31, 2006. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, the change in cash position is one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position may be one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, non-financial factors must be considered such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money restricted for a particular purpose being spent as intended. The Village has governmental and fiduciary funds.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the Evendale Commons Public Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. This relationship is presented in a reconciliation presented with the governmental fund financial statements.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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Fiduciary Funds – The Village is a fiscal agent for two agency funds. All of the Village's fiduciary activities are reported in a separate statement of Fiduciary Net Assets. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$17,272,069	\$15,400,506
Total Assets	17,272,069	15,400,506
 <b>Net Assets</b>		
Restricted for:		
Capital Outlay	1,126,149	49,796
Other Purposes	911,640	875,535
Unrestricted	15,234,280	14,475,175
Total Net Assets	\$17,272,069	\$15,400,506

As mentioned previously, net assets of governmental activities increased \$1,871,563, or 12% during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The addition of the Evendale Commons Public Improvement Fund adding \$677,280.
- Increase in Investment Income of \$338,847 or 88% due to having a full year with all the Village's funds invested.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2 reflects the changes in net assets in 2006.

(Table 2)  
Changes in Net Assets

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$598,308	\$467,663
Operating Grants and Contributions	277,720	281,229
Capital Grants and Contributions	350	55,295
Total Program Receipts	<u>876,378</u>	<u>804,187</u>
General Receipts:		
Earnings Tax	11,405,619	11,981,802
Grants and Entitlements Not Restricted to Specific Programs	346,533	398,429
Bonds Issued	3,818,496	0
Interest	721,876	383,029
Miscellaneous	76,215	70,190
Total General Receipts	<u>16,368,739</u>	<u>12,833,450</u>
Total Receipts	<u>17,245,117</u>	<u>13,637,637</u>
Disbursements:		
General Government	2,161,548	1,927,765
Security of Persons and Property	5,220,338	4,843,214
Public Health Services	15,403	14,270
Leisure Time Activities	1,687,859	1,637,728
Economic Development	354,371	227,437
Basic Utilities	229,341	203,481
Transportation	707,494	679,778
Capital Outlay	4,723,690	1,116,399
Principal Retirement	225,000	225,000
Interest and Fiscal Charges	48,510	53,010
Total Disbursements	<u>15,373,554</u>	<u>10,928,082</u>
Increase (Decrease) in Net Assets	1,871,563	2,709,555
Net Assets, January 1, 2006, 2005	<u>15,400,506</u>	<u>12,690,951</u>
Net Assets, December 31, 2006, 2005	<u>\$17,272,069</u>	<u>\$15,400,506</u>

Program receipts represent only 5% of total receipts and are primarily comprised of recreation receipts, Charges for Emergency Medical Services, restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits, inspection fees, and fines and forfeitures.

General receipts represent 95% of the Government's total receipts. Local Earnings Tax is over 70% of the General Receipts with the Bond Proceeds from the Evendale Commons Public Improvement project accounting for just over 23%. State and federal grants account for 2% with interest income accounting for 4%. Miscellaneous receipts are very insignificant and somewhat unpredictable revenue sources.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for other Village activities. Support services include the costs of council, and the cost of Finance, Building Maintenance and Earnings Tax Departments.

Security of Persons and Property are the costs of Police, Fire protection and Emergency Medical Services; Public Health Services is the contract with the Hamilton County Health Department; Leisure Time Activities are the costs of maintaining the parks, swimming pool, recreation programs and playing fields; the Economic Development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; Transportation is the cost of maintaining the roads.

**Governmental Activities**

A comparison between the total cost of services and the net cost of services for Governmental Activities is presented in Table 3. The first column on the Statement of Activities, which accompanies this report, lists the major services provided by the Village. The second column identifies the costs of providing these services. The major program disbursement for Governmental Activities is for Security of Persons and Property, which account for 34% of all governmental disbursements. General Government (14%), Leisure Time Activities (11%) and Capital Outlay (31%) also represent significant costs. The "net cost" amount represents the cost of the service which ends up being paid from money provided by the general receipts. Program Receipts on the Statement of Activities, are the amounts paid by those who are directly charged for the services received and include grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column, on the Statement of Activities, compares the program receipts to the cost of the service which are presented at the bottom of the Statement of Activities.

(Table 3)  
**Governmental Activities**

	Total Cost Of Services 2006	Net Cost of Services 2006
General Government	\$ 2,161,548	\$ 2,119,988
Security of Persons and Property	5,220,338	4,990,176
Public Health Services	15,403	15,403
Leisure Time Activities	1,687,859	1,484,320
Economic Development	354,371	230,974
Basic Utilities	229,341	229,341
Transportation	707,494	429,774
Capital Outlay	4,723,690	4,723,690
Principal Retirement	225,000	225,000
Interest and Fiscal Charges	48,510	48,510
<b>Total Expenses</b>	<b>\$ 15,373,554</b>	<b>\$ 14,497,176</b>

The dependence upon Earnings Tax receipts is apparent through this analysis as almost 70% of governmental activities are supported through this general receipt. This percentage is down in 2006 because of the bonds issued for the Evendale Commons Public Improvement project.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**The Government's Funds**

Total governmental funds had receipts of \$13,350,406, and disbursements of \$15,373,554. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$759,104 primarily as the result of increased Interest receipts. The fund balance in the Evendale Commons Public Improvements Fund increased from zero to \$677,280.

General Fund receipts were greater than disbursements by \$3,429,999.

**General Fund Budgeting Highlights**

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

During 2006, the Village amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was \$362,938. Final disbursements were budgeted at \$10,930,698 while actual disbursements were \$9,437,094. The result is the increase in General Fund balance of \$759,104 for 2006

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure as part of the financial statements as allowed by the Auditor of State. Inventories of Furniture and Fixtures, Machinery and Equipment and Vehicles are kept by each department and inventoried per the Fixed Asset policy approved by the Village Council in 2005.

**Debt**

At December 31, 2006 the Village's outstanding debt included \$1,335,000 in general obligation bonds issued for purchase of property. For further information regarding the Village's debt, refer to Note 11 in the Notes to the Basic Financial Statements. In addition, the Village issued \$3,910,000 in Tax Increment Revenue Notes in 2006 which are not a general obligation of the Village and the general credit and taxing power of the Village are not pledged to the payment of the debt service on these funds. Only the revenues from the service payments to be made by owners of the property located within the Evendale Commons project and the Letter of Credit issued by Evendale Commons Ltd are pledged to pay the debt service on the notes.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within its funding. The Village relies heavily on local earnings taxes from its manufacturing base. In September 2004 Council approved a development plan, Evendale Commons, which will bring additional office and retail space to the Village. This development plan should begin to help diversify the tax base starting in 2007. On November 9, 2006 the Village Council agreed to acquire a portion of the property owned by the Evendale Community Church containing approximately 55,072 square feet for a purchase price of \$220,000. This property is contiguous with Baxter Park, property currently owned by the Village. The sale was not completed by the end of the year

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to George E. Snyder, Jr., Chief Fiscal and Accounting Officer, Village of Evendale, 10500 Reading Road, Evendale, Ohio 45241.

**Village of Evendale, Hamilton County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$17,272,069</u>
<i>Total Assets</i>	<u><u>\$17,272,069</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$1,126,149
Other Purposes	911,640
Unrestricted	<u>15,234,280</u>
<i>Total Net Assets</i>	<u><u>\$17,272,069</u></u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total
<b>Governmental Activities</b>					
General Government	\$2,161,548	\$41,560	\$0	\$0	(\$2,119,988)
Security of Persons and Property	5,220,338	229,812	0	350	(4,990,176)
Public Health Services	15,403	0	0	0	(15,403)
Leisure Time Activities	1,687,859	203,539	0	0	(1,484,320)
Community Environment	354,371	123,397	0	0	(230,974)
Basic Utility Services	229,341	0	0	0	(229,341)
Transportation	707,494	0	277,720	0	(429,774)
Capital Outlay	4,723,690	0	0	0	(4,723,690)
Debt Service	273,510	0	0	0	(273,510)
<b>Total</b>	<u>\$15,373,554</u>	<u>\$598,308</u>	<u>\$277,720</u>	<u>\$350</u>	<u>(\$14,497,176)</u>
		<b>General Receipts</b>			
		Municipal Income Taxes			11,405,619
		Grants and Entitlements not Restricted to Specific Programs			346,533
		Bonds Issued			3,818,496
		Sale of Capital Assets			600
		Interest			721,876
		Miscellaneous			75,615
		<i>Total General Receipts</i>			<u>16,368,739</u>
		Change in Net Assets			1,871,563
		<i>Net Assets Beginning of Year</i>			<u>15,400,506</u>
		<i>Net Assets End of Year</i>			<u>\$17,272,069</u>

See accompanying notes to the basic financial statements



**Village of Evendale, Hamilton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Evendale Commons PIF	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$15,234,280	\$677,280	\$1,360,509	\$17,272,069
<i>Total Assets</i>	<u>\$15,234,280</u>	<u>\$677,280</u>	<u>\$1,360,509</u>	<u>\$17,272,069</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$566,210	\$623,311	\$351,451	\$1,540,972
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	14,668,070	0	0	14,668,070
Special Revenue Funds	0	0	846,175	846,175
Capital Projects Funds	0	53,969	162,883	216,852
<i>Total Fund Balances</i>	<u>\$15,234,280</u>	<u>\$677,280</u>	<u>\$1,360,509</u>	<u>\$17,272,069</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
**Governmental Funds**  
For the Year Ended December 31, 2006

	General	Evendale Commons PIF	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Municipal Income Taxes	\$11,405,619	\$0	\$0	\$11,405,619
Charges for Services	211,857	0	125,151	337,008
Fines, Licenses and Permits	259,405	0	0	259,405
Intergovernmental	346,883	0	279,615	626,498
Interest	643,329	78,547	0	721,876
<i>Total Receipts</i>	<u>12,867,093</u>	<u>78,547</u>	<u>404,766</u>	<u>13,350,406</u>
<b>Disbursements</b>				
Current:				
General Government	2,156,764	4,784	0	2,161,548
Security of Persons and Property	5,074,196	0	146,142	5,220,338
Public Health Services	15,403	0	0	15,403
Leisure Time Activities	1,387,859	0	300,000	1,687,859
Community Environment	354,371	0	0	354,371
Basic Utility Services	229,341	0	0	229,341
Transportation	0	0	707,494	707,494
Capital Outlay	219,160	3,214,979	1,289,551	4,723,690
Debt Service:				0
Principal Retirement	0	0	225,000	225,000
Interest and Fiscal Charges	0	0	48,510	48,510
<i>Total Disbursements</i>	<u>9,437,094</u>	<u>3,219,763</u>	<u>2,716,697</u>	<u>15,373,554</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,429,999</u>	<u>(3,141,216)</u>	<u>(2,311,931)</u>	<u>(2,023,148)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	0	3,818,496	0	3,818,496
Sale of Capital Assets	600	0	0	600
Transfers In	0	0	2,747,110	2,747,110
Transfers Out	(2,747,110)	0	0	(2,747,110)
Other Financing Sources	75,615	0	0	75,615
<i>Total Other Financing Sources (Uses)</i>	<u>(2,670,895)</u>	<u>3,818,496</u>	<u>2,747,110</u>	<u>3,894,711</u>
<i>Net Change in Fund Balances</i>	759,104	677,280	435,179	1,871,563
<i>Fund Balances Beginning of Year</i>	<u>14,475,175</u>	<u>0</u>	<u>925,331</u>	<u>15,400,506</u>
<i>Fund Balances End of Year</i>	<u>\$15,234,279</u>	<u>\$677,280</u>	<u>\$1,360,510</u>	<u>\$17,272,069</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$11,000,000	\$11,050,000	\$11,405,619	\$355,619
Charges for Services	188,000	200,884	211,857	10,973
Fines, Licenses and Permits	194,000	255,542	259,405	3,863
Intergovernmental	483,145	359,623	346,883	(12,740)
Interest	500,000	638,106	643,329	5,223
Miscellaneous	35,000	0	0	0
<i>Total receipts</i>	<u>12,400,145</u>	<u>12,504,155</u>	<u>12,867,093</u>	<u>362,938</u>
<b>Disbursements</b>				
Current:				
General Government	2,766,097	2,818,857	2,156,764	662,093
Security of Persons and Property	5,273,272	5,559,572	5,074,196	485,376
Public Health Services	15,403	15,403	15,403	0
Leisure Time Activities	1,454,033	1,532,392	1,387,859	144,533
Community Environment	323,419	444,125	354,371	89,754
Basic Utility Services	237,494	265,774	229,341	36,433
Capital Outlay	322,825	294,575	219,160	75,415
<i>Total Disbursements</i>	<u>10,392,543</u>	<u>10,930,698</u>	<u>9,437,094</u>	<u>1,493,604</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,007,602</u>	<u>1,573,457</u>	<u>3,429,999</u>	<u>(1,130,666)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	6,000	600	600	0
Transfers Out	(1,804,810)	(2,801,110)	(2,747,110)	54,000
Other Financing Sources	35,000	76,000	75,615	(385)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,763,810)</u>	<u>(2,724,510)</u>	<u>(2,670,895)</u>	<u>53,615</u>
<i>Net Change in Fund Balance</i>	243,792	(1,151,053)	759,104	(1,077,051)
<i>Fund Balance Beginning of Year</i> (Includes prior year encumbrances appropriated)	<u>14,475,175</u>	<u>14,475,175</u>	<u>14,475,175</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$14,718,967</u>	<u>\$13,324,122</u>	<u>\$15,234,279</u>	<u>(\$1,077,051)</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$90,382</u>
<i>Total Assets</i>	<u>90,382</u>
<b>Net Assets</b>	
Unrestricted	<u>\$90,382</u>

See accompanying notes to the basic financial statements

Village of Evendale  
Hamilton County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

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**Note 1 – Reporting Entity**

The Village of Evendale, Hamilton County, Ohio (the Village), is a home rule municipality corporation established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under its own charter and is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term runs the Council meetings and votes only to break a tie.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of Village roads and bridges, park and recreation operations, police services, and fire and paramedic services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

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

*Government-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Village does not have Business-type activities.

The statement of net assets presents the cash and investments balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

## **Note 2 – Summary of Significant Accounting Policies** (continued)

### *Fund Financial Statements*

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

### **B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Village has governmental and fiduciary funds.

### *Governmental Funds*

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund and the Evendale Commons PIF Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Evendale Commons PIF Fund is used to account for tax increment financing resources associated with the Evendale Commons public improvements. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

### *Fiduciary Funds*

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund accounts for Mayor's Court and employee benefit funds held by the Village strictly in custodial capacity.

### **C. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

### **D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

## **Note 2 – Summary of Significant Accounting Policies** (continued)

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Chief Fiscal and Accounting Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the first appropriation ordinance, and the amounts on the certificate of estimated resources, for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts, and the amounts on the final amended certificate of estimated resources, passed by the Village Council during the year.

### **E. Equity in Pooled Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Investments".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are considered to be investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006, the Village invested in U.S. Government Agencies, Commercial Paper, STAR Ohio and a money market fund. All investments are reported at cost. The Village's money market fund investment is recorded at the amount reported by Fifth Third Bank at December 31, 2006.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which 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, 2006

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 were \$643,329.

## **Note 2 – Summary of Significant Accounting Policies** (continued)

### **F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

### **G. Inventory and Prepaid Items**

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements

### **H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements

### **I. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the financial statements.

### **J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

### **K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

### **L. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.



## **Note 2 – Summary of Significant Accounting Policies** (continued)

### **M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for State Highway Improvements, Alcohol Law Enforcement, Drug Law Enforcement, Gorman Heritage Farm, Fiore Services, and Municipal Road Improvements.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The Village has no restrictions related to enabling legislation.

### **N. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

## **Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$566,210 for the general fund.

## **Note 4 – Equity in Pooled Cash and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or in withdrawable on demand accounts, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**Note 4 – Equity in Pooled Cash and Investments** (continued)

Interim monies held by the Village can be deposited or invested in the following securities:

(1) United States treasury bills, notes, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.

Nothing in the classification of eligible obligations set forth in division (A)(1) of this section or in the classifications of eligible obligations set forth in divisions (A)(2) to (7) of this section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible obligations.

(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

(3) Interim deposits in the eligible institutions applying for interim moneys as provided in section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with section 135.09 of the Revised Code and the treasurer or the governing board shall determine the periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim deposit award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though the institution had not applied for such interim deposit. No more than 50% of the investment funds may be in Interim deposits

(4) Bonds and other obligations of this state; No more than 50% of the investment funds may be in bonds and other obligations of this state.

(5) No-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.03 of the Revised Code; No more than 50% of the investment funds may be in No-load money market mutual funds.

(6) The Ohio subdivision's fund as provided in section 135.45 of the Revised Code;

(7) Up to twenty-five per cent of interim moneys available for investment in either of the following:

(a) Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:

(i) The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.

(ii) The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation.

**Note 4 – Equity in Pooled Cash and Investments** (continued)

- (iii) The notes mature not later than one hundred eighty days after purchase.
- (b) Bankers acceptances of banks that are insured by the federal deposit insurance corporation and to which both of the following apply:
  - (i) The obligations are eligible for purchase by the federal reserve system.
  - (ii) The obligations mature not later than one hundred eighty days after purchase.

No investment shall be made pursuant to division (7) of this section unless the treasurer or governing board has completed additional training for making the investments authorized by division (7) of this section. The type and amount of additional training shall be approved by the auditor of state and may be conducted by or provided under the supervision of the auditor of state.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$2,600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year end, the carrying amount of the Village's deposits was \$699,775 and the bank balance was \$1,691,614. Of the bank balance \$100,000 was covered by federal depository insurance and \$1,591,614 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The Village's investments are required to be categorized to give an indication of the level of risk assumed by the Village at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the Village's name. The investments in U.S. Treasury Bills are classified in category three. Investments in STAR Ohio and the money market mutual fund are not classified since they are not evidenced by securities that exist in physical or book-entry form.

#### **Note 4 - Equity in Pooled Cash and Investments** (continued)

##### Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

##### Investments

As of December 31, 2006, the Village had the following investments:

	<u>Cost</u>	<u>Maturity Date</u>
Fifth Third Money Market Account	422,317	
Commercial Paper		
General Electric	487,535	1/19/07
General Electric	487,495	2/21/07
General Electric	487,886	4/03/07
General Electric	487,757	4/12/07
General Electric	487,805	6/13/07
US Governments		
Federal Nat'l Mtg Assoc Mtn	996,515	2/16/07
Federal Nat'l Mtg Assoc Mtn	1,000,000	6/29/07
Federal Home Loan	970,801	9/10/07
Federal Home Loan	1,001,402	3/24/08
Federal Nat'l Mtg Assoc Mtn	1,000,000	5/08/08
Federal Home Loan	986,250	9/23/08
Federal Nat'l Mtg Assoc Mtn	499,000	2/18/09
Federal Home Loan	498,487	5/19/09
Federal Home Loan	987,500	11/24/09
Federal Home Loan	992,813	11/27/09
Federal Home Loan	995,938	12/17/09
Federal Home Loan	499,900	2/11/10
Federal Home Loan	1,000,000	7/14/10
Federal Nat'l Mtg Assoc Mtn	994,809	11/08/10
Federal Home Loan	1,000,000	11/24/10
Star Ohio	<u>378,466</u>	
	<u>\$16,662,676</u>	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Note 4 - Equity in Pooled Cash and Investments** (continued)

The Money Market Fund carries a rating of AAAM by Standard and Poor's and STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Village's Investment policy, all securities are held by the Custodian's trust department or agent in the Village's name.

**Note 5 - Earnings Taxes**

The Village levies a 1.2% earnings tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all earnings earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 1.2% of the 1.2% tax rate on taxable earnings. Employers within the Village are required to withhold earnings tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Note 6 - Property Taxes**

Property taxes are not collected by the Village. Each year the Village Council reviews this policy during the preparation of the Mayor's budget in June. The total of property tax which could be levied and collected annually by the Village is approximately \$800,000. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property is currently assessed at 25% of true value for capital assets and 23 % for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The authorized property tax millage for Village operations for the year ended December 31, 2006 are as follows:

General Fund:	2.16 mils inside .84 mils outside as provided for by the Village Charter
Police Pension Fund:	.30 mils outside as provided for by the Village Charter
Fire Pension Fund:	.04 mils outside as provided for by the Village Charter

## **Note 7 – Risk Management**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated tax exempt non-profit organization, governed by its member municipalities. The Pool is sponsored by the Ohio Municipal League and is administered and operated by Hylant Group. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

## **Note 8 – Defined Benefit Pension Plans**

### **A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed 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 member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9% of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.7%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$156,914, \$139,568, and \$139,072 respectively. The full amount has been contributed for each year.

### **B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions were 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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

## **Note 8 – Defined Benefit Pension Plans** (continued)

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5% for police officers and 24.5% for fire personnel. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2006, 2005, and 2004 were \$158,472, \$155,214, and \$154,227 respectively. The full amount has been contributed for each year.

## **Note 9 – Post Employment Benefits**

### **A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an other postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 % of covered payroll, 4.00 % of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 1% and 6% based on additional annual pay increases. Health care premiums were assumed to increase between 1% and 6% annually for the next eight years and 4% annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

### **B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an other postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

**Note 9 - Post employment Benefits** (continued)

The total police employer contribution rate is 19.5% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

**Note 10 – Notes Payable**

A summary of the note transactions for the current year end are as follows:

		<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Tax Increment Revenue Notes:					
<b>Governmental Activities:</b>					
Evendale Commons Ltd Project	3.85%	\$0	\$3,910,000	\$0	\$3,910,000
Total Tax Increment Revenue Notes		<u>0</u>	<u>3,910,000</u>	<u>0</u>	<u>3,910,000</u>

All of the notes are tax increment revenue notes and mature within one year. The Notes and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation, and the Notes do not represent or constitute a debt or pledge of the faith and credit of the Village. The note liability is reflected in the fund which received the proceeds. Only the revenues from the service payments to be made by owners of the property located within the Evendale Commons project and the Letter of Credit issued by Evendale Commons Ltd. are pledged to pay the debt service on the notes.

**Note 11 - Debt**

Debt outstanding as of December 31, 2006

	<u>Principal</u>	<u>Interest Rate</u>
Real Estate Acquisition Bonds	\$1,335,000	2.5% to 3.8%

The bonds are a full general obligation of the Village and the full faith, credit and revenue of the Village are pledged for the prompt payment of the bonds. The bonds were issued in 2003 and will be paid in full in 2012. The bonds were issued for the purpose of acquiring real estate.

The annual debt service schedule is as follows:

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Annual Total</u>
2007	\$225,000	2.5%	\$43,447	\$268,447
2008	225,000	3.0	37,882	262,882
2009	225,000	3.25	31,073	256,073
2010	220,000	3.4	23,760	243,760
2011	220,000	3.6	16,280	236,280
2012	<u>220,000</u>	3.8	<u>8,360</u>	<u>228,360</u>
	<u>\$1,335,000</u>		<u>\$160,802</u>	<u>\$1,495,802</u>



**Note 12– Interfund Transfers**

During 2006 the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$2,747,110
Other Governmental Funds	<u>2,747,110</u>	<u>0</u>
Total	<u>\$2,747,110</u>	<u>\$2,747,110</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with specific transfer authorization as well as budgetary authorizations as required by the Ohio Revised Code.

**Note 13 – Public Entity Risk Pool**

The purpose of risk management is to assist in the identification of potential and/or existing liability and property exposures that may exist within the Village’s operation.

The Village is a member of the Ohio Plan and receives property and liability insurance from this group which is administered by the Hylant Group.

The purpose of the Ohio Plan is to jointly exercise powers common to each participating member to establish and administer a risk management program; (Ohio Revised Code 2744) to prevent or lessen the incidence and severity of losses occurring from the activities of the members; and to defend and protect members of the Ohio Plan against allegations of negligence or loss.

The Ohio Plan is governed by a Board of Directors comprised of public officials selected from the membership. The Board of Directors contracts with a qualified administrator to perform the tactical duties of the Ohio Plan. The Board reviews the administrator's performance and provides the strategic direction of the Ohio Plan. The administrator provides sales/service management, underwriting, risk control, accounting and claim services for the Plan. Legal counsel, actuarial and auditing services are provided independently under separate outside contracts.

**Village of Evendale**

**Yellow Book Report**

**December 31, 2006**



June 29, 2007

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

The Honorable Mayor and Members of the  
Village Council of the Village of Evendale

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Ohio (Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 29, 2007, wherein we noted that the Village uses the cash basis of accounting which is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. 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 Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Auditor of State and the Honorable Village Council and is not intended to be and should not be used by anyone other than these specified parties.



Plattenburg & Associates, Inc.  
Certified Public Accountants



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF EVENDALE**

**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  
SEPTEMBER 4, 2007**