

**Village of Evendale**

**Financial Statements**

**December 31, 2008**





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, 2008 through December 31, 2008. 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

October 13, 2009

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## INDEPENDENT AUDITORS' REPORT

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, 2008, 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, 2008, 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 August 25, 2009, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by cash basis accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
August 25, 2009

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
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, 2008, 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 2008 are as follows:

Net assets of governmental activities increased \$601,326, or 3.4%. The General Fund increased \$1,367,309, the Capital Improvement Fund decreased by \$417,084 and the Evendale Commons PIF Fund remained relatively unchanged as the project was completed in 2007.

The Village's general receipts are primarily earnings taxes. Earnings tax represents 86% of the total cash received for governmental activities during the year. Income related to investments totaled \$727,629, a decrease from 2007. This decrease was due mainly to the decrease in interest rates. Charges for Emergency Medical Service runs performed by the Village's Fire department resulted in income of \$102,842 in 2008, a 10% decrease from 2007. 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 2008 the Village Council elected not to collect property taxes that would increase the total revenues of the Village by approximately \$900,000. 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 May 8, 2008 the Village Council passed Ordinance 08-23 providing for the issuance of Tax Increment Revenue Notes by the Village, not to exceed \$4,260,000. The Council has previously issued its Tax Incremental Revenue Bond Anticipation Notes, in anticipation of the issuance of tax increment revenue bonds to fulfill its agreements. On May 12, 2008 the Village signed a Contract of Purchase with Fifth Third Securities, Inc, the underwriter, for the underwriter to purchase and resell the notes of the Village in the amount of \$4,260,000 with an interest rate of 4.50% per annum. The notes were dated May 12, 2008. The Village received \$4,257,290 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.

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Management's Discussion and Analysis  
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The Village roadway reconstructions during 2008 included Cooper Road, Evendale Drive, Reading Road and a portion of the parking lot by the Fire Station. The total bid contract for this work was \$716,318.

The Ohio Department of Transportation awarded a safety grant for the improvement of the intersection of Glendale Milford and Reading Road. The work included widening Glendale Milford to allow for a dedicated left hand turn lane, upgrading the traffic signal and new street lighting. In addition the Village upgraded the signal controls for Glendale Milford/Cunningham Drive intersection, Reading Road/PG Graves intersection and the Reading Road/Inwood Drive intersection. The upgrade allow these lights to work together to help reduce traffic congestions.

The Village installed the path lights along Reading Road that were purchased in 2007, installed new street signs and stop signs in residential areas of the Village and did a partial renovation of the Civic Center building at Glendale Milford and Reading Road to help with the new instituted Cultural Arts program.

### **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 Village-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 the cash basis of accounting in accordance with GASB Statement 34. 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  
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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, and maintenance of Village streets and thoroughfares.

The Statement of Net Assets and the Statement of Activities reflect how the Village performed financially during 2008, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Village as of December 31, 2008. 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 earnings 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 only has governmental fund operations.

Governmental Funds - All 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, the Evendale Commons Public Improvement Fund and the Capital Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of Evendale  
Management's Discussion and Analysis  
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**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,033,822	\$ 68,097
Investments	16,423,041	16,787,440
Total Assets	\$ 17,456,863	\$ 16,855,537
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$ 2,698,207	\$ 3,113,789
Other Purposes	980,714	1,331,115
Unrestricted	13,777,942	12,410,633
Total Net Assets	\$ 17,456,863	\$ 16,855,537

- As mentioned previously, net assets of governmental activities increased \$601,326, or 3.4% during 2008.

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Management's Discussion and Analysis  
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Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2008	Governmental Activities 2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 546,129	\$ 600,030
Operating Grants and Contributions	293,860	289,507
Capital Grants and Contributions	3,640	8,358
Total Program Receipts	<u>843,629</u>	<u>897,895</u>
General Receipts:		
Earnings Tax	11,660,684	12,133,865
Grants and Entitlements Not Restricted to Specific Programs	300,681	416,289
Notes Issued	4,260,000	4,100,000
Interest	727,629	957,506
Miscellaneous	259,572	220,578
Total General Receipts	<u>17,208,566</u>	<u>17,828,238</u>
Total Receipts	<u>18,052,195</u>	<u>18,726,133</u>
Disbursements:		
General Government	2,587,953	2,534,513
Security of Persons and Property	5,352,324	5,346,372
Public Health Services	14,404	15,538
Leisure Time Activities	1,793,662	1,783,536
Economic Development	257,907	296,858
Basic Utilities	245,921	215,851
Transportation	1,014,218	790,390
Capital Outlay	1,663,147	3,797,317
Principal Retirement	4,325,000	4,135,000
Interest and Fiscal Charges	196,333	227,290
Total Disbursements	<u>17,450,869</u>	<u>19,142,665</u>
Excess (Deficiency) Before Transfers	601,326	(416,532)
Transfers	-	-
Increase (Decrease) in Net Assets	<u>601,326</u>	<u>(416,532)</u>
Net Assets, January 1, 2008	16,855,537	17,272,069
Net Assets, December 31, 2008	<u>\$ 17,456,863</u>	<u>\$ 16,855,537</u>

Program receipts represent only 4.7% 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.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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General receipts represent 95.3% of the Government's total receipts. Local Earnings Tax is nearly 68% of the General Receipts with the Bond Proceeds from the Evendale Commons Public Improvement project accounting for just under 25%. State and federal grants account for under 2% with interest income accounting for 4.2%. Miscellaneous receipts are immaterial and somewhat unpredictable revenue sources.

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 contracted 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 30.7 percent of all governmental disbursements. General Government (14.8%), Leisure Time Activities (10%) and Capital Outlay (9.5%) also represent significant costs. Debt Service, Principal and Interest, represents is 25.9% but is offset by borrowings. The debt is not a general obligation of the Village and will be paid for from 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. The "Net Cost" amount represents the cost of the service 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.

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Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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(Table 3)

**Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008
	2008	2008
General Government	\$ 2,587,953	\$ 2,547,802
Security of Persons and Property	5,352,324	5,116,274
Public Health Services	14,404	14,404
Leisure Time Activities	1,793,662	1,567,737
Economic Development	257,907	210,264
Basic Utilities	245,921	245,921
Transportation	1,014,218	720,358
Capital Outlay	1,663,147	1,663,147
Principal Retirement	4,325,000	4,325,000
Interest and Fiscal Charges	196,333	196,333
<b>Total Expenses</b>	<b>\$ 17,450,869</b>	<b>\$ 16,607,240</b>

The dependence upon Earnings Tax receipts is apparent through this analysis as almost 68% of governmental activities are supported through this general receipt.

**The Government's Funds**

Total governmental funds had receipts of \$13,532,623, and disbursements of \$17,450,869. The greatest change within governmental funds occurred within the General Fund and the Capital Improvement Fund. The fund balance of the General Fund increased \$1,367,309, while the fund balance in the Capital Improvement Fund decreased by \$417,084.

General Fund receipts were greater than disbursements by \$2,570,560.

**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 2008, the Village amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was \$59,352. Final disbursements were budgeted at \$12,744,123 while actual disbursements were \$11,093,927.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
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**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, 2008 the Village's outstanding debt included \$885,000 in general obligation bonds issued for purchase of property. For further information regarding the Village's debt, refer to Note 10 in the Notes to the Basic Financial Statements. In addition, the Village issued \$4,260,000 in Tax Increment Revenue Notes in 2008 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.

**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. The downturn in the economy in 2008 has delayed further investment in the Evendale Commons project. With the success of the few businesses in the Evendale Commons development, further development of this property should continue as the economy improves over time.

In response to the downturn in the economy and the decrease in earnings tax revenues in 2008, the Village Council took a more aggressive stance on the 2009 budget. Capital expenditures were reduced, raises for staff was reduced from the Administration recommendations, the Dental and Optical plan was eliminated and replaced with a new dental insurance plan and a new vision insurance plan, and a Health Savings Account replaced the Health Reimbursement Account.

With interest rates decreasing, the estimate for 2009 Interest Income was reduced. Council is investigating ways to increase return on our investments without sacrificing safety or liquidity.

**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.

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**Village of Evendale, Hamilton County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,033,822
Investments	<u>16,423,041</u>
<i>Total Assets</i>	<u><u>\$17,456,863</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$2,698,207
Other Purposes	980,714
Unrestricted	<u>13,777,942</u>
<i>Total Net Assets</i>	<u><u>\$17,456,863</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, 2008

	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	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$2,587,953	\$40,151	\$0	\$0	(2,547,802)
Security of Persons and Property	5,352,324	232,410		3,640	(5,116,274)
Public Health Services	14,404				(14,404)
Leisure Time Activities	1,793,662	225,925			(1,567,737)
Community Environment	257,907	47,643			(210,264)
Basic Utility Services	245,921				(245,921)
Transportation	1,014,218		293,860		(720,358)
Capital Outlay	1,663,147				(1,663,147)
Debt Service:					
Principal Retirement	4,325,000				(4,325,000)
Interest and Fiscal Charges	196,333				(196,333)
<b>Total</b>	<u>\$17,450,869</u>	<u>\$546,129</u>	<u>\$293,860</u>	<u>\$3,640</u>	<u>(\$16,607,240)</u>
		<b>General Receipts</b>			
					\$11,660,684
					300,681
					4,260,000
					5,600
					727,629
					253,972
					<u>17,208,566</u>
					601,326
					<u>16,855,537</u>
					<u>\$17,456,863</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2008*

	General	Capital Improvement	Evendale Commons PIF
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$639,509	\$206,019	\$28,732
Investments	13,138,433	2,463,456	
<i>Total Assets</i>	<u>\$13,777,942</u>	<u>\$2,669,475</u>	<u>\$28,732</u>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$528,874	\$679,586	
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	13,249,068		
Special Revenue Funds			
Capital Projects Funds		1,989,889	28,732
<i>Total Fund Balances</i>	<u>\$13,777,942</u>	<u>\$2,669,475</u>	<u>\$28,732</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$159,562	\$1,033,822
821,152	16,423,041
<u>\$980,714</u>	<u>\$17,456,863</u>
\$72,637	\$1,281,097
908,077	13,249,068
908,077	908,077
2,018,621	2,018,621
<u>\$980,714</u>	<u>\$17,456,863</u>

**Village of Evendale, Hamilton County**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Capital Improvement	Evendale Commons PIF	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$11,660,684	\$0	\$0	\$0	\$11,660,684
Charges for Services	266,077			102,842	368,919
Fines, Licenses and Permits	176,915				176,915
Intergovernmental	304,321			294,155	598,476
Interest	727,617		12		727,629
<i>Total Receipts</i>	<u>13,135,614</u>	<u>0</u>	<u>12</u>	<u>396,997</u>	<u>13,532,623</u>
<b>Disbursements</b>					
Current:					
General Government	2,587,957				2,587,957
Security of Persons and Property	5,352,324				5,352,324
Public Health Services	14,404				14,404
Leisure Time Activities	1,493,662			300,000	1,793,662
Community Environment	257,907				257,907
Basic Utility Services	245,921				245,921
Transportation				1,014,214	1,014,214
Capital Outlay	612,879	417,084		633,184	1,663,147
Debt Service:					
Principal Retirement			4,100,000	225,000	4,325,000
Interest and Fiscal Charges			158,510	37,823	196,333
<i>Total Disbursements</i>	<u>10,565,054</u>	<u>417,084</u>	<u>4,258,510</u>	<u>2,210,221</u>	<u>17,450,869</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,570,560</u>	<u>(417,084)</u>	<u>(4,258,498)</u>	<u>(1,813,224)</u>	<u>(3,918,246)</u>
<b>Other Financing Sources (Uses)</b>					
Notes Issued			4,260,000		4,260,000
Sale of Capital Assets	5,600				5,600
Transfers In	0			1,462,823	1,462,823
Transfers Out	(1,462,823)				(1,462,823)
Other Financing Sources	253,972				253,972
<i>Total Other Financing Sources (Uses)</i>	<u>(1,203,251)</u>	<u>0</u>	<u>4,260,000</u>	<u>1,462,823</u>	<u>4,519,572</u>
<i>Net Change in Fund Balances</i>	1,367,309	(417,084)	1,502	(350,401)	601,326
<i>Fund Balances Beginning of Year</i>	<u>12,410,633</u>	<u>3,086,559</u>	<u>27,230</u>	<u>1,331,115</u>	<u>16,855,537</u>
<i>Fund Balances End of Year</i>	<u>\$13,777,942</u>	<u>\$2,669,475</u>	<u>\$28,732</u>	<u>\$980,714</u>	<u>\$17,456,863</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, 2008*

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$11,900,000	\$11,650,000	\$11,660,684	\$10,684
Charges for Services	250,000	234,277	266,077	31,800
Fines, Licenses and Permits	166,000	159,000	176,915	17,915
Intergovernmental	403,021	322,495	304,321	(18,174)
Interest	781,000	710,490	727,617	17,127
Miscellaneous	37,000	0	0	0
<i>Total receipts</i>	<u>13,537,021</u>	<u>13,076,262</u>	<u>13,135,614</u>	<u>59,352</u>
<b>Disbursements</b>				
Current:				
General Government	3,353,154	3,451,754	2,764,248	687,506
Security of Persons and Property	5,958,765	6,013,515	5,528,615	484,900
Public Health Services	15,403	15,403	14,404	999
Leisure Time Activities	1,581,322	1,581,322	1,493,662	87,660
Community Environment	382,203	388,603	257,907	130,696
Basic Utility Services	277,500	277,500	245,921	31,579
Capital Outlay	908,791	1,016,026	789,170	226,856
<i>Total Disbursements</i>	<u>12,477,138</u>	<u>12,744,123</u>	<u>11,093,927</u>	<u>1,650,196</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,059,883</u>	<u>332,139</u>	<u>2,041,687</u>	<u>1,709,548</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	1,000	5,600	5,600	0
Transfers Out	(2,120,823)	(2,182,222)	(1,462,823)	719,399
Other Financing Sources	37,000	250,000	253,971	3,971
<i>Total Other Financing Sources (Uses)</i>	<u>(2,082,823)</u>	<u>(1,926,622)</u>	<u>(1,203,252)</u>	<u>723,370</u>
<i>Net Change in Fund Balance</i>	(1,022,940)	(1,594,483)	838,435	2,432,918
<i>Fund Balance Beginning of Year</i>	11,591,360	11,591,360	11,591,360	0
Prior Year Encumbrances Appropriated	819,272	819,272	819,272	0
<i>Fund Balance End of Year</i>	<u>\$11,387,692</u>	<u>\$10,816,149</u>	<u>\$13,249,067</u>	<u>\$2,432,918</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*December 31, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$14,336</u>
<i>Total Assets</i>	<u><u>\$14,336</u></u>
<b>Net Assets</b>	
Unrestricted	<u>\$14,336</u>
<i>Total Net Assets</i>	<u><u>\$14,336</u></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, 2008

**NOTE 1 – REPORTING ENTITY**

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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**

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As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. Cash basis 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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. 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 balance 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 the cash basis or draws from the Village's general receipts.

VILLAGE OF EVENDALE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2008

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 only has governmental funds 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, The Evendale Commons PIF Fund, and the Capital Improvement 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 Capital Improvement Fund is used to account for major capital projects and equipment purchases. 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, invested 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 funds account for the Mayor's Court and employee benefit funds held by the Village strictly in a 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 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.



VILLAGE OF EVENDALE  
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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.

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 Cash Equivalents".

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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 2008, 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, 2008.

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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, 2008.

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 2008 were \$727,617.

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. Inter-fund 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 the requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and non-operating receipts/disbursements in proprietary funds. Repayment 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 inter-fund 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.

VILLAGE OF EVENDALE  
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For the Year Ended December 31, 2008

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.

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, Fire 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.

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**

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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 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 \$528,873 for the General Fund.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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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.

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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.

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 (1) of this section or in the classifications of eligible obligations set forth in divisions (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 (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:

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(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.

(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.

### Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2008, \$2,795,233 of the Village's bank balance of \$3,045,233 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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

Investments

As of December 31, 2008, the Village had the following investments:

	Credit Risk (Standard & Poors)	Book Value	Maturity Date
Fifth Third Money Market Account	AAAm	\$2,950,294	
Commercial Paper:			
General Electric	AAA	493,740	02/20/09
General Electric	AAA	739,758	03/20/09
US Governments:			
Federal Nat'l Mtg Assoc Mtn	AAA	1,000,000	04/07/10
Federal Home Loan Mtg Corp	AAA	1,000,000	02/04/11
Federal Home Loan Mtg Corp	AAA	900,000	09/16/11
Federal Farm Credit Bureau	AAA	1,000,000	02/13/12
Federal Nat'l Mtg Assoc Mtn	AAA	1,057,813	06/07/12
Federal Home Loan Mtg Corp	AAA	1,500,000	06/15/12
Federal Home Loan Mtg Corp	AAA	2,000,000	12/15/12
Federal Home Loan Bank	AAA	1,001,942	01/28/13
Federal Home Loan Bank	AAA	1,026,301	02/25/13
Federal Nat'l Mtg Assoc Mtn	AAA	999,243	05/06/13
Star Ohio	AAAm	753,950	
		<u>\$16,423,041</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.

The Village's investment policy addresses credit risk by limiting investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The Village's investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, Federal National Mortgage Association, Star Ohio and in Money Market Funds were rated AAA by Standard and Poor's.

VILLAGE OF EVENDALE  
HAMILTON COUNTY, OHIO  
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Concentration of Credit Risk – The Village’s investment policy allows investments in Money Market funds, Star Ohio, Commercial Paper and Federal Government Securities or Instrumentalities. The Village has invested 12% of the Village’s investments in Federal Home Loan Bank, 33% in Federal Home Loan Mortgage Corporation, 6% in Federal Farm Credit Bank, 19% in Federal National Mortgage Association, 7% in Commercial Paper, 5% in Star Ohio, and 18% in money market funds.

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**

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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**

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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 percent 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 percent 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 percent of true value for capital assets and 23 percent 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, 2008 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

VILLAGE OF EVENDALE  
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**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

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**A. Ohio Public Employees Retirement System**

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Village is 14% of covered payroll. The contribution rates are determined actuarially. The Village's required contributions to OPERS for the years ended December 31, 2008, 2007 and 2006 were \$165,264, \$159,675, and \$156,914 respectively. The full amount has been contributed for 2007 and 2006 and 93% has been contributed for 2008.

**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 are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at [www.op-f.org](http://www.op-f.org).

Plan members are required to contribute 10% of their annual covered salary, while employers (the Village) are required to contribute 19.5% for police and 24.0% for firefighters. The Village's contributions to OP&F for the years ending December 31, 2008, 2007 and 2006 were \$165,339, \$159,365, and \$158,472, respectively. The full amount has been contributed for 2007 and 2006 and 82% has been contributed for 2008.



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**NOTE 8 – POST EMPLOYMENT BENEFITS**

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**A. Ohio Public Employees Retirement System**

**Plan Description**

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

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

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

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

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

**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 2008, the Village contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS Retirement Board 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.

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Information from Village's Records

The Village's actual contributions for the current year, which were used to fund postemployment benefits, were \$65,426 for 2008, \$28,450 for the period of January 1 through June 30, 2007 and were \$35,033 for the period of July 1 through December 31, 2007, \$51,542 for 2006.

OPERS Retirement Board Implements its Health Care Preservation Plan

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

Other Information

At December 31, 2008, the number of active contributing participants in the Traditional and Combined Plans totaled 363,503. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076.

The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. Based on the actuarial cost method used, the Actuarial Valuations as of December 31, 2007, (the latest information available) reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

B. Ohio Police and Fire Pension Fund

Plan Description

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

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

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

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

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Funding Policy

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under 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 Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from Village's Records

The Village's contributions to OP&F for the year ending December 31, 2008 were \$32,059 for police and \$20,453 for fire; for the year ending December 31, 2007 were \$37,645 for police and \$19,777 for fire; for the year ending December 31, 2006 were \$38,412 for police and \$18,821 for fire, respectively, was allocated to the healthcare plan.

Other Information

The number of participants eligible to receive health care benefits as of December 31, 2007, the date of the last actuarial valuation available, are 14,295 for Police and 10,583 for Firefighters. OP&F's total health care expense for the year ending December 31, 2007, the date of the last actuarial valuation available, was \$93,205,319, which was net of member contributions of \$56,031,875.

**NOTE 9 – NOTES PAYABLE**

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

		Beginning Balance	Additions	Deletions	Ending Balance
Tax Increment Revenue Notes:					
Evendale Commons Ltd Project	4.50%	\$4,100,000	\$4,260,000	(\$4,100,000)	\$4,260,000

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The Evendale Commons 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. 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 10 – LONG-TERM DEBT**

Long-Term Debt outstanding as of December 31, 2008:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Real Estate Acquisition Bonds	\$1,110,000	\$0	(\$225,000)	\$885,000	\$225,000

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:

Date	Principal	Coupon	Interest	Annual Total
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	220,000	3.8	8,360	228,360
	<u>\$885,000</u>		<u>\$79,473</u>	<u>\$964,473</u>

**NOTE 11– INTERFUND TRANSFERS**

During 2008 the following transfers were made:

Street Construction Maintenance & Repair Fund	\$800,000
Gorman Heritage Farm Fund	400,000
Debt Service Fund	262,823
Total Transfers from General Fund	<u>\$1,462,823</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 budgetary authorizations.

**NOTE 12 – 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 Pool is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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

The Pool pays premiums to reinsurers or excess reinsurers and is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$2,405,834
Liabilities	<u>(2,814,306)</u>	<u>(2,877,385)</u>
Accumulated Deficit	<u><u>(\$261,787)</u></u>	<u><u>(\$471,551)</u></u>

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

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 (the Village), as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions 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 cash basis 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 Village'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*.

We noted certain matters that we reported to management of the Village in a separate letter dated August 25, 2009.

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
August 25, 2009





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  
NOVEMBER 5, 2009**