

Village of Evendale

Financial Statements

December 31, 2010



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Evendale, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

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

Dave Yost
Auditor of State

June 3, 2011

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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, 2010, which collectively comprise the City'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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the Village prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting 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 financial position –modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2010, and the respective changes in financial position –modified cash basis thereof, and the budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2011, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
April 28, 2011

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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, 2010, within the limitations of the Village's modified 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 2010 are as follows:

Net assets of governmental activities decreased \$1,123,580, or 6.8%. The General Fund had a decrease of \$1,132,649, the Evendale Commons TIF Fund increased by \$457,620, and the remainder of the Funds had either small increases or decreases.

The Village's general receipts are primarily earnings taxes. Earnings tax represents 78% of the total cash received for governmental activities during the year. Income related to investments totaled \$128,531, a significant decrease from 2009. 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 \$135,914.84 in 2010, a 29.7% increase from 2009. 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 2010 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	

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 modified 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.

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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 a modified 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 modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

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 2010, within the limitations of modified 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, 2010. 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 modified 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.

Village of Evendale
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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.

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 only major governmental fund in 2010 was the General 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.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2010	2009
Assets		
Equity in Pooled Cash & Inv	15,360,046	16,433,926
Total Assets	15,360,046	16,433,926
Net Assets		
Restricted for:		
Capital Projects	870,939	594,419
Other Purposes	1,233,235	1,500,686
Unrestricted	13,255,872	14,388,521
Total Net Assets	15,360,046	16,483,626

- As mentioned previously, net assets of governmental activities decreased \$1,123,580, or 6.8% during 2010.

Table 2 reflects the changes in net assets on a modified cash basis in 2010 and 2009 for governmental activities.

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 2)
Changes in Net Assets

	<i>Table 2</i> Governmental Activities 2010	<i>Table 2</i> Governmental Activities 2009
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$730,649	\$644,651
Operating Grants and Contributions	362,614	315,487
Capital Grants and Contributions	391,860	53,608
Total Program Receipts	1,485,123	1,013,746
General Receipts:		
Property and Other Local Taxes	1,017,228	0
Earnings Tax	10,807,938	11,548,339
Grants and Entitlements Not Restricted to Specific Programs	343,940	271,626
Bonds Issued	0	4,385,000
Interest	128,531	414,422
Miscellaneous	174,664	204,796
Total General Receipts	12,472,302	16,824,183
Total Receipts	13,957,426	17,837,930
Disbursements:		
General Government	3,148,595	2,625,470
Security of Persons and Property	5,246,538	5,525,623
Public Health Services	12,990	13,414
Leisure Time Activities	1,773,440	1,752,207
Economic Development	1,374,175	253,167
Basic Utilities	252,249	220,144
Transportation	909,942	896,690
Capital Outlay	2,103,401	2,713,502
Principal Retirement	220,000	4,593,320
Interest and Fiscal Charges	39,676	217,629
Water	0	0
Total Disbursements	15,081,005	18,811,167
Excess (Deficiency) Before Transfers	(1,123,580)	(973,237)
Transfers	0	0
Increase (Decrease) in Net Assets	(1,123,580)	(973,237)
Net Assets, January 1, 2010, 2009	16,483,626	17,456,863
Net Assets, December 31, 2010, 2009	\$15,360,046	\$16,483,626

Program receipts represent only 10.6% 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 89.4% of the Government's total receipts. Local Earnings Tax is nearly 86.6% of the General Receipts with the Service Payments from the Evendale Commons Public Improvement project accounting for 8.2%. State grants account for 2.8% with interest income accounting for 1%. Miscellaneous receipts are immaterial and somewhat unpredictable revenue sources.

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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 and includes a \$1,000,000 business retention payment to General Electric; 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 34.8% of all governmental disbursements. General Government (20.9%), Leisure Time Activities (11.8%) and Capital Outlay (13.9%) also represent significant costs. Debt Service, Principal and Interest, represents is 1.7%. 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.

(Table 3)

Governmental Activities

	Total Cost Of Services 2010	Net Cost of Services 2010
	2010	2010
General Government	\$3,148,595	\$3,106,002
Security of Persons and Property	5,246,538	4,966,078
Public Health Services	12,990	12,990
Leisure Time Activities	1,773,440	1,453,567
Economic Development	1,374,175	1,286,451
Basic Utilities	252,249	252,249
Transportation	909,942	547,328
Capital Outlay	2,103,401	1,711,541
Principal Retirement	220,000	220,000
Interest and Fiscal Charges	39,676	39,676
Total Expenses	\$15,081,005	\$13,595,881

The dependence upon Earnings Tax receipts is apparent through this analysis as almost 77% of governmental activities are supported through this general receipt.

Village of Evendale
Management's Discussion and Analysis
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The Government's Funds

Total governmental funds had receipts and other financing sources of \$13,957,426, and disbursements of \$15,081,005. The greatest change within governmental funds occurred within the General Fund and the Street Construction Maintenance and Repair Fund. The Fund Balance of the General Fund decreased \$1,132,649, while the Fund Balance in the Street Construction Maintenance and Repair Fund decreased by \$466,241.

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 2010, the Village amended its General Fund budget several times to reflect changing circumstances. The decrease between final budgeted receipts and actual receipts was \$102,704. Final disbursements were budgeted at \$13,486,386 while actual disbursements were \$13,079,008.

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, 2010 the Village's outstanding debt included \$440,000 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 \$4,385,000 in Tax Increment Revenue Notes in 2009 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 planned business development plan, Evendale Commons Business Park, which

Village of Evendale
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will continue to bring additional office and retail space to the Village. The downturn in the economy in 2008 and 2009 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 again in 2010, the Village Council took an aggressive stance on the 2011 budget. Raises for staff were eliminated and health insurance higher deductibles and employee contributions were continued. On the up side Council did approve the purchase of a new fire ladder truck in the 2011 budget.

With interest rates continuing to be low, the estimate for 2011 Interest Income was reduced. Earnings Tax revenues for 2010 were 2% below budget. Withholding and individual accounts were down while business accounts were up. Estimates for Earnings Tax revenue in 2011 were reduced by approximately 2.8% from 2010 levels.

In 2010 the Social Security Administration opened a new office in Evendale and Kinetic Vision began operations in the Evendale Commons project. KDM, White Castle, and Gold Medal all made improvements to their plants through either expansion or remodeling showing a long term commitment to Evendale. New owners at Formica made changes in management and returned to profitability. Evendale's largest employer, General Electric, received several large orders in 2010 which could provide continued or expanded employment in Evendale for the next several years. However the fate of the F35 Strike Fighter alternative engine will be the largest factor in GE employment in Evendale in 2011 and beyond. As of the end of 2010, the alternative engine was included in the Federal Government's 2011 budget.

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 - Modified Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$15,360,046</u>
<i>Total Assets</i>	<u><u>\$15,360,046</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$870,939
Other Purposes	1,233,235
Unrestricted	<u>13,255,872</u>
<i>Total Net Assets</i>	<u><u>\$15,360,046</u></u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
Governmental Activities					
General Government	3,148,595	42,593	0	0	(3,106,002)
Security of Persons and Property	5,246,538	280,459	0	0	(4,966,079)
Public Health Services	12,990	0	0	0	(12,990)
Leisure Time Activities	1,773,440	319,873	0	0	(1,453,567)
Community Environment	1,374,175	87,724	0	0	(1,286,451)
Basic Utility Services	252,249	0	0	0	(252,249)
Transportation	909,942	0	362,614	0	(547,328)
Capital Outlay	2,103,401	0	0	391,860	(1,711,541)
Debt Service	259,676	0	0	0	(259,676)
<i>Total Governmental Activities</i>	<u>15,081,006</u>	<u>730,649</u>	<u>362,614</u>	<u>391,860</u>	<u>(13,595,883)</u>
General Receipts					
Property Taxes Levied for:					
					1,017,228
					10,807,938
					343,941
					1,500
					128,531
					<u>173,165</u>
<i>Total General Receipts</i>					<u>12,472,303</u>
Change in Net Assets					(1,123,580)
<i>Net Assets Beginning of Year</i>					<u>16,483,626</u>
<i>Net Assets End of Year</i>					<u>15,360,046</u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Investments	\$13,255,872	\$2,104,174	\$15,360,046
<i>Total Assets</i>	<u>13,255,872</u>	<u>2,104,174</u>	<u>15,360,046</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	683,878	409,590	1,093,468
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	12,571,994	0	12,571,994
Special Revenue Funds	0	1,146,554	1,146,554
Capital Projects Funds	0	548,030	548,030
<i>Total Fund Balances</i>	<u>\$13,255,872</u>	<u>\$2,104,174</u>	<u>\$15,360,046</u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Municipal Income Taxes	\$10,807,938	\$0	\$10,807,938
Property and Other Local Taxes	0	1,017,228	1,017,228
Special Assessments	0	0	0
Charges for Services	280,986	180,781	461,767
Fines, Licenses and Permits	251,812	17,070	268,882
Intergovernmental	342,304	756,110	1,098,414
Interest	117,727	10,805	128,532
<i>Total Receipts</i>	<u>11,800,767</u>	<u>1,981,994</u>	<u>13,782,761</u>
Disbursements			
Current:			
General Government	2,575,565	573,030	3,148,595
Security of Persons and Property	5,243,758	2,779	5,246,537
Public Health Services	12,990	0	12,990
Leisure Time Activities	1,430,310	343,130	1,773,440
Community Environment	1,374,175	0	1,374,175
Basic Utility Services	252,249	0	252,249
Transportation	0	909,942	909,942
Capital Outlay	567,200	1,536,201	2,103,401
Debt Service:			
Principal Retirement	0	220,000	220,000
Interest and Fiscal Charges	0	39,676	39,676
<i>Total Disbursements</i>	<u>11,456,247</u>	<u>3,624,758</u>	<u>15,081,005</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>344,520</u>	<u>(1,642,764)</u>	<u>(1,298,244)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	1,500	0	1,500
Transfers In	0	1,622,760	1,622,760
Transfers Out	(1,622,760)	0	(1,622,760)
Advance In	25,000	25,000	50,000
Advance Out	(25,000)	(25,000)	(50,000)
Other Financing Sources	144,091	29,073	173,164
<i>Total Other Financing Sources (Uses)</i>	<u>(1,477,169)</u>	<u>1,651,833</u>	<u>174,664</u>
<i>Net Change in Fund Balances</i>	(1,132,649)	9,069	(1,123,580)
<i>Fund Balances Beginning of Year</i>	<u>14,388,521</u>	<u>2,095,105</u>	<u>16,483,626</u>
<i>Fund Balances End of Year</i>	<u>13,255,872</u>	<u>\$2,104,174</u>	<u>\$15,360,046</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, 2010

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$11,000,000	\$10,750,000	\$10,807,938	\$57,938
Charges for Services	269,000	261,005	\$280,986	19,981
Fines, Licenses and Permits	222,000	221,885	\$251,812	29,927
Intergovernmental	347,351	333,668	\$342,304	8,636
Interest	410,000	131,506	\$117,727	(13,779)
<i>Total receipts</i>	<u>12,248,351</u>	<u>11,698,064</u>	<u>11,800,767</u>	<u>102,703</u>
Disbursements				
Current:				
General Government	3,347,524	3,222,174	2,842,277	379,897
Security of Persons and Property	5,654,858	5,654,858	5,585,697	69,161
Public Health Services	12,990	12,990	12,990	0
Leisure Time Activities	1,477,531	1,477,831	1,430,310	47,521
Community Environment	334,206	357,956	1,449,402	(1,091,446)
Basic Utility Services	266,500	266,500	252,249	14,251
Capital Outlay	170,000	271,300	567,200	(295,900)
<i>Total Disbursements</i>	<u>11,263,609</u>	<u>11,263,609</u>	<u>12,140,125</u>	<u>(876,516)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>984,742</u>	<u>434,455</u>	<u>(339,358)</u>	<u>(773,813)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	1,500	1,500	0
Transfers Out	(2,222,760)	(2,222,760)	(1,622,760)	600,000
Advances In	0	0	25,000	25,000
Advances Out	0	0	(25,000)	(25,000)
Other Financing Sources	60,000	88,920	144,091	55,171
<i>Total Other Financing Sources (Uses)</i>	<u>(2,161,760)</u>	<u>(2,132,340)</u>	<u>(1,477,169)</u>	<u>655,171</u>
<i>Net Change in Fund Balance</i>	<u>(1,177,018)</u>	<u>(1,697,885)</u>	<u>(1,816,527)</u>	<u>(118,642)</u>
<i>Fund Balance Beginning of Year</i>	12,369,933	12,369,933	12,369,933	0
Prior Year Encumbrances Appropriated	2,018,588	2,018,588	2,018,588	0
<i>Fund Balance End of Year</i>	<u>\$13,211,503</u>	<u>\$12,690,636</u>	<u>\$12,571,994</u>	<u>(\$118,642)</u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Fiduciary Net Assets - Modified Cash Basis
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$12,645</u>
<i>Total Assets</i>	<u><u>12,645</u></u>
Total Liabilities	
Net Assets	
Unrestricted	<u>12,645</u>
<i>Total Net Assets</i>	<u><u>\$12,645</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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 the modified cash basis of accounting. The modified 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 modified 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 fiduciary funds. 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 investment 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 modified cash basis or draws from the Village's general receipts.

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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 only major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for public improvements, major capital projects, 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 fund accounts for Mayor's Court funds 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 modified 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 modified cash basis 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, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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 2010, the Village invested in U.S. Government Agencies, Brokered CDs, STAR Ohio and a money market fund. All investments are reported at cost.

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

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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, 2010.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts during 2010 were \$128,532.

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 the requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds.

The Village reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the financial statements but are reported as other financing sources/uses.

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 modified cash basis 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, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

L. Long-Term Obligations

The Village's modified 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 an other 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.

Of the Village's \$2,104,174 in restricted net assets, none was restricted by 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 between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$683,878 for the General Fund and \$409,590 for all of the other funds.

Note 4 – Deposits 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 withdrawable on demand, 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

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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.

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

1. United States Treasury bills, bonds, notes, 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;
2. Bonds, notes, debentures, or any other obligation or security 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. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. 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.
 - (iii) The notes mature not later than one hundred eighty days after purchase.

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

(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.

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.

At year end, the Village had \$3,000 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Investments".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,436,137 of the Village's bank balance of \$2,536,137 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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, 2010, the Village had the following investments:

	<u>Book Value</u>	<u>Maturity Date</u>
Fifth Third Money Market Account	\$579,524	
Fifth Third Inst Govt MMKT	4,731,274	
Brokered CD's		
Hometown Bank Fond Du Lac Wis	100,000	4/13/11
Lakeside Bank Chicago Il	100,000	4/14/11
Capital Pacific Bank Ore	100,000	4/15/11
Monroe Bank Bloomington In	100,000	4/18/11
National Bank Ark North Little Rock	100,000	4/18/11
Park Sterling Bank	100,000	4/18/11

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

First Financial Bank El Dorado Ark	100,000	4/21/11
Bank India New York NY	250,000	9/14/11
Discover Bank Greenwood De	100,000	10/17/11
Golf Svgs Bank Mtn Ter Wa	100,000	10/21/11
Ally Bank Midvale Ut	250,000	3/09/12
New Dominion Bank Charlotte NC	250,000	5/15/12
Firstbank PR Santurce	<u>250,000</u>	9/10/12
	1,900,000	
US Governments		
Federal Home Loan Bank	1,760,513	1/21/11
Federal Nat'l Mtg Assoc	1,002,573	5/04/12
Federal Nat'l Mtg Assoc	1,000,000	1/28/13
Federal Home Loan Bank	1,026,301	2/25/13
Federal Home Loan Bank	<u>2,000,000</u>	7/29/14
	6,789,387	
Star Ohio	<u>574,460</u>	
Total Investments	<u>14,574,645</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 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 investments in Federal Home Loan Bank and Federal National Mortgage Association were rated AAA by Standard and Poor's and Fitch ratings and Aaa by Moody's Investors Service. 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.

Concentration of credit risk – The Village's investment policy allows investments in Federal Government Securities or Instrumentalities, Brokered CDs, Star Ohio and Money Market Accounts. The Village has invested 36.4% in Money Market Accounts, 13.2% in Brokered CDs, 32.8% in Federal Home Loan Bank, 13.7% in Federal Home Loan Mortgage Association and 3.9% in Star Ohio.

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

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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 \$900,000. 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, 2010 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 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 Risk Management, Inc., (the 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, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

The Plan'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, 2009 and 2008 (latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$11,176,000	\$9,709,000
Liabilities	<u>(4,852,000)</u>	<u>(4,612,000)</u>
Accumulated Deficit	<u>\$6,324,000</u>	<u>\$5,097,000</u>

Note 8 – Pension Plans

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the 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, 2010, 2009 and 2008 were \$164,759, \$156,914, and \$139,568, respectively. The full amount has been contributed for each year.

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 pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the Village) are required to contribute 19.5% for police officers and 24.0% for firefighters. The Village's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 were \$166,395, \$158,472, and \$155,214, respectively. The full amount has been contributed for each year.

Note 9 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

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

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

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

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, 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.

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

The portion of employer contributions allocated to the health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from Village's Records

The Village's required contributions for the current year, which were used to fund postemployment benefits, were \$9,886 for the period January 1 through February 28, 2010, and \$49,750 for the period March 1 through December 31, 2010, \$18,202 for the period of January 1 through March 31, 2009 and \$47,231 for the period of April 1 through December 31, 2009, and \$69,784 for 2008. The full amount has been contributed for each year.

OPERS Retirement Board Implements its Health Care Preservation Plan

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

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, or by visiting the OP&F website at www.op-f.org.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members,

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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, 2010, 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 required contributions to OP&F were \$26,956 for police and \$24,793 for fire for the year ending December 31, 2010; \$25,672 for police and \$23,612 for fire for the year ending December 31, 2009; and \$25,299 for police and \$23,127 for fire for the year ending December 31, 2008, respectively, was allocated to the healthcare plan. The full amount has been contributed for each year.

Note 10 - Long-Term Debt

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:						
<u>Tax Increment Revenue Bonds:</u>						
Evendale Commons Ltd Project	5.5 - 6.2%	\$0	\$4,385,000	\$0	\$4,385,000	\$20,000
<u>General Obligation Bonds:</u>						
Real Estate Acquisition Bonds	3.4 - 3.8%	885,000	0	(225,000)	660,000	220,000
		<u>885,000</u>	<u>4,385,000</u>	<u>(225,000)</u>	<u>5,045,000</u>	<u>240,000</u>

VILLAGE OF EVENDALE, HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

The Evendale Commons bonds are tax increment revenue bonds and will mature December 1, 2037. The bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation, and the bonds 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 bonds.

The Real Estate Acquisition 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.

Principal and interest requirements to retire the City's long-term obligations outstanding at year end are as follows:

Year Ending December 31	Governmental Activities			
	Tax Increment Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2010	\$0	\$15,916	\$220,000	\$23,760
2011	150,000	251,700	220,000	16,280
2012	40,000	260,400	220,000	8,360
2013	50,000	250,500	0	0
2014	55,000	247,500	0	0
2015-2019	385,000	1,178,700	0	0
2020-2024	585,000	1,041,000	0	0
2025-2029	870,000	832,500	0	0
2030-2034	1,250,000	529,200	0	0
2035-2037	1,000,000	120,600	0	0
Total	\$4,385,000	\$4,728,016	\$660,000	\$48,400

Note 11– Interfund Transfers

During 2010 the following transfers were made:

Street Construction Maintenance & Repair Fund	\$ 200,000
Gorman Heritage Farm Fund	340,000
Municipal Motor Vehicle Fund	60,000
Capital Improvement Fund	779,000
Debt Service Fund	<u>243,760</u>
Total Transfers from General Fund	\$1,622,760

Transfers from the General Fund 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– Compliance

Ohio Revised Code Sec. 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end, the Village had expenditures in excess of appropriations for community environment and capital outlay in the General Fund.

**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, Ohio

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, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 28, 2011. Our report included a departure from the standard report since the Village prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting 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 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as Finding 2010-1.

We noted certain matters that we reported to management of the Village in a separate letter dated April 28, 2011.

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

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.
April 28, 2011

**VILLAGE OF EVENDALE
SCHEDULE OF FINDINGS
Year Ended June 30, 2010**

2010-1 Finding Type – Financial Statement Level Compliance (GAGAS) – Expenditures in Excess of Appropriations

Ohio Revised Code Sec. 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end, the Village had expenditures in excess of appropriations for community environment and capital outlay in the General Fund.

Recommendation

The Village should comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring monthly activity to prevent budgetary expenditures from exceeding lawful appropriations by either limiting expenditures and/or amending the budget throughout the fiscal year.

Management Comments/Response

The Village concurs.

Summary of Prior Audit Findings

None



Dave Yost • 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
JUNE 16, 2011**