



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF EVENDALE
HAMILTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Evendale
Hamilton County
10500 Reading Road
Cincinnati, Ohio 45241

To the Village Council:

We have audited the accompanying financial statements of the Village of Evendale, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

As described in Note 8, the Village reclassified certain fiduciary funds during 1999.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management and the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 2, 2001

VILLAGE OF EVENDALE
HAMILTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | Governmental Fund Types | | | Fiduciary Fund Type | Totals (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|------------------------|--------------------------------|
| | General | Special Revenue | Capital Projects | Expendable Trust | |
| Cash Receipts: | | | | | |
| Local Taxes | \$0 | \$0 | \$0 | \$8,447,008 | \$8,447,008 |
| Special Assessments | 0 | 0 | 6,435 | 0 | 6,435 |
| Intergovernmental Receipts | 354,365 | 252,972 | 0 | 0 | 607,337 |
| Charges for Services | 172,760 | 0 | 0 | 0 | 172,760 |
| Fines, Licenses, and Permits | 92,146 | 0 | 0 | 0 | 92,146 |
| Interest | 867,038 | 45,107 | 0 | 0 | 912,145 |
| Miscellaneous | 819 | 688 | 0 | 0 | 1,507 |
| Total Cash Receipts | 1,487,128 | 298,767 | 6,435 | 8,447,008 | 10,239,338 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 3,034,038 | 1,521 | | 342,107 | 3,377,666 |
| Leisure Time Activities | 1,006,693 | 0 | | | 1,006,693 |
| Community Environment | 151,101 | 0 | | | 151,101 |
| Basic Utility Services | 206,956 | 0 | | | 206,956 |
| Transportation | 0 | 593,549 | | | 593,549 |
| General Government | 1,211,377 | 0 | 210 | 168,109 | 1,379,696 |
| Capital Outlay | 1,750,534 | 6,411 | 1,379,802 | 0 | 3,136,747 |
| Total Cash Disbursements | 7,360,699 | 601,481 | 1,380,012 | 510,216 | 9,852,408 |
| Total Receipts Over/(Under) Disbursements | (5,873,571) | (302,714) | (1,373,577) | 7,936,792 | 386,930 |
| Other Financing Receipts/(Disbursements): | | | | | |
| Sale of Fixed Assets | 497,521 | 0 | 0 | 0 | 497,521 |
| Transfers-In | 4,800,000 | 150,000 | 1,000,000 | 500,000 | 6,450,000 |
| Transfers-Out | 0 | 0 | 0 | (6,475,000) | (6,475,000) |
| Other Sources | 42,738 | 0 | 0 | 0 | 42,738 |
| Other Uses | (16,764) | 0 | 0 | 0 | (16,764) |
| Total Other Financing Receipts/(Disbursements) | 5,323,495 | 150,000 | 1,000,000 | (5,975,000) | 498,495 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (550,076) | (152,714) | (373,577) | 1,961,792 | 885,425 |
| Fund Cash Balances January 1 | 2,802,292 | 937,048 | 8,419,179 | 4,619,322 | 16,777,841 |
| Fund Cash Balances, December 31 | \$2,252,216 | \$784,334 | \$8,045,602 | \$6,581,114 | \$17,663,266 |
| Reserves for Encumbrances, December 31 | \$466,429 | \$64,001 | \$556,824 | \$521,633 | \$1,608,887 |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF EVENDALE
HAMILTON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

| | |
|---|--------------------------------|
| Non-Operating Cash Receipts: | |
| Other Non-Operating Cash Disbursements | <u>\$70,633</u> |
| Total Non-Operating Cash Receipts | <u>70,633</u> |
| Non-Operating Cash Disbursements: | |
| Other Non-Operating Cash Disbursements | <u>88,810</u> |
| Total Non-Operating Cash Disbursements | <u>88,810</u> |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers | 18,177 |
| Transfers-In | <u>25,000</u> |
| Net Receipts Over/(Under) Disbursements | 6,823 |
| Fund Cash Balances, January 1 | <u>406,683</u> |
| Fund Cash Balances, December 31 | <u><u>\$413,506</u></u> |
| Reserve for Encumbrances, December 31 | <u><u>\$85,860</u></u> |

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | <u>Governmental Fund Types</u> | | | <u>Fiduciary Fund Type</u> | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|-----------------------------|--------------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$863,471 | \$0 | \$0 | \$8,906,707 | \$9,770,178 |
| Special Assessments | 0 | 0 | 5,645 | | 5,645 |
| Intergovernmental Receipts | 390,624 | 238,490 | 0 | 4,905 | 634,019 |
| Charges for Services | 203,190 | 0 | 0 | 0 | 203,190 |
| Fines, Licenses, and Permits | 163,368 | 0 | 0 | 0 | 163,368 |
| Interest | 633,751 | 30,783 | | | 664,534 |
| Miscellaneous | 505 | 0 | 89,580 | 4,905 | 94,990 |
| | <u>2,254,909</u> | <u>269,273</u> | <u>95,225</u> | <u>8,916,517</u> | <u>11,535,924</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 2,704,952 | 0 | 0 | 450,922 | 3,155,874 |
| Public Health Services | 16,510 | 0 | 0 | 0 | 16,510 |
| Leisure Time Activities | 926,596 | 0 | 0 | 0 | 926,596 |
| Community Environment | 126,514 | 0 | 0 | 0 | 126,514 |
| Basic Utility Services | 180,570 | 0 | 0 | 0 | 180,570 |
| Transportation | 0 | 545,842 | 0 | 0 | 545,842 |
| General Government | 1,257,578 | 0 | 164 | 125,081 | 1,382,823 |
| Capital Outlay | 1,314,491 | 17,517 | 1,784,186 | 0 | 3,116,194 |
| | <u>6,527,211</u> | <u>563,359</u> | <u>1,784,350</u> | <u>576,003</u> | <u>9,450,923</u> |
| Total Receipts Over/(Under) Disbursements | <u>(4,272,302)</u> | <u>(294,086)</u> | <u>(1,689,125)</u> | <u>8,340,514</u> | <u>2,085,001</u> |
| Other Financing Receipts/(Disbursements): | | | | | |
| Sale of Fixed Assets | 293,925 | 0 | 0 | 0 | 293,925 |
| Transfers-In | 4,130,000 | 430,000 | 8,700,000 | 500,000 | 13,760,000 |
| Transfers-Out | 0 | 0 | 0 | (14,010,000) | (14,010,000) |
| Other Sources | 46,412 | 0 | 0 | 0 | 46,412 |
| Other Uses | (9,630) | 0 | 0 | 0 | (9,630) |
| | <u>4,460,707</u> | <u>430,000</u> | <u>8,700,000</u> | <u>(13,510,000)</u> | <u>80,707</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 188,405 | 135,914 | 7,010,875 | (5,169,486) | 2,165,708 |
| Fund Cash Balances January 1 | <u>2,613,887</u> | <u>801,134</u> | <u>1,408,304</u> | <u>9,788,810</u> | <u>14,612,135</u> |
| Fund Cash Balances, December 31 | <u>\$2,802,292</u> | <u>\$937,048</u> | <u>\$8,419,179</u> | <u>\$4,619,324</u> | <u>\$16,777,843</u> |
| Reserves for Encumbrances, December 31 | <u>\$671,792</u> | <u>\$120,356</u> | <u>\$381,088</u> | <u>\$368,065</u> | <u>\$1,541,301</u> |

The notes to the financial statements are an integral part of this statement.

VILLAGE OF EVENDALE
HAMILTON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

| | |
|---|--------------------------------|
| Non-Operating Cash Receipts: | |
| Other Non-Operating Cash Receipts | <u>\$66,302</u> |
| Total Non-Operating Cash Receipts | <u>66,302</u> |
| Non-Operating Cash Disbursements: | |
| Other Non-Operating Cash Disbursements | <u>113,454</u> |
| Total Non-Operating Cash Disbursements | <u>113,454</u> |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers | (47,152) |
| Transfers-In | <u>250,000</u> |
| Net Receipts Over/(Under) Disbursements | 202,848 |
| Fund Cash Balances, January 1 (Restated) | <u>203,835</u> |
| Fund Cash Balances, December 31 | <u><u>\$406,683</u></u> |
| Reserve for Encumbrances, December 31 | <u><u>\$84,917</u></u> |

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Evendale, Hamilton County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor and six-member Council. The Village provides general governmental services, park operations, leisure time and fitness activities, waste disposal, police and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Capital Improvement Fund - This fund receives state and local monies as well as monies transferred from the Village Local Earnings Tax Fund to be used to fund Village construction projects.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agent capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Expendable Trust Funds:

Local Earnings Tax Fund - This fund reports the receipt of earnings tax revenues which is transferred to other Village funds.

Police and Fire Disability and Pension Fund - This expendable trust fund receives state and local monies to fund the police and fire pension obligation.

Agency Funds:

Mayor's Court - This fund receives fines and forfeitures money to be distributed to the Village and to the State.

Dental and Optical Fund - This fund is used to account for amounts contributed by the Village to be used to reimburse employees for dental and optical expenses.

Engineering Escrow - This fund is used to account for deposits which are made by developers and others to reimburse the Village for costs associated with plan reviews and site inspections.

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Employees retiring from the Village are also entitled to cash payments for unused sick time. Unpaid vacation is not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

| | <u>2000</u> | <u>1999</u> |
|--------------------------------|----------------------|----------------------|
| Demand deposits | \$ 154,999 | \$ 297,662 |
| Certificates of deposit | <u>8,000,000</u> | <u>8,000,000</u> |
| Total deposits | <u>8,154,999</u> | <u>8,297,662</u> |
| STAR Ohio | <u>9,921,773</u> | <u>8,886,864</u> |
| Total investments | <u>9,921,773</u> | <u>8,886,864</u> |
| Total deposits and investments | <u>\$ 18,076,772</u> | <u>\$ 17,184,526</u> |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or, (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|----------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 6,742,780 | \$ 6,827,387 | \$ 84,607 |
| Special Revenue | 427,645 | 448,767 | 21,122 |
| Capital Projects | 1,006,434 | 1,006,435 | 1 |
| Expendable Trust | <u>8,701,952</u> | <u>8,947,008</u> | <u>245,056</u> |
| Total | <u>\$ 16,878,811</u> | <u>\$ 17,229,597</u> | <u>\$ 350,786</u> |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 8,502,430 | \$ 7,843,802 | \$ 658,628 |
| Special Revenue | 840,404 | 665,482 | 174,922 |
| Capital Projects | 7,472,512 | 1,936,836 | 5,535,676 |
| Expendable Trust | <u>12,802,291</u> | <u>7,506,849</u> | <u>5,295,442</u> |
| Total | <u>\$ 29,617,637</u> | <u>\$ 17,952,969</u> | <u>\$ 11,664,668</u> |

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|--------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 6,967,335 | \$ 6,725,246 | \$ (242,089) |
| Special Revenue | 680,269 | 699,273 | 19,004 |
| Capital Projects | 8,795,061 | 8,795,225 | 164 |
| Expendable Trust | 8,706,416 | 9,416,515 | 710,099 |
| Total | \$ 25,149,081 | \$ 25,636,259 | \$ 487,178 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 7,572,384 | \$ 7,208,633 | \$ 363,751 |
| Special Revenue | 934,066 | 683,715 | 250,351 |
| Capital Projects | 7,762,109 | 2,165,438 | 5,596,671 |
| Expendable Trust | 762,144 | 14,954,068 | 808,076 |
| Total | \$ 32,030,703 | \$ 25,011,854 | \$ 7,018,849 |

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed to the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

The Village passed an ordinance by which it waived collection of the property tax. Therefore, beginning in the year 2000 there are no amounts reported as "Property Tax" revenues.

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 24% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an average rate of 10.84% for fiscal year 2000 and 13.55% for fiscal year 1999. At December 31, 2000 the Village was delinquent in remitting its September employee portion and its entire third quarter 2000 employer portion to the Ohio Police and Fire Pension Funds. The amounts were paid on April 25, 2001.

6. RISK MANAGEMENT

The Village has purchased commercial insurance for the following risks:

- Comprehensive property, equipment, and vehicles insurance
- Broad form comprehensive general liability
- Public officials' wrongful act errors or omissions liability.

The Village provides health insurance to full-time employees through a private carrier. The Village reimburses employees up to \$850 each year for dental and optical expenses incurred by the employee and the employees' dependents.

7. SUBSEQUENT EVENTS

On April 26, 2001 the Village settled for \$12,000 a lawsuit against the Village that claimed the Village was liable for the flooding of the Millcreek Conservancy District.

8. RESTATEMENT OF BEGINNING FUND BALANCE

Beginning in 1999, the Village reclassified its Dental and Optical Fund and Engineering Escrow Fund from non-expendable trust funds to agency funds. Prior to 1999 these funds had been improperly reported as non-expendable trust funds. The effect at January 1, 1999 was to increase the beginning fund balance of the Agency fund from \$100 to \$203,706, and to eliminate the non-expendable trust funds.

9. COMPLIANCE

Contrary to Ohio Revised Code, Section 5705.41(D), in 1999 and 2000, the Village did not certify the availability of funds for certain commitments.

10. RELATED ORGANIZATION

Village Council is responsible for appointing the members of the board of the Evendale Community Improvement Corporation, but the village's accountability for this organization does not extend beyond making the appointments.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Evendale
Hamilton County
10500 Reading Road
Cincinnati, Ohio 45241

To the Village Council:

We have audited the accompanying financial statements of the Village of Evendale, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 2, 2001 wherein we noted the Village reclassified certain fiduciary funds in 1999. 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.

Compliance

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 grants, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-30431-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 2, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-30431-002 through 2000-30431-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, of the reportable conditions described

above, we consider items 2000-30431-004 and 2000-30431-005 to be material weaknesses.

Village of Evendale

Hamilton County

Report on Compliance and on Internal Control Required by

Government Auditing Standards

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We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 2, 2001.

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

Jim Petro

Auditor of State

October 2, 2001

**VILLAGE OF EVENDALE
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2000-30431-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Contrary to this Section, our tests indicated that 26% of payments in 1999 were not properly certified prior to payment.

FINDING NUMBER 2000-30431-002

Reportable Condition

In April of 2001, Village personnel located a box of records and documents that were left by the prior Village Clerk upon her resignation. Included in that box were six checks from various payors dated from 1999 and 2000 and made payable to the Village. Four of the six checks were for amounts \$100 or under; one of the checks was for \$2,770.44 and another check was for \$5,200. None of the six checks were deposited by the Village Clerk into the Village bank accounts. Since locating these checks, the Village has sought and obtained replacement checks for all but one of the checks, which was a \$50 donation from a citizen to the Police Department Dare program.

In addition, Village personnel found evidence that a check in the amount of \$68,719.93 from the Worker's Compensation Bureau of Ohio issued to the Village in February of 2001 was not deposited in the bank by the Village Clerk until April 10, 2001.

FINDING NUMBER 2000-30431-002
(Continued)

The failure to deposit checks results in a loss of monies that would otherwise benefit the Evendale community. The failure to deposit checks on a timely basis, especially those of more significant amounts, results in a loss of interest revenue that would otherwise have been earned and increases the risk of theft or other loss. We recommend that the Village management establish strict control procedures which require timely deposit of all checks. The Village might consider having the person who opens the mail document checks received in a log book. The log book could then be reviewed by the person performing the monthly bank reconciliation to assure that all deposits were made.

FINDING NUMBER 2000-30431-003

Reportable Condition

Village procedures require that the department head or chief of the department review and approve each invoice in writing prior to payment. Our tests indicated that 28% of invoices were not being approved. This could result in the expenditure of monies for unintended or improper purposes. We recommend that the accounts payable department immediately return any unapproved invoice to the department making the purchase prior to processing the payment.

FINDING NUMBER 2000-30431-004

Reportable Condition/Material Weakness

During the period of audit, the Village failed to collect significant amounts of monies from numerous and varied sources.

Village Ordinance #110-87 applies to all new land and building development subsequent to January 3, 1998, and states that owners, developers, and planners should reimburse the Village for funds expended by the Village for the out-of-pocket expenses associated with the review of building and site plans and for the expenses of subsequent inspections which are required to assure compliance with the plans and ordinances of the Village. Subsequent to the adoption of Ordinance #110-87, the Village established written procedures which directed the Village Engineer to estimate the charges and communicate such to the Village Clerk so that the Village Clerk could notify the owner/developer and request a deposit per the terms of the Ordinance. Contrary to the terms of the Ordinance and the Village's written procedures, it was determined that since 1995 the Village has failed to collect \$13,420 of engineering costs. The Village does not intend to pursue collection of these amounts.

In 1998 the Village entered into an agreement with a local contractor for construction of a tennis and soccer complex. Due to errors and mistakes that were made during construction, the contractor offered to the Village in a letter dated July 22, 1998 to refund design fees in the amount of \$30,175. In a letter to the contractor dated October 21, 1998 the Village accepted the contractor's offer. The refund of \$30,175 was to be made in six payments during the period from December 3, 1998 to March 3, 2000 and the Village collected \$10,375 in 1998 and early in 1999. However, no other payments were made by the Contractor and as of May 2001 the contractor still owed the Village \$19,800. The Village has since collected the entire amount which was due from the contractor.

FINDING NUMBER 2000-30431-004
(Continued)

In December of 1996 and January of 1997, the Village entered into two separate agreements (Phase I and Phase II) with Cinergy which provided Cinergy with \$100,000 from the Village to be used to finance the extension of a gas main to certain undeveloped properties located in the Village. The terms of the agreements required Cinergy to reimburse the Village specified amounts as businesses were opened and gas mains were connected over the ensuing six years. The Phase I agreement required Cinergy to reimburse the Village \$2,084 per property and the Phase II agreement required Cinergy to reimburse the Village \$1,923 per property. Part 3 of the Phase I agreement also specified that the Village was to receive refunds relative to properties' actual usage of gas such that up to the entire \$100,000 originally provided to Cinergy might be collected. In 1997 the Village received \$4,068 in refunds from Cinergy, but no other reimbursements were collected after that time. It was determined that as of May 2001 the Village had been entitled to additional refunds of \$10,420 relative to five properties named in the Phase I agreement and \$13,461 relative to seven properties named in the Phase II agreement. The Village has since collected these amounts from Cinergy. However, the Village has received no refunds relative to the Phase I gas usage clause which might allow the Village to collect up to the entire \$100,000 originally provided to Cinergy. The Village Engineer has contacted Cinergy regarding this issue and it is expected that additional refunds will be received.

In 1999 the Village applied for and received a monetary award from the Hamilton County Solid Waste Management District relative to an incentive program that provides an award to a community based upon the weight of recyclable materials collected by the community. In a letter dated May 22, 2000 from Hamilton County Environmental Services addressed to the Village Clerk, the Village was notified of the bi-annual reporting deadlines which had to be satisfied in order to receive an award for the year 2000. Due to the failure of the Village to submit its second bi-annual report in a timely manner, the Village did not receive an award of \$4,071.53 to which it would have been entitled.

Section 10.03 of the employee manual allows regular and probationary employees to receive injury leave with full pay from the Village for injuries received in the course of or arising out of employment with the Village. Part (a) of section 10.03 also requires the employee to file an application for benefits from the Worker's Compensation Bureau of the State of Ohio ("the Bureau") and to assign any monies received as lost wages from the Bureau over to the Treasurer of the Village. The assignment of such funds to the Treasurer of the Village is made pursuant to a written agreement which is executed and signed by the employee and the Village Clerk after an employee is injured and it is determined that the employee will be entitled to payment from the Village. On October 6, 1992 an employee in the Fire Department executed such an agreement with the Village Clerk after having been injured in an accident during that year. The employee received full injury leave pay from the Village during the time of disability. In 1994 the employee received an award of \$2,721.30 from the Bureau and properly endorsed that check over to the Village and forwarded it to the Village Clerk. However, the Village Clerk failed to deposit the check in a timely manner and in April of 1996 the Village Clerk requested that the Bureau reissue the check. In May of 1996 the employee received the reissued check from the Bureau and cashed that check instead of forwarding it to the Village Clerk. Notes prepared by the prior Village Clerk indicated that this claim needed to be investigated and were found by Village personnel in April of 2001. A letter dated June 19, 2001 from the employee's legal counsel to the Village Solicitor stated that the prior Village Clerk had not informed the employee regarding this situation and the employee had cashed the reissued check with the belief that it was related to a separate award from the Bureau for a permanent partial disability arising out of another claim. The employee has since made full restitution to the Village.

FINDING NUMBER 2000-30431-004
(Continued)

We recommend that the Mayor, Village Council, and Village management work together to improve communications regarding sources of monies to which the Village is entitled. All sources should be identified and centrally documented and responsibilities for collection should be clearly assigned, possibly in the written job description. Tracking required reporting deadlines and other due dates will also be necessary. In addition, the Mayor and Council should thoroughly examine all monthly reports which are received from the Village Clerk and the Treasurer and regularly consider and monitor the status of actual collections. On an immediate basis, the Village might consider promptly contacting Cinergy regarding the refunds resulting from gas usage.

FINDING NUMBER 2000-30431-005

Reportable Condition/Material Weakness

During the period of audit, the Village was assessed and paid penalties and interest resulting from late payments to the Police and Fire Pension Fund ("the Fund") and to the Hamilton County Treasurer.

In 1999 and 2000, the Village became delinquent in remitting some employee Police and Fire pension withholdings and employer Police and Fire pension obligations to the Fund. In April of 2001 it was determined that the Fund was assessing the Village penalties and interest totaling \$11,535.16 relative to 1999 and 2000. Specifically, the Village was assessed \$944.18 for failure to remit the September 2000 employee withholdings. In addition, the Village was assessed \$10,200.59 for failure to remit the third quarter 2000 employer obligation. All penalties and interest were paid on Village warrant #040920 dated April 25, 2001.

In 2000, the Village was assessed a penalty of \$1,450.77 resulting from untimely payment of property taxes to the Hamilton County Treasurer. In a letter dated August 18, 2000 from the Village Clerk to the Hamilton County Treasurer, application for remission of the penalty was made. However, the application for remission was denied and the Village Clerk subsequently prepared a purchase requisition dated October 2, 2000 which described the intended expenditure as "Property Tax (to be refunded)". The purchase requisition was approved by the Mayor and payment of the penalty was made to the Hamilton County Treasurer on Village warrant #039079 dated October 3, 2000.

The failure to make payments on a timely basis results in unnecessary uses of public monies. We recommend that the Village Clerk identify, document, and closely monitor the required due dates for all Village expenditures. In addition, we recommend that the Mayor and Council thoroughly examine the "Check Register Report" and "Vendor Approval Summary Report" which are submitted to them each month from the Village Clerk and monitor the status of payments.



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OFFICE OF THE AUDITOR

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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 8, 2001**