

Village of Evendale

Financial Statements

December 31, 2005



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Evendale, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Evendale is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 20, 2007

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June 29, 2007

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Ohio, (the Village) as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

As described more fully in Note 3 to the accompanying financial statements, the Village changed from a fund-type regulatory basis of accounting to a cash basis of accounting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Ohio, as of December 31, 2005, and the respective changes in cash basis financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

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

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



Plattenburg & Associates, Inc.
Certified Public Accountants

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2005
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, 2005, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$2,709,555, or 21%, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest benefit of increased revenues in 2005.

The Village's general receipts are primarily earnings taxes. Earnings tax represents 88% of the total cash received for governmental activities during the year. Earnings tax receipts for 2005 increased significantly due to an increase in the tax rate from 0.9% to 1.2% approved by the voters in November 2004. Income related to investments totaled \$383,029, a 93% increase over 2004 due to a change in the Investment policy made by the Village Council in 2004. The Village began to charge for Emergency Medical Service runs performed by the Village's Fire Department. In 2005, the Village collected \$66,425 from this service. Revenues from EMS services are accounted for in a Special Revenue Fund, Fire Services, and will be used to help offset the cost of providing Fire and EMS services and equipment costs.

In 2005 the Village Council elected not to collect property taxes that would increase the total revenues of the Village by approximately \$750,000. The property tax millage available to the Village includes the following:

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

The Village completed two roadway reconstructions during 2005. Resurfacing the Municipal parking lot and driveway from the Reading Road entrance through the drive and parking areas past the Fire, Recreation, Administration and Police buildings was completed. Sherbrooke Drive from Giverny Boulevard to Kingsport Drive was completed.

The Fire Department received grants from the State of Ohio Department of Safety and the Department of Transportation for training and a grant from the Federal Emergency Management Association (FEMA) for equipment. The equipment included a breathing air compressor and physical fitness equipment and for physical assessment of Fire Department staff. In addition the Fire Department benefited from a grant received by Hamilton County, receiving three Mobile Data Computers for Fire vehicles.

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2005
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Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

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 and Fire protection, Emergency Medical Services, Recreation Center, Fitness activities, and park operations, local tax return preparation, trash and yard waste removal, maintenance of Village streets and thoroughfares.

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2005, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental and business-type activities of the Village as of December 31, 2005. 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.

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

Reporting the Village's Most Significant Funds

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

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

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

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 (restated) on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Equity in Pooled Cash and Investments	\$15,400,506	\$12,690,951
Total Assets	15,400,506	12,690,951
 Net Assets		
Restricted for:		
Capital Outlay	49,796	111,300
Other Purposes	875,535	798,769
Unrestricted	14,475,175	11,780,882
Total Net Assets	\$15,400,506	\$12,690,951

As mentioned previously, net assets of governmental activities increased \$2,709,555 or 21% during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- Increase in Earnings Tax of \$3,850,169 or 47% due primarily to an increase in the Earnings Tax rate from 0.9% to 1.2%, to increased collections and to timing of estimated corporate tax payments received.
- Increase in Investment Income of \$184,591 or 93% due to a change in the Investment Policy approved by Council in late 2004 and increased interest rates.

Table 2 reflects the changes in net assets in 2005. Since the Village did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data includes unaudited restatement of 2004. In future years, when prior year information has been audited, a comparative analysis may be more meaningful.

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$467,663	\$401,136
Operating Grants and Contributions	281,229	355,696
Capital Grants and Contributions	55,295	47,855
Total Program Receipts	<u>804,187</u>	<u>804,687</u>
General Receipts:		
Earnings Tax	11,981,802	8,131,633
Grants and Entitlements Not Restricted to Specific Programs	398,429	348,082
Interest	383,029	198,438
Miscellaneous	70,190	23,706
Total General Receipts	<u>12,833,450</u>	<u>8,701,859</u>
Total Receipts	<u>13,637,637</u>	<u>9,506,546</u>
Disbursements:		
General Government	1,927,765	1,901,407
Security of Persons and Property	4,843,214	4,892,036
Public Health Services	14,270	15,737
Leisure Time Activities	1,637,728	1,840,165
Economic Development	227,437	586,030
Basic Utilities	203,481	166,941
Transportation	679,778	715,650
Capital Outlay	1,116,399	681,279
Principal Retirement	225,000	225,000
Interest and Fiscal Charges	53,010	57,510
Total Disbursements	<u>10,928,082</u>	<u>11,081,755</u>
Increase (Decrease) in Net Assets	2,709,555	(1,575,209)
Net Assets, January 1, 2005, 2004	<u>12,690,951</u>	<u>14,266,160</u>
Net Assets, December 31, 2005, 2004	<u>\$15,400,506</u>	<u>\$12,690,951</u>

Program receipts represent only 5.9% of total receipts and are primarily comprised of recreation receipts, restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and fines and forfeitures.

General receipts represent 94% of the Government's total receipts. Local Earnings Tax is over 93% of the General Receipts. State and federal grants account for 3% with interest income accounting for 3%. Miscellaneous receipts are very insignificant and somewhat unpredictable revenue sources.

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

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

Governmental Activities

A comparison between the total cost of services and the net cost of 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 44% of all governmental disbursements. General Government (18%), Leisure Time Activities (15%) and Capital Outlay (10%) also represent significant costs. The "net cost" amount represents the cost of the service which ends up being paid from money provided by the general receipts. Program Receipts on the Statement of Activities, are the amounts paid by those who are directly charged for the services received and are grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column 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 2005	Net Cost of Services 2005
	<u>2005</u>	<u>2005</u>
General Government	\$ 1,927,765	\$ 1,883,157
Security of Persons and Property	4,843,214	4,628,274
Public Health Services	14,270	14,270
Leisure Time Activities	1,637,728	1,439,340
Economic Development	227,437	162,415
Basic Utilities	203,481	203,481
Transportation	679,778	398,548
Capital Outlay	1,116,399	1,116,399
Principal Retirement	225,000	225,000
Interest and Fiscal Charges	53,010	53,010
Total Expenses	<u><u>\$ 10,928,082</u></u>	<u><u>\$ 10,123,894</u></u>

The dependence upon Earnings Tax receipts is apparent through this analysis as almost 93% of governmental activities are supported through this general receipt.

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The Government's Funds

Total governmental funds had receipts of \$13,567,447, Program Receipts plus General Receipts, and disbursements of \$10,928,082. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$2,694,293 as the result of increased Earnings Tax receipts.

General Fund receipts were greater than disbursements by \$4,519,454.

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 2005, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to greater than anticipated earnings tax receipts. The difference between final budgeted receipts and actual receipts was \$775,236.

Final disbursements were budgeted at \$10,172,130 while actual disbursements were \$8,698,401. The result is the increase in General Fund balance of \$2,694,293 for 2005.

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, 2005 the Village's outstanding debt included \$1,560,000 in general obligation bonds issued for purchase of property. For further information regarding the Village's debt, refer to Note 11 in the Notes to the Basic Financial Statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within its funding. The Village relies heavily on local earnings taxes from its manufacturing base. In September 2004 Council approved a development plan which will bring additional office and retail space to the Village. This development plan should begin to help diversify the tax base starting in 2007. During the budgeting process for 2006, a review was undertaken of the sources and timing of revenue and determined that increases were unlikely. Planned disbursements were reviewed and additional road repairs will be made in 2006. All department budgets were compared with actual expenditures over the last five years to ensure appropriateness and accuracy.

Village of Evendale
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Contacting the Government's Financial Management

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

Village of Evendale, Hamilton County
Statement of Net Assets - Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	<u>15,400,506</u>
<i>Total Assets</i>	<u><u>\$15,400,506</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$49,796
Other Purposes	875,535
Unrestricted	<u>14,475,175</u>
<i>Total Net Assets</i>	<u><u>\$15,400,506</u></u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,927,765	\$44,608	\$0	\$0	(\$1,883,157)
Security of Persons and Property	4,843,214	159,645	0	55,295	(4,628,274)
Public Health Services	14,270	0	0	0	(14,270)
Leisure Time Activities	1,637,728	198,388	0	0	(1,439,340)
Community Environment	227,437	65,022	0	0	(162,415)
Basic Utility Services	203,481	0	0	0	(203,481)
Transportation	679,778	0	281,229	0	(398,549)
Capital Outlay	1,116,399	0	0	0	(1,116,399)
Debt Service	278,010	0	0	0	(278,010)
Total	<u>\$10,928,082</u>	<u>\$467,663</u>	<u>\$281,229</u>	<u>\$55,295</u>	<u>(\$10,123,895)</u>
		General Receipts			
		Property Taxes Levied for:			
		Municipal Income Taxes			11,981,802
		Grants and Entitlements not Restricted to Specific Programs			398,429
		Sale of Capital Assets			1,000
		Interest			383,029
		Miscellaneous			69,190
		<i>Total General Receipts</i>			<u>12,833,450</u>
		Change in Net Assets			2,709,555
		<i>Net Assets Beginning of Year</i>			<u>12,690,951</u>
		<i>Net Assets End of Year</i>			<u>\$15,400,506</u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2005

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	14,475,175	925,331	15,400,506
<i>Total Assets</i>	<u>\$14,475,175</u>	<u>\$925,331</u>	<u>\$15,400,506</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$572,233	\$86,664	\$658,897
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	13,902,942	0	13,902,942
Special Revenue Funds	0	823,276	823,276
Capital Projects Funds	0	15,391	15,391
<i>Total Fund Balances</i>	<u>\$14,475,175</u>	<u>\$925,331</u>	<u>\$15,400,506</u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2005

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Municipal Income Taxes	\$11,981,802	\$0	\$11,981,802
Charges for Services	209,387	66,699	276,086
Fines, Licenses and Permits	189,913	0	189,913
Intergovernmental	453,724	282,893	736,617
Interest	383,029	0	383,029
<i>Total Receipts</i>	<u>13,217,855</u>	<u>349,592</u>	<u>13,567,447</u>
Disbursements			
Current:			
General Government	1,927,765	0	1,927,765
Security of Persons and Property	4,843,214	0	4,843,214
Public Health Services	14,270	0	14,270
Leisure Time Activities	1,337,728	300,000	1,637,728
Community Environment	227,437	0	227,437
Basic Utility Services	203,481	0	203,481
Transportation	0	679,778	679,778
Capital Outlay	144,506	971,893	1,116,399
Debt Service:			
Principal Retirement	0	225,000	225,000
Interest and Fiscal Charges	0	53,010	53,010
<i>Total Disbursements</i>	<u>8,698,401</u>	<u>2,229,681</u>	<u>10,928,082</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,519,454</u>	<u>(1,880,089)</u>	<u>2,639,365</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	1,000	0	1,000
Transfers In	0	1,895,351	1,895,351
Transfers Out	(1,895,351)	0	(1,895,351)
Other Financing Sources	69,190	0	69,190
<i>Total Other Financing Sources (Uses)</i>	<u>(1,825,161)</u>	<u>1,895,351</u>	<u>70,190</u>
<i>Net Change in Fund Balances</i>	2,694,293	15,262	2,709,555
<i>Fund Balances Beginning of Year</i>	<u>11,780,882</u>	<u>910,069</u>	<u>12,690,951</u>
<i>Fund Balances End of Year</i>	<u>\$14,475,175</u>	<u>\$925,331</u>	<u>\$15,400,506</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, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$9,975,000	\$11,250,000	\$11,981,802	\$731,802
Charges for Services	192,000	205,960	209,387	3,427
Fines, Licenses and Permits	216,050	176,659	189,913	13,254
Intergovernmental	457,995	460,000	453,724	(6,276)
Interest	300,000	350,000	383,029	33,029
<i>Total receipts</i>	<u>11,141,045</u>	<u>12,442,619</u>	<u>13,217,855</u>	<u>775,236</u>
Disbursements				
Current:				
General Government	2,593,998	2,752,137	1,927,765	824,372
Security of Persons and Property	4,843,538	5,125,154	4,843,214	281,940
Public Health Services	14,270	14,270	14,270	0
Leisure Time Activities	1,415,733	1,435,692	1,337,728	97,964
Community Environment	273,956	408,910	227,437	181,473
Basic Utility Services	233,794	251,826	203,481	48,345
Capital Outlay	172,020	184,141	144,506	39,635
<i>Total Disbursements</i>	<u>9,547,309</u>	<u>10,172,130</u>	<u>8,698,401</u>	<u>1,473,729</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,593,736</u>	<u>2,270,489</u>	<u>4,519,454</u>	<u>2,248,965</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	6,000	1,000	1,000	0
Transfers Out	(1,258,310)	(2,084,310)	(1,895,351)	188,959
Other Financing Sources	35,000	70,000	69,190	(810)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,217,310)</u>	<u>(2,013,310)</u>	<u>(1,825,161)</u>	<u>188,149</u>
<i>Net Change in Fund Balance</i>	376,426	257,179	2,694,293	2,437,114
<i>Fund Balance Beginning of Year</i> (Includes prior year encumbrances appropriated)	<u>11,780,882</u>	<u>11,780,882</u>	<u>11,780,882</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$12,157,308</u>	<u>\$12,038,061</u>	<u>\$14,475,175</u>	<u>\$2,437,114</u>

See accompanying notes to the basic financial statements

Village of Evendale, Hamilton County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$93,151</u>
<i>Total Assets</i>	<u>93,151</u>
Net Assets	
Unrestricted	<u>\$93,151</u>

See accompanying notes to the basic financial statements

Village of Evendale
Hamilton County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the cash and 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 cash basis or draws from the Village's general receipts.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's 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 grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

E. Equity in Pooled Cash and Investments

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

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

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

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

During 2005, the Village invested in U.S. Government Agencies, Commercial Paper, STAR Ohio and a money market fund. All investments are reported at cost. The Village's money market fund investment is recorded at the amount reported by Fifth Third Bank at December 31, 2005.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$383,029.

Note 2 – Summary of Significant Accounting Policies (continued)

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Transactions

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

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Assets

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

The Village has no restrictions related to enabling legislation.

N. Fund Balance Reserves

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

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$572,233 for the General Fund.

Note 5 – Equity in Pooled Cash and Investments

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

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

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

Note 5 – Equity in Pooled Cash and Investments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 5 – Equity in Pooled Cash and Investments (continued)

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

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

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

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

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

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

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

At year end, the carrying amount of the Village's deposits was \$111,581 and the bank balance was \$367,996. Of the bank balance \$100,000 was covered by federal depository insurance and \$267,996 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

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

Note 5 – Equity in Pooled Cash and Investments (continued)

Deposits

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

Investments

As of December 31, 2005, the Village had the following investments:

	<u>Cost</u>	<u>Maturity Date</u>
Fifth Third Money Market Account	\$337,546	
Commercial Paper		
AIG Funding Inc	294,868	1/27/06
General Electric	491,039	2/22/06
General Electric	490,150	4/12/06
General Electric	294,096	4/21/06
General Electric	490,065	5/19/06
General Electric	489,476	6/20/06
US Governments		
Federal Home Loan	992,872	6/02/06
Federal Home Loan	989,145	7/28/06
Federal Nat'l Mtg Assoc Mtn	997,900	8/18/06
Federal Nat'l Mtg Assoc Mtn	1,002,406	12/22/06
Federal Nat'l Mtg Assoc Mtn	996,515	2/16/07
Federal Nat'l Mtg Assoc Mtn	1,000,000	6/29/07
Federal Home Loan	970,801	9/10/07
Federal Home Loan	1,001,402	3/24/08
Federal Nat'l Mtg Assoc Mtn	499,000	2/18/09
Federal Home Loan	987,500	11/24/09
Federal Home Loan	992,813	11/27/09
Federal Home Loan	499,900	2/11/10
Federal Home Loan	1,000,000	7/14/10
Star Ohio	<u>564,582</u>	
	<u>\$15,382,076</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 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.

Note 5 - Equity in Pooled Cash and Investments (continued)

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

Note 6 – Earnings Taxes

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

Note 7 – Property Taxes

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

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

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

The authorized property tax millage for Village operations for the year ended December 31, 2005 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 8 – Risk Management

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

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

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

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 13.55%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$139,568, \$139,072, and \$125,322 respectively.

The full amount has been contributed for each year.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions were established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5% for police officers and 24.5% for fire personnel. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2005, 2004, and 2003 were \$155,214, \$154,227 and \$139,712 respectively. The full amount has been contributed for each year.

Note 10 – Post Employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an other postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.5% of covered payroll; 4% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 % annually for the next eight years and 4% annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund post employment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

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

Note 10 - Post employment Benefits (continued)

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

Note 11 - Debt

Debt outstanding as of December 31, 2005

	<u>Principal</u>	<u>Interest Rate</u>
Real Estate Acquisition Bonds	\$1,560,000	2.25% to 3.8%

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

The annual debt service schedule is as follows:

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Annual Total</u>
2006	\$225,000	2.25%	\$48,510	\$273,510
2007	225,000	2.5	43,447	268,447
2008	225,000	3.0	37,882	262,882
2009	225,000	3.25	31,073	256,073
2010	220,000	3.4	23,760	243,760
2011	220,000	3.6	16,280	236,280
2012	<u>220,000</u>	3.8	<u>8,360</u>	<u>228,360</u>
	<u>\$1,560,000</u>		<u>\$209,312</u>	<u>\$1,769,312</u>

Note 12- Interfund Transfers

During 2005 the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$1,895,351
Other Governmental Funds	<u>1,895,351</u>	<u>0</u>
Total	<u>\$1,895,351</u>	<u>\$1,895,351</u>

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

Note 13 – Public Entity Risk Pool

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

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

Note 13 – Public Entity Risk Pool (continued)

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

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

Village of Evendale

Yellow Book Report

December 31, 2005



June 29, 2007

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Ohio (Village) as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 29, 2007, wherein we noted that the Village changed from the fund-type regulatory basis of accounting used in prior years to the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Plattenburg & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

VILLAGE OF EVENDALE

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 4, 2007**