

VILLAGE OF EVENDALE
HAMILTON COUNTY

REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Evendale
10500 Reading Rd
Evendale, OH 45241

We have reviewed the *Independent Auditor's Report* of the Village of Evendale, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 30, 2021

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Village of Evendale
Hamilton County, Ohio

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Hamilton County, Ohio (the Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, as of December 31, 2020, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Bastin & Company, LLC

Cincinnati, Ohio
June 4, 2021

Village of Evendale
Hamilton County, Ohio
Management’s Discussion and Analysis
For the Year Ended December 31, 2020
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, 2020, within the limitations of the Village’s modified cash basis of 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 2020 are as follows:

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures reverberated throughout the world. The Village of Evendale reacted quickly to the ramifications of economic shut downs by curbing its financial outlay of both operational and capital expenditures. The Village has managed the financial impact and as a result finished the year in a positive manner as discussed below. The Village will continue to monitor the economic and financial impact of COVID-19 and intends to spend conservatively until the vaccine becomes widely distributed and the economy stabilizes.

Net position of governmental activities increased by \$6,176,944, or 26.5%. The General Fund increased \$3,253,597 and the remainder of the funds increased by \$2,923,347.

The Village’s general receipts are primarily earnings taxes. Earnings tax represents 78.8% of the total cash received for governmental activities during the year. Charges for Emergency Medical Service runs performed by the Village’s Fire Department resulted in income of \$117,649 in 2020, which is a decrease of approximately 0.95% from 2019. Revenues from EMS services are accounted for in a Special Revenue Fund, Fire Services, and are used to help offset the cost of providing Fire and EMS services and equipment costs such as the purchase of a fire truck in 2016. The year end accumulated fund balance in the Fire Services fund was \$278,573.

In 2020, the Village Council elected not to collect property taxes that would increase the total revenues of the Village by approximately \$688,000. The property tax millage available to the Village includes the following:

	Inside Mills
General Fund	3.00
Police Pension	.30
Fire Pension	.04

In 2016, Ordinance 16-87 authorized the Mayor to enter into contract with the Ohio Department of Transportation (ODOT) for the Interstate 75 highway widening project in the 2 +/- mile section between the Sheppard Lane and Glendale-Milford Road Exits. Known as “Thru The Valley”, the project includes the removal and reconstruction of 3 bridge overpasses and the complete removal of 1 existing overpass to accommodate new southbound and northbound lanes. The project also includes the construction of a new two-lane roadway, with 3 to 4 round-a-bouts, along the frontage of GE Aviation’s world headquarters. Evendale contributed \$2.8+ million towards the project for bridge and landscape enhancements mostly related to the Glendale-Milford Rd. bridge and interchange. Thru the Valley construction commenced in the fall of 2017 and is expected to be completed in spring 2021.

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New development continues in the AeroHub Innovation District, a 50+ acre commercial/industrial campus comprised of mostly Village-owned property. AeroHub has the potential to accommodate upwards of 500,000 square feet of new commercial, industrial and office space with three to four thousand potential new jobs. Phase I of a new \$3.2 million public roadway called AeroHub Blvd was completed in 2019. In March 2019, The Village sold 5.14 acres to The Modal Shop, a sound/vibration measurement technology company. Modal's \$4+ million, 40,000 sq. ft. headquarters (with plans to expand to 100,000 sq. ft.) construction in the south end of AeroHub was completed in 2020. The Modal shop took occupancy in the summer of 2020.

The AeroHub Phase II roadway expansion started in Summer 2020 and was substantially complete with road dedication and opening in December 2020. Phase II was funded in large part from issuance of a \$5 million Public Infrastructure Improvement Bond and grant funding through the Ohio Department of Transportation and Jobs Ohio totaling \$588,371. Village officials finalized a land purchase agreement with another technology-based company who planned to start construction on their projected \$10+/- million, 40,000+ sq. ft. headquarters in the summer of 2020. However, due to the pandemic a contract extension was granted until May 2021. The project is expected to go forward. Village officials continue to meet with multiple prospective end users which includes investors in a proposed 100,000+/- sq. ft. Workforce Development Innovation Center. In January 2021, Evendale was awarded a third Jobs Ohio grant in the amount of \$1 million to complete, among other things, site clearing and grading to make several pad-ready sites for desired end-users. Grading and clearing is expected to be completed by no later than the fourth quarter of 2021.

In 2018, Evendale passed Ordinance 18-43 creating a Municipal Public Improvement Tax Increment Fund (TIF) referred to as the "AeroHub TIF." The TIF District includes all current AeroHub parcels as well as GE Aviation's World Headquarters. TIF Funds, which won't be realized until 2021, will primarily be used to construct public infrastructure associated with AeroHub and GE and to compensate the local school district in accordance with a State-mandated revenue sharing agreement. The Village also expanded its existing Enterprise Zone district to encompass all AeroHub property to enable Village officials to provide tax incentives for new construction if /when needed.

In April 2019, Evendale sold 1.4 acres of Village-owned land to Sherwin Williams for a new stand-alone 3,500 sq. ft. retail paint store. The store, opened in October 2019, marks the beginning of Evendale's efforts to improve/redevelop the Reading Rd. retail corridor. In March 2020 Village officials sold 5.6 acres of adjacent Village-owned land for the construction of a new \$5.5 million 40,000 sq. ft. headquarters to be completed Spring 2021. Village officials received State approval designating the property as a Community Reinvestment Area.

The Federal Government passed legislation entitled the Coronavirus Aid, Relief and Economic Security (CARES) Act in March 2020 to help combat the economic downturn and unexpected costs stemming from the COVID-19 pandemic. In July 2020 the Village passed a resolution to accept the Federal funding being passed through to the Village from the State. The Village was diligent in tracking all COVID-19 related costs and recouped \$211,816 from the State and an additional \$81,491 from a Hamilton County agreement using the Federal funds passed through from the CARES Act. The Village continues to be diligent in its budget process and expects to emerge from the pandemic in a stable fiscal position.

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While carefully monitoring the budget, the Village was able to complete some capital investment projects in 2020 including repaving of the Municipal Parking lots, playground improvements including resurfacing and the installation of new swings and the purchase of a Tandem Axle Dump Truck and a Front-End Loader to help maintain the newly constructed roads from the AeroHub and "Thru the Valley" road projects.

Using the Basic Financial Statements

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

Report Components

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

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

Basis of Accounting

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

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

Reporting the Village as a Whole

The Village of Evendale, Hamilton County, Ohio, is a home rule municipal 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 a six member council. The Village provides general governmental services including Police protection, Fire and Emergency Medical Services, Recreation Center and fitness activities, Cultural Arts and Music Center, park operations, local tax return preparation, gas and electric aggregation, trash and yard waste removal, and maintenance of Village streets and thoroughfares.

Village of Evendale
Hamilton County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
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The Statement of Net Position and the Statement of Activities reflect how the Village performed financially during 2020, within the limitations of modified cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental-type activities of the Village as of December 31, 2020. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash and investment position and the changes in those positions. Keeping in mind the limitations of the modified cash basis of accounting, the change in cash and investment positions is one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash or investment 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 earnings taxes and potential property tax revenue.

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 is being spent as intended. The Village only has governmental 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 funds in 2020 were the General Fund, the Capital Improvement Fund and the Aeohub TIF Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of Evendale
Hamilton County, Ohio
 Management's Discussion and Analysis
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The Village as a Whole

Table 1 provides a summary of the Village's net position for 2020 compared to 2019 on a modified cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2020	2019
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 29,487,461	\$ 23,310,517
Total Assets	\$ 29,487,461	\$ 23,310,517
Net Position		
Restricted for:		
Debt Service	\$ 5,206,331	\$ 1,306,630
Capital Projects	1,746,385	2,992,681
Other Purposes	1,955,573	1,685,630
Unrestricted	20,579,172	17,325,576
Total Net Position	\$ 29,487,461	\$ 23,310,517

As mentioned previously, net position of governmental activities increased \$6,176,944, or 26.5% during 2020.

Village of Evendale
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Table 2 reflects the changes in net position on a modified cash basis in 2020 and 2019 for government activities.

(Table 2)
Changes in Net Position

	Governmental Activities 2020	Governmental Activities 2019
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 457,132	\$ 707,350
Operating Grants and Contributions	1,117,430	806,978
Capital Grants and Contributions	287,905	112,926
Total Program Receipts	<u>1,862,467</u>	<u>1,627,254</u>
General Receipts:		
Payments in Lieu of Taxes	886,749	839,712
Earnings Tax	14,994,459	15,942,937
Bond Issued	5,000,000	-
Premium on Debt Issue	277,831	-
Cost of Issuance	(117,071)	-
Grants and Entitlements Not Restricted to Specific Programs	81,892	91,234
Interest	559,629	719,156
Sale of Capital Assets	524,268	718,779
Miscellaneous	634,546	243,037
Total General Receipts	<u>22,842,303</u>	<u>18,554,855</u>
Total Receipts	<u>24,704,770</u>	<u>20,182,109</u>
Disbursements:		
General Government	2,743,555	2,997,025
Security of Persons and Property	6,757,252	6,737,370
Public Health Services	14,062	13,860
Leisure Time Activities	1,682,002	1,966,725
Community Environment	364,949	292,488
Basic Utilities	605,854	641,671
Transportation	1,321,172	1,170,576
Capital Outlay	4,706,720	2,771,911
Interest and Fiscal Charges	332,260	252,850
Total Disbursements	<u>18,527,826</u>	<u>16,844,476</u>
Increase (Decrease) in Net Position	6,176,944	3,337,633
Net Position, January 1	23,310,517	19,972,884
Net Position, December 31	<u>\$ 29,487,461</u>	<u>\$ 23,310,517</u>

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Hamilton County, Ohio
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Program receipts represent 7.5% of total receipts and are primarily comprised of recreation receipts, charges for emergency medical services, restricted intergovernmental receipts such as motor vehicle licenses and gas tax, building permits, inspection fees, and fines and forfeitures.

General receipts represent 92.5% of the Village's total receipts. Local earnings tax is 84.8% of the general receipts not including debt issuance receipts. The service payments from the Evendale Commons Public Improvement project accounts for 5.0% of the general receipts not including debt issuance receipts. Grants, interest, asset sales and other miscellaneous income account for 10.2% of the general receipts not including debt issuance receipts for 2020.

The Village as a Whole

The 2020 Earnings Tax Receipts reflected a 6% decrease from the 2019 receipts. The decrease was due primarily to the effects of the COVID 19 pandemic. The 2019 Earnings Tax Receipts reflected increased Net Profit Tax Receipts, due largely to timing differences, as well as an increase in Withholding Tax Receipts. The 2020 Withholding Tax Receipts were down 5.98% from the 2019 Withholding Tax Receipts due to the workforce reductions caused by the pandemic. The 2020 reduction in Net Profit Receipts of \$215,087 (15.5%) was due largely to timing differences for estimated tax payments received in 2019, as well as the declining 2020 economy as a result of the pandemic.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for other Village activities. Support services include the costs of the council, administration department and the cost of finance, building maintenance, grounds beautification and earnings tax departments. In addition, the cost of economic development that promotes the Village to industry and commerce as well as working with other governments in the area to attract new business are included here.

Security of persons and property are the costs of police, fire protection and emergency medical services. Public health services are contracted with the Hamilton County Health Department. Leisure time activities are the costs of maintaining the parks, swimming pool, recreation programs, and playing fields. The Community Environment Department processes building permits. The department also provides for storm water control, flooding prevention and a community recycling day. Utilities relate primarily to gas and electric including electric for traffic signal and street lights and contracts for trash and recycle pickup. Transportation is the cost of maintaining the roads.

The capital outlay was related to property and equipment acquisition, street construction and general street maintenance, in both 2020 and 2019.

Governmental Activities

A comparison between the total cost of services and the net cost of services for Governmental Activities is presented in Table 3. The first column on the statement of activities, which accompanies this report, lists the major services provided by the Village. The second column identifies the costs of providing these services. The largest program disbursement for Governmental Activities is for security of persons and property, which account for 36.5% of all governmental disbursements. General Government (14.8%), leisure time activities (9.1%), capital outlay (25.4%) and transportation (7.1%) also represent significant costs in 2020. The "Net Cost" amount represents the cost of the service being paid from money provided by the general receipts. Program receipts, on the Statement of Activities, are the amounts paid by those who are directly charged for the services received and include grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column, on

Village of Evendale
Hamilton County, Ohio
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the Statement of Activities, compares the program receipts to the cost of the service which are presented at the bottom of the Statement of Activities.

(Table 3)

	Total Cost Of Services 2020	Net Cost of Services 2020
	<u>2020</u>	<u>2020</u>
General Government	\$ 2,743,555	\$ 2,633,509
Security of Persons and Property	6,757,252	6,325,514
Public Health Services	14,062	14,062
Leisure Time Activities	1,682,002	1,465,475
Community Environment	364,949	202,112
Basic Utilities	605,854	605,854
Transportation	1,321,172	510,003
Capital Outlay	4,706,720	4,576,570
Interest and Fiscal Charges	332,260	332,260
Total Expenses	<u>\$ 18,527,826</u>	<u>\$ 16,665,359</u>

The dependence upon earnings tax receipts is apparent through this analysis as approximately 80.9% of governmental activities are supported through this general receipt.

The Government's Funds

Total governmental funds had receipts and other financing sources of \$19,544,010, not including receipts from bond issuance totaling \$5,277,831, external transfers and advances, and other financing uses of \$117,071. The greatest change within governmental funds occurred by adding the AeroHub TIF Fund with a new Fund balance of \$3,507,612 and between the General Fund and the Capital Improvement Fund. The Fund Balance of the General Fund increased \$3,253,597 while the Capital Improvement Fund decreased \$1,246,296.

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 2020, the Village amended its General Fund budget to reflect changing circumstances. Final actual receipts exceeded budgeted receipts by \$776,768. Final disbursements were budgeted at \$15,710,890 while actual disbursements plus encumbrances were \$12,634,087.

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Capital Assets and Debt Administration

Capital Assets

The Village does not report its capital assets and infrastructure as part of the financial statements prepared on the modified cash basis of accounting. 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

In May 2020 the Village issued \$5,000,000 Public Infrastructure Special Obligation Income Tax Revenue Bond Series 2020 for the purpose of constructing public infrastructure improvements within the designated AeroHub Tax Increment District. The bonds do not constitute general obligation debt or pledge the full faith and credit of the Village. Income tax is pledged for debt service. Refer to note 10 of the Notes to the Financial Statements for further disclosure.

The Village issued \$4,385,000 in Tax Increment Revenue Notes in 2009 which were refinanced in 2013 in the amount of \$4,305,000 as Tax Increment Revenue Refunding Bonds. These bonds are not a general obligation of the Village and the general credit and taxing power of the Village are not pledged to the payment of the debt service on these funds. Only the revenues from the service payments to be made by owners of the property located within the Evendale Commons project are pledged to pay the debt service on the bonds. The 2013 bonds were purchased by the Village's General Fund. Refer to note 10 of the Notes to the Financial Statements for further disclosure.

Current Issues

Governments are constantly challenged to provide needed services to the public, maintain expected quality, and stay within budget. The Village of Evendale relies primarily on revenue generated from the 1.2% earnings tax. The Village has seen an increase in overall earnings tax receipts of .62% averaged over the past five years. Earnings tax revenues received for 2020 ended at \$14,994,459 which was a decrease of \$948,478 from 2019. Earnings tax receipts for withholding and business showed a decrease from prior tax year primarily due to the pandemic. The individual tax showed an increase from the prior tax year.

In 2018, the Village adopted Ordinance #18-18 amending Chapter 891 "Municipal Income Tax" of the Village Code to authorize State officials to centrally collect and administer municipal net profit taxes in order to be in compliance with the State's adoption of House Bill 49. HB 49 purported to make municipal income taxing authority conditional upon a municipality's adoption of code sections as dictated by the State. The Village was a party in the ongoing litigation seeking a declaration that HB49, and other provisions of Ohio law that usurp the powers of local self-government, is unconstitutional.

The Village's concerns were for the provisions found in HB49 which allow businesses to elect to file the net profit tax return through the Ohio Department of Taxation, and authorizes the State to solely administer and audit those business taxes. Additional concerns include the erosion of the Home Rule Amendment of the Ohio Constitution Article XVIII, diverting earnings from the Village to the State through administrative costs and opening the door for all municipal earnings tax collections to be diverted to the State in the future. On November 5, 2020 the Ohio Supreme Court upheld the Court of Appeals decision that the provisions in HB49 allowing the state's centralized collection system is constitutional. The Ohio Supreme Court also ruled that the .5% administrative fee is unconstitutional. Businesses will

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continue to have the option to file using the state's centralized filing system, however the state may not assess an administrative fee to municipalities.

The 2020 Earnings Tax Revenue was impacted by the Corona Virus pandemic. The 2020 Earnings Tax Revenue was down about 6% from the tax year 2019. The changing economic climate as a result of the pandemic, resulted in business operating restrictions, business closures, and significant workforce reductions. The State of Emergency declared by Ohio Governor Mike DeWine on March 9, 2020, brought about new legislative provisions for how municipal tax should be withheld from the wages of employees who began working from home as a result of the pandemic. HB 197, Section 29 was adopted on March 26, 2020 and provided that employers should continue to withhold tax from the wages of employee's principle place of work as of the date the State of Emergency was declared, plus 30 days after the State of Emergency is lifted. This legislation is currently being litigated, challenging the constitutionality of the provision. To date, litigation has been filed in Franklin County and Hamilton County Ohio.

GE Aviation continued to renovate their global headquarter campus in Evendale. The Village issued GE Aviation 12 building permits in 2020 which included a large interior alteration at year end. The valuation of those improvements is estimated at \$16.4+ million. In 2019 GE invested \$19,898,979 in campus updates, renovations, improvements. Village wide building permits issued in 2020 decreased with 156 permits issued as compared to 2019 with 231 permits issued which is consistent with the economic slowdown in 2020.

In 2020 the Council approved an annual budget which included a 1.5% increase for employee wages. The Village replaced Medical Mutual of Ohio as its health care provider in 2020 with Anthem. The newly negotiated major-medical plan increased insurance premium costs by 7.92% from July 2020 through December 2021. Village employees are incentivized to take part in a wellness program to help control health care costs, specifically premium rates, and improve employees' health, morale and productivity. The Village will continue to explore ways to contain health care costs.

New development continues in the AeroHub Innovation District, a 50+ acre commercial/industrial campus comprised of mostly Village-owned property. AeroHub has the potential to accommodate upwards of 500,000 square feet of new commercial, industrial and office space with three to four thousand potential new jobs. Phase I of a new \$3.2 million public roadway called AeroHub Blvd was completed in 2019. In March 2019, the Village sold 5.14 acres to The Modal Shop, a sound/vibration measurement technology company. Modal's \$4+ million, 40,000 sq. ft. headquarters (with plans to expand to 100,000 sq. ft.) construction in the south end of AeroHub was completed in 2020. The Modal shop took occupancy in the summer of 2020.

The AeroHub Phase II roadway expansion started in Summer 2020 and was substantially complete with road dedication and opening in December 2020. Phase II was funded in large part from issuance of a \$5 million Public Infrastructure Improvement Bond and grant funding through the Ohio Department of Transportation and Jobs Ohio totaling \$588,371. Village officials finalized a land purchase agreement with another technology-based company who planned to start construction on their projected \$10+/- million, 40,000+ sq. ft. headquarters in the summer of 2020. However, due to the pandemic a contract extension was granted until May 2021. The project is expected to go forward. Village officials continue to meet with multiple prospective end users which includes investors in a proposed 100,000+/- sq. ft. Workforce Development Innovation Center. In January 2021, Evendale was awarded a third Jobs Ohio grant in the amount of \$1 million to complete, among other things, site clearing and grading to make several pad-ready sites for desired end-users. Grading and clearing is expected to be completed by no later than the fourth quarter of 2021.

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For the Year Ended December 31, 2020
Unaudited

In 2020, the Ohio Department of Transportation (ODOT) continued a \$94+ million IR 75 corridor roadway widening project in Evendale. The project, known as "Thru the Valley", directly abuts AeroHub and will significantly improve vehicular travel through the Cincinnati region. The project is largely completed in Evendale and the full project will be complete in Spring 2021. Evendale contributed \$2.8+ million towards bridge and landscape enhancements as part of aesthetic upgrades to the Project and expects those upgrades to also be completed in Spring 2021.

The Evendale Commons Business Park is a planned mixed-use business development originally approved in 2005. In 2019 development continued including the completion of a \$7 million 123,000 sq. ft. warehouse/distribution facility, currently occupied by RPP Container, on one of the few remaining lots in Evendale Commons, which is approximately 90% built out. The last three undeveloped lots are zoned for professional offices, laboratories, hospitals and banks which should further bolster Evendale's earnings tax base with added jobs.

In April 2019, Evendale sold 1.4 acres of Village-owned land to Sherwin Williams for a new stand-alone 3,500 sq. ft. retail paint store. The store, opened in October 2019, marks the beginning of Evendale's efforts to improve/redevelop the Reading Rd. retail corridor. In March 2020 Village officials sold 5.6 acres of adjacent Village-owned land for the construction of a new \$5.5 million 40,000 sq. ft. headquarters to be completed Spring 2021. Village officials received State approval designating the property as a Community Reinvestment Area.

The Federal Government passed legislation entitled the Coronavirus Aid, Relief and Economic Security (CARES) Act in March 2020 to help combat the economic downturn and unexpected costs stemming from the COVID-19 pandemic. In July 2020 the Village passed a resolution to accept the Federal funding being passed through to the Village from the State. The Village was diligent in tracking all COVID-19 related costs and recouped \$211,816 from the State and an additional \$81,491 from a Hamilton County agreement using the Federal funds passed through from the CARES Act. The Village continues to be diligent in its budget process and expects to emerge from the pandemic in a stable fiscal position.

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 Cynthia J. Caracci, CPA^(inactive)/ Chief Fiscal and Accounting Officer, Village of Evendale, 10500 Reading Road, Evendale, Ohio 45241.

Village of Evendale
Hamilton County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 29,487,461</u>
<i>Total Assets</i>	<u><u>\$ 29,487,461</u></u>
Net Position	
Restricted for:	
Capital Projects	\$ 1,746,385
Debt Service	5,206,331
Other Purposes	1,955,573
Unrestricted	<u>20,579,172</u>
<i>Total Net Position</i>	<u><u>\$ 29,487,461</u></u>

See accompanying notes to the basic financial statements

Village of Evendale
Hamilton County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Positions
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Current:					
General Government	\$ 2,743,555	\$ 70,394	\$ 39,652	\$ -	\$ (2,633,509)
Security of Persons and Property	6,757,252	192,342	81,491	157,905	(6,325,514)
Public Health Services	14,062	-	-	-	(14,062)
Leisure Time Activities	1,682,002	131,551	84,976	-	(1,465,475)
Community Environment	364,949	62,695	100,142	-	(202,112)
Basic Utility Services	605,854	-	-	-	(605,854)
Transportation	1,321,172	-	811,169	-	(510,003)
Capital Outlay	4,706,720	150	-	130,000	(4,576,570)
Debt Service					
Interest and Fiscal Charges	332,260	-	-	-	(332,260)
<i>Total Governmental Activities</i>	<u>\$ 18,527,826</u>	<u>\$ 457,132</u>	<u>\$ 1,117,430</u>	<u>\$ 287,905</u>	<u>\$ (16,665,359)</u>
General Receipts					
					14,994,459
					886,749
					81,892
					5,000,000
					277,831
					(117,071)
					524,268
					559,629
					634,546
					<i>Total General Receipts</i> 22,842,303
					6,176,944
					<i>Net Position Beginning of Year</i> 23,310,517
					<i>Net Position End of Year</i> \$ 29,487,461

See accompanying notes to the basic financial statements

Village of Evendale
Hamilton County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>AeroHub TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 20,579,172	\$ 1,746,385	\$ 3,507,612	\$ 3,654,292	\$ 29,487,461
<i>Total Assets</i>	<u>\$ 20,579,172</u>	<u>\$ 1,746,385</u>	<u>\$ 3,507,612</u>	<u>\$ 3,654,292</u>	<u>\$ 29,487,461</u>
Fund Balances					
Restricted	\$ -	\$ -	\$ 3,507,612	\$ 3,654,292	\$ 7,161,904
Committed	-	1,365,930	-	-	1,365,930
Assigned	1,069,480	380,455	-	-	1,449,935
Unassigned	19,509,692	-	-	-	19,509,692
<i>Total Fund Balances</i>	<u>\$ 20,579,172</u>	<u>\$ 1,746,385</u>	<u>\$ 3,507,612</u>	<u>\$ 3,654,292</u>	<u>\$ 29,487,461</u>

See accompanying notes to the basic financial statements

Village of Evendale
Hamilton County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Capital Improvement Fund	AeroHub TIF Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 14,994,459	\$ -	\$ -	\$ -	\$ 14,994,459
Payments in Lieu of Taxes	-	-	-	886,749	886,749
Charges for Services	123,338	150	-	134,734	258,222
Fines, Licenses and Permits	183,095	-	-	15,194	198,289
Intergovernmental	153,254	100,000	-	1,104,450	1,357,704
Interest	511,542	-	-	48,087	559,629
Miscellaneous	613,569	-	50,000	101,121	764,690
<i>Total Receipts</i>	<u>16,579,257</u>	<u>100,150</u>	<u>50,000</u>	<u>2,290,335</u>	<u>19,019,742</u>
Disbursements					
Current:					
General Government	2,495,743	-	-	247,812	2,743,555
Security of Persons and Property	6,674,155	-	-	83,097	6,757,252
Public Health Services	14,062	-	-	-	14,062
Leisure Time Activities	1,234,272	-	-	447,730	1,682,002
Community Environment	363,095	-	-	1,854	364,949
Basic Utility Services	605,854	-	-	-	605,854
Transportation	-	-	-	1,321,172	1,321,172
Capital Outlay	486,747	1,596,446	2,142,388	481,139	4,706,720
Debt Service:					
Interest and Fiscal Charges	-	-	-	332,260	332,260
<i>Total Disbursements</i>	<u>11,873,928</u>	<u>1,596,446</u>	<u>2,142,388</u>	<u>2,915,064</u>	<u>18,527,826</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,705,329</u>	<u>(1,496,296)</u>	<u>(2,092,388)</u>	<u>(624,729)</u>	<u>491,916</u>
Other Financing Sources (Uses)					
Sale of Bonds	-	-	5,000,000	-	5,000,000
Premium on Debt Issue	-	-	277,831	-	277,831
Cost of Issuance	-	-	-	(117,071)	(117,071)
Sale of Capital Assets	524,268	-	-	-	524,268
Transfers In	-	250,000	-	1,618,831	1,868,831
Transfers Out	(1,591,000)	-	(277,831)	-	(1,868,831)
Advance In	215,000	-	600,000	-	815,000
Advance Out	(600,000)	-	-	(215,000)	(815,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,451,732)</u>	<u>250,000</u>	<u>5,600,000</u>	<u>1,286,760</u>	<u>5,685,028</u>
<i>Net Change in Fund Balances</i>	3,253,597	(1,246,296)	3,507,612	662,031	6,176,944
<i>Fund Balances Beginning of Year</i>	<u>17,325,575</u>	<u>2,992,681</u>	<u>-</u>	<u>2,992,261</u>	<u>23,310,517</u>
<i>Fund Balances End of Year</i>	<u>\$ 20,579,172</u>	<u>\$ 1,746,385</u>	<u>\$ 3,507,612</u>	<u>\$ 3,654,292</u>	<u>\$ 29,487,461</u>

See accompanying notes to the basic financial statements

Village of Evendale
Hamilton County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 14,800,000	\$ 14,800,000	\$ 14,994,459	\$ 194,459
Charges for Services	214,000	214,000	123,338	(90,662)
Fines, Licenses and Permits	188,000	188,000	183,095	(4,905)
Intergovernmental	166,289	166,289	153,254	(13,035)
Interest	410,000	410,000	511,542	101,542
Miscellaneous	24,200	24,200	613,569	589,369
<i>Total receipts</i>	<u>15,802,489</u>	<u>15,802,489</u>	<u>16,579,257</u>	<u>776,768</u>
Disbursements				
Current:				
General Government	3,952,893	3,875,193	2,824,121	1,051,072
Security of Persons and Property	7,741,815	7,741,815	6,770,607	971,208
Public Health Services	14,100	14,100	14,062	38
Leisure Time Activities	2,013,497	2,017,497	1,330,602	686,895
Community Environment	403,464	430,064	365,396	64,668
Basic Utility Services	836,372	836,372	705,489	130,883
Capital Outlay	394,849	795,849	623,810	172,039
<i>Total Disbursements</i>	<u>15,356,990</u>	<u>15,710,890</u>	<u>12,634,087</u>	<u>3,076,803</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>445,499</u>	<u>91,599</u>	<u>3,945,170</u>	<u>3,853,571</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	1,000	524,268	523,268
Transfers Out	(1,341,000)	(1,591,000)	(1,591,000)	-
Advances In	215,000	215,000	215,000	-
Advances Out	-	(600,000)	(600,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(1,125,000)</u>	<u>(1,875,000)</u>	<u>(1,351,732)</u>	<u>523,268</u>
<i>Net Change in Fund Balance</i>	(679,501)	(1,783,401)	2,593,438	4,376,839
<i>Fund Balance Beginning of Year</i>	16,866,299	16,866,299	16,866,299	-
Prior Year Encumbrances Appropriated	459,276	459,276	459,276	-
<i>Fund Balance End of Year</i>	<u>\$ 16,646,074</u>	<u>\$ 15,542,174</u>	<u>\$ 19,919,013</u>	<u>\$ 4,376,839</u>

See accompanying notes to the basic financial statements

Village of Evendale
Hamilton County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
December 31, 2020

	<u>Custodial</u>
	<u>Other</u>
	<u>Custodial</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 3,666</u>
Net Position	
Held on Behalf of Others	<u>\$ 3,666</u>

See accompanying notes to the basic financial statements

Village of Evendale
Hamilton County, Ohio
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2020

	<u>Custodial</u>
	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 88,606
Deductions	
Other Distributions	\$ 94,368
<i>Change in Net Position</i>	\$ (5,762)
<i>Net Position Beginning of Year</i>	\$ 9,428
<i>Net Position End of Year</i>	\$ 3,666

See accompanying notes to the basic financial statements

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Evendale, Hamilton County, Ohio (the Village) is a home rule municipal 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 and votes only to break a tie.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Evendale provides the following services to its citizens: general government services, police, fire and paramedic services, parks and recreation operations, cultural arts and music, building inspection and the maintenance of Village roads and bridges.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 the “Basis of Accounting” section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Village’s accounting policies.

Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village does not have business-type activities.

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The statement of net position presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 program is self-financing on a modified cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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 governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented in two categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported 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.

Capital Improvements Fund The Capital Improvement Fund is used to account for major capital projects and equipment purchases.

AeroHub TIF Fund The AeroHub TIF Fund is a tax increment financing fund used to account for infrastructure improvements and an outstanding Public Infrastructure Special Obligation Income Tax Revenue Bond.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Village under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village's custodial fund accounts for amounts collected and distributed for the Mayor's Court.

Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this modified 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.

Budgetary Process

All funds, except custodial 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 Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council 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 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 reflect the first appropriation ordinance 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 passed by Village Council during the year.

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Cash and Investments

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

Cash and cash equivalents that are held separately in accounts at a financial institution for the Village's Mayor's Court are reported as “Cash and Cash Equivalents in Segregated Accounts.”

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2020, the Village invested in certificates of deposit, commercial paper, U.S. Treasury Notes/Bonds/Bills, U.S. Government Agencies, STAR Ohio and a money market fund. Investments are reported at fair value, which is based on quoted market price or current share price. The Village's money market fund investment is recorded at the amount reported by US Bank on December 31, 2020.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund and Other Governmental Funds during 2020 were \$511,542 and \$48,087, respectively.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. As of December 31, 2020, there were no restricted assets.

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Inventory and Prepaid Items

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

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.

Interfund Receivables/Payables

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for State Highway Improvements, Court Computer, Alcohol Law Enforcement, Drug Law Enforcement, Gorman Heritage Farm, Griffin Nature Preserve, Fire Services, and Municipal Road Improvements.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Internal Activity

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis). In addition, outstanding year end advances are treated as other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$760,159 for the General Fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

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

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

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

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred and eighty days) and commercial paper notes (for a period not to exceed two hundred and seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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. Except as noted above, 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 treasurer 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 \$1,165 in undeposited cash on hand which is included as part of "Equity in Pooled Cash, Cash Equivalents and Investments".

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Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,952,824 of the Village's bank balance of \$9,202,383 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

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 participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2020, the Village had the following investments:

Investment Type	Measurement Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
Certificates of Deposit	\$ 5,093,791	\$ 1,243,065	\$ 3,306,031	\$544,695
Federal Home Loan Mortgage Corp Federal National Mortgage Association Notes	230,100	-	230,100	-
Money Market Mutual Fund	390,871	-	-	390,871
Commercial Paper	18,466	18,466	-	-
STAR Ohio	1,943,636	1,943,636	-	-
Total Investments	<u>\$ 12,820,924</u>	<u>\$ 12,820,924</u>	<u>\$ 3,536,131</u>	<u>\$935,566</u>

Interest Rate Risk 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 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 the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The Certificates of Deposit do not carry a rating by Moody's and Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market fund carries a rating of AAA by Moody's and by Standard and Poor's. The Commercial Paper carries a rating of P-1 and A-1 to A-1+ for Moody's and Standard and Poor's respectively. The Federal National Mortgage Association Notes carry a rating of AAA and AA+ by Moody's and Standard and Poor's respectively. The Federal Home Loan Bank Notes have ratings of AAA and AA+ by Moody's and Standard and Poor's respectively. 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.

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Custodial Credit Risk 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. The Certificates of Deposit are insured by the FDIC. The Commercial Paper is exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk The Village places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2020:

Investment Issuer	Percentage of Investments
STAR Ohio	62.55%
Certificates of Deposit	24.85%
Commercial Paper	9.50%

Note 5 – Taxes

Property Taxes

For the year ended December 31, 2020, Village Council elected not to collect property taxes that would have increased the total revenues of the Village by approximately \$688,040. The property tax millage available to the Village includes the following:

	Inside Mils
General Fund	3.00
Police Pension	.30
Fire Pension	.04

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The assessed values upon which 2020 property tax receipts were based are as follows:

	Amount
Agriculture/Residential & Other Real Estate Property	\$ 194,700,000
Public Utility Personal Property	11,300,000
Total	\$ 206,000,000

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Income Taxes

The Village levies a 1.2% income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 1.2% must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

Note 6 – Interfund Balances and Transfers

Transfers

During 2020 the following transfers were made:

Street Construction Maintenance & Repair Fund	\$ 925,000
Gorman Heritage Farm Fund	416,000
Capital Improvement Fund	250,000
Total Transfers from General Fund	\$1,591,000

Transfers from the General Fund represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Debt Service Fund	\$ 277,831
Total Transfers from AeroHub TIF Fund	\$ 277,831

The Transfer from the AeroHub TIF Fund to the Debt Service Fund represents premium on the \$5 million Public Infrastructure Special Obligation Income Tax Revenue Bond Issued May 2020 and must be used for Debt Service.

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Interfund Balances

Interfund balances at December 31, 2020, consisted of the following individual fund receivables and payables:

	Receivable	Payable
Major Funds		
General Fund	\$ 4,265,000	\$ -
Aerohub TIF Fund	-	600,000
Other Governmental Funds		
Evendale Commons Fund	-	3,665,000
Total	\$ 4,265,000	\$ 4,265,000

Advances from the General Fund to the Evendale Commons Fund are for the principal portion due on Evendale Commons Tax Increment Revenue Refunding Bonds, Series 2013 that were purchased by the General Fund during 2013 for a total of \$4,325,000. During 2020, \$115,000 of the original advance was repaid. Advances from the General Fund to the Fire Services Fund provided funding for the purchase of a fire engine. During 2020, \$100,000 representing the final payment of the original advance was repaid. Advances from the General Fund to the AeroHub TIF Fund represent startup funds for infrastructure and debt service payments.

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers’ Compensation coverage is provided by the State of Ohio. The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional plan were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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Group A	(this space intentionally left blank)	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013		20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local		State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit		Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30		Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety		Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit		Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement		Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit		Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement		Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25		Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2020 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$333,583 for year 2020.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF was \$895,537 for 2020.

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Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health

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care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2020.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The Village's contractually required contribution to OPF was \$20,902 for 2020.

Note 10 – Debt

The changes in the Village's long-term debt during 2020 were as follows:

	Amount Outstanding 12/31/19	Additions	Deletions	Amount Outstanding 12/31/20	Amount Due in One Year
Governmental Activities					
Public Infrastructure Special Obligation					
Income Tax Revenue Bonds Series 2020	\$0	\$5,000,000	\$0	\$5,000,000	\$5,000
Total Governmental Activities	<u>\$0</u>	<u>\$5,000,000</u>	<u>\$0</u>	<u>\$5,000,000</u>	<u>\$5,000</u>

The Village of Evendale issued Public Infrastructure Special Obligation Income Tax Revenue Bonds May 2020 in the amount of \$5,000,000. The bonds are for the purpose of constructing public infrastructure improvements within the designated AeroHub Tax Increment District. The bonds do not constitute general obligation debt or pledge the full faith and credit of the Village. Income tax is pledged for debt service.

The serial bonds maturing after December 1, 2030, are subject to optional redemption in integral multiples of \$5,000, at the option of the Village on or after June 1, 2030, in whole or in part, by lot within any maturity, at the redemption price of par plus accrued interest to the redemption date.

Principal and interest requirements to retire serial bonds outstanding at December 31, 2020, were as follows:

Year	Serial Bonds		Total
	Principal	Interest	
2021	\$ 5,000	\$ 163,150	\$ 168,150
2022	25,000	162,950	187,950
2023	100,000	161,950	261,950
2024	150,000	157,950	307,950
2025	155,000	151,950	306,950
2026-2030	880,000	661,350	1,541,350
2031-2035	1,055,000	491,250	1,546,250
2036-2040	1,220,000	323,550	1,543,550
2041-2045	1,410,000	129,450	1,539,450
Total	<u>\$ 5,000,000</u>	<u>\$ 2,403,550</u>	<u>\$ 7,403,550</u>

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2020, were an overall debt margin of \$16,630,000 and an unvoted debt margin of \$6,330,000.

Manuscript Debt

During 2013, Village Council approved the purchase by the General Fund the \$4,305,000 Evendale Commons Tax Increment Revenue Refunding Bonds, Series 2013 issued by the Evendale Commons Fund. The interfund purchase of the bonds have been reported using the advance method. Proceeds from the Bonds were used to refund the Evendale Commons Tax Increment Revenue Refunding Bonds, Series 2009 that provided funding for constructing and acquiring improvements within the Evendale Commons TIF District. The Series 2013 bonds carry an interest rate of 6.5 percent and mature in varying amounts through 2037.

The future principal and interest requirements to retire the manuscript debt due from the Evendale Commons Fund to the General Fund are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 125,000	\$ 238,225	\$ 363,225
2022	130,000	230,100	360,100
2023	140,000	221,650	361,650
2024	150,000	212,550	362,550
2025	160,000	202,800	362,800
2026-2030	970,000	844,025	1,814,025
2031-2035	1,330,000	484,250	1,814,250
2036-2037	660,000	65,000	725,000
Total	<u>\$ 3,665,000</u>	<u>\$ 2,498,600</u>	<u>\$ 6,163,600</u>

Note 11 – Construction and Contractual Commitments

The Village accepted a bid and entered into contract with Pepper Construction Company of Ohio in November 2019 for construction of the Bridge Tower Project at Glendale Milford Road and Interstate I75. The construction contract was for \$2,600,000 of which \$1,365,930 was still committed to the project at year end. The construction is expected to be completed in the spring of 2021.

The Village accepted a bid and entered into contract with Kelchner Inc. in May 2020 for AeroHub Boulevard, Phase 2 Roadway Project in the amount of \$2,165,497 of which \$622,749 was still committed to the project at year end. The construction is expected to be completed in the spring of 2021.

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Capital Improvement Fund	Aerohub TIF Fund	Other Governmental Funds	Total
Restricted for					
Road Improvements	\$ -	\$ -	\$ 3,507,612	\$ 1,267,359	\$ 4,774,971
Police Operations	-	-	-	106,093	106,093
Fire Services	-	-	-	278,573	278,573
Debt Service	-	-	-	1,698,719	1,698,719
Other Purposes	-	-	-	303,548	303,548
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>3,507,612</u>	<u>3,654,292</u>	<u>7,161,904</u>
Committed to					
Capital Improvements	-	1,365,930	-	-	1,365,930
<i>Total Committed</i>	<u>-</u>	<u>1,365,930</u>	<u>-</u>	<u>-</u>	<u>1,365,930</u>
Assigned to					
Capital Improvements	-	380,455	-	-	380,455
Subsequent Year's Budget	309,321	-	-	-	309,321
Encumbrances	760,159	-	-	-	760,159
<i>Total Assigned</i>	<u>1,069,480</u>	<u>380,455</u>	<u>-</u>	<u>-</u>	<u>1,449,935</u>
Unassigned (deficits):	<u>19,509,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,509,692</u>
<i>Total Fund Balances</i>	<u>\$ 20,579,172</u>	<u>\$ 1,746,385</u>	<u>\$ 3,507,612</u>	<u>\$ 3,654,292</u>	<u>\$ 29,487,461</u>

Note 13 – Contingent Liabilities

The Village is currently not a defendant in any lawsuits seeking damages or injunctive relief from the Village. There are no open claims pending with the Village's insurance carrier.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Evendale, Ohio
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$293,307 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Funds included in the Other Governmental Funds column.

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Evendale, Hamilton County, (the Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 4, 2021, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. In addition, we noted during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent, or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Bastin & Company, LLC

Cincinnati, Ohio
June 4, 2021

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF EVENDALE

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/13/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov