



Dave Yost • Auditor of State



VILLAGE OF EVENDALE  
HAMILTON COUNTY

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VILLAGE OF EVENDALE  
HAMILTON COUNTY

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# Dave Yost • Auditor of State

## 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 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 years ended December 31, 2012 and 2011, 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.

**Opinion**

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, Hamilton County, Ohio, as of December 31, 2012 and 2011, and the respective changes in modified cash financial position and the budgetary comparison for the General thereof for the years 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, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 3 to the 2011 financial statements, during 2011, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net assets, changes in net assets, and governmental activities. The Federal Awards Expenditure Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and 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 September 9, 2013, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 9, 2013

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Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
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, 2012, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2012 are as follows:

Net assets of governmental activities increased \$1,768,983, or 11%. The General Fund had an increase of \$678,147 and the remainder of the funds increased by \$1,090,836.

The Village's general receipts are primarily earnings taxes. Earnings tax represents 87% 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 \$120,906 in 2012, a slight decrease from 2011. Revenues from EMS services are accounted for in a Special Revenue Fund, Fire Services, and are used to help offset the cost of providing Fire and EMS services and equipment costs.

In 2012 the Village Council elected not to collect property taxes that would increase the total revenues of the Village by approximately \$641,000. The property tax millage available to the Village includes the following:

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

On January 12, 2006 the Village Council passed Ordinance 06-03 approving the execution of a tax incentive agreement with the Princeton School District and Evendale Commons Ltd. for the improvement of certain real property located in the Village. On April 2, 2009 the Village Council passed Ordinance 09-16 providing for the issuance of Tax Increment Revenue Notes by the Village, not to exceed \$4,385,000. The Council has previously issued its Tax Incremental Revenue Bond Anticipation Notes, in anticipation of the issuance of tax increment revenue bonds to fulfill its agreements. On April 2, 2009 the Village signed a Contract of Purchase with Fifth Third Securities, Inc, the underwriter, for the underwriter to purchase and resell the notes of the Village in the amount of \$4,385,000 with an interest rate that would be set weekly. The notes were dated May 14, 2009. The Village received \$4,385,000 from the sale of the notes in 2009. The notes are not a general obligation of the Village and the general credit and taxing power of the Village are not pledged to the payment of the debt service on the notes. Only the revenues from the service payments, to be made by owners of the property located within the Evendale Commons project, and the Letter of Credit issued by Evendale Commons Ltd., are pledged to pay the debt service on the notes. Because the original ordinance, 06-03, set a maximum dollar amount of \$4,385,000, any expenses exceeding that amount will be paid by Evendale Commons Ltd. Walmart contested the valuation of their property located within the TIF district. Walmart received a reduction in its property value resulting in a significant refund of previous payment as well as reduced future payments. The refund resulted in a reduction of revenue generated by the TIF in 2011. TIF revenues were \$172,234 in 2012. At the end of 2012, the TIF is not generating enough revenue to service the debt. In 2013 Menards will be established within the TIF district.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
Unaudited

It is expected that the TIF will then generate enough revenue to service the debt by the end of 2013.

A traffic signal replacement project was started in 2012 which resulted in a capital outlay of \$1,748,867. Some of that expense will be refunded by a Federal Grant processed through the State in 2013 and the project is expected to be completed in 2013.

**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 and No. 54, as applicable to the Government's modified cash basis of accounting.

**Report Components**

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

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

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 and 54. 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, park operations, local tax return preparation, trash and yard waste removal, and maintenance of Village streets and thoroughfares.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
Unaudited

The Statement of Net Positions and the Statement of Activities reflect how the Village performed financially during 2012, within the limitations of modified cash basis accounting. The Statement of Net Positions presents the cash balances and investments of the governmental and business-type activities of the Village as of December 31, 2012. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money restricted for a particular purpose being spent as intended. The Village only has governmental 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 2012 were the General Fund and the Capital Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. This relationship is presented in a reconciliation presented with the governmental fund financial statements.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
Unaudited

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2012 compared to 2011 on a modified cash basis:

(Table 1)  
**Net Positions**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and Investments	17,869,642	16,100,659
<b>Total Positions</b>	<b><u>17,869,642</u></b>	<b><u>16,100,659</u></b>
<b>Net Assets</b>		
Restricted for:		
Debt Service	676,347	516,970
Capital Projects	1,321,752	313,303
Other Purposes	1,184,526	1,261,462
Unrestricted	<u>14,687,017</u>	<u>14,008,924</u>
<b>Total Net Positions</b>	<b><u>17,869,642</u></b>	<b><u>16,100,659</u></b>

- As mentioned previously, net positions of governmental activities increased \$1,768,983, or 11% during 2012.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
Unaudited

Table 2 reflects the changes in net positions on a modified cash basis in 2012 and 2011 for governmental activities.

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

	<i>Table 2</i> Governmental Activities 2012	Governmental Activities 2011
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$698,557	\$708,863
Operating Grants and Contributions	521,552	453,309
Capital Grants and Contributions	623,588	54,290
Total Program Receipts	<u>1,843,697</u>	<u>1,216,462</u>
General Receipts:		
Payments in Lieu of Taxes	303,275	154,555
Earnings Tax	12,748,063	11,626,267
Grants and Entitlements Not Restricted to Specific Programs	242,263	297,528
Bonds Issued	0	0
Interest	6,968	60,080
Miscellaneous	58,264	51,138
Total General Receipts	<u>13,358,833</u>	<u>12,189,568</u>
Total Receipts	<u>15,202,531</u>	<u>13,406,031</u>
Disbursements:		
General Government	2,367,577	2,383,109
Security of Persons and Property	5,504,610	5,463,095
Public Health Services	5,891	12,152
Leisure Time Activities	1,702,955	1,711,463
Community Environment	220,762	267,857
Basic Utilities	244,893	243,996
Transportation	862,157	837,131
Capital Outlay	2,241,822	1,472,248
Principal Retirement	220,000	240,000
Interest and Fiscal Charges	62,881	34,368
Water	0	0
Total Disbursements	<u>13,433,548</u>	<u>12,665,417</u>
Excess (Deficiency) Before Transfers	1,768,983	740,613
Transfers	0	0
Increase (Decrease) in Net Assets	<u>1,768,983</u>	<u>740,613</u>
Net Assets, January 1, 2011, 2010	<u>16,100,659</u>	<u>15,360,046</u>
Net Assets, December 31, 2012, 2011	<u>\$17,869,642</u>	<u>\$16,100,659</u>

Program receipts represent only 12.1% 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 money, building permits, inspection fees, and fines and forfeitures.

General receipts represent 87.9% of the Government's total receipts. Local Earnings Tax is nearly 97% of the General Receipts with the Service Payments from the Evendale Commons Public Improvement

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
Unaudited

project accounting for 1.3%. Federal grants account for 9% while interest income is negligible. Miscellaneous receipts are immaterial and somewhat unpredictable revenue sources.

**The Village as a Whole**

The earnings tax receipts as of 2012 reflected a 9.6% increase over the 2011 receipts. The increase was not limited to a particular area of collection such as withholding tax, business tax, or individual tax, or to the collection of an unexpected receipt. The 9.6% increase reflects the increase seen in each of the three areas of earnings tax collection due to improvement in the economy and resulting increases in business profit and personnel wages.

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

Security of Persons and Property are the costs of Police, Fire protection and Emergency Medical Services; Public Health Services 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 Economic Development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business. Transportation is the cost of maintaining the roads.

Increased Capital Outlay was due to the start of a traffic signal project which was partially funded from a Federal grant.

**Governmental Activities**

A comparison between the total cost of services and the net cost of services for Governmental Activities is presented in Table 3. The first column on the Statement of Activities, which accompanies this report, lists the major services provided by the Village. The second column identifies the costs of providing these services. The major program disbursement for Governmental Activities is for Security of Persons and Property, which account for 41% of all governmental disbursements. General Government (17.6%), Leisure Time Activities (12.7%) and Capital Outlay (16.7%) also represent significant costs. Debt Service, Principal and Interest, represents 2%. The "Net Cost" amount represents the cost of the service being paid from money provided by the general receipts. Program Receipts, on the Statement of Activities, are the amounts paid by those who are directly charged for the services received and include grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column, on the Statement of Activities, compares the program receipts to the cost of the service which are presented at the bottom of the Statement of Activities.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
Unaudited

(Table 3)  
**Governmental Activities**

	Total Cost Of Services 2012	Net Cost of Services 2012
General Government	\$2,367,577	\$2,316,110
Security of Persons and Property	5,504,610	4,651,363
Public Health Services	5,891	5,891
Leisure Time Activities	1,702,955	1,407,721
Economic Development	220,762	98,563
Basic Utilities	244,893	244,893
Transportation	862,157	340,605
Capital Outlay	2,241,822	2,241,822
Principal Retirement	220,000	220,000
Interest and Fiscal Charges	55,681	55,681
Total Expenses	\$13,426,348	\$11,582,651

The dependence upon Earnings Tax receipts is apparent through this analysis as approximately 86% of governmental activities are supported through this general receipt.

**The Government's Funds**

Total governmental funds had receipts and other financing sources of \$15,195,331, and disbursements of \$13,426,348. The greatest change within governmental funds occurred within the General Fund. The Fund Balance of the General Fund increased \$678,147.

**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 2012, the Village amended its General Fund budget several times to reflect changing circumstances. The increase between final budgeted receipts and actual receipts was \$1,340,367. Final disbursements were budgeted at \$11,222,603 while actual disbursements were \$9,950,132.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure as part of the financial statements as allowed by the Auditor of State. Inventories of Furniture and Fixtures, Machinery and Equipment and Vehicles are kept by each Department and inventoried per the Fixed Asset policy approved by the Village Council in 2005.

Village of Evendale  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
Unaudited

Debt

The Village issued \$4,385,000 in Tax Increment Revenue Notes in 2009 which are not a general obligation of the Village and the general credit and taxing power of the Village are not pledged to the payment of the debt service on these funds. Only the revenues from the service payments, to be made by owners of the property located within the Evendale Commons project, and the Letter of Credit issued by Evendale Commons Ltd, are pledged to pay the debt service on the notes. Refer to note 12 of the Notes to the Financial Statements for further disclosure.

**Current Issues**

Governments are constantly challenged to provide the needed services to the public, maintain expected quality and stay within budget. The Village of Evendale relies heavily on earnings tax generation from its business base. The Village has seen an increase in overall earnings tax receipts for the last two years and a four year increase to business profit taxes. This is a positive sign for the general business climate in Evendale and indicative of what is expected over the next few years.

GE Aviation continues to improve their global headquarter campus in Evendale and have more engines in 'process' than at any time in their history. This high level of activity is certainly evidenced by their earnings tax receipts and great number of Building Department permits. The Village is completing a process started in 2008 by approving a comprehensive Zoning Code amendment which is expected to propel the Village forward in commercially developing some Village owned property to help spur other development and investment in the Village. The Evendale Commons Business Park was approved in 2005 as a Planned Business Development and with the completion of a Menards store in March 2013, this mixed use development will be 80% done. The remaining area to be developed is designated for office, distribution, and warehouse which should further bolster our earnings tax base with added jobs.

In 2012 the council approved the budget with a 3% increase in wages. However, the Village actively sought to lower salaries by changing several full time positions to part time positions from 2011 to current year. The Village will continue to look for those opportunities. In addition the Village negotiated new health and dental coverage which resulted in a 4% increase in health insurance and a slight drop in dental coverage. The Village will continue to monitor and where possible reduce positions that include health care coverage with the expectations of cost increases in 2013/2014 when the Federal health mandate begins.

Earnings Tax revenues for 2012 were 11.8% above budget. Withholding, individual and business accounts were all up. Estimates for Earnings Tax revenue in 2013 were set at \$11,900,000.

**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/ Chief Fiscal and Accounting Officer, Village of Evendale, 10500 Reading Road, Evendale, Ohio 45241.

**Village of Evendale, Hamilton County**  
*Statement of Fund Net Positions - Modified Cash Basis*  
*December 31, 2012*

	Governmental Activities	Total
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$17,896,642	\$17,896,642
<i>Total Assets</i>	\$17,896,642	\$17,896,642
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$1,321,752	\$1,321,752
Debt Service	676,347	676,347
Other Purposes	1,184,472	1,184,472
Unrestricted	14,687,071	14,687,071
<i>Total Net Positions</i>	\$17,869,642	\$17,869,642

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**

*Statement of Activities - Modified Cash Basis*

*For the Year Ended December 31, 2012*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	2,367,577	51,466	0	0
Security of Persons and Property	5,504,610	229,659	0	623,588
Public Health Services	5,891	0	0	0
Leisure Time Activities	1,702,955	295,234	0	0
Community Environment	220,762	122,198	0	0
Basic Utility Services	244,893	0	0	0
Transportation	862,157		521,551	
Capital Outlay	2,241,822	0	0	0
Debt Service	282,881	0	0	0
	<u>13,433,548</u>	<u>698,557</u>	<u>521,551</u>	<u>623,588</u>
<i>Total Governmental Activities</i>				

**General Receipts**

Property Taxes Levied for:

Municipal Income Taxes

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Sale of Capital Assets

Interest

Miscellaneous

*Total General Receipts*

Change in Net Positions

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in  
Net Assets

Governmental Activities	Total
(2,316,110)	(2,316,110)
(4,651,363)	(4,651,363)
(5,891)	(5,891)
(1,407,721)	(1,407,721)
(98,563)	(98,563)
(244,893)	(244,893)
(340,605)	(340,605)
(2,241,822)	(2,241,822)
<u>(282,881)</u>	<u>(282,881)</u>
<u>(11,589,851)</u>	<u>(11,589,851)</u>
12,748,063	12,748,063
172,234	172,234
242,263	242,263
38,383	38,383
6,969	6,969
<u>143,722</u>	<u>143,722</u>
13,351,634	13,351,634
1,761,783	1,761,783
<u>16,100,659</u>	<u>16,100,659</u>
<u><u>17,862,442</u></u>	<u><u>17,862,442</u></u>

**Village of Evendale, Hamilton County**  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*as of December 31, 2012*

	General	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$14,687,071	\$1,321,752	\$1,860,819	\$17,896,642
<i>Total Assets</i>	<u>\$14,687,071</u>	<u>\$1,321,752</u>	<u>\$1,860,819</u>	<u>\$17,869,642</u>
<b>Fund Balances</b>				
Restricted	0		976,182	976,182
Committed	\$0	\$1,145,527	0	1,145,527
Assigned	556,883	176,225	884,637	1,617,745
Unassigned	14,130,188		0	14,130,188
<i>Total Fund Balances</i>	<u>\$14,687,071</u>	<u>\$1,321,752</u>	<u>\$1,860,819</u>	<u>\$17,869,642</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified-Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2012*

	General	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Municipal Income Taxes	\$ 12,748,063			\$12,748,063
Property and Other Local Taxes			303,275	303,275
Charges for Services	253,220		165,490	418,710
Fines, Licenses and Permits	261,587		17,788	279,374
Intergovernmental	248,000	617,850	522,024	1,387,875
Interest	6,969		0	6,969
<i>Total Receipts</i>	<u>\$ 13,517,840</u>	<u>\$ 617,850</u>	<u>\$ 1,008,577</u>	<u>\$ 15,144,267</u>
<b>Disbursements</b>				
Current:				
General Government	2,278,200		89,377	2,367,577
Security of Persons and Property	5,501,872		2,738	5,504,610
Public Health Services	5,891			5,891
Leisure Time Activities	1,366,038		336,917	1,702,955
Community Environment	220,762			220,762
Basic Utility Services	244,893			244,893
Transportation			862,157	862,157
Capital Outlay	332,476	1,748,867	160,479	2,241,822
Debt Service:				
Principal Retirement			220,000	220,000
Interest and Fiscal Charges			62,881	62,881
<i>Total Disbursements</i>	<u>\$ 9,950,132</u>	<u>\$ 1,748,867</u>	<u>\$ 1,734,549</u>	<u>\$ 13,433,548</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ 3,567,708</u>	<u>\$ (1,131,016)</u>	<u>\$ (725,973)</u>	<u>\$ 1,710,719</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	38,383			38,383
Transfers In	0	2,139,465	1,008,360	3,147,825
Transfers Out	(3,147,825)		0	(3,147,825)
Advance In	225,000		25,000	250,000
Advance Out	(25,000)		(225,000)	(250,000)
Other Financing Sources	19,881		0	19,881
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (2,889,561)</u>	<u>\$ 2,139,465</u>	<u>\$ 808,360</u>	<u>\$ 58,264</u>
<i>Net Change in Fund Balances</i>	678,147	1,008,449	82,388	1,768,983
<i>Fund Balances Beginning of Year</i>	<u>14,008,924</u>	<u>313,303</u>	<u>1,778,431</u>	<u>16,100,659</u>
<i>Fund Balances End of Year</i>	<u>\$ 14,687,071</u>	<u>\$ 1,321,752</u>	<u>\$ 1,860,819</u>	<u>\$ 17,869,642</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2012*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$11,400,000	\$12,585,427	\$12,748,063	\$162,636
Charges for Services	247,000	247,000	\$253,220	6,220
Fines, Licenses and Permits	214,000	214,000	\$261,587	47,587
Intergovernmental	216,473	216,473	\$248,000	31,527
Interest	100,000	100,000	\$6,969	(93,031)
<i>Total receipts</i>	<u>\$ 12,177,473</u>	<u>\$ 13,362,900</u>	<u>\$ 13,517,840</u>	<u>\$ 154,940</u>
<b>Disbursements</b>				
Current:				
General Government	2,998,025	2,954,549	2,467,895	(486,655)
Security of Persons and Property	5,829,466	5,953,178	5,789,909	(163,269)
Public Health Services	12,200	12,200	5,891	(6,309)
Leisure Time Activities	1,477,274	1,474,634	1,393,407	(81,227)
Community Environment	305,556	305,556	238,967	(66,589)
Basic Utility Services	272,325	272,325	278,470	6,145
Capital Outlay	154,911	250,161	332,476	82,315
<i>Total Disbursements</i>	<u>\$ 11,049,757</u>	<u>\$ 11,222,603</u>	<u>\$ 10,507,015</u>	<u>\$ (715,588)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ 1,127,717</u>	<u>\$ 2,140,297</u>	<u>\$ 3,010,825</u>	<u>\$ 870,528</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	1,000	1,000	38,383	37,383
Transfers Out	(2,158,360)	(3,230,743)	(3,147,825)	82,918
Advances In	200,000	200,000	225,000	25,000
Advances Out			(25,000)	(25,000)
Other Financing Sources	25,000	25,000	19,881	(5,119)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (1,932,360)</u>	<u>\$ (3,004,743)</u>	<u>\$ (2,889,561)</u>	<u>\$ 115,182</u>
<i>Net Change in Fund Balance</i>	(804,644)	(864,446)	121,264	985,710
<i>Fund Balance Beginning of Year</i>	13,533,730	13,533,730	13,533,730	0
Prior Year Encumbrances Appropriated	475,194	475,194	475,194	0
<i>Fund Balance End of Year</i>	<u>\$13,204,281</u>	<u>\$13,144,478</u>	<u>\$14,130,188</u>	<u>\$985,710</u>

See accompanying notes to the basic financial statements

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>\$150,743</u>
Total Non-Operating Cash Receipts	<u>150,743</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>150,579</u>
Total Non-Operating Cash Disbursements	<u>150,579</u>
Net Receipts Over Disbursements	165
Fund Cash Balance, January 1	<u>7,213</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$7,378</u></u></b>

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

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**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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, elected to a four-year term, runs the Council meetings and votes only to break a tie.

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

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a 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.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net positions 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Village does not have Business-type activities.

The statement of net positions presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Funds**

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

**C. Basis of Accounting**

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

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.

**D. Budgetary Process**

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

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds. The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at the end of the year.

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Village Council. The County Budget Commission must also approve these resources.

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

**E. Equity in Pooled Cash and Investments**

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

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

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 2012, the Village invested in U.S. Government Agencies, STAR Ohio and a money market fund. All investments are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2012.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts during 2012 were \$6,969.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Inter-fund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without the requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

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

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

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

**M. Net Assets**

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

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

**N. Fund Balance Reserves**

Fund Balance is divided into five classifications based 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:

***Nonspendable*** - The nonspendable fund balance category are legally or contractually required to be maintained intact.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

*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.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specific use by taking the same type of action (ordinance or resolution) employed to previously commit those amounts. In contrast to the 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 Village Council or a Village official delegated that authority by ordinance, or by State Statute.

*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.

**Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$556,883 for the general fund and \$1,235,349 for all other funds. There was an outstanding advance at year-end from the General Fund to the Fire Services Fund of \$253,000.

**Note 5 – Deposits and Investments**

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

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

At year end, the carrying amount of the Village’s deposits was \$2,444,355 and the bank balance was \$2,531,873. Of the bank balance \$250,000 was covered by federal depository insurance and \$2,281,873 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

Investments in STAR Ohio and the money market mutual fund are not evidenced by securities that exist in physical or book-entry form.

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 5 – Deposits and Investments** (continued)

Investments

As of December 31, 2012, the Village had the following investments:

Fifth Third Money Market Account	\$ 2,015,413
Fifth Third Inst Govt MMKT	12,884,839
Star Ohio	<u>2,540,448</u>
Total Investments	<u>\$ 17,440,700</u>

**Note 6 – Earnings Taxes**

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

**Note 7 – Property Taxes**

Property taxes are not collected by the Village. Each year the Village Council reviews this policy during the preparation of the Mayor's budget in June. The total of property tax which could be levied and collected annually by the Village is approximately \$900,000. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 7 – Property Taxes** (continued)

The authorized property tax millage for Village operations for the year ended December 31, 2008 are as follows:

General Fund:	2.16 mils inside .84 mils outside as provided for by the Village Charter
Police Pension Fund:	.30 mils outside as provided for by the Village Charter
Fire Pension Fund:	.04 mils outside as provided for by the Village Charter

**Note 8 – Risk Management**

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

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions.

**Note 9 – Public Entity Risk Pool**

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

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

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

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 9 – Public Entity Risk Pool** (continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2012	2011
Cash and investments	not available	\$10,956,412
Actuarial liabilities	not available	\$3,442,991

**Note 10 – Defined Benefit Pension Plans**

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
  - 1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
  - 2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
  - 3. The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2012 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively.

**VILLAGE OF EVENDALE  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 10– Defined Benefit Pension Plans** (continued)

The 2012 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

- F. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 were **\$259,439, \$270,186, and \$269,415** respectively. The full amount has been contributed for each year.

**B. Ohio Police and Fire Pension Fund**

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

Funding Policy – The Ohio Revised Code requires plan members are to contribute 10.0 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75percent of covered payroll for police officers and 17.25percent of covered payroll for firefighters. The Village's required contributions to OP&F for police and firefighters pension the years ended December 31, 2012, 2011, and 2010 were **\$710,618, \$708,510, and \$694,580** respectively. The full amount has been contributed for each year.

**Note 11 – Post Employment Benefits**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 11 – Post Employment Benefits** (continued)

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012.

The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2013 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2013. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contribution to fund the post-employment health care benefits for the years ended December 31, 2012, 2011 and 2010 were \$74,122, \$77,192 and \$76,972, respectively. The full amount has been contributed for each year.

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**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

**Note 11 - Post employment Benefits** (continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

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

The OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide 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. That report may be obtained by writing OP&F, 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 plan. Participating employers are required by the Ohio Revised Code 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 employers respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 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 and is limited by the provisions of Section 115 and 401(h).

**VILLAGE OF EVENDALE  
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**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

**Note 11 - Post employment Benefits** (continued)

The OP&F Board of Trustees is 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 contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$157,047, \$156,581 and \$153,502, for the years ended December 31, 2012, 2011, 2010 respectively. The full amount has been contributed for each year.

**Note 12 - Debt**

The Evendale Commons bonds are tax increment bonds and will mature December 31, 2037. The bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation, and the bonds do not represent or constitute a debt or pledge of the faith and credit of the Village. Only the revenues from the service payments to be made by owners of the property located within the Evendale Commons project and the Letter of Credit issued by Evendale Commons Ltd. are pledged to pay the debt service on the bonds.

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

	Beginning Balance	Addition	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<u>Tax Increment Revenue Bonds</u>					
Evendale Commons Ltd Project 5.5-6.2%	\$4,345,000	0	(\$20,000)	\$4,325,000	\$20,000
<u>General Obligation Bonds:</u>					
Real Estate Acquisition Bonds 3.4%-3.8%	\$ 220,000	0	(220,000)	0	0
	<u>\$4,565,000</u>	<u>0</u>	<u>(240,000)</u>	<u>\$4,325,000</u>	<u>\$ 20,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 12 – Debt** (continued)

Principle and interest requirements to retire the Village’s long-term obligations outstanding at year end are as follows:

Year Ending December 31	Governmental Activities	
	Tax increment	
	Revenue bonds	
	Principle	Interest
2013	20,000	21,625
2014	25,000	21,525
2015-2019	250,000	105,075
2020-2024	535,000	95,875
2025-2029	890,000	79,275
2030-2034	1,380,000	52,675
2035-2037	1,225,000	12,650
<b>Total</b>	<b>\$4,325,000</b>	<b>\$388,700</b>

**Note 13 – 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:

**VILLAGE OF EVENDALE  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012  
(Continued)**

**Note 13 – Fund Balances** (continued)

Fund Balances	General Fund	Other Governmental Funds	Total
<b>Restricted for</b>			
Road Improvements		914,710	914,710
Police Operations		61,472	61,472
Fire Operations			0
Emergency Medical Services			0
Unclaimed Monies			0
Debt Service			0
Issue II Projects			0
<i>Total Restricted</i>	0	976,182	976,182
<b>Committed to</b>			
Road Improvements		0	0
Capital Improvements		1,145,527	1,145,527
<i>Total Committed</i>	0	1,145,527	1,145,527
<b>Assigned to</b>			
Road Improvements		631,980	631,980
Capital Improvements		176,225	176,225
Police Operations		170,743	170,743
Fire Services		79,875	79,875
Other Purposes	556,883	2,038	558,921
<i>Total Assigned</i>	556,883	1,060,861	1,617,744
Unassigned (deficits):	14,130,188		14,130,188
<i>Total Fund Balances</i>	\$14,687,071	\$3,182,570	\$17,869,641

**Note 14– Interfund Transfers**

During 2012 the following transfers were made:

Street Construction Maintenance & Repair Fund	\$ 425,000
State Highway Improvement fund	55,000
Gorman Heritage Farm Fund	300,000
Capital Improvement Fund	2,139,465
Debt Service Fund	<u>228,360</u>
Total Transfers from General Fund	<u>\$3,147,825</u>

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.

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This discussion and analysis of the Village of Evendale's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$740,613, or 4.8%. The General Fund had an increase of \$753,053 and the remainder of the funds decreased by \$12,440.

The Village's general receipts are primarily earnings taxes. Earnings tax represents 87% 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 \$126,213 in 2011, a slight decrease from 2010. Revenues from EMS services are accounted for in a Special Revenue Fund, Fire Services, and are used to help offset the cost of providing Fire and EMS services and equipment costs.

In 2011 the Village Council elected not to collect property taxes that would increase the total revenues of the Village by approximately \$900,000. The property tax millage available to the Village includes the following:

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

On January 12, 2006 the Village Council passed Ordinance 06-03 approving the execution of a tax incentive agreement with the Princeton School District and Evendale Commons Ltd. for the improvement of certain real property located in the Village. On April 2, 2009 the Village Council passed Ordinance 09-16 providing for the issuance of Tax Increment Revenue Notes by the Village, not to exceed \$4,385,000. The Council has previously issued its Tax Incremental Revenue Bond Anticipation Notes, in anticipation of the issuance of tax increment revenue bonds to fulfill its agreements. On April 2, 2009 the Village signed a Contract of Purchase with Fifth Third Securities, Inc, the underwriter, for the underwriter to purchase and resell the notes of the Village in the amount of \$4,385,000 with an interest rate that would be set weekly. The notes were dated May 14, 2009. The Village received \$4,385,000 from the sale of the notes in 2009. The notes are not a general obligation of the Village and the general credit and taxing power of the Village are not pledged to the payment of the debt service on the notes. Only the revenues from the service payments, to be made by owners of the property located within the Evendale Commons project, and the Letter of Credit issued by Evendale Commons Ltd., are pledged to pay the debt service on the notes. Because the original ordinance, 06-03, set a maximum dollar amount of \$4,385,000, any expenses exceeding that amount will be paid by Evendale Commons Ltd. Walmart contested the valuation of their property located within the TIF district.

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Walmart received a reduction in its property value resulting in a significant refund of previous payment as well as reduced future payments. The refund resulted in a reduction of revenue generated by the TIF in 2011. TIF revenues were \$154,555.38 in 2011. At the end of 2011, the TIF is not generating enough revenue to service the debt.

**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 and No. 54, as applicable to the Government's modified cash basis of accounting.

**Report Components**

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

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

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 and 54. 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, park operations, local tax return preparation, trash and yard waste removal, and maintenance of Village streets and thoroughfares.

The Statement of Net Positions and the Statement of Activities reflect how the Village performed financially during 2011, within the limitations of modified cash basis accounting. The Statement of Net Positions presents the cash balances and investments of the governmental and business-type activities of

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the Village as of December 31, 2011. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

**Reporting the Village's Most Significant Funds**

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental fund in 2011 was the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. This relationship is presented in a reconciliation presented with the governmental fund financial statements.

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**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 on a modified cash basis:

(Table 1)  
**Net Positions**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and Investments	16,100,659	15,360,046
<b>Total Positions</b>	<b><u>16,100,659</u></b>	<b><u>15,360,046</u></b>
<b>Net Positions</b>		
Restricted for:		
Debt Service	516,970	487,379
Capital Projects	313,303	383,560
Other Purposes	1,261,462	1,233,236
Unrestricted	<u>14,008,924</u>	<u>13,255,871</u>
<b>Total Net Positions</b>	<b><u>16,100,659</u></b>	<b><u>15,360,046</u></b>

- As mentioned previously, net positions of governmental activities increased \$740,613, or 4.8% during 2011.

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Table 2 reflects the changes in net positions on a modified cash basis in 2011 and 2010 for governmental activities.

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

	<i>Table 2</i>	<i>Table 2</i>
	Governmental Activities 2011	Governmental Activities 2010
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$708,863	\$730,649
Operating Grants and Contributions	453,309	362,614
Capital Grants and Contributions	54,290	391,860
Total Program Receipts	<u>1,216,462</u>	<u>1,485,123</u>
General Receipts:		
Payments in Lieu of Taxes	154,555	1,017,228
Earnings Tax	11,626,268	10,807,938
Grants and Entitlements Not Restricted to Specific Programs	297,528	343,940
Bonds Issued	0	0
Interest	60,080	128,531
Miscellaneous	51,138	174,664
Total General Receipts	<u>12,189,568</u>	<u>12,472,302</u>
Total Receipts	<u>13,406,031</u>	<u>13,957,426</u>
Disbursements:		
General Government	2,383,109	3,148,595
Security of Persons and Property	5,463,095	5,246,538
Public Health Services	12,152	12,990
Leisure Time Activities	1,711,463	1,773,440
Community Environment	267,857	1,374,175
Basic Utilities	243,996	252,249
Transportation	837,131	909,942
Capital Outlay	1,472,248	2,103,401
Principal Retirement	240,000	220,000
Interest and Fiscal Charges	34,368	39,676
Water	0	0
Total Disbursements	<u>12,665,417</u>	<u>15,081,005</u>
Excess (Deficiency) Before Transfers	740,613	(1,123,580)
Transfers	0	0
Increase (Decrease) in Net Assets	<u>740,613</u>	<u>(1,123,580)</u>
Net Position, January 1,	<u>15,360,046</u>	<u>16,483,626</u>
Net Position, December 31,	<u>\$16,100,659</u>	<u>\$15,360,046</u>

Program receipts represent only 9.7% of total receipts and are primarily comprised of recreation receipts, Charges for Emergency Medical Services, restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits, inspection fees, and fines and forfeitures.

General receipts represent 92.3% of the Government's total receipts. Local earnings tax is nearly 87.1% of the general receipts with the service payments from the Evendale Commons Public Improvement

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project accounting for 1.2%. Federal grants account for 6% with interest income accounting for .4%. Miscellaneous receipts are immaterial and somewhat unpredictable revenue sources.

The earnings tax receipts as of 2011 reflected a 7.6% increase over the receipts as of 2010. The increase was not limited to a particular area of collection such as withholding tax, business tax, or individual tax, or to the collection of an unexpected receipt. The 7.6% increase reflects the increase seen in each of the three areas of earnings tax collection for the tax year 2011.

The payments in lieu of taxes declined from 2010 to 2011 due to a change in property value of a major retailer within the TIF zone.

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

General Government expenditures decreased by 24% from 2010 to 2011 due to reduced costs from a new waste collection contract, decrease in workers compensation costs and overall cost cutting efforts.

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 Economic Development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business. Transportation is the cost of maintaining the roads.

The Community Environment expenditures decreased from 2010 to 2011 due to the completion of a million dollar business retention contract in 2010.

### **Governmental Activities**

A comparison between the total cost of services and the net cost of services for Governmental Activities is presented in Table 3. The first column on the Statement of Activities, which accompanies this report, lists the major services provided by the Village. The second column identifies the costs of providing these services. The major program disbursement for Governmental Activities is for Security of Persons and Property, which account for 43.1% of all governmental disbursements. General Government (18.8%), Leisure Time Activities (13.5%) and Capital Outlay (11.6%) also represent significant costs. Debt Service, Principal and Interest, represents is 2%. The "Net Cost" amount represents the cost of the service being paid from money provided by the general receipts. Program Receipts, on the Statement of

Activities, are the amounts paid by those who are directly charged for the services received and include grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column, on the Statement of Activities, compares the program receipts to the cost of the service which are presented at the bottom of the Statement of Activities.

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(Table 3)

**Governmental Activities**

	Total Cost Of Services 2011	Net Cost of Services 2011
	2011	2011
General Government	\$2,383,109	\$2,343,147
Security of Persons and Property	5,463,094	5,158,826
Public Health Services	12,152	12,152
Leisure Time Activities	1,711,463	1,404,887
Economic Development	267,857	155,510
Basic Utilities	243,996	243,996
Transportation	837,131	383,821
Capital Outlay	1,472,248	1,472,248
Principal Retirement	240,000	240,000
Interest and Fiscal Charges	34,368	34,368
Total Expenses	\$12,665,417	\$11,448,954

The dependence upon Earnings Tax receipts is apparent through this analysis as approximately 90% of governmental activities are supported through this general receipt.

**The Government's Funds**

Total governmental funds had receipts and other financing sources of \$13,356,270, and disbursements of \$12,665,418. The greatest change within governmental funds occurred within the General Fund. The Fund Balance of the General Fund increased \$753,053.

**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 2011, the Village amended its General Fund budget several times to reflect changing circumstances. The increase between final budgeted receipts and actual receipts was \$52,431. Final disbursements were budgeted at \$13,000,502 while actual disbursements were \$11,805,215.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure as part of the financial statements as allowed by the Auditor of State. Inventories of Furniture and Fixtures, Machinery and Equipment and Vehicles are kept by each department and inventoried per the Fixed Asset policy approved by the Village Council in 2005.

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Debt

At December 31, 2011 the Village's outstanding debt included \$220,000 in general obligation bonds issued for purchase of property . For further information regarding the Village's debt, refer to Note 12 in the Notes to the Basic Financial Statements. In addition, the Village issued \$4,385,000 in Tax Increment Revenue Notes in 2009 which are not a general obligation of the Village and the general credit and taxing power of the Village are not pledged to the payment of the debt service on these funds. Only the revenues from the service payments, to be made by owners of the property located within the Evendale Commons project, and the Letter of Credit issued by Evendale Commons Ltd, are pledged to pay the debt service on the notes.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within its funding. The Village relies heavily on local earnings taxes from its manufacturing base. In September 2004 Council approved a planned business development plan, Evendale Commons Business Park, which will continue to bring additional office and retail space to the Village. The downturn in the economy in 2008 and 2009 has delayed further investment in the Evendale Commons project. With the success of the few businesses in the Evendale Commons development, further development of this property should continue as the economy improves over time.

In response to the downturn in the economy and the small increase in earnings tax revenues again in 2010, the Village Council took an aggressive stance on the 2011 budget. Each full time staff received an \$850 onetime payment in 2011 instead of a percentage increase and health insurance higher deductibles and employee contributions were continued. On the up side Council did approve the purchase of a new fire ladder truck in 2011 and added the reconstruction of Margate Terrace during the year.

Earnings Tax revenues for 2011 were 10.7% above budget. Withholding, individual and business accounts were all up. Estimates for Earnings Tax revenue in 2012 were set at \$11,400,000.

**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 the Chief Fiscal and Accounting Officer, Village of Evendale, 10500 Reading Road, Evendale, Ohio 45241.

**Village of Evendale, Hamilton County**  
*Statement of Net Positions - Modified Cash Basis*  
*December 31, 2011*

	Governmental Activities	Total
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$16,100,659	\$16,100,659
<i>Total Assets</i>	\$16,100,659	\$16,100,659
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$313,303	\$313,303
Debt Service	516,970	516,970
Other Purposes	1,261,461	1,261,461
Unrestricted	14,008,924	14,008,924
<i>Total Net Positions</i>	\$16,100,659	\$16,100,659

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Activities - Modified Cash Basis*  
For the Year Ended December 31, 2011

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	2,383,109	39,962	0	0
Security of Persons and Property	5,463,094	249,979	0	54,290
Public Health Services	12,152	0	0	0
Leisure Time Activities	1,711,463	306,575	0	0
Community Environment	267,857	112,347	0	0
Basic Utility Services	243,996	0	0	0
Transportation	837,131		453,309	
Capital Outlay	1,472,248	0	0	0
Debt Service	274,368	0	0	0
<i>Total Governmental Activities</i>	12,665,418	708,863	453,309	54,290
<b>Total</b>	<b>12,665,418</b>	<b>708,863</b>	<b>453,309</b>	<b>54,290</b>

**General Receipts**

Property Taxes Levied for:  
Municipal Income Taxes  
Payments in Lieu of Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Sale of Capital Assets  
Interest  
Miscellaneous

*Total General Receipts*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and  
Changes in Net Assets

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Governmental Activities	Total
(2,343,147)	(2,343,147)
(5,158,826)	(5,158,826)
(12,152)	(12,152)
(1,404,887)	(1,404,887)
(155,510)	(155,510)
(243,996)	(243,996)
(383,821)	(383,821)
(1,472,248)	(1,472,248)
(274,368)	(274,368)
<hr/>	
(11,448,955)	(11,448,955)
<hr/>	
(11,448,955)	(11,448,955)
<hr/>	
11,626,268	11,626,268
154,555	154,555
297,528	297,528
874	874
60,080	60,080
50,264	50,264
<hr/>	
12,189,568	12,189,568
<hr/>	
740,613	740,613
<hr/>	
15,360,046	15,360,046
<hr/>	
16,100,659	16,100,659
<hr/> <hr/>	

**Village of Evendale, Hamilton County**  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*as of December 31, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$14,008,924	\$2,091,735	\$16,100,659
<i>Total Assets</i>	<u>\$14,008,924</u>	<u>\$2,091,735</u>	<u>\$16,100,659</u>
<b>Fund Balances</b>			
Restricted	0	840,853	840,853
Committed	\$0	\$63,272	63,272
Assigned	475,194	1,187,610	1,662,804
Unassigned	13,533,730	0	13,533,730
<i>Total Fund Balances</i>	<u>\$14,008,924</u>	<u>\$2,091,735</u>	<u>\$16,100,659</u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified-Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Municipal Income Taxes	11,626,268		\$11,626,268
Property and Other Local Taxes		154,555	154,555
Charges for Services	264,865	171,638	436,503
Fines, Licenses and Permits	256,250	15,570	271,820
Intergovernmental	305,784	499,882	805,667
Interest	53,964	6,116	60,080
<i>Total Receipts</i>	<u>12,507,131</u>	<u>847,762</u>	<u>13,354,893</u>
<b>Disbursements</b>			
Current:			
General Government	2,295,969	87,140	2,383,109
Security of Persons and Property	5,457,556	5,538	5,463,094
Public Health Services	12,152		12,152
Leisure Time Activities	1,375,259	336,204	1,711,463
Community Environment	267,857		267,857
Basic Utility Services	243,996		243,996
Transportation		837,131	837,131
Capital Outlay	273,201	1,199,047	1,472,248
Debt Service:			
Principal Retirement	0	240,000	240,000
Interest and Fiscal Charges	0	34,368	34,368
<i>Total Disbursements</i>	<u>9,925,990</u>	<u>2,739,427</u>	<u>12,665,418</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,581,140</u>	<u>(1,891,665)</u>	<u>689,475</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	874		874
Transfers In	0	1,426,225	1,426,225
Transfers Out	(1,426,225)	0	(1,426,225)
Advance In	25,000	478,000	503,000
Advance Out	(478,000)	(25,000)	(503,000)
Other Financing Sources	50,264	0	50,264
<i>Total Other Financing Sources (Uses)</i>	<u>(1,828,088)</u>	<u>1,879,225</u>	<u>51,138</u>
<i>Net Change in Fund Balances</i>	753,053	(12,440)	740,613
<i>Fund Balances Beginning of Year</i>	<u>13,255,871</u>	<u>2,104,174</u>	<u>15,360,046</u>
<i>Fund Balances End of Year</i>	<u><u>14,008,924</u></u>	<u><u>\$2,091,734</u></u>	<u><u>\$16,100,659</u></u>

See accompanying notes to the basic financial statements

**Village of Evendale, Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2011*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$10,500,000	\$11,600,000	\$11,626,268	\$26,268
Charges for Services	268,165	257,584	\$264,865	7,281
Fines, Licenses and Permits	192,000	222,100	\$256,250	34,150
Intergovernmental	374,072	314,403	\$305,784	(8,619)
Interest	235,000	60,613	\$53,964	(6,649)
<i>Total receipts</i>	11,569,237	12,454,700	12,507,131	52,431
<b>Disbursements</b>				
Current:				
General Government	3,059,045	2,934,045	2,771,163	162,881
Security of Persons and Property	5,767,198	5,767,198	5,457,556	309,642
Public Health Services	12,200	12,200	12,152	48
Leisure Time Activities	1,564,157	1,540,157	1,375,259	164,899
Community Environment	343,123	343,123	267,857	75,266
Basic Utility Services	266,500	266,500	243,996	22,504
Capital Outlay	84,000	233,000	273,201	(40,201)
<i>Total Disbursements</i>	11,096,222	11,096,222	10,401,184	695,038
<i>Excess of Receipts Over (Under) Disbursements</i>	473,015	1,358,478	2,105,946	(747,469)
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	1,000	1,000	874	(126)
Transfers Out	(1,714,280)	(1,904,280)	(1,426,225)	478,055
Advances In			25,000	25,000
Advances Out			(478,000)	(478,000)
Other Financing Sources	60,000	60,000	50,264	(9,736)
<i>Total Other Financing Sources (Uses)</i>	(1,653,280)	(1,843,280)	(1,828,088)	15,192
<i>Net Change in Fund Balance</i>	(1,180,265)	(484,802)	277,859	(732,277)
<i>Fund Balance Beginning of Year</i>	12,571,994	12,571,994	12,571,994	0
Prior Year Encumbrances Appropriated	683,878	683,878	683,878	0
<i>Fund Balance End of Year</i>	\$12,075,606	\$12,771,069	\$13,533,730	(\$732,277)

See accompanying notes to the basic financial statements

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>\$161,880</u>
Total Non-Operating Cash Receipts	<u>161,880</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>167,312</u>
Total Non-Operating Cash Disbursements	<u>167,312</u>
Net Receipts Over Disbursements	(5,432)
Fund Cash Balance, January 1	<u>12,645</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$7,213</u></u>

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

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**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**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, elected to a four-year term, runs the Council meetings and votes only to break a tie.

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

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a 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.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net positions 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Village does not have Business-type activities.

The statement of net positions presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Funds**

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

**C. Basis of Accounting**

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

As a result of the use of 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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Chief Fiscal and Accounting Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council. The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The Village Council must annually approve the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at the end of the year.

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Village Council. The County Budget Commission must also approve these resources.

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

**E. Equity in Pooled Cash and Investments**

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

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

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

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

During 2011, the Village invested in U.S. Government Agencies, STAR Ohio and a money market fund. All investments are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2011.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts during 2011 were \$60,080.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

**I. Inter-fund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without the requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds.

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

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

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

**M. Net Assets**

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

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies** (continued)

**N. Fund Balance Reserves**

Fund Balance is divided into five classifications based 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:

***Nonspendable*** - The nonspendable fund balance category is legally or contractually required to be maintained intact.

***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.

***Committed*** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specific use by taking the same type of action it (ordinance or resolution) employed to previously commit those amounts. In contrast to the 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 Village Council or a Village official delegated that authority by ordinance, or by State Statute.

***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  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

**Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *modified* cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis). (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$475,194 for the general fund and \$97,960 for all other funds. There was an outstanding advance at year-end from the General Fund to the Fire Services Fund of \$453,000.

**Note 5 – Deposits and Investments**

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

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

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

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.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 5 – Deposits and Investments** (continued)

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

- (1) United States treasury bills, notes, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
- (3) Interim deposits in the eligible institutions applying for interim moneys as provided in section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with section 135.09 of the Revised Code and the treasurer or the governing board shall determine the periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim deposit award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though the institution had not applied for such interim deposit. No more than 50% of the investment funds may be in Interim deposits
- (4) Bonds and other obligations of this state; No more than 50% of the investment funds may be in bonds and other obligations of this state.
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.03 of the Revised Code; No more than 50% of the investment funds may be in No-load money market mutual funds.
- (6) The Ohio subdivision's fund as provided in section 135.45 of the Revised Code;
- (7) Up to twenty-five per cent of interim moneys available for investment in either of the following:
  - (a) Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:
    - (i) The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
    - (ii) The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 5 – Deposits and Investments** (continued)

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

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

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

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

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

At year end, the Village had \$3,000.00 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

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

At year end, the carrying amount of the Village's deposits was \$1,737,467 and the bank balance was \$1,851,245. Of the bank balance \$250,000 was covered by federal depository insurance and \$1,601,245 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The Village's investments are required to be categorized to give an indication of the level of risk assumed

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 5 - Deposits and Investments** (continued)

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

Deposits

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

Investments

As of December 31, 2011, the Village had the following investments:

	<u>Book Value</u>	<u>Maturity Date</u>
Fifth Third Money Market Account	\$ 1,166,270	
Fifth Third Inst Govt MMKT	12,129,517	
Brokered CD's		
Ally Bank Midvale Ut	250,000	3/09/12
New Dominion Bank Charlotte NC	250,000	5/15/12
Firstbank PR Santurce	<u>250,000</u>	9/10/12
	750,000	
Star Ohio	<u>1,483,674</u>	
Total Investments	<u>\$15,529,461</u>	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 5 - Deposits and Investments** (continued)

The Money Market Fund carries a rating of AAAM by Standard and Poor's and STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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

**Note 6 – Earnings Taxes**

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

**Note 7 – Property Taxes**

Property taxes are not collected by the Village. Each year the Village Council reviews this policy during the preparation of the Mayor's budget in June. The total of property tax which could be levied and collected annually by the Village is approximately \$900,000. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 7 – Property Taxes** (continued)

The authorized property tax millage for Village operations for the year ended December 31, 2008 are as follows:

General Fund:	2.16 mils inside .84 mils outside as provided for by the Village Charter
Police Pension Fund:	.30 mils outside as provided for by the Village Charter
Fire Pension Fund:	.04 mils outside as provided for by the Village Charter

**Note 8– Risk Management**

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

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions.

**Note 9 – Public Entity Risk Pool**

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

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

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

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 9 – Public Entity Risk Pool** (continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2011</u>
Cash and investments	\$10,956,412
Actuarial liabilities	\$ 3,442,991

**Note 10 – Defined Benefit Pension Plans**

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
  2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
  3. The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.
- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 10– Defined Benefit Pension Plans** (continued)

The 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively.

The 2011 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

F. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were **\$270,186, \$269,415, and \$269,772** respectively. The full amount has been contributed for each year.

**B. Ohio Police and Fire Pension Fund**

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

Funding Policy – The Ohio Revised Code requires plan members are to contribute 10.0 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75percent of covered payroll for police officers and 17.25percent of covered payroll for firefighters. The Village's required contributions to OP&F for police and firefighters pension the years ended December 31, 2011, 2010, and 2009 were **\$708,510, \$694,580, and \$716,616** respectively. The full amount has been contributed for each year.

**Note 11 – Post Employment Benefits**

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

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 11 – Post Employment Benefits** (continued)

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 11 - Post employment Benefits** (continued)

The Village's contribution to fund the post-employment health care benefits for the years ended December 31, 2011, 2010 and 2009 were \$77,192, \$76,972 and \$77,074, respectively. The full amount has been contributed for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

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

The OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide 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. That report may be obtained by writing OP&F, 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 plan. Participating employers are required by the Ohio Revised Code 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 employers respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 11 - Post employment Benefits** (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 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 and is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees is 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 contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$156,581, \$153,502 and \$158,372, for the years ended December 31, 2011, 2010, 2009 respectively. The full amount has been contributed for each year.

**Note 12 - Debt**

The Evendale Commons bonds are tax increment bonds and will mature December 31, 2037. The bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation , and the bonds do not represent or constitute a debt or pledge of the faith and credit of the Village. Only the revenues from the service payments to be made by owners of the property located within the Evendale Commons project and the Letter of Credit issued by Evendale Commons Ltd. Are pledged to pay the debt service on the bonds.

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

	Beginning Balance	Addition	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<u>Tax Increment Revenue Bonds</u>					
Evendale Commons Ltd Project 5.5-6.2%	\$4,365,000	0	(\$20,000)	\$4,345,000	\$20,000
<u>General Obligation Bonds:</u>					
Real Estate Acquisition Bonds 3.4%-3.8%	\$ 440,000	0	(220,000)	220,000	220,000
	<u>\$4,805,000</u>	<u>0</u>	<u>(240,000)</u>	<u>\$4,565,000</u>	<u>\$240,000</u>

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 12 - Debt**

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

Year Ending December 31	Governmental Activities			
	Tax increment Revenue bonds		General Obligation Bonds	
	Principle	Interest	Principle	Interest
2012	20,000	13,386	220,000	8,360
2013	20,000	21,625	0	0
2014	25,000	21,525	0	0
2015-2019	250,000	105,075	0	0
2020-2024	535,000	95,875	0	0
2025-2029	890,000	79,275	0	0
2030-2034	1,380,000	52,675	0	0
2035-2037	1,225,000	12,650	0	0
<b>Total</b>	<b>\$4,345,000</b>	<b>\$402,086</b>	<b>\$220,000</b>	<b>\$8,360</b>

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**Note 13 – 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:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Funds</u>	<u>Total</u>
<b>Restricted for</b>			
Road Improvements		776,237	776,237
Police Operations		64,616	64,616
Fire Operations			0
Emergency Medical Services			0
Unclaimed Monies			0
Debt Service			0
Issue II Projects			0
<i>Total Restricted</i>	<u>0</u>	<u>840,853</u>	<u>840,853</u>
<b>Committed to</b>			
Road Improvements		63,272	63,272
Other Purposes			0
<i>Total Committed</i>	<u>0</u>	<u>63,272</u>	<u>63,272</u>
<b>Assigned to</b>			
Road Improvements		745,607	745,607
Capital Improvements		250,031	250,031
Fire Services		158,969	158,969
Other Purposes	475,194	33,002	508,196
<i>Total Assigned</i>	<u>475,194</u>	<u>1,187,609</u>	<u>1,662,803</u>
Unassigned (deficits):	<u>13,533,730</u>		<u>13,533,730</u>
<i>Total Fund Balances</i>	<u>\$14,008,924</u>	<u>\$2,091,734</u>	<u>\$16,100,658</u>

**Note 14– Interfund Transfers**

During 2011 the following transfers were made:

Street Construction Maintenance & Repair Fund	\$ 725,000
Gorman Heritage Farm Fund	274,945
Capital Improvement Fund	190,000
Debt Service Fund	<u>236,280</u>
Total Transfers from General Fund	<u>\$1,426,225</u>

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.

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**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>Federal Highway Administration</b> <i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction		20.205	\$1,081,451
Total Federal Highway Administration			<u>1,081,451</u>
<b>Total</b>			<u><u>1,081,451</u></u>

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1—BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the *Village of Evendale's* financial statements. The Village uses the Modified Cash basis of accounting. Expenditures represent only the federally funded portions of the program. Village records should be consulted to determine amounts expended or matched from non-federal sources.

**NOTE 2—PROGRAM COSTS/MATCHING CONTRIBUTIONS**

The amounts shown as current year expenses represent only the Federal grant portion of the program costs. Entire program costs, including the Village's portion, may be more than shown.



# Dave Yost • Auditor of State

## 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 financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Village of Evendale, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 9, 2013, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. Our opinion also explained that the Village adopted *Governmental Accounting Standard No. 54* during the year.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. We consider finding 2012-001 as described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-002 described in the accompanying schedule of findings to be a significant deficiency.

***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 determination of financial statement amounts. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2012-001.

***Entity's Response to Findings***

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

***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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 9, 2013



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Village of Evendale's, Hamilton County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Evendale's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Village's major federal program.

### ***Management's Responsibility***

The Village's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Village's compliance for each of the Village's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Village of Evendale complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2012-003. This finding did not require us to modify our compliance opinion on the major federal program.

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

**Report on Internal Control Over Compliance**

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2012-003 to be a material weakness.

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

Village of Evendale  
Hamilton County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control Over  
Compliance Required by OMB 133  
Page 3

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 9, 2013

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**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Construction 20.205      Planning Cluster      and CFDA#
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2012-001**

**Noncompliance/Material Weakness**

**Ohio Rev. Code, Section 733.28**, states that the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived there from, and of all taxes and assessments.

**FINDING NUMBER 2012-001  
(Continued)**

**Ohio Admin. Code Section 117-2-02** states that: (A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Also, when designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, also ensuring Village financial activities are properly disclosed and referenced in the notes to the financial statements.

We noted the following conditions based on the review of the Village's financial records:

- In 2012, the Village posted a receipt for "payment in lieu of tax" from Hamilton County in the amount of \$131,041 as an Other Financing Sources, in the Evendale Commons Fund (400). Also, the village posted this receipt at its net amount of \$123,841, rather than at gross, thereby understating both receipts and expenditures by \$7,200.
- The Village failed to properly disclose the Tax Incremental Financing Debt in the Notes to the Financial Statements in both 2011 and 2012, in the amounts of \$4,365,000 and \$4,345,000 respectively. The Notes to the Financial Statements included in this report have been corrected to include this information. The finding was also included in the prior audit management letter.

Failure to properly post revenues and disbursements can result in inaccurate records and increases the risk of the Village misappropriating funds.

We recommend that the Village properly post all federal, state, local revenue receipts, and expenditures. Transactions posted to the ledgers should be reviewed for accuracy. Also, the Village should review the standards for required disclosures and make sure that appropriate material disclosures are included. Comparisons between years may aid in determining proper posting and reporting.

**Officials' Response:**

Finding 2012-001 - A payment related to TIF financing was booked net instead of gross. This entry was made during a transition period in the CFAO office and will not occur in the future. All TIF related payments have been posted gross subsequently. Additionally a TIF debt footnote was not included in the financial statements in 2011 and 2012 as there was some question as to the ownership of the debt. This was due to the contracts indicating the TIF debt was not a legal obligation of the Village since the debt was held with a letter of credit by the developer. The TIF debt footnote will be included in the footnotes henceforth.

**FINDING NUMBER 2012-002**

**Significant Deficiency**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. The Village failed to accurately post estimated resources to the accounting system. We identified the following difference between the accounting system and the approved budgetary documents:

**FINDING NUMBER 2012-002  
(Continued)**

<b>Fund</b>	<b>Amount Certificate Estimated Resources</b>	<b>Per of</b>	<b>Amount Posted to the Accounting System</b>	<b>Variance</b>
General – 2012	\$13,588,900		\$12,403,473	\$(1,185,427)

Failure to properly post estimated receipts could result in excessive spending and negative fund balances.

We recommend the Village properly post estimated resources to their budgetary ledgers. Once posted, the Chief Fiscal and Accounting Officer and the Council Members should compare the estimated resources in the accounting system to the official documents.

**Officials' Response:**

Finding 2012-002 - The Certificate of Estimated Resources revenue figure used was based on money that the Village had received in December. The final revenue exceeded the budget significantly and so the final disclosure was based on that figure rather than the budget figure. The budget was not updated in the system given the year was essentially completed. If there is a significant change in receipts in the future both the Certificate of Estimated Resources and the budget will be updated.

**3. FINDINGS FOR FEDERAL AWARDS**

**Federal Schedule and Program Identification**

<b>Finding Number</b>	2012-003
<b>CFDA Title and Number</b>	20.205 Highway Planning and Construction
<b>Federal Award Number / Year</b>	2012
<b>Federal Agency</b>	Federal Highway Administration
<b>Pass-Through Agency</b>	Ohio Department of Transportation

**Noncompliance/Material Weakness**

**OMB Circular A-133, Subpart C, Section .300\*** states that the auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity. (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulation, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. (c) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB Circular A-133, Section 310.

**FINDING NUMBER 2012-003  
(Continued)**

Originally, the Village did not identify the Highway Planning and Construction Cluster CFDA #20.205 as a major federal program that was subject to an A-133 audit, and failed to prepare a federal schedule. However, during the audit, the Village was made aware of this program and prepared a federal schedule.

Failure to identify federal programs when they are granted, and to track receipts and expenditures by their specific source, could result in noncompliance with federal grant requirements.

The Village should review and compare the grants received by the village to ensure they have identified all possible federal programs received by the Village. We also recommend the Village review OMB Circular A-133, Subpart C, Section .300 to ensure they comply with all federal standards.

**Officials' Response:**

Finding 2012-003 - The Village Engineer was unaware the traffic signal project contracted through ODOT was using a pass through of Federal dollars. He believed that the funds were coming from the State as they had in past projects with ODOT. All contracts with State and or Governmental entities, Village wide will be provided to the CFAO office to ensure proper reporting of Federal Funds in the future.

**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-1	ORC 5705.41B, Expenditures exceeding Appropriations	No	Partially Corrected, reissued in the Management Letter

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**VILLAGE OF EVENDALE  
HAMILTON COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (C)  
DECEMBER 31, 2012 AND 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-003	In the future, to prevent the failure of reporting federal funds, to the Schedule of Federal Expenditures. All contracts between the Village and any Federal, State and or Local Governmental entities Village wide, will be provided to the Chief Financial and Accounting Office to ensure the proper reporting of Federal Funds in the future.	9/11/13	Ms. Cynthia Caracci

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# Dave Yost • Auditor of State

**VILLAGE OF EVENDALE**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 1, 2013**