

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
(Audited)

For The Year Ended
December 31, 2007

MS. NANCY MYERS, AUDITOR



Mary Taylor, CPA
Auditor of State

Members of Council
City of Greenville
100 Public Square
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of the City of Greenville, Darke County, prepared by Julian & Grube, Inc. for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 10, 2008

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**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Members of Council and Mayor
City of Greenville
100 Public Square, Rm. 200
Greenville, Ohio 45331

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Darke County, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City of Greenville's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Greenville's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Darke County, Ohio, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue fund: Clean Ohio Revitalization for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2008, on our consideration of the City of Greenville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of Council and Mayor
City of Greenville
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenville's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City of Greenville. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 4, 2008

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

The management's discussion and analysis of the City of Greenville's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance. As stated in Note 2 to the basic financial statements, the financial information contained in this report is presented in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP-basis financial information will differ from cash basis information as maintained by City during the year.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The total net assets of the City increased \$4,400,549. Net assets of governmental activities increased \$3,834,124 or 20.31% from 2006 and net assets of business-type activities increased \$566,425 or 2.92% from 2006.
- General revenues accounted for \$8,890,193 of total governmental activities revenue. Program specific revenues accounted for \$4,938,554 or 35.71% of total governmental activities revenue.
- The City had \$9,970,623 in expenses related to governmental activities; \$4,938,554 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$5,032,069 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$8,890,193.
- The City has two major funds, the general fund and the clean Ohio revitalization fund. The general fund had revenues and other financing sources of \$8,919,289 in 2007. This represents a decrease of \$248,540 from 2006 revenues. The expenditures and other financing uses of the general fund, which totaled \$8,271,389 in 2007, decreased \$596,588 from 2006. The net increase in fund balance for the general fund was \$647,900 or 20.02%.
- The clean Ohio revitalization fund had revenues of \$931,295 in 2007. This represents an increase of \$931,295 from 2006 revenues. The net increase in fund balance for the general fund was \$931,295 or 100%. During 2006 the fund received advances in of \$442,000 from the general fund. At December 31, 2007 the advances had not been repaid, and a liability has been recorded on the fund financial statements for "interfund loans payable."
- Net assets for the business-type activities, which are made up of the water, sewer, special park, swimming pool and parking enterprise funds, increased in 2007 by \$566,425.
- In the general fund, the actual revenues came in \$952,575 higher than they were in the final budget and actual expenditures were \$1,440,122 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Budgeted revenues increased \$55,893 from the original to the final budget due primarily to an increase in tax revenues. Budgeted expenditures increased \$55,893 from the original to the final budget.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net *assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-Type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, special park, swimming pool and parking operations are reported here.

The government-wide statement of net assets and statement of activities can be found on pages 15-17 of this report.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the Clean Ohio Revitalization fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements (including budgetary statements) can be found on pages 18-23 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, special park, swimming pool and parking functions. The City's major enterprise funds are the water and sewer funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has no fiduciary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-58 of this report.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Government-Wide Financial Analysis

Capital asset balances of the governmental activities have been restated at December 31, 2006 due to omissions in previous years (see Note 3.B. to the basic financial statements for detail). The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets					
			(Restated)			
	Governmental Activities 2007	Business-Type Activities 2007	Governmental Activities 2006	Business-Type Activities 2006	2007 Total	(Restated) 2006 Total
<u>Assets</u>						
Current and other assets	\$ 12,348,743	\$ 9,711,971	\$ 8,946,848	\$ 10,241,831	\$ 22,060,714	\$ 19,188,679
Capital assets	<u>17,081,458</u>	<u>12,595,815</u>	<u>15,781,121</u>	<u>11,603,745</u>	<u>29,677,273</u>	<u>27,384,866</u>
Total assets	<u>29,430,201</u>	<u>22,307,786</u>	<u>24,727,969</u>	<u>21,845,576</u>	<u>51,737,987</u>	<u>46,573,545</u>
<u>Liabilities</u>						
Current liabilities	2,043,644	176,591	2,069,238	119,705	2,220,235	2,188,943
Long-term liabilities	<u>4,677,986</u>	<u>2,159,418</u>	<u>3,784,284</u>	<u>2,320,519</u>	<u>6,837,404</u>	<u>6,104,803</u>
Total liabilities	<u>6,721,630</u>	<u>2,336,009</u>	<u>5,853,522</u>	<u>2,440,224</u>	<u>9,057,639</u>	<u>8,293,746</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	13,045,700	10,530,815	12,621,933	9,373,745	23,576,515	21,995,678
Restricted	4,559,904	314,802	2,331,116	307,615	4,874,706	2,638,731
Unrestricted	<u>5,102,967</u>	<u>9,126,160</u>	<u>3,921,398</u>	<u>9,723,992</u>	<u>14,229,127</u>	<u>13,645,390</u>
Total net assets	<u>\$ 22,708,571</u>	<u>\$ 19,971,777</u>	<u>\$ 18,874,447</u>	<u>\$ 19,405,352</u>	<u>\$ 42,680,348</u>	<u>\$ 38,279,799</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the City's assets exceeded liabilities by \$42,680,348. At year-end, net assets were \$22,708,571 and \$19,971,777 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 57.36% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2007, were \$13,045,700 and \$10,530,815 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2007, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's governmental net assets, \$4,559,904, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$5,102,967 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

The table below shows the changes in net assets for years 2007 and 2006.

	Change in Net Assets					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2007 Total	2006 Total
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$ 696,561	\$ 2,943,423	\$ 758,865	\$ 2,908,429	\$ 3,639,984	\$ 3,667,294
Operating grants and contributions	3,826,023	-	1,953,127	-	3,826,023	1,953,127
Capital grants and contributions	<u>415,970</u>	<u>48,273</u>	<u>-</u>	<u>-</u>	<u>464,243</u>	<u>-</u>
Total program revenues	<u>4,938,554</u>	<u>2,991,696</u>	<u>2,711,992</u>	<u>2,908,429</u>	<u>7,930,250</u>	<u>5,620,421</u>
General revenues:						
Property taxes	1,741,658	-	1,516,033	-	1,741,658	1,516,033
Income taxes	5,769,231	-	5,786,302	-	5,769,231	5,786,302
Unrestricted grants and entitlements	957,619	-	1,175,745	-	957,619	1,175,745
Investment earnings	273,651	473,791	175,493	483,738	747,442	659,231
Miscellaneous	<u>148,034</u>	<u>1,473</u>	<u>142,942</u>	<u>5,061</u>	<u>149,507</u>	<u>148,003</u>
Total general revenues	<u>8,890,193</u>	<u>475,264</u>	<u>8,796,515</u>	<u>488,799</u>	<u>9,365,457</u>	<u>9,285,314</u>
Expenses:						
General government	1,906,376	-	2,079,996	-	1,906,376	2,079,996
Security of persons and property	3,965,413	-	3,939,936	-	3,965,413	3,939,936
Public health and welfare	18,297	-	22,675	-	18,297	22,675
Transportation	3,079,336	-	2,459,764	-	3,079,336	2,459,764
Community environment	15,141	-	64,760	-	15,141	64,760
Leisure time activity	546,024	-	660,969	-	546,024	660,969
Utility services	279,168	-	150,559	-	279,168	150,559
Interest and fiscal charges	160,868	-	133,569	-	160,868	133,569
Water	-	1,364,885	-	1,646,042	1,364,885	1,646,042
Sewer	-	1,451,103	-	1,034,638	1,451,103	1,034,638
Special park	-	623	-	3,097	623	3,097
Swimming pool	<u>-</u>	<u>107,924</u>	<u>-</u>	<u>99,003</u>	<u>107,924</u>	<u>99,003</u>
Total expenses	<u>9,970,623</u>	<u>2,924,535</u>	<u>9,512,228</u>	<u>2,782,780</u>	<u>12,895,158</u>	<u>12,295,008</u>
Transfers	<u>(24,000)</u>	<u>24,000</u>	<u>(54,000)</u>	<u>54,000</u>	<u>-</u>	<u>-</u>
Change in net assets	3,834,124	566,425	1,942,279	668,448	4,400,549	2,610,727
Net assets at beginning of year (restated)	<u>18,874,447</u>	<u>19,405,352</u>	<u>16,932,168</u>	<u>18,736,904</u>	<u>38,279,799</u>	<u>35,669,072</u>
Net assets at end of year	<u>\$ 22,708,571</u>	<u>\$ 19,971,777</u>	<u>\$ 18,874,447</u>	<u>\$ 19,405,352</u>	<u>\$ 42,680,348</u>	<u>\$ 38,279,799</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Governmental Activities

Governmental activities net assets increased \$3,834,124 in 2007. This increase is a result in part due to total governmental revenues increasing from \$11,508,507 in 2006 to \$13,828,747 in 2007.

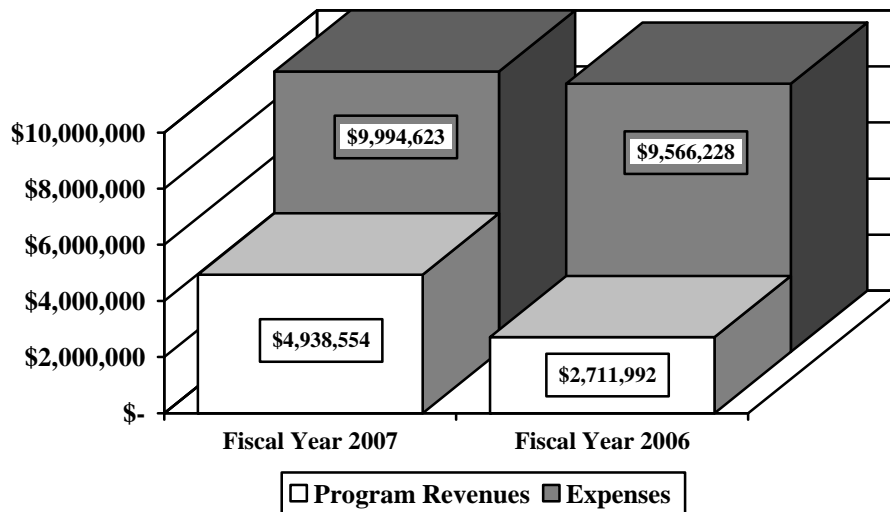
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$3,965,413 of the total expenses of the City. These expenses were partially funded by \$274,622 in direct charges to users of the services. Transportation expenses totaled \$3,079,336. Transportation expenses were partially funded by \$224,722 in direct charges to users of the services, \$3,629,273 in operating grants and contributions and \$415,970 in capital contributions.

The state and federal government contributed to the City a total of \$3,826,023 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$3,629,273 subsidized transportation programs, \$131,000 subsidized community environment programs and \$65,750 subsidized general government programs during 2007.

General revenues totaled \$8,890,193, and amounted to 64.29% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,510,889. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$957,619.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

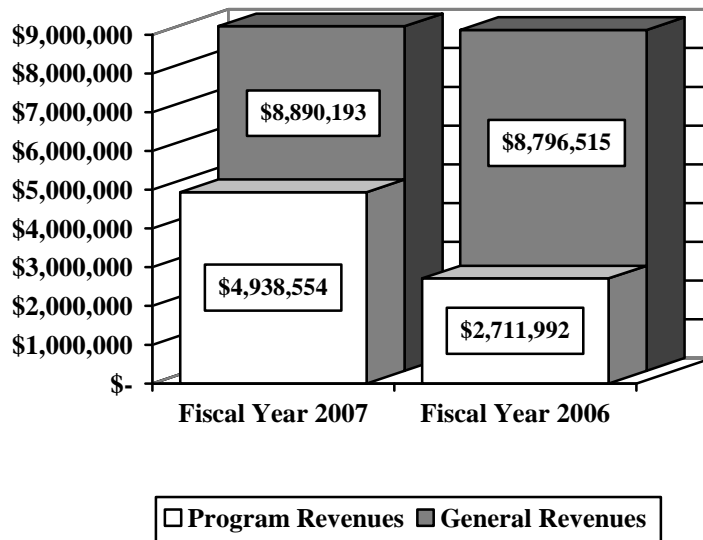
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 compared to 2006.

	Governmental Activities			
	<u>2007</u>		<u>2006</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Program Expenses:				
General government	\$ 1,906,376	\$ 1,734,604	\$ 2,079,996	\$ 1,881,723
Security of persons and property	3,965,413	3,690,791	3,939,936	3,690,873
Public health and welfare	18,297	18,193	22,675	22,675
Transportation	3,079,336	(1,190,629)	2,459,764	578,957
Community environment	15,141	(124,495)	64,760	(242,556)
Leisure time activity	546,024	463,569	660,969	584,436
Utility services	279,168	279,168	150,559	150,559
Interest and fiscal charges	<u>160,868</u>	<u>160,868</u>	<u>133,569</u>	<u>133,569</u>
Total	<u>\$ 9,970,623</u>	<u>\$ 5,032,069</u>	<u>\$ 9,512,228</u>	<u>\$ 6,800,236</u>

The dependence upon general revenues for governmental activities is apparent, with 50.47% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenue versus general revenues for 2007.

Governmental Activities - General and Program Revenues



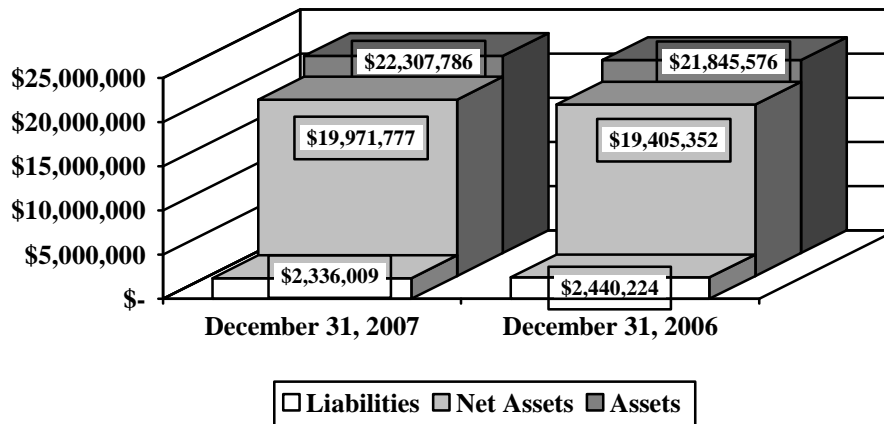
**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Business-Type Activities

Business-Type activities include the water, sewer, special park, swimming pool and parking enterprise funds. These programs had program revenues of \$2,991,696, general revenues of \$475,264, transfers in of \$24,000 and expenses of \$2,924,535 for 2007. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

Net Assets in Business - Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2007 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/07</u>	Fund Balances <u>12/31/06</u>	<u>Increase</u>
Major funds:			
General	\$ 3,884,331	\$ 3,236,431	\$ 647,900
Clean Ohio revitalization	931,295	-	931,295
Other nonmajor governmental funds	<u>2,526,777</u>	<u>2,133,385</u>	<u>393,392</u>
Total	<u>\$ 7,342,403</u>	<u>\$ 5,369,816</u>	<u>\$ 1,972,587</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

General Fund

The City's general fund balance increased \$647,900. The table that follows assists in illustrating the revenues of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Municipal income taxes	\$ 5,873,385	\$ 5,760,273	1.96 %
Property and other taxes	1,400,311	1,371,861	2.07 %
Charges for services	182,689	178,162	2.54 %
Licenses and permits	101,367	110,362	(8.15) %
Fines and forfeitures	127,424	113,159	12.61 %
Investment income	167,038	129,074	29.41 %
Special assessments	4,716	10,197	(53.75) %
Intergovernmental	884,706	1,205,886	(26.63) %
Donations	40,753	8,040	406.88 %
Other	42,900	95,815	(55.23) %
Total	<u>\$ 8,825,289</u>	<u>\$ 8,982,829</u>	(1.75) %

Tax revenue represents 82.42% of all general fund revenue. The increase in investment income is due to the rise in interest rates by the Federal Reserve Bank early in the year and an increasing general fund balance throughout the year. The decrease in intergovernmental revenue is due primarily to the decrease in the collection of local state funds, particularly estate tax. The decrease in other revenues is due to the decrease in reimbursements received by the City during the year. The increase in donations is due to an increase in the collections of donations. The increase in fines and forfeitures was caused by increased collections in municipal court fines. All other revenue remained comparable to 2006.

The table that follows assists in illustrating the expenses of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,882,845	\$ 1,862,912	1.07 %
Security of persons and property	3,688,427	3,485,420	5.82 %
Public health and welfare	18,297	22,675	(19.31) %
Transportation	280,247	124,824	124.51 %
Community environment	993	1,178	(15.70) %
Leisure time activity	575,466	623,948	(7.77) %
Utility services	210,168	150,559	39.59 %
Capital outlay	477,996	821,566	(41.82) %
Debt service	86,105	54,312	58.54 %
Total	<u>\$ 7,220,544</u>	<u>\$ 7,147,394</u>	1.02 %

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

The most significant decrease was in the area of capital outlay. The decrease in capital outlay was the result of the City not purchasing as much infrastructure, equipment, and vehicles compared to last year. Debt service expenditures increased in the current year due to the City paying down their debt and an additional principle and interest payment from an issuance in 2006. Transportation expenditures increased primarily due to the increase in the cost of salaries and the purchase of new equipment. Utility service expenditures increased due the increase in electric related expenditures. All other expenditures remained comparable to 2006.

Clean Ohio Revitalization

The clean Ohio revitalization fund had revenues of \$931,295 in 2007. This represents an increase of \$931,295 from 2006 revenues. The net increase in fund balance for the general fund was \$931,295 or 100%. During 2006 the fund received advances in of \$442,000 from the general fund. At December 31, 2007 the advances had not been repaid, and a liability has been recorded on the fund financial statements for "interfund loans payable."

Budgeting Highlights - General Fund

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund and the major special revenue fund. In the general fund, the actual revenues came in \$952,575 higher than they were in the final budget and actual expenditures were \$1,440,122 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Budgeted revenues increased \$55,893 from the original to the final budget due primarily to an increase in tax revenues. Budgeted expenditures increased \$55,893 from the original to the final budget due primarily to an increase in the general government expenditures and the costs relating to security of persons and property.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements. Activity within the City's major enterprise funds are described below:

Water Fund

The water fund, a major proprietary fund, had operating revenues of \$1,365,740 in 2007, an increase of \$8,640 or 0.64% from 2006 revenues. The water fund had operating expenses of \$1,357,912 in 2007, a decrease of \$299,126 or 18.05% from 2006. The net change in operating expenses and revenues, contributed to the water fund balance increase of \$177,005 or 1.74% from 2006 to 2007.

Sewer Fund

The sewer fund, a major proprietary fund, had operating revenues of \$1,514,406 in 2007, an increase of \$19,746 or 1.32% from 2006 revenues. The sewer fund had operating expenses of \$1,200,988 in 2007, an increase of \$220,853 or 22.53% from 2006. The net change in operating expenses and the increase in revenues contributed to the sewer fund balance increase of \$423,663 or 4.97% from 2006 to 2007.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the City had \$29,677,273 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$17,081,458 was reported in governmental activities and \$12,595,815 was reported in business-type activities. The following table shows fiscal 2007 balances compared to 2006:

**Capital Assets at December 31
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	Restated				Restated	
	2007	2006	2007	2006	2007	2006
Land	\$ 713,119	\$ 669,967	\$ 868,075	\$ 868,075	\$ 1,581,194	\$ 1,538,042
Construction in progress	-	12,478	-	-	-	12,478
Land improvements	718,208	716,447	19,547	27,366	737,755	743,813
Buildings and improvements	3,546,082	3,617,645	4,877,723	4,904,553	8,423,805	8,522,198
Equipment	1,438,576	1,297,405	684,794	773,011	2,123,370	2,070,416
Vehicles	844,324	778,754	25,554	18,341	869,878	797,095
Infrastructure	9,821,149	8,688,425	6,120,122	5,012,399	15,941,271	13,700,824
Totals	<u>\$ 17,081,458</u>	<u>\$ 15,781,121</u>	<u>\$ 12,595,815</u>	<u>\$ 11,603,745</u>	<u>\$ 29,677,273</u>	<u>\$ 27,384,866</u>

The City's largest capital asset category is infrastructure which includes streets, storm sewer lines and water and sewer lines. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 57.50% and 48.59% of the City's total governmental and business-type capital assets, respectively.

See Note 9 to the basic financial statements for more detail on the City's capital assets.

Debt Administration

The City had the following long-term obligations in governmental activities outstanding at December 31, 2007 and 2006:

	2007	2006
General obligation bonds	\$ 2,295,000	\$ 2,480,000
Land acquisition bond	166,500	185,000
Rail project bonds	1,050,000	-
OPWC loan	318,765	342,377
Lease purchase agreements - fire station	330,300	345,500
Lease purchase agreements - 911 system	91,412	118,029
Lease purchase agreements - fire truck	<u>94,000</u>	<u>-</u>
Total long-term obligations	<u>\$ 4,345,977</u>	<u>\$ 3,470,906</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

The City had the following long-term obligations in business-type activities outstanding at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Revenue bonds	\$ 2,065,000	\$ 2,230,000
Total long-term obligations	<u>\$ 2,065,000</u>	<u>\$ 2,230,000</u>

See Note 11 to the basic financial statements for more detail on the City's long-term debt obligations.

Economic Conditions and Outlook

The City, a statutory government, operates under the Council-Mayor form of government. The City is uniquely located in the center of Darke County and is 35 miles northwest of the I-70/I-75 interchange. Four state highways and two federal highways transect the community thus making the City an easily accessible community.

Greenville's downtown continues to be a destination. Tour buses unload in the downtown area throughout the year. The downtown area continues to draw people from around the country for a unique shopping experience in such stores as KitchenAid Experience and McMaster and Storm. McMaster and Storm was recently highlighted in a national publication for their unique shopping experience. The City has been awarded a Transportation Enhancement Program grant to further enhance the downtown "circle area". Engineering for the project will begin in mid 2008. The City works with Main Street Greenville and the Darke County Visitors Bureau to further enhance the downtown area. The Greenville Public Library is near completion of a 10,000 square foot addition and renovation. The original building and addition completes the campus-like atmosphere which is located one block from the downtown area.

The City is continually working on a diversified economic development base. During 2007 several companies have begun production in the Greenville Industrial Park including Spartech Plastics, Timmerman Truss and Tigereye. Andersons Marathon Ethanol, LLC completed construction of a 110 million gallon per year ethanol plant and production began in the first quarter of 2008. Wayne Hospital, Darke County's only hospital, announced a \$48 million expansion with the first phase to be completed in late 2009.

The Clean Ohio Revitalization grant, in which the City and the current property owner is participating in, will allow the former Corning Glass Works facility to be further revitalized to house additional tenants. The facility currently houses Hughes Supply and provides warehousing for several other local companies.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Nancy Myers, Auditor, City of Greenville, 100 Public Square, Greenville, Ohio 45331.

**BASIC
FINANCIAL STATEMENTS**

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**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 6,491,335	\$ 8,579,398	\$ 15,070,733
Cash in segregated accounts	9,558	-	9,558
Receivables (net of allowances for uncollectibles):			
Income taxes	1,058,161	-	1,058,161
Real and other taxes	1,393,236	-	1,393,236
Accounts	127,389	558,570	685,959
Accrued interest	42,857	83,419	126,276
Intergovernmental	2,990,613	-	2,990,613
Internal balances	(26,460)	26,460	-
Prepayments	133,588	38,061	171,649
Materials and supplies inventory.	68,360	111,261	179,621
Unamortized bond issue costs	60,106	-	60,106
Restricted assets:			
Cash with fiscal and escrow agent.	-	314,802	314,802
Capital assets:			
Land.	713,119	868,075	1,581,194
Depreciable capital assets, net.	16,368,339	11,727,740	28,096,079
Total capital assets.	<u>17,081,458</u>	<u>12,595,815</u>	<u>29,677,273</u>
 Total assets.	 <u>29,430,201</u>	 <u>22,307,786</u>	 <u>51,737,987</u>
Liabilities:			
Accounts payable.	320,172	103,553	423,725
Retainage payable	9,558	-	9,558
Accrued wages and benefits	235,693	46,213	281,906
Due to other governments	15,568	-	15,568
Pension obligation payable.	208,028	19,088	227,116
Unearned revenue	1,180,570	-	1,180,570
Accrued interest payable	21,570	7,737	29,307
Claims payable.	52,485	-	52,485
Long-term liabilities:			
Due within one year	420,317	178,882	599,199
Due in more than one year	4,257,669	1,980,536	6,238,205
 Total liabilities	 <u>6,721,630</u>	 <u>2,336,009</u>	 <u>9,057,639</u>
Net assets:			
Invested in capital assets, net of related debt	13,045,700	10,530,815	23,576,515
Restricted for:			
Debt service	59,456	314,802	374,258
Transportation projects.	1,745,480	-	1,745,480
Other purposes	2,754,968	-	2,754,968
Unrestricted.	<u>5,102,967</u>	<u>9,126,160</u>	<u>14,229,127</u>
 Total net assets	 <u>\$ 22,708,571</u>	 <u>\$ 19,971,777</u>	 <u>\$ 42,680,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 1,906,376	\$ 106,022	\$ 65,750	\$ -
Security of persons and property.	3,965,413	274,622	-	-
Public health and welfare	18,297	104	-	-
Transportation	3,079,336	224,722	3,629,273	415,970
Community environment.	15,141	8,636	131,000	-
Leisure time activity.	546,024	82,455	-	-
Utility services	279,168	-	-	-
Interest and fiscal charges.	160,868	-	-	-
Total governmental activities	<u>9,970,623</u>	<u>696,561</u>	<u>3,826,023</u>	<u>415,970</u>
Business-Type Activities:				
Water	1,364,885	1,364,913	-	48,273
Sewer	1,451,103	1,513,968	-	-
Nonmajor:				
Parking	-	2,230	-	-
Special park	623	1,100	-	-
Swimming pool	107,924	61,212	-	-
Total business-type activities	<u>2,924,535</u>	<u>2,943,423</u>	<u>-</u>	<u>48,273</u>
Total primary government.	<u>\$ 12,895,158</u>	<u>\$ 3,639,984</u>	<u>\$ 3,826,023</u>	<u>\$ 464,243</u>

General Revenues:

Property taxes levied for:

 General purposes.

 Police and Fire pension

Income taxes levied for:

 General purposes.

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Change in net assets.

Net assets at beginning of year (restated)

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,734,604)	\$ -	\$ (1,734,604)
(3,690,791)	-	(3,690,791)
(18,193)	-	(18,193)
1,190,629	-	1,190,629
124,495	-	124,495
(463,569)	-	(463,569)
(279,168)	-	(279,168)
(160,868)	-	(160,868)
<u>(5,032,069)</u>	<u>-</u>	<u>(5,032,069)</u>
-	48,301	48,301
-	62,865	62,865
-	2,230	2,230
-	477	477
-	(46,712)	(46,712)
<u>-</u>	<u>67,161</u>	<u>67,161</u>
<u>(5,032,069)</u>	<u>67,161</u>	<u>(4,964,908)</u>
1,563,108	-	1,563,108
178,550	-	178,550
5,769,231	-	5,769,231
957,619	-	957,619
273,651	473,791	747,442
148,034	1,473	149,507
<u>8,890,193</u>	<u>475,264</u>	<u>9,365,457</u>
<u>(24,000)</u>	<u>24,000</u>	<u>-</u>
3,834,124	566,425	4,400,549
<u>18,874,447</u>	<u>19,405,352</u>	<u>38,279,799</u>
<u>\$ 22,708,571</u>	<u>\$ 19,971,777</u>	<u>\$ 42,680,348</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<u>General</u>	<u>Clean Ohio Revitalization</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,681,163	\$ 442,000	\$ 2,358,699	\$ 5,481,862
Cash in segregated accounts.	9,558	-	-	9,558
Receivables (net of allowance for uncollectibles):				
Income taxes.	1,058,161	-	-	1,058,161
Real and other taxes.	1,228,396	-	164,840	1,393,236
Accounts	99,421	-	15,706	115,127
Intergovernmental.	408,194	2,020,637	561,782	2,990,613
Accrued interest	25,186	-	11,204	36,390
Interfund loans	442,000	-	-	442,000
Prepayments.	115,241	-	18,347	133,588
Materials and supplies inventory	16,130	-	52,230	68,360
Total assets	<u>\$ 6,083,450</u>	<u>\$ 2,462,637</u>	<u>\$ 3,182,808</u>	<u>\$ 11,728,895</u>
Liabilities:				
Accounts payable	\$ 239,517	\$ -	\$ 80,655	\$ 320,172
Retainage payable.	9,558	-	-	9,558
Accrued wages and benefits.	203,821	-	31,872	235,693
Interfund loans payable	-	442,000	-	442,000
Due to other governments.	15,540	-	28	15,568
Pension obligation payable	53,313	-	154,715	208,028
Deferred revenue	636,940	1,089,342	248,621	1,974,903
Unearned revenue.	1,040,430	-	140,140	1,180,570
Total liabilities	<u>2,199,119</u>	<u>1,531,342</u>	<u>656,031</u>	<u>4,386,492</u>
Fund Balances:				
Reserved for encumbrances.	144,011	1,935,898	322,531	2,402,440
Reserved for prepayments	115,241	-	18,347	133,588
Reserved for materials and supplies inventory	16,130	-	52,230	68,360
Reserved for debt service.	-	-	249,622	249,622
Unreserved, undesignated (deficit), reported in:				
General fund.	3,608,949	-	-	3,608,949
Special revenue funds	-	(1,004,603)	1,884,047	879,444
Total fund balances	<u>3,884,331</u>	<u>931,295</u>	<u>2,526,777</u>	<u>7,342,403</u>
Total liabilities and fund balances.	<u>\$ 6,083,450</u>	<u>\$ 2,462,637</u>	<u>\$ 3,182,808</u>	<u>\$ 11,728,895</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total governmental fund balances \$ 7,342,403

Amounts reported for governmental activities on the statement of net assets are different because:

Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds. 17,081,458

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Property taxes	\$	208,073
Income taxes		222,731
Intergovernmental revenues		1,528,558
Accrued interest		15,541
		15,541

Total 1,974,903

Unamortized premiums/discounts on bond issuances are not recorded in the funds. (3,876)

Unamortized deferred charges on refundings are not recorded in the funds. 87,489

Unamortized bond issuance costs are not recorded in the funds. 60,106

An internal service fund is used by management to charge the cost of the health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. The net assets of the internal service fund, including an internal balance of \$26,460, are: 949,257

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:

Compensated absences		(415,622)
Accrued interest payable		(21,570)
Lease purchase agreements		(515,712)
OPWC loan payable		(318,765)
Land acquisition bonds		(166,500)
General obligation bonds		(2,295,000)
Rail project bonds		(1,050,000)
		(4,783,169)

Net assets of governmental activities \$ 22,708,571

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Clean Ohio Revitalization	Other Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income taxes	\$ 5,873,385	\$ -	\$ -	\$ 5,873,385
Property and other taxes	1,400,311	-	156,464	1,556,775
Charges for services	182,689	-	224,722	407,411
Licenses and permits	101,367	-	-	101,367
Fines and forfeitures	127,424	-	4,198	131,622
Intergovernmental	884,706	931,295	1,805,926	3,621,927
Special assessments	4,716	-	-	4,716
Investment income	167,038	-	71,209	238,247
Donations	40,753	-	334	41,087
Other	42,900	-	115,492	158,392
Total revenues	<u>8,825,289</u>	<u>931,295</u>	<u>2,378,345</u>	<u>12,134,929</u>
Expenditures:				
Current:				
General government	1,882,845	-	9,923	1,892,768
Security of persons and property	3,688,427	-	520,428	4,208,855
Public health and welfare	18,297	-	-	18,297
Transportation	280,247	-	2,774,313	3,054,560
Community environment	993	-	14,148	15,141
Leisure time activity	575,466	-	-	575,466
Utility services	210,168	-	69,000	279,168
Capital outlay	477,996	-	314,697	792,693
Debt service:				
Principal retirement	57,312	-	211,617	268,929
Interest and fiscal charges	28,793	-	117,672	146,465
Bond issuance costs	-	-	24,226	24,226
Total expenditures	<u>7,220,544</u>	<u>-</u>	<u>4,056,024</u>	<u>11,276,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,604,745</u>	<u>931,295</u>	<u>(1,677,679)</u>	<u>858,361</u>
Other financing sources (uses):				
Bond issuance	-	-	1,050,000	1,050,000
Discount on bond issuance	-	-	(5,774)	(5,774)
Transfers in	-	-	1,026,845	1,026,845
Transfers out	(1,050,845)	-	-	(1,050,845)
Lease purchase agreement	94,000	-	-	94,000
Total other financing sources (uses)	<u>(956,845)</u>	<u>-</u>	<u>2,071,071</u>	<u>1,114,226</u>
Net change in fund balances	647,900	931,295	393,392	1,972,587
Fund balances at beginning of year	3,236,431	-	2,133,385	5,369,816
Fund balances at end of year	<u>\$ 3,884,331</u>	<u>\$ 931,295</u>	<u>\$ 2,526,777</u>	<u>\$ 7,342,403</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds		\$ 1,972,587
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	2,343,932	
Depreciation expense	<u>(986,204)</u>	1,357,728
The effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net assets.		
		(57,391)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	184,883	
Income taxes	(104,154)	
Intergovernmental revenues	1,161,715	
Accrued interest	<u>(411)</u>	1,242,033
Proceeds of bonds and lease purchases are recognized as other financing sources in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase liabilities in the statement of activities.		
Rail project bonds	(1,050,000)	
Lease purchase agreement	<u>(94,000)</u>	(1,144,000)
Discounts on debt issuances are recognized as an other financing source in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		5,774
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		24,226
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:		
Increase in accrued interest payable	(1,404)	
Amortization of bond discounts/premiums	678	
Amortization of deferred charges on refundings	(8,823)	
Amortization of bond issue costs	<u>(4,854)</u>	(14,403)
Repayment of bonds, lease purchase agreements and loans are expenditures in the governmental funds, but the repayments reduce long-term liabilities on the statement of net assets. Principal payments during the year were:		
General obligation bonds	185,000	
Land acquisition bonds	18,500	
OPWC loans	23,612	
Lease purchase agreements	<u>41,817</u>	268,929
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(16,260)
An internal service fund is used by management to charge the costs of self-insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance activity, is allocated among the governmental activities.		
		<u>194,901</u>
Change in net assets of governmental activities		<u><u>\$ 3,834,124</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Municipal income taxes	\$ 5,241,399	\$ 5,278,277	\$ 5,906,802	\$ 628,525
Property and other taxes	1,241,971	1,250,709	1,399,641	148,932
Charges for services	167,519	168,698	188,786	20,088
Licenses and permits.	85,381	85,982	96,220	10,238
Fines and forfeitures.	108,820	109,586	122,635	13,049
Intergovernmental	793,427	799,010	894,154	95,144
Special assessments	4,185	4,214	4,716	502
Investment income	143,413	144,422	161,619	17,197
Donations	36,162	36,417	40,753	4,336
Other	38,042	38,310	42,872	4,562
Total revenues.	<u>7,860,319</u>	<u>7,915,625</u>	<u>8,858,198</u>	<u>942,573</u>
Expenditures:				
Current:				
General government	2,300,697	2,313,743	1,977,583	336,160
Security of persons and property	4,388,305	4,413,191	3,772,002	641,189
Public health and welfare.	22,214	22,340	19,094	3,246
Transportation	309,792	311,549	266,284	45,265
Community environment	1,274	1,281	1,095	186
Leisure time activity	675,399	679,230	580,545	98,685
Utility services	220,366	221,615	189,417	32,198
Capital outlay.	611,097	614,562	525,273	89,289
Debt service:				
Principal retirement	69,582	69,977	59,810	10,167
Interest and fiscal charges	34,958	35,156	30,048	5,108
Total expenditures	<u>8,633,684</u>	<u>8,682,644</u>	<u>7,421,151</u>	<u>1,261,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(773,365)</u>	<u>(767,019)</u>	<u>1,437,047</u>	<u>2,204,066</u>
Other financing sources (uses):				
Transfers out	(1,222,541)	(1,229,474)	(1,050,845)	178,629
Lease purchase agreement	83,411	83,998	94,000	10,002
Total other financing sources (uses)	<u>(1,139,130)</u>	<u>(1,145,476)</u>	<u>(956,845)</u>	<u>188,631</u>
Net change in fund balance	(1,912,495)	(1,912,495)	480,202	2,392,697
Fund balance at beginning of year.	1,734,017	1,734,017	1,734,017	-
Prior year encumbrances appropriated	178,478	178,478	178,478	-
Fund balance at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,392,697</u>	<u>\$ 2,392,697</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLEAN OHIO REVITALIZATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 2,020,637	\$ -	\$ (2,020,637)
Total revenues.	<u>-</u>	<u>2,020,637</u>	<u>-</u>	<u>(2,020,637)</u>
Expenditures:				
Current:				
Community environment	442,000	2,462,637	1,935,898	526,739
Total expenditures	<u>442,000</u>	<u>2,462,637</u>	<u>1,935,898</u>	<u>526,739</u>
Net change in fund balance	(442,000)	(442,000)	(1,935,898)	(1,493,898)
Fund balance at beginning of year	<u>442,000</u>	<u>442,000</u>	<u>442,000</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,493,898)</u>	<u>\$ (1,493,898)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	Business-type Activities -Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Other Enterprise	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1,958,009	\$ 6,563,083	\$ 58,306	\$ 8,579,398	\$ 1,009,473
Receivables (net of allowance for uncollectibles):					
Accounts	260,553	297,990	27	558,570	12,262
Accrued interest.	18,978	64,441	-	83,419	6,467
Prepayments.	26,099	10,012	1,950	38,061	-
Materials and supplies inventory	69,083	42,178	-	111,261	-
Restricted assets:					
Cash with fiscal and escrow agent	-	314,802	-	314,802	-
Total current assets.	2,332,722	7,292,506	60,283	9,685,511	1,028,202
Noncurrent assets:					
Capital assets:					
Land	291,262	50,700	526,113	868,075	-
Depreciable capital assets, net	7,918,041	3,764,509	45,190	11,727,740	-
Total capital assets	8,209,303	3,815,209	571,303	12,595,815	-
Total assets	10,542,025	11,107,715	631,586	22,281,326	1,028,202
Liabilities:					
Current liabilities:					
Accounts payable.	71,631	31,189	733	103,553	-
Accrued wages and benefits	29,995	15,680	538	46,213	-
Compensated absences	5,719	3,163	-	8,882	-
Pension obligation payable.	12,514	6,574	-	19,088	-
Claims payable	-	-	-	-	52,485
Current portion of revenue bonds	-	170,000	-	170,000	-
Accrued interest payable.	-	7,737	-	7,737	-
Total current liabilities	119,859	234,343	1,271	355,473	52,485
Long-term liabilities:					
Revenue bonds	-	1,895,000	-	1,895,000	-
Compensated absences	62,902	22,634	-	85,536	-
Total long-term liabilities	62,902	1,917,634	-	1,980,536	-
Total liabilities	182,761	2,151,977	1,271	2,336,009	52,485
Net assets:					
Invested in capital assets, net of related debt. . . .	8,209,303	1,750,209	571,303	10,530,815	-
Unrestricted	2,149,961	7,205,529	59,012	9,414,502	975,717
Total net assets	\$ 10,359,264	\$ 8,955,738	\$ 630,315	19,945,317	\$ 975,717
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				26,460	
Net assets of business-type activities				<u>\$ 19,971,777</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Other Enterprise	Total	
Operating revenues:					
Charges for services	\$ 1,335,263	\$ 1,480,443	\$ 64,542	\$ 2,880,248	\$ 923,851
Tap-in fees.	29,650	33,525	-	63,175	-
Other.	827	438	208	1,473	9,150
Total operating revenues	1,365,740	1,514,406	64,750	2,944,896	933,001
Operating expenses:					
Personal services	714,598	403,112	53,789	1,171,499	-
Contract services	68,872	322,732	21,402	413,006	-
Materials and supplies	184,049	69,026	16,851	269,926	-
Utilities	116,579	147,140	6,976	270,695	-
Depreciation	273,814	258,978	9,529	542,321	-
Claims.	-	-	-	-	788,361
Total operating expenses.	1,357,912	1,200,988	108,547	2,667,447	788,361
Operating income (loss)	7,828	313,418	(43,797)	277,449	144,640
Nonoperating revenues (expenses):					
Interest revenue.	120,904	352,887	-	473,791	35,815
Interest expense and fiscal charges	-	(90,766)	-	(90,766)	-
Loss on disposal of capital assets	-	(151,876)	-	(151,876)	-
Total nonoperating revenues (expenses)	120,904	110,245	-	231,149	35,815
Income (loss) before transfers and contributions	128,732	423,663	(43,797)	508,598	180,455
Capital contributions	48,273	-	-	48,273	-
Transfers in.	-	-	24,000	24,000	-
Changes in net assets	177,005	423,663	(19,797)	580,871	180,455
Net assets at beginning of year	10,182,259	8,532,075	650,112		795,262
Net assets at end of year.	<u>\$ 10,359,264</u>	<u>\$ 8,955,738</u>	<u>\$ 630,315</u>		<u>\$ 975,717</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(14,446)	
Changes in net assets of business-type activities				<u>\$ 566,425</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Other</u>				Activities -
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise</u>	<u>Total</u>	Internal
					Service Fund
Cash flows from operating activities:					
Cash received from customers	\$ 1,335,167	\$ 1,480,507	\$ 64,615	\$ 2,880,289	\$ 913,185
Cash received from tap-in fees	29,650	33,525	-	63,175	-
Cash received from other operations	827	438	217	1,482	8,856
Cash payments for personal services	(713,841)	(394,055)	(53,547)	(1,161,443)	-
Cash payments for contract services	(66,481)	(297,112)	(20,669)	(384,262)	-
Cash payments for materials and supplies	(161,295)	(62,380)	(16,907)	(240,582)	-
Cash payments for utilities	(116,579)	(147,140)	(6,976)	(270,695)	-
Cash payments for claims	-	-	-	-	(816,450)
Net cash provided by (used in) operating activities.	<u>307,448</u>	<u>613,783</u>	<u>(33,267)</u>	<u>887,964</u>	<u>105,591</u>
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	-	24,000	24,000	-
Net cash provided by noncapital financing activities	-	-	24,000	24,000	-
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(1,269,150)	(368,844)	-	(1,637,994)	-
Principal retirement on revenue bonds	-	(165,000)	-	(165,000)	-
Interest and fiscal charges	-	(91,282)	-	(91,282)	-
Net cash used in capital and related financing activities	<u>(1,269,150)</u>	<u>(625,126)</u>	<u>-</u>	<u>(1,894,276)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	132,656	357,923	-	490,579	34,653
Net cash provided by investing activities	<u>132,656</u>	<u>357,923</u>	<u>-</u>	<u>490,579</u>	<u>34,653</u>
Net increase (decrease) in cash and cash equivalents	(829,046)	346,580	(9,267)	(491,733)	140,244
Cash and cash equivalents at beginning of year	<u>2,787,055</u>	<u>6,531,305</u>	<u>67,573</u>	<u>9,385,933</u>	<u>869,229</u>
Cash and cash equivalents at end of year	<u>\$ 1,958,009</u>	<u>\$ 6,877,885</u>	<u>\$ 58,306</u>	<u>\$ 8,894,200</u>	<u>\$ 1,009,473</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 7,828	\$ 313,418	\$ (43,797)	\$ 277,449	\$ 144,640
Adjustments:					
Depreciation	273,814	258,978	9,529	542,321	-
Changes in assets and liabilities:					
Decrease in materials and supplies inventory	1,281	1,853	-	3,134	-
(Increase) decrease in accounts receivable	(96)	64	82	50	(10,960)
(Increase) decrease in prepayments	(1,829)	5,594	(56)	3,709	-
Increase in accounts payable	26,143	26,145	733	53,021	-
Increase (decrease) in accrued wages and benefits	(257)	3,432	242	3,417	-
Decrease in claims payable	-	-	-	-	(28,089)
Increase in compensated absences payable	573	3,326	-	3,899	-
Increase (decrease) in pension obligation payable	(9)	973	-	964	-
Net cash provided by (used in) operating activities	<u>\$ 307,448</u>	<u>\$ 613,783</u>	<u>\$ (33,267)</u>	<u>\$ 887,964</u>	<u>\$ 105,591</u>

Non-cash transactions:

During 2007 the water fund received \$48,273 in capital contributions.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1 - DESCRIPTION OF THE CITY

The City of Greenville, Ohio (the "City"), was incorporated in 1832 and operates under a Council-Mayor form of government. The following services are provided by the City: public safety (police and fire), highways and streets, water, sewer, recreation, public improvements, planning and zoning, and general administrative services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply these FASB Statements and Interpretations. The most significant of the City's accounting policies are described below.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, water system and sewage treatment, and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department, and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or (4) provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

B. Basis of Presentation - Fund Accounting

The City's BFS consist of government-wide 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.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. The principal operating revenues of the City’s proprietary funds are charges for sales and services. Operating expenses for the proprietary funds include personnel and other expenses related to operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

General Fund - The General fund accounts for all financial resources except those required to be accounted for in another fund.

Clean Ohio Revitalization Fund - The Clean Ohio Revitalization fund accounts for state grants from the Ohio Department of Development to be used for brownfield cleanup.

Other governmental funds of the City are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer Fund - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

The City has three nonmajor enterprise funds that are used to account for swimming pool, parking, and special park district operations.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the self-insurance health care program.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City had no fiduciary funds in 2007.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (see Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2007, are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds other than agency funds are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - The City must submit to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include encumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final amended official certificates of estimated resources issued during 2007.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the legal level of budgetary control. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The amounts on the budgetary statement reflect the original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City's funds, except cash in segregated accounts and cash with fiscal and escrow agents, are pooled and invested in investments maturing within ten years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents" financial statements.

During 2007, investments were limited to non-negotiable certificates of deposit which are reported at cost. Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2007 amounted to \$167,038, which includes \$62,794 assigned from other funds of the City.

The City maintains escrow accounts for debt service with a financial institution. The balances in these accounts are reflected as "Cash with Fiscal and Escrow Agent" on the financial statements. These escrow accounts are reported as restricted assets in accordance with bond covenants.

The City maintains cash in separate depository accounts from the City's cash management pool for retainage due on construction projects. These retainage accounts are reported as "Cash in Segregated Accounts" on the financial statements.

For purposes of the statement of cash flows and for presentation on the financial statements, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

An analysis of the City's investment account at year-end is provided in Note 4.

H. Inventories of Materials and Supplies

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in both governmental and proprietary funds consists of expendable supplies held for consumption. On governmental fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During 2007, the City maintained a capitalization threshold of \$5,000. The City's governmental infrastructure consists of storm sewers and streets. The City's proprietary infrastructure consists of water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities. Capitalized interest for 2007 was not material.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 20 years	15 - 20 years
Buildings and improvements	20 - 40 years	20 - 40 years
Furniture and equipment	5 - 30 years	5 - 20 years
Vehicles	8 - 16 years	3 - 10 years
Infrastructure	40 years	40 years

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and lease-purchase agreements are recognized as a liability on the governmental fund financial statements when due.

L. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized bond issuance costs are reported as a separate line item on the statement of net assets.

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums and discounts are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11.

M. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The internal balance reported on the financial statements relates to the consolidation of the internal service fund with governmental activities.

N. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the BFS.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

O. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports a reservation of fund balance for amounts representing encumbrances outstanding, materials and supplies inventory, prepayments, and debt service in the governmental fund financial statements.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist primarily of funds restricted for transportation expense and the Clean Ohio Revitalization fund.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2007.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2007, the City has implemented GASB Statement No. 48 "Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues". GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the City; however, additional disclosure related to revenues pledged for the repayment of revenue bonds has been provided in Note 11.B.

B. Restatement of Net Assets

A prior period adjustment is required to restate capital assets reported in the governmental activities at December 31, 2006 for omissions in the previous year (See Note 9). The prior period adjustment had the following effect on the City's governmental net assets as previously reported:

	Governmental Activities
Net assets as previously reported	\$ 18,748,702
Adjustment for capital assets	125,745
Restated net assets, January 1, 2007	\$ 18,874,447

C. Deficit Fund Balances

Fund balances at December 31, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Police Pension	\$ 5,670
Fire Pension	36,456

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances results from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State Statutes classify monies held by the City into three categories.

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

Inactive deposits are public deposits that the City 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.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, 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. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the City.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Auditor by the financial institution or by a single 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 City, 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 City Auditor or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal and Escrow Agent

At December 31, 2007, \$314,802 was invested in U.S. Treasury money market funds related to the sewer refunding bond issue. U.S. Treasury money market funds are uncategorized investments since they are not evidenced by securities that exist in physical or book entry form. These amounts are not included in "deposits" below.

B. Cash in Segregated Accounts

At year-end, the City had \$9,558 in retainage accounts on deposit with financial institutions. The balances in these retainage accounts are included in "deposits" below.

C. Deposits with Financial Institutions

At December 31, 2007, the carrying amount of all City deposits was \$15,080,291. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$14,606,792 of the City's bank balance of \$15,116,350 was exposed to custodial risk as discussed below, while \$509,558 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets

The following is a reconciliation of cash and cash equivalents as reported in the footnote above to cash and cash equivalents as reported on the statement of net assets as of December 31, 2007:

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and cash equivalents per footnote</u>	
Carrying amount of deposits	\$ 15,080,291
Cash with fiscal agent	<u>314,802</u>
Total	<u>\$ 15,395,093</u>
 <u>Cash and cash equivalents per statement of net assets</u>	
Governmental activities	\$ 6,500,893
Business type activities	<u>8,894,200</u>
Total	<u>\$ 15,395,093</u>

NOTE 5 - INTERFUND TRANSFERS

- A. Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers From</u>
	<u>General</u>
Nonmajor governmental	\$ 1,026,845
Nonmajor enterprise	<u>24,000</u>
Total	<u>\$ 1,050,845</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B. Interfund loans consisted of the following at December 31, 2007, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Clean Ohio Revitalization fund	\$ 442,000

These interfund loans are expected to be repaid in the next year. Interfund loans between governmental funds will be eliminated on the governmental activities statement of net assets.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. The last revaluation was completed in 2002. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and zero for 2009. 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2007-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Greenville. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2007 was \$7.55 per \$1,000 of assessed value (7.55 mills). The City also receives an additional 0.6 mills to fund police and fire pension liability. The assessed values of real and tangible personal property at December 31, 2007 are as follows:

Real property tax	\$ 219,942,270
Public utility tangible personal property	4,669,330
Tangible personal property	<u>24,844,820</u>
Total assessed valuation	<u>\$ 249,456,420</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007. Although total property tax collections for the next year are measurable, they are generally not collected during the available period.

NOTE 7 - LOCAL INCOME TAX

The City levies a municipal income tax of one and one half percent on substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax. All income tax revenue is initially placed in the general fund and may be distributed to other funds as determined by City Council. Income tax revenue for 2007 was \$5,873,385 as reported in the fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2007, consisted of taxes, accounts (billings for user charged services), accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenue. Receivables have been recorded to the extent that they are measurable at December 31, 2007, as well as intended to finance fiscal 2007 operations.

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Income taxes	\$ 1,058,161
Real and other taxes	1,393,236
Accounts	127,389
Accrued interest	42,857
Intergovernmental	2,990,613

Business-Type Activities:

Accounts	558,570
Accrued interest	83,419

Receivables have been disaggregated on the face of the BFS. All receivables are expected to be collected within the subsequent year.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS

- A. The capital asset balances of the governmental activities have been restated at December 31, 2006 due to omissions in previous years. The restatement had the following effect on capital assets as previously reported:

<u>Governmental Activities:</u>	Balance <u>12/31/06</u>	<u>Adjustments</u>	Restated Balance <u>12/31/06</u>
Land	\$ 669,967	\$ -	\$ 669,967
Construction in progress	12,478	-	12,478
Land improvements	763,139	-	763,139
Buildings and improvements	4,449,065	-	4,449,065
Equipment	2,161,674	177,674	2,339,348
Vehicles	2,352,598	37,988	2,390,586
Infrastructure	<u>13,871,474</u>	<u>-</u>	<u>13,871,474</u>
Total	24,280,395	215,662	24,496,057
Less: accumulated depreciation	<u>(8,625,019)</u>	<u>(89,917)</u>	<u>(8,714,936)</u>
Governmental activities, capital assets, net	<u>\$ 15,655,376</u>	<u>\$ 125,745</u>	<u>\$ 15,781,121</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Governmental activities capital asset activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities:</u>	Restated Balance 12/31/06	<u>Additions</u>	<u>Disposals</u>	Balance 12/31/07
<i>Capital assets, not being depreciated:</i>				
Land	\$ 669,967	\$ 43,152	\$ -	\$ 713,119
Construction in progress	<u>12,478</u>	<u>-</u>	<u>(12,478)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>682,445</u>	<u>43,152</u>	<u>(12,478)</u>	<u>713,119</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	763,139	6,780	-	769,919
Buildings and improvements	4,449,065	27,688	-	4,476,753
Furniture and equipment	2,339,348	328,002	(43,632)	2,623,718
Vehicles	2,390,586	245,782	(136,606)	2,499,762
Infrastructure	<u>13,871,474</u>	<u>1,705,006</u>	<u>-</u>	<u>15,576,480</u>
Total capital assets, being depreciated	<u>23,813,612</u>	<u>2,313,258</u>	<u>(180,238)</u>	<u>25,946,632</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(46,692)	(5,019)	-	(51,711)
Buildings and improvements	(831,420)	(99,251)	-	(930,671)
Furniture and equipment	(1,041,943)	(158,961)	15,762	(1,185,142)
Vehicles	(1,611,832)	(150,691)	107,085	(1,655,438)
Infrastructure	<u>(5,183,049)</u>	<u>(572,282)</u>	<u>-</u>	<u>(5,755,331)</u>
Total accumulated depreciation	<u>(8,714,936)</u>	<u>(986,204)</u>	<u>122,847</u>	<u>(9,578,293)</u>
Total capital assets, being depreciated, net	<u>15,098,676</u>	<u>1,327,054</u>	<u>(57,391)</u>	<u>16,368,339</u>
Governmental activities capital assets, net	<u>\$ 15,781,121</u>	<u>\$ 1,370,206</u>	<u>\$ (69,869)</u>	<u>\$ 17,081,458</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental activities as follows:

Governmental activities:

General government	\$ 81,909
Security of persons and property	92,067
Transportation	762,882
Leisure time activity	<u>49,346</u>
Total depreciation expense - governmental activities	<u>\$ 986,204</u>

C. Business-type capital asset activity for the year ended December 31, 2007 was as follows:

<u>Business-Type Activities:</u>	<u>Balance</u> <u>12/31/06</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/07</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 868,075	\$ -	\$ -	\$ 868,075
Total capital assets, not being depreciated	<u>868,075</u>	<u>-</u>	<u>-</u>	<u>868,075</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	117,283	-	-	117,283
Buildings and improvements	7,454,947	291,575	(210,888)	7,535,634
Furniture and equipment	6,201,257	64,617	(177,125)	6,088,749
Vehicles	130,785	12,460	(7,525)	135,720
Infrastructure	<u>7,255,512</u>	<u>1,317,615</u>	<u>-</u>	<u>8,573,127</u>
Total capital assets, being depreciated	<u>21,159,784</u>	<u>1,686,267</u>	<u>(395,538)</u>	<u>22,450,513</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(89,917)	(7,819)	-	(97,736)
Buildings and improvements	(2,550,394)	(173,017)	65,500	(2,657,911)
Furniture and equipment	(5,428,246)	(146,346)	170,637	(5,403,955)
Vehicles	(112,444)	(5,247)	7,525	(110,166)
Infrastructure	<u>(2,243,113)</u>	<u>(209,892)</u>	<u>-</u>	<u>(2,453,005)</u>
Total accumulated depreciation	<u>(10,424,114)</u>	<u>(542,321)</u>	<u>243,662</u>	<u>(10,722,773)</u>
Total capital assets, being depreciated, net	<u>10,735,670</u>	<u>1,143,946</u>	<u>(151,876)</u>	<u>11,727,740</u>
Business-type activities capital assets, net	<u>\$ 11,603,745</u>	<u>\$ 1,143,946</u>	<u>\$ (151,876)</u>	<u>\$ 12,595,815</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to the enterprise funds as follows:

Business-type activities:

Water	\$ 273,814
Sewer	258,978
Nonmajor enterprise fund: swimming pool	<u>9,529</u>
Total depreciation expense - business-type activities	<u>\$ 542,321</u>

NOTE 10 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE

A. Lease Purchase Agreement - Fire Station Improvements

On December 2, 2002, the City entered into a lease purchase agreement with a financial institution to assist in financing the fire station building improvements. The City is leasing the "building improvements" from the financial institution. The City made principal and interest payments on the lease purchase agreement in the amount of \$15,200 and \$15,548, respectively in 2007. Principal and interest payments are made from the general fund.

The initial term of the lease agreement ended on December 1, 2003; however, it is renewable for successive one-year terms upon appropriation of funds to pay the rental payments. The final renewal term ends on December 1, 2022 when the remaining balance under the lease is due. At the end of the lease term, the City has the option to purchase the "building improvements" for \$1.

Capital assets consisting of building improvements have been capitalized in the amount of \$477,094 in governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2007 was \$192,364, leaving a book value of \$284,730.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 10 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2007:

<u>Year Ending December 31</u>	<u>Fire Station</u>
2008	\$ 30,804
2009	30,748
2010	30,801
2011	30,718
2012	30,736
2013 - 2017	153,768
2018 - 2022	<u>153,890</u>
Total minimum lease payments	461,465
Less: amount representing interest	<u>(131,165)</u>
Present value of future minimum lease payment	<u>\$ 330,300</u>

B. Lease Purchase Agreement - 911 System Console

In a prior year the City entered into a lease purchase agreement to purchase a 911 System Console.

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the City, a corresponding liability was recorded in the government-wide financial statements. Principal payments in 2007 totaled \$26,617 in the nonmajor governmental capital improvement plan fund.

Capital assets consisting of the 911 System Console has been capitalized in the amount of \$152,808 in governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2007 was \$45,843, leaving a book value of \$106,965.

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2007:

<u>Year Ending December 31</u>	<u>911 System</u>
2008	\$ 34,779
2009	34,779
2010	<u>34,779</u>
Total minimum lease payments	104,337
Less: amount representing interest	<u>(12,925)</u>
Present value of future minimum lease payment	<u>\$ 91,412</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 10 - LEASE PURCHASE AGREEMENT - LESSEE DISCLOSURE - (Continued)

C. Lease Purchase Agreement - Fire Truck

On November 2, 2007, the City entered into a lease purchase agreement with a financial institution to assist in financing a new fire truck.

General capital assets acquired by agreement have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. For the City, a corresponding liability was recorded in the government-wide financial statements. In 2007, payments consisted of interest only. Principal and interest payments are made from the general fund.

Capital assets consisting of a fire truck have been capitalized in the amount of \$94,000 in governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2007 was \$3,133, leaving a book value of \$90,867.

The following is a schedule of the future minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2007:

<u>Year Ending December 31</u>	<u>Fire Truck</u>
2008	\$ 12,170
2009	12,170
2010	12,170
2011	12,170
2012	12,170
2013-2017	<u>60,850</u>
Total minimum lease payments	121,700
Less: amount representing interest	<u>(27,700)</u>
Present value of future minimum lease payment	<u>\$ 94,000</u>

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Obligations

During the fiscal year 2007, the following changes occurred in governmental activities long-term obligations:

<u>Governmental Activities:</u>	Interest <u>Rate</u>	Balance <u>12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/07</u>	Amounts Due in <u>One Year</u>
<u>General Obligation Bonds:</u>						
Landfill closure	5.23%	\$ 10,000	\$ -	\$ (10,000)	\$ -	\$ -
Street improvement	5.23%	10,000	-	(10,000)	-	-
Storm water drainage	5.23%	10,000	-	(10,000)	-	-
Infrastructure	5.23%	20,000	-	(20,000)	-	-
Whirlpool project	5.23%	85,000	-	(85,000)	-	-
Wagner Ave. improvements	5.23%	20,000	-	(20,000)	-	-
Series 2004 various purpose bonds	2-4%	<u>2,325,000</u>	<u>-</u>	<u>(30,000)</u>	<u>2,295,000</u>	<u>195,000</u>
Total G.O. Bonds		<u>2,480,000</u>	<u>-</u>	<u>(185,000)</u>	<u>2,295,000</u>	<u>195,000</u>
<u>Other Long-Term Obligations:</u>						
Compensated absences		399,362	438,082	(421,822)	415,622	61,381
Land acquisition bond payable	6.75%	185,000	-	(18,500)	166,500	18,500
Rail project bonds		-	1,050,000	-	1,050,000	70,000
OPWC loan payable	0%	342,377	-	(23,612)	318,765	23,612
Lease purchase agreement - 911 system		118,029	-	(26,617)	91,412	28,457
Lease purchase agreement - fire station		345,500	-	(15,200)	330,300	15,900
Lease purchase agreement - fire truck		<u>-</u>	<u>94,000</u>	<u>-</u>	<u>94,000</u>	<u>7,467</u>
Total Other Long-Term Obligations		<u>1,390,268</u>	<u>1,582,082</u>	<u>(505,751)</u>	<u>2,466,599</u>	<u>225,317</u>
Total Governmental Activities Long-Term Obligations		<u>\$ 3,870,268</u>	<u>\$ 1,582,082</u>	<u>\$ (690,751)</u>	4,761,599	<u>\$ 420,317</u>
Add: Unamortized premium/discount on bond issuance					3,876	
Less: Unamortized deferred charges on refundings					<u>(87,489)</u>	
Total reported on the statement of net assets					<u>\$ 4,677,986</u>	

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences

Compensated absences are reported in the statement of net assets and will be paid from the fund from which the employee's salaries are paid which will primarily be the general fund, street construction maintenance and repair fund (a nonmajor governmental fund) and public transportation fund (a nonmajor governmental fund).

OPWC Loan Payable

In prior years, the City had entered into an agreement with the Ohio Public Works Commission for a street construction loan in the amount of \$472,243. The City made principal payments of \$23,612 on the loan in 2007. The loan is interest free and principal payments are made from the general fund.

Land Acquisition Bond Payable

During 2006, the City issued \$185,000 in bonds, with an interest rate of 6.75%, to purchase land for the Greenville Community Improvement Corporation. The first payment was due April 1, 2007 and will be due annually until its maturity on April 1, 2016. The payments will be made from the general fund. The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment. These bonds are excluded from the net assets invested in capital assets, net of related debt calculation because the bonds were not used to purchase assets that are owned by the City.

Rail Project Bonds

During 2007, the City issued \$1,050,000 in bonds, with a variable interest rate, for the purpose of financing the construction of a railroad spur line from the north side of the Greenville Industrial Park to the interior of the park. The first payment is due December 1, 2008 and will be due annually until its maturity on December 1, 2019. The payments will be made from the GIP/rail construction fund (a nonmajor governmental fund). The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

Series 2004 Various Purpose Bonds

On September 1, 2004, the City issued \$2,415,000 in various purpose general obligation bonds to fund various projects. The proceeds were used to advance refund the callable portion of the Series 1997 Various Purpose Bonds (principal \$2,260,000, average interest rate 5.23%). The issuance proceeds were used to repay the callable portion of the 1997 bonds on the call date which was September 1, 2004. This refunded debt is considered defeased and accordingly, has been removed from the statement of net assets. The actual amount of principal paid toward this general obligation bond from nonmajor governmental funds totaled \$30,000 for 2007.

The refunding issue is comprised of advance refunding bonds, par value \$2,415,000.

The refunding bonds pay interest semiannually on June 1 and December 1 of each year and mature on December 1, 2017. The refunding bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The assets held in trust as a result of the advance refunding described above are not included in the accompanying BFS.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2007 are as follows:

Year	General Obligation Bonds			OPWC Loans
	Principal	Interest	Total	Principal
2008	\$ 195,000	\$ 81,538	\$ 276,538	\$ 23,612
2009	200,000	76,175	276,175	23,612
2010	210,000	70,175	280,175	23,612
2011	215,000	63,350	278,350	23,612
2012	215,000	56,363	271,363	23,612
2013 - 2017	1,260,000	151,037	1,411,037	118,060
2018 - 2021	-	-	-	82,645
Total	<u>\$ 2,295,000</u>	<u>\$ 498,638</u>	<u>\$ 2,793,638</u>	<u>\$ 318,765</u>

Year	Land Acquisition Bonds			Rail Project Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 18,500	\$ 11,239	\$ 29,739	\$ 70,000	\$ 44,025	\$ 114,025
2009	18,500	9,990	28,490	70,000	41,190	111,190
2010	18,500	8,741	27,241	75,000	38,355	113,355
2011	18,500	7,493	25,993	80,000	35,318	115,318
2012	18,500	6,244	24,744	80,000	32,077	112,077
2013 - 2017	74,000	12,487	86,487	460,000	107,520	567,520
2018 - 2019	-	-	-	215,000	14,138	229,138
Total	<u>\$ 166,500</u>	<u>\$ 56,194</u>	<u>\$ 222,694</u>	<u>\$ 1,050,000</u>	<u>\$ 312,623</u>	<u>\$ 1,362,623</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2007, the City's total debt margin was \$21,537,729 and the unvoted debt margin was \$12,353,056.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities Long-Term Obligations

The following changes occurred in the City's business-type long-term obligations during 2007:

<u>Business-Type Activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/07</u>	<u>Due in</u>
					<u>One Year</u>
<u>Other long-term obligations</u>					
Compensated absences	\$ 90,519	\$ 70,200	\$ (66,301)	\$ 94,418	\$ 8,882
Total other long-term obligations	<u>90,519</u>	<u>70,200</u>	<u>(66,301)</u>	<u>94,418</u>	<u>8,882</u>
<u>Revenue Bonds</u>					
Wastewater System Revenue Refunding Bonds	<u>2,230,000</u>	<u>-</u>	<u>(165,000)</u>	<u>2,065,000</u>	<u>170,000</u>
Total - revenue bonds	<u>2,230,000</u>	<u>-</u>	<u>(165,000)</u>	<u>2,065,000</u>	<u>170,000</u>
Total business-type long-term obligations	<u>\$ 2,320,519</u>	<u>\$ 70,200</u>	<u>\$ (231,301)</u>	<u>\$ 2,159,418</u>	<u>\$ 178,882</u>

Compensated absences are reported in the statement of net assets and will be paid from the fund from which the employee's salaries are paid which will primarily be the water and sewer enterprise funds.

On January 1, 2002, the City issued \$2,985,000 in wastewater system revenue refunding bonds with an interest rate of 2.0% to 4.75% to advance refund \$2,735,000 of the 1992 wastewater system first mortgage revenue bonds with an interest rate of 2.95% to 6.35%. The net proceeds of \$2,911,124 (after payment of \$73,876 in underwriting fees, issuance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent, including interest earned, to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the sewer enterprise fund.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2,985,000 in Series 2002 wastewater refunding revenue bonds. Proceeds of the wastewater refunding revenue bonds were used to refund the outstanding balance of previously issued Series 1992 wastewater revenue bonds. The Series 2002 wastewater refunding revenue bonds are payable solely from sewer customer net revenues and are payable through 2017. Annual principal and interest payments on the bonds are expected to require less than 27.7 percent of net revenues. The total principal and interest remaining to be paid on the Series 1998 wastewater refunding revenue bonds is \$2,625,882. Principal and interest paid for the current year and total customer net revenues were \$256,282 and \$572,396, respectively.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the City's revenue bonds outstanding at December 31, 2007 were:

<u>Year</u>	Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 170,000	\$ 92,845	\$ 262,845
2009	175,000	86,215	261,215
2010	185,000	79,127	264,127
2011	190,000	71,358	261,358
2012	200,000	63,188	263,188
2013 - 2017	1,145,000	168,149	1,313,149
Total	\$ 2,065,000	\$ 560,882	\$ 2,625,882

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts, theft, or damage/destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2007, the City contracted with private carriers for property and fleet insurance, general liability insurance, and various other coverages. Coverage provided during the fiscal year is as follows:

- Building and Contents - replacement cost (\$1,000 deductible) - \$26,989,304
- Boiler and Machinery Coverage - \$26,989,304
- Inland Marine Coverage - (\$250 comprehensive; \$1,000 collision deductible) - \$995,573
- Automobile Liability - (\$1,000 deductible) - \$1,000,000
- Uninsured Motorists - \$1,000,000
- General Liability - (\$1,000 deductible) - \$1,000,000 Limit, \$3,000,000 Aggregate
- Public Officials - \$1,000,000 Limit, \$3,000,000 Aggregate
- Umbrella Coverage - \$6,000,000

There have been no significant reductions in insurance coverages during fiscal year 2007. Settled claims have not exceeded commercial excess coverages in any of the past three years.

B. Self-Insurance

The City operates a self-insurance plan for health care benefits. The activity of the plan is recorded in the City's Health Care internal service fund. Monies are expensed on a monthly basis by the funds participating and receipted into the internal service fund. The claims liability of \$52,485 reported on the financial statements at December 31, 2007 is based on the requirements of GASB Statement No. 10 as amended by GASB Statement No. 30 which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past five years are as follows:

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 12 - RISK MANAGEMENT - (Continued)

	<u>Balance at January 1</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at December 31</u>
2005	\$ 48,015	\$ 738,286	\$ (675,377)	\$ 110,924
2006	110,924	669,381	(699,731)	80,574
2007	80,574	788,361	(816,450)	52,485

NOTE 13 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the Traditional Pension Plan, were required to contribute 9.5% of their annual covered salaries. Members participating in the Traditional Pension Plan that were in law enforcement contributed 10.1% of their annual covered salary. The City's contribution rate for pension benefits for 2007 was 8.85% for the period January 1, 2007 through June 30, 2007 and 7.85% for the period July 1, 2007 through December 31, 2007, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 12.17% of covered payroll for the period January 1, 2007 through June 30, 2007 and 11.17% of covered payroll for the period July 1, 2007 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005 were \$243,523, \$266,703, and \$276,522, respectively; 88.51% has been contributed for 2007 and 100% has been contributed for 2006 and 2005.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 13 - PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

The City 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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% for police officers and firefighters, respectively. The portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$156,760 and \$201,846, respectively for the year ended December 31, 2007, \$141,572 and \$190,061, respectively for the year ended December 31, 2006, and \$127,810 and \$173,252, respectively for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 83.21% for police officers and 81.91% for firefighters has been contributed for 2007 with the remainder being reported as a liability in the respective funds.

NOTE 14 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Pension or Combined Plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care based on authority granted by State Statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care for the period January 1, 2007 through June 30, 2007 and 6.00% of covered payroll was the portion that was used to fund health care for the period July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus an additional factor ranging from .50% to 5.00% for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00%.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the Traditional Pension and Combined Plans was 374,979 as of December 31, 2007. The City's actual employer contributions for 2007 which were used to fund post-employment benefits were \$162,214. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

B. Ohio Police and Fire Pension Fund

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

The health care coverage provided by OP&F is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 6.75% of covered payroll was applied to the post-employment health care program during 2007. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2007 that were used to fund post-employment benefits were \$82,934 for police officers and \$78,886 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120.374 million, which was net of member contributions of \$58.533 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006 (the latest information available), was 14,120 for police officers and 10,563 for firefighters.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General fund and the Clean Ohio Revitalization fund, a major special revenue fund; is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented.

Net Change in Fund Balance

	<u>General</u>	<u>Clean Ohio Revitalization Fund</u>
Budget basis	\$ 480,202	\$ (1,935,898)
Net adjustment for revenue accruals	(32,909)	931,295
Net adjustment for expenditure accruals	(87,859)	-
Adjustment for encumbrances	<u>288,466</u>	<u>1,935,898</u>
GAAP basis	<u>\$ 647,900</u>	<u>\$ 931,295</u>

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2007.

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

The City is currently involved in litigation. It is the opinion of the City's management that the ultimate settlement of such litigation will not result in a material adverse effect on the City's financial position and results of operations.

SUPPLEMENTARY DATA

**CITY OF GREENVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A),(D) CASH DISBURSEMENTS
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT			
Community Development Block Grants/State's Program	14.228	A-F-05-129-1	\$ 69,000
Community Development Block Grants/State's Program	14.228	A-F-06-129-1	62,000
(B),(C) Community Development Block Grants/State's Program	14.228	N/A	<u>1,374</u>
Total Community Development Block Grants/State's Program			<u>132,374</u>
Total U.S. Department of Housing and Urban Development			<u>132,374</u>
U. S. DEPARTMENT OF JUSTICE BUREAU OF JUSTICE ASSISTANCE OFFICE OF JUSTICE PROGRAMS PASSED THROUGH N/A			
Bulletproof Vest Partnership Program	16.607	N/A	<u>1,355</u>
Total U.S. Department of Justice			<u>1,355</u>
U. S. DEPARTMENT OF TRANSPORTATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION			
Formula Grants for Other Than Urbanized Areas	20.509	RPT-4019-026-071	359,918
Formula Grants for Other Than Urbanized Areas	20.509	RPT-0019-026-072	105,543
Total Formula Grants for Other Urbanized Areas			<u>465,461</u>
Total U.S. Department of Transportation			<u>465,461</u>
U. S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH N/A			
Assistance to Firefighters	97.044	N/A	<u>47,500</u>
Commercial Equipment Direct Assistance Program	97.096	N/A	<u>13,750</u>
Total U.S. Department of Homeland Security			<u>61,250</u>
Total Federal Financial Assistance			<u>\$ 660,440</u>

- (A) The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.
- (B) that are creating jobs and meet other program requirements. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City as passed through the Ohio Department of Development (ODOD). The initial loan of money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements as imposed by HUD and are included as disbursements on the Schedule.
- (C) The City has a revolving loan fund cash balance of \$1,374 which is subject to compliance requirements set forth by the awarding agency. The City had no loans outstanding, written off or defaulted as of December 31, 2007
- (D) Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Members of Council and Mayor
City of Greenville
100 Public Square, Rm. 200
Greenville, Ohio 45331

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenville, Darke County, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City of Greenville's basic financial statements and have issued our report thereon dated June 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits conducted in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Members of Council and Mayor
City of Greenville

Compliance and Other Matters

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

We noted a certain matter that we reported to the management of the City of Greenville in a separate letter dated June 4, 2008.

This report is intended solely for the information and use of the management and City Council of Greenville, federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 4, 2008



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its
Major Program and Internal Control Over Compliance In
Accordance With OMB Circular A-133**

Members of Council and Mayor
City of Greenville
100 Public Square, Rm. 200
Greenville, Ohio 45331

Compliance

We have audited the compliance of the City of Greenville, Darke County, Ohio, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The City of Greenville's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Greenville's management. Our responsibility is to express an opinion on the City of Greenville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greenville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Greenville's compliance with those requirements.

In our opinion, the City of Greenville complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City of Greenville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Greenville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Greenville's internal control over compliance.

Members of Council and Mayor
City of Greenville

A control deficiency in the City of Greenville's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Greenville's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Greenville's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Greenville's internal control.

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

This report is intended solely for the information and use of the management, the Council of the City of Greenville, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
June 4, 2008

**CITY OF GREENVILLE
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITORS' RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Formula Grants for Other Than Urbanized Areas C.F.D.A. #20.509
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A:>\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None



Mary Taylor, CPA
Auditor of State

CITY OF GREENVILLE

DARKE 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
JULY 22, 2008**