



**Auditor of State
Betty Montgomery**

VILLAGE OF GREENHILLS
HAMILTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Greenhills
Hamilton County
11000 Winton Road
Greenhills, Ohio 45218

To the Village Council:

We have audited the accompanying financial statements of the Village of Greenhills, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2003, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 18, 2003

VILLAGE OF GREENHILLS
HAMILTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$920,890	\$390,390	\$205,403	\$0	\$0	\$1,516,683
Special Assessments	0			25,773		25,773
Intergovernmental Receipts	351,123	270,582	26,345			648,050
Charges for Services	79,591	221,890				301,481
Fines, Licenses, and Permits	83,193	2,392				85,585
Earnings on Investments	7,823	2,823	3,945	640	1,257	16,488
Miscellaneous	31,044	381				31,425
Total Cash Receipts	1,473,664	888,458	235,693	26,413	1,257	2,625,485
Cash Disbursements:						
Current:						
Security of Persons and Property	406,542	417,675			13,222	837,439
Public Health Services	2,922					2,922
Leisure Time Activities		13,303				13,303
Community Environment	763,156					763,156
Transportation		109,517				109,517
General Government	277,768	155,917	2,691		14,426	450,802
Debt Service:						
Principal Payments			1,535,000			1,535,000
Interest Payments			157,919			157,919
Capital Outlay		18,147		713,846		731,993
Total Cash Disbursements	1,450,388	714,559	1,695,610	713,846	27,648	4,602,051
Total Receipts Over/(Under) Disbursements	23,276	173,899	(1,459,917)	(687,433)	(26,391)	(1,976,566)
Other Financing Receipts and (Disbursements):						
Sale of Bonds or Notes	400,000		1,423,751	876,249		2,700,000
Transfers-In			70,089	101,000	15,000	186,089
Advances-In	127,000	133,000	0	352,000	84,000	696,000
Transfers-Out	(115,000)	(73,089)	0	0	0	(188,089)
Advances-Out	(127,000)	(133,000)		(352,000)	(84,000)	(696,000)
Total Other Financing Receipts/(Disbursements)	285,000	(73,089)	1,493,840	977,249	15,000	2,698,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	308,276	100,810	33,923	289,816	(11,391)	721,434
Fund Cash Balances, January 1	146,686	211,224	504	246,931	81,366	686,711
Fund Cash Balances, December 31	\$454,962	\$312,034	\$34,427	\$536,747	\$69,975	\$1,408,145
Reserves for Encumbrances, December 31	\$2,705	\$0	\$0	\$0	\$0	\$2,705

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$242,404	\$0	\$242,404
Miscellaneous	3,004		3,004
Total Operating Cash Receipts	<u>245,408</u>	<u>0</u>	<u>245,408</u>
Operating Cash Disbursements:			
Personal Services	121,520		121,520
Fringe Benefits	20,028		20,028
Contractual Services	28,002		28,002
Supplies and Materials	43,449		43,449
Other	16,645		16,645
Capital Outlay	4,899		4,899
Total Operating Cash Disbursements	<u>234,543</u>	<u>0</u>	<u>234,543</u>
Operating Income/(Loss)	<u>10,865</u>	<u>0</u>	<u>10,865</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	637	104,161	104,798
Total Non-Operating Cash Receipts	<u>637</u>	<u>104,161</u>	<u>104,798</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	1,000	107,296	108,296
Total Non-Operating Cash Disbursements	<u>1,000</u>	<u>107,296</u>	<u>108,296</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	10,502	(3,135)	7,367
Transfers-In	19,500		19,500
Advances-In	8,000		8,000
Transfers-Out	(17,500)		(17,500)
Advances-Out	(8,000)		(8,000)
Net Receipts Over/(Under) Disbursements	12,502	(3,135)	9,367
Fund Cash Balances, January 1	<u>27,409</u>	<u>9,185</u>	<u>36,594</u>
Fund Cash Balances, December 31	<u>\$39,911</u>	<u>\$6,050</u>	<u>\$45,961</u>
Reserve for Encumbrances, December 31	<u>\$351</u>	<u>\$0</u>	<u>\$351</u>

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

**VILLAGE OF GREEHILLS
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Property Tax and Other Local Taxes	\$930,947	\$404,791	\$213,354	\$0	\$0	\$1,549,092
Special Assessments				26,048		26,048
Intergovernmental Receipts	677,668	246,821	26,516			951,005
Charges for Services	80,226	152,985				233,211
Fines, Licenses, and Permits	88,758	2,882				91,640
Earnings on Investments	36,861	5,677	4,808	9,130	3,767	60,243
Miscellaneous	45,369	1,085				46,454
Total Cash Receipts	<u>1,859,829</u>	<u>814,241</u>	<u>244,678</u>	<u>35,178</u>	<u>3,767</u>	<u>2,957,693</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	448,738	459,171				907,909
Public Health Services	2,825					2,825
Leisure Time Activities		12,075				12,075
Community Environment	649,332					649,332
Transportation		36,527				36,527
General Government	320,335	74,927	2,776		17,183	415,221
Debt Service:						
Principal Payments			1,435,000			1,435,000
Interest Payments			186,830			186,830
Capital Outlay	132,081			792,355		924,436
Total Cash Disbursements	<u>1,553,311</u>	<u>582,700</u>	<u>1,624,606</u>	<u>792,355</u>	<u>17,183</u>	<u>4,570,155</u>
Total Receipts Over/(Under) Disbursements	<u>306,518</u>	<u>231,541</u>	<u>(1,379,928)</u>	<u>(757,177)</u>	<u>(13,416)</u>	<u>(1,612,462)</u>
Other Financing Receipts and (Disbursements):						
Other Financing Uses	(7,051)					(7,051)
Sale of Bonds or Notes			1,251,000	144,000		1,395,000
Transfers-In		36,000	115,000	559,376	15,000	725,376
Advances-In	30,000	3,636				33,636
Transfers-Out	(574,376)	(151,000)				(725,376)
Advances-Out	(3,636)	(30,000)				(33,636)
Total Other Financing Receipts/(Disbursements)	<u>(555,063)</u>	<u>(141,364)</u>	<u>1,366,000</u>	<u>703,376</u>	<u>15,000</u>	<u>1,387,949</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(248,545)</u>	<u>90,177</u>	<u>(13,928)</u>	<u>(53,801)</u>	<u>1,584</u>	<u>(224,513)</u>
Fund Cash Balances, January 1	<u>395,231</u>	<u>121,047</u>	<u>14,432</u>	<u>300,732</u>	<u>79,782</u>	<u>911,224</u>
Fund Cash Balances, December 31	<u>\$146,686</u>	<u>\$211,224</u>	<u>\$504</u>	<u>\$246,931</u>	<u>\$81,366</u>	<u>\$686,711</u>
Reserves for Encumbrances, December 31	<u>\$1,800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,800</u>

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$247,990	\$0	\$247,990
Miscellaneous	7,454		7,454
Total Operating Cash Receipts	<u>255,444</u>	<u>0</u>	<u>255,444</u>
Operating Cash Disbursements:			
Personal Services	123,327		123,327
Fringe Benefits	22,032		22,032
Contractual Services	27,625		27,625
Supplies and Materials	49,040		49,040
Other	27,283		27,283
Capital Outlay	16,138		16,138
Total Operating Cash Disbursements	<u>265,445</u>	<u>0</u>	<u>265,445</u>
Operating Income/(Loss)	<u>(10,001)</u>	<u>0</u>	<u>(10,001)</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	1,880	110,833	112,713
Total Non-Operating Cash Receipts	<u>1,880</u>	<u>110,833</u>	<u>112,713</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	926	112,864	113,790
Total Non-Operating Cash Disbursements	<u>926</u>	<u>112,864</u>	<u>113,790</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(9,047)	(2,031)	(11,078)
Transfers-In	10,000		10,000
Transfers-Out	(10,000)		(10,000)
Net Receipts Over/(Under) Disbursements	(9,047)	(2,031)	(11,078)
Fund Cash Balances, January 1	<u>36,456</u>	<u>11,216</u>	<u>47,672</u>
Fund Cash Balances, December 31	<u>\$27,409</u>	<u>\$9,185</u>	<u>\$36,594</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Greenhills, Hamilton County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), and police services. The Village receives tax money to support a volunteer fire department.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

STAR Ohio is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Police Operating Fund

This fund receives property taxes for the purpose of providing police protection, including providing and maintaining motor vehicles, communication and other equipment.

Apartment Buildings Operations

This fund receives rent for the purpose of maintaining the apartments being rented.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Bond Retirement Fund

This fund is used to repay debt issued for the purchase of fire equipment, swimming pool improvements, street improvements, municipal service building, and the renovation and addition to the Municipal Building.

4. Capital Project Funds

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

Curb Construction Fund

This fund receives proceeds of general obligation bond anticipation notes for the replacement of street curbs.

Apartment Building Acquisition Fund

This fund receives proceeds of general obligation bond anticipation notes for the purchase of apartment building within the Village.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Golf Course Fund

This fund receives charges for services from residents and non-residents to cover the cost of providing this recreation.

Swimming Pool Fund

This fund receives charges for services from residents and non-residents to cover the cost of providing this recreation.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Fiduciary Funds (Trust and Agency Funds)

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

Mayor's Court Fund

This agency fund accounts for the Village court activity.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$771,424	\$258,392
STAR Ohio	682,682	464,913
Total deposits and investments	\$1,454,106	\$723,305

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,848,136	\$1,873,664	\$25,528
Special Revenue	888,461	888,458	(3)
Debt Service	2,109,508	1,729,533	(379,975)
Capital Projects	1,083,473	1,003,662	(79,811)
Enterprise	263,854	265,545	1,691
Fiduciary	16,360	16,257	(103)
Total	\$6,209,792	\$5,777,119	(\$432,673)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,636,755	\$1,568,093	\$68,662
Special Revenue	1,091,768	787,648	304,120
Debt Service	1,699,598	1,695,610	3,988
Capital Projects	940,356	713,846	226,510
Enterprise	288,705	253,394	35,311
Fiduciary	80,560	27,648	52,912
Total	\$5,737,742	\$5,046,239	\$691,503

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,901,315	\$1,859,829	(\$41,486)
Special Revenue	857,608	850,241	(7,367)
Debt Service	1,660,026	1,610,678	(49,348)
Capital Projects	37,400	738,554	701,154
Enterprise	272,335	267,324	(5,011)
Fiduciary	20,000	18,767	(1,233)
Total	\$4,748,684	\$5,345,393	\$596,709

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,287,145	\$2,136,538	\$150,607
Special Revenue	976,777	733,700	243,077
Debt Service	1,629,130	1,624,606	4,524
Capital Projects	912,600	792,355	120,245
Enterprise	301,030	276,371	24,659
Fiduciary	39,500	17,183	22,317
Total	\$6,146,182	\$5,580,753	\$565,429

4. PROPERTY TAX

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Municipal Building Bond	\$50,000	4.34%
Swimming Pool Renovation Bond	310,000	5.77%
Curb Renovation Bond	1,720,000	5.21%
Real Property & Building Acquisition Notes	1,500,000	2.00%
Real Estate Acquisition Bond	1,200,000	3.50%
Total	<u>\$4,780,000</u>	

The Village issued \$300,000 of general obligation bonds in March 1996 for renovation of the Municipal building. These bonds were to be repaid over a period of seven years. Interest is paid semi-annually and bonds are paid annually with monies received from real estate and property tax receipts.

The Village issued \$385,000 of general obligation bonds in May 1996 for renovation of the Village's swimming pool. These bonds were to be repaid over a period of twenty years. Interest is paid semi-annually, and bonds are paid annually with monies received from real estate and property tax receipts.

The Village issued \$2,080,000 of general obligation bonds in February 1998 for renovation of the Village's street curbs. These bonds were to be repaid over a period of nineteen years. Interest is paid semi-annually, and bonds are paid annually with monies received from real estate and property tax receipts.

The Village issued \$1,500,000 of general obligation bond anticipation notes in July 2002 to finance the acquisition of real estate and buildings, to construct streetscape improvements, and to redeem \$995,000 in various purpose bond anticipation notes. Principal and interest for these notes will be repaid at maturity in July 2003 with monies received from real estate and property tax receipts.

The Village issued \$1,200,000 of general obligation bonds in December 2002 for the acquisition of real estate within the Village. These bonds will be repaid over a period of twenty years. Interest is paid semi-annually, and bonds are paid annually with monies received from real estate and property tax receipts.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Bonds	Bond Anticipation Notes
Year ending December 31:		
2003	\$347,836	\$1,530,000
2004	300,340	
2005	298,497	
2006	301,393	
2007	293,748	
2008 – 2012	1,471,871	
2013 – 2018	1,898,387	
2019 – 2022	457,781	
Total	\$5,369,853	\$1,530,000

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Greenhills
Hamilton County
11000 Winton Road
Greenhills, Ohio 45218

To the Village Council:

We have audited the accompanying financial statements of the Village of Greenhills, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 18, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 18, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 18, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF GREENHILLS

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 3, 2003**