

***VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Members of Council
Village of Greenhills
11000 Winton Road
Greenhills, Ohio 45128

We have reviewed the *Independent Auditor's Report* of the Village of Greenhills, Hamilton County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 21, 2006

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**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2004 & 2003**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

The Village Council
Village of Greenhills
11000 Winton Road
Cincinnati, Ohio 45218

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, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Greenhills, Hamilton County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Charles E. Harris & Associates, Inc.

December 29, 2005

VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2004

	Governmental Fund Types				Fiduciary	Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
Receipts:						
Property and Local Taxes	\$ 382,139	\$ 392,887	\$ 188,881	\$ -	\$ -	\$ 963,907
Municipal Income Tax	697,922	-	-	-	-	697,922
Intergovernmental	279,065	223,516	24,733	-	-	527,314
Special Assessments	-	-	-	25,966	-	25,966
Charges for Services	80,823	213,992	-	-	-	294,815
Fines, Licenses and Permits	99,176	1,421	-	-	-	100,597
Earnings on Investments	11,835	1,979	820	171	353	15,158
Miscellaneous	183,371	36,749	-	-	-	220,120
Total Receipts	1,734,331	870,544	214,434	26,137	353	2,845,799
Disbursements:						
Current:						
Security of Persons & Property	496,377	359,815	-	-	68,688	924,880
Public Health Services	3,097	-	-	-	-	3,097
Leisure Time Activities	-	16,945	-	-	-	16,945
Community Environment	699,745	-	-	-	-	699,745
Transportation	-	106,693	-	-	-	106,693
General Government	321,931	276,773	2,611	-	-	601,315
Capital Outlay	338,737	99,328	-	677,378	-	1,115,443
Debt Services						
Principal Payment	-	-	1,645,000	-	-	1,645,000
Interest and Fiscal Charges	-	116,649	63,395	-	-	180,044
Total Disbursements	1,859,887	976,203	1,711,006	677,378	68,688	5,293,162
Total Receipts Over/(Under) Disbursements	(125,556)	(105,659)	(1,496,572)	(651,241)	(68,335)	(2,447,363)
Other Financing Sources/(Uses):						
Sale of Notes	-	-	1,500,000	400,000	-	1,900,000
Sale of Fixed Assets	-	19,724	-	566,263	-	585,987
Transfers-In	-	2,500	-	1,000	15,000	18,500
Transfers-Out	(18,500)	-	-	-	-	(18,500)
Total Other Financing Sources/(Uses)	(18,500)	22,224	1,500,000	967,263	15,000	2,485,987
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(144,056)	(83,435)	3,428	316,022	(53,335)	38,624
Fund Cash Balance January 1, 2004	478,709	185,036	15,166	68,238	57,741	804,890
Fund Cash Balance December 31, 2004	\$ 334,653	\$ 101,601	\$ 18,594	\$ 384,260	\$ 4,406	\$ 843,514

See Accompanying Notes to the Financial Statements.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES ·
All Proprietary Funds and Similar Fiduriary Fund
For the Year Ended December 31, 2004**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Receipts:			
Charges for Services	\$ 206,726	\$ -	\$ 206,726
Fines	-	122,814	122,814
Miscellaneous	350	-	350
Total Receipts	207,076	122,814	329,890
Disbursements:			
Personal Services	104,196	-	104,196
Employee Fringe Benefits	16,140	-	16,140
Contractual Services	25,683	-	25,683
Materials and Supplies	35,632	-	35,632
Other	8,187	-	8,187
Capital Outlay	9,372	-	9,372
Total Disbursements	199,210	-	199,210
Excess of Receipts Over (Under) Disbursements	7,866	122,814	130,680
Nonoperating Receipts (Disbursements):			
Earnings on Investments	296	-	296
Miscellaneous Receipts	2,693	-	2,693
Non-Operating Disbursements	-	(122,904)	(122,904)
Total Nonoperating Receipts (Disbursements)	2,989	(122,904)	(119,915)
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	10,855	(90)	10,765
Fund Balance, January 1, 2004	3,032	390	3,422
Fund Balance, December 31, 2004	\$ 13,887	\$ 300	\$ 14,187

See Accompanying Notes to the Financial Statements.

VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2003

	Governmental Fund Types				Fiduciary	Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Receipts:						
Property and Local Taxes	\$ 382,806	\$ 394,155	\$ 221,161	\$ -	\$ -	\$ 998,122
Municipal Income Tax	683,417	-	-	-	-	683,417
Intergovernmental	425,308	215,560	28,461	-	-	669,329
Special Assessments	-	-	-	25,894	-	25,894
Charges for Services	77,704	243,915	-	-	-	321,619
Fines, Licenses and Permits	98,396	2,299	-	-	-	100,695
Earnings on Investments	12,068	2,751	578	135	721	16,253
Miscellaneous	13,989	-	-	-	-	13,989
Total Receipts	1,693,688	858,680	250,200	26,029	721	2,829,318
Disbursements:						
Current:						
Security of Persons & Property	505,748	364,252	-	-	12,305	882,305
Public Health Services	2,960	-	-	-	-	2,960
Leisure Time Activities	-	12,367	-	-	-	12,367
Community Environment	741,064	-	-	-	-	741,064
Transportation	-	120,203	-	-	-	120,203
General Government	329,410	228,362	2,957	-	650	561,379
Capital Outlay	76,080	160,305	-	643,108	-	879,493
Debt Service						
Principal Payment	-	-	1,685,000	-	-	1,685,000
Interest and Fiscal Charges	-	100,189	94,504	-	-	194,693
Total Disbursements	1,655,262	985,678	1,782,461	643,108	12,955	5,079,464
Total Receipts Over/(Under) Disbursements	38,426	(126,998)	(1,532,261)	(617,079)	(12,234)	(2,250,146)
Other Financing Sources/(Uses):						
Sale of Notes	-	-	1,500,000	-	-	1,500,000
Sale of Fixed Assets	-	-	-	147,570	-	147,570
Transfers-In	-	-	13,000	1,000	-	14,000
Transfers-Out	(14,000)	-	-	-	-	(14,000)
Other Financing Uses	(679)	-	-	-	-	(679)
Total Other Financing Sources/(Uses)	(14,679)	-	1,513,000	148,570	-	1,646,891
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	23,747	(126,998)	(19,261)	(468,509)	(12,234)	(603,255)
Fund Cash Balance January 1, 2003	454,962	312,034	34,427	536,747	69,975	1,408,145
Fund Cash Balance December 31, 2003	\$ 478,709	\$ 185,036	\$ 15,166	\$ 68,238	\$ 57,741	\$ 804,890

See Accompanying Notes to the Financial Statements.

VILLAGE OF GREENHILLS
HAMILTON COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES -
All Proprietary Funds and Similar Fiduriary Fund
For the Year Ended December 31, 2003

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Receipts:			
Charges for Services	\$ 211,558	\$ -	\$ 211,558
Fines	-	128,006	128,006
Miscellaneous	150	-	150
	<hr/>	<hr/>	<hr/>
Total Receipts	211,708	128,006	339,714
	<hr/>	<hr/>	<hr/>
Disbursements:			
Personal Services	124,656	-	124,656
Employee Fringe Benefits	16,123	-	16,123
Contractual Services	23,996	-	23,996
Materials and Supplies	41,228	-	41,228
Other	13,622	-	13,622
Capital Outlay	30,813	-	30,813
	<hr/>	<hr/>	<hr/>
Total Disbursements	250,438	-	250,438
	<hr/>	<hr/>	<hr/>
Excess of Receipts Over (Under) Disbursements	(38,730)	128,006	89,276
	<hr/>	<hr/>	<hr/>
Nonoperating Receipts (Disbursements):			
Earnings on Investments	504	-	504
Miscellaneous Receipts	1,996	-	1,996
Other Non-Operating Disbursements	(649)	(133,666)	(134,315)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Receipts (Disbursements)	1,851	(133,666)	(131,815)
	<hr/>	<hr/>	<hr/>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	(36,879)	(5,660)	(42,539)
	<hr/>	<hr/>	<hr/>
Fund Balance, January 1, 2003	39,911	6,050	45,961
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Fund Balance, December 31, 2003	\$ 3,032	\$ 390	\$ 3,422
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See Accompanying Notes to the Financial Statements.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Greenhills, Hamilton County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a mayor-council-manager form of government. Elected officials include six council members and a mayor. The Village provides various services including police protection, recreation, street maintenance and repair and general administrative services. The Village receives tax money to support a volunteer fire department.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis 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.)

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

C. CASH

Investments are included in the fund cash balances. 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.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Street Construction, Maintenance and Repair Fund
- Police Operating Fund
- Apartment Operations Fund
- Fire Equipment Fund

Debt Service Fund: These funds are used to accumulate resources for the retirement of notes and bond indebtedness. The Village had the following significant debt service fund:

- Bond Retirement Fund

Capital Projects: This fund is used to account for resources to be used for the acquisition or construction of capital assets. The Village has the following significant Capital Projects Funds:

- Apartment Building Acquisition Fund

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 Fund:

- Swimming Pool Fund
- Golf Course Fund

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Fiduciary Fund Type: To account for custodial funds held by the Village acting as an agent for another government, organization, individual or fund. The Village had the following Fiduciary Fund:

Agency Fund:

- Mayor's Court

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk/Treasurer, approved by the Village Council, and submitted 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.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk-Treasurer identifies decreases in revenue.

Budget receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2003 and 2004. However, those fund balances are available for appropriation.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay 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, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment 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:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$ 435,667	\$ 117,792
STAR Ohio	<u>422,034</u>	<u>690,520</u>
Total deposits and investments	<u>\$ 857,701</u>	<u>\$ 808,312</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2004.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as Intergovernmental Receipts.

Public utilities are also taxed on personal and real property located within the Village.

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

<u>Fund:</u>	<u>2004 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 1,711,446	\$ 1,734,331	\$ 22,885
Special Revenue Funds	904,046	892,768	(11,278)
Debt Service Fund	1,708,344	1,714,434	6,090
Capital Projects Fund	938,138	993,400	55,262
Expendable Trust Funds	15,400	15,353	(47)
Enterprise Funds	214,755	210,065	(4,690)

<u>Fund:</u>	<u>2004 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 2,071,071	\$ 1,878,387	\$192,684
Revenue Funds	1,037,291	976,203	61,088
Debt Service Fund	1,711,646	1,711,006	640
Capital Projects Fund	1,006,130	677,378	328,752
Expendable Trust Funds	73,000	68,688	4,312
Enterprise Funds	217,455	199,210	18,245

<u>Fund:</u>	<u>2003 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 1,551,490	\$ 1,693,688	\$ 142,198
Special Revenue Funds	842,292	858,680	16,388
Debt Service Fund	1,763,200	1,763,200	-
Capital Projects Fund	174,500	174,599	99
Expendable Trust Funds	1,926	721	1,205
Enterprise Funds	214,115	214,208	93

<u>Fund:</u>	<u>2003 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 1,732,444	\$ 1,669,941	\$62,503
Revenue Funds	1,153,817	985,678	168,139
Debt Service Fund	1,788,137	1,782,461	5,676
Capital Projects Fund	663,700	643,108	20,592
Expendable Trust Funds	71,901	12,955	58,946
Enterprise Funds	254,026	251,087	2,939

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, 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 prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay, while the Village contributed 19.5%. OPERS members contributed 8.5% of their gross pay while the Village contributed an amount equal to 13.55% of covered payroll. The Village paid all required contributions through 2004.

6. RISK MANAGEMENT

The Village is exposed to various risks of loss related torts, theft, destruction of assets, errors and omissions, injuries to employees and natural disasters and has obtained the following significant coverage from a private insurer:

<u>Type</u>	<u>Coverage</u>
Umbrella	\$4,000,000
General Liability	\$2,000,000
Buildings & Personal Property	\$8,121,713
Auto Liability	\$1,000,000
Employer's Liability	\$1,000,000
Employee's Benefits	\$1,000,000
Law Enforcement Liability	\$2,000,000
Public Officials Liability	\$2,000,000
Employment Practices Liability	\$2,000,000
Liquor Legal Liability	\$2,000,000

Settled Claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

7. DEBT

Debt outstanding at December 31, 2004 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds:	\$ 280,000	5.77%
Swimming Pool Renovation Bond		
Curb Renovation Bond	1,555,000	5.21%
Real Estate Acquisition Bond	1,115,000	4.74%
Bond Anticipation Note	1,900,000	2.35%
Total	<u>\$4,850,000</u>	

Principal and interest requirements for debt outstanding at December 31, 2004 is as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 2,050,000	\$ 194,849
2006	160,000	143,059
2007	160,000	135,376
2008	170,000	127,449
2009	175,000	119,059
2010-2014	1,025,000	453,243
2015-2019	860,000	172,114
2020-2022	250,000	25,882
Total	<u>\$ 4,850,000</u>	<u>\$1,371,031</u>

8. INCOME TAX

The Village levies an income tax of 1.00 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.

9. INTERFUND TRANSFERS

Unrestricted receipts collected in the general fund are transferred to finance various programs accounted for in other funds in accordance with budgetary authorizations. All requirements of the Ohio Revised Code were followed.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

10. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**The Village Council
Village of Greenhills
11000 Winton Road
Cincinnati, Ohio 45218**

We have audited the financial statements of the Village of Greenhills, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 29, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 that do not require inclusion in this report that we have reported to management of the Village in a separate letter dated December 29, 2005.

Compliance and Other Matters

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

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

Charles E. Harris and Associates, Inc.
December 29, 2005

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ending December 31, 2002 and 2001, reported no material citations or recommendations.



**Auditor of State
Betty Montgomery**

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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
APRIL 4, 2006**