



Mary Taylor, CPA  
Auditor of State



VILLAGE OF GREENHILLS  
HAMILTON COUNTY

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HAMILTON COUNTY

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Greenhills, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village'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 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Greenhills, Hamilton County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General fund (2006 & 2005), Street Construction Maintenance and Repair Fund (2006 only), Fire Equipment and other Facilities Fund (2006 & 2005) and Apartment Building Operations fund (2005 only) thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 8, 2008

Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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This discussion and analysis of the Village of Greenhill's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2006 and December 31, 2005, within the limitations of the Village's cash basis accounting. Readers also should review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2006 and 2005 are as follows:

In 2006, total Governmental Fund receipts increased \$387,222 or 13%, a significant change from the prior year. This increase was primarily associated with the increase in Municipal Income Tax receipts in the General fund of \$302,274 or 46%. Voters in the Village voted to increase the income tax rate from 1% to 1.5% effective 1/1/06.

Also in 2006, net assets of governmental activities decreased \$270,841 or 44%. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2006; however, cost increases affected most funds.

In 2005, total Governmental Fund receipts increased \$199,653 or 7%, a significant change from the prior year. This increase was primarily associated with the increase in Charges for Services receipts in the Special Revenue Funds.

**Using the Basic Financial Statements**

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

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

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

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Basis of Accounting**

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

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

**Reporting the Village as a Whole**

The Village of Greenhills was founded by the Federal Government in 1938. The Village has been a Charter Municipality (since 1989), governed by the Mayor and six elected council members. Day-to-day operations are supervised by the appointed Village Manager, who has served the Village since 1974. Greenhills is a landlocked bedroom community of 1.2 square miles, located in Hamilton County, and within ten miles of the City of Cincinnati. The 2000 Census Population was 4,301; however, the present population is estimated to be 3,900. The current assessed valuation of the Village of Greenhills is \$65,712,670.00.

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or not. When evaluating the Village's financial condition, you also should consider other non-financial factors as well, such as the Village's property tax base, income tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.



Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
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Unaudited

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In the statement of net assets and the statement of activities, the Village activities all are considered Governmental activities. All of the Village's basic services are reported here, including police, fire, streets, apartment operations, and recreation. Property taxes, income taxes, state-shared, and charges support most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to comply with Ohio laws, to better manage its many activities, and to help demonstrate that money that is restricted as to how it may be used, is being spent for the intended purpose.

All the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

For 2006 the Villages major governmental funds are the General Fund, Streets Construction Maintenance and Repair Fund, Fire Equipment Facilities Fund, and the General Obligation Bond Retirement Fund.

In 2005, major governmental funds are the General Fund, Fire Equipment Facilities Fund, Apartment Building Operations Fund, General Obligation Bond Retirement Fund, and Building Purchase Fund.

**The Government as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a cash basis:

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash/Cash Equivalents	<u>\$341,165</u>	<u>\$612,006</u>
Total Assets	\$341,165	\$612,006
<b>Net Assets</b>		
Restricted for:		
Debt Service	\$ 56,726	\$ 11,125
Capital Outlay	\$ 29,875	\$ 87,849
Other Purposes	\$ 164,606	\$184,504
Unrestricted	<u>\$ 89,958</u>	<u>\$328,528</u>
Total Net Assets	\$ 341,165	\$612,006

Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

As mentioned previously, net assets of the Village decreased \$270,841 or 79% percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- Decreased state-shared monies. This reflects the Ohio Legislature's determination to reduce the state tax burden to Ohio residents by repositioning costs to the municipalities.
- Increased costs for merchandise and services. The cost of fuel continued to increase during 2006, and fuel surcharges were added to trash collection and other services the Village uses.
- In 2005, the Village sold \$995,000 in Redevelopment bonds.

Table 2 reflects the changes in net assets in 2006.

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
<b>Receipts:</b>		
Program Receipts:		
Operating Grants and Contributions	\$ 186,621	\$ 176,645
Charges for Services	<u>690,595</u>	<u>645,890</u>
<b>Total Program Receipts</b>	<b>877,216</b>	<b>822,535</b>
General Receipts:		
Property & Other Local Taxes	1,117,556	1,020,271
Income Taxes	960,297	658,022
Interest	46,250	43,259
Miscellaneous	65,669	84,796
Grants & Entitlements	365,686	416,568
Sale of Bond	0	995,000
Sale of Note	2,100,000	1,900,000
Sale of Assets	<u>218,994</u>	<u>5,000</u>
<b>Total General Receipts</b>	<b>4,874,452</b>	<b>5,122,917</b>
<b>Total Receipts</b>	<b>5,751,668</b>	<b>5,945,452</b>
Disbursements:		
Security of Persons & Property	1,027,474	928,011
Public Health Services	3,225	3,203
Leisure Time Activities	216,797	211,290
Community Environment	734,042	695,095
Transportation	79,424	93,089
General Government	659,067	553,176
Capital Outlay	963,125	1,292,518
Debt Service:		
Principal	2,045,000	2,035,000
Interest	195,139	162,934
Other	100,438	115,527
<b>Total Disbursements</b>	<b>6,023,730</b>	<b>6,190,848</b>

Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
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Increase (Decrease) in Net Assets	(272,062)	(245,395)
Encumbered	( 1,221)	
<b>Net Assets January 1</b>	<b>612,006</b>	<b>857,401</b>
<b>Net Assets, December 31</b>	<b>\$ 341,165</b>	<b>\$ 612,006</b>

Program receipts represent 15% in 2006 and 14% in 2005 of total receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gasoline tax money, building permits and inspection fees.

General receipts represent 85% in 2006 and 86% in 2005 of the Village's total receipts, and of this amount, 43% in 2006 and 57% are related to the sale of Bonds and Notes. State and federal grants and entitlements, and income taxes make up the balance of the Village's general receipts. Other receipts can be less significant and somewhat unpredictable.

In 2006, and 2005, disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of the Mayor, Council, Law Director, finance activities, and income tax department, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of the police department and the contract with the Greenhills Volunteer Fire Department. Leisure time activities include the costs of the golf course, swimming pool, banquet hall, and the activities attributed to the Recreation Levy (including senior activities). Community Environment refers to the service department, and includes payments to Rumpke for trash collection. Transportation refers to the maintenance of streets throughout the Village, including street repairs and the costs of snow removal.

The bulk of disbursements for 2006 and 2005 are for debt service. In 2006, disbursements totaled \$2,240,139 or 37% of total expenditures for the year. In 2005, disbursements totaled \$2,197,935 or 36% of total expenditures for the year.

Capital Outlay decreased from \$1,292,518 in 2005 to \$963,125 in 2006, due to a decrease in spending related to several projects within the Village, such as Curb Renovations, and rehab of Village owned apartment units.

**Governmental Activities**

The Statement of Activities shows the major services provided by the Village in Column 1. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property and the service department, which account for 17% and 12% of all governmental disbursements, respectively. General government also represents a significant cost, about 11%. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
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A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
	General Government	\$657,846	(\$257,930)	\$553,177
Security of Persons and Property	\$1,027,474	(\$1,027,474)	\$928,012	(\$928,012)
Public Health Services	3,225	(3,225)	3,203	(3,203)
Leisure Time Activities	216,797	(43,302)	211,290	(46,292)
Basic Utility Services	0	124,502	0	124,956
Community Environment	734,042	(727,455)	695,095	(686,862)
Other	100,439	(100,439)	115,527	(115,527)
Transportation	9,589	163,128	22,468	141,332
Capital Outlay	963,125	(963,125)	1,393,518	(1,393,518)
Principal Retirement	2,090,000	(2,090,000)	2,080,000	(2,080,000)
Interest and Fiscal Charges	219,973	(219,973)	188,557	(188,557)
<b>Total Expenses</b>	<b>\$6,022,509</b>	<b>(\$5,145,292)</b>	<b>\$6,190,848</b>	<b>(\$5,368,313)</b>

**The Government's Funds**

During 2006, total governmental funds had receipts of \$5,751,668 and disbursements of \$6,023,730. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$228,153, as the result of increased costs for salaries and benefits, relatively static property taxes, and capital expenditures. During 2005, total governmental funds had receipts of \$5,945,452 and disbursements of \$6,190,848. The greatest change within governmental funds occurred within the Building Purchase Fund. The fund balance of the Building Purchase Fund decreased \$299,142, as the result of increased costs for capital expenditures.

The Streets Maintenance Fund made payments toward the portion of the Village's debt attributable to the indebtedness that included the granite curbs in designated sections of Greenhills. The Apartment Operation Fund receives rental income from those units not yet razed, sold, or being rehabbed for sale. Sixty-nine apartments presently are available for renting, and the majority are rented. The rental receipts are used for apartment utilities, property taxes, property insurance, as well as the maintenance and repair of these units. The Village's goal is to cover operational expenses, but also to provide some relief for the indebtedness which has occurred in getting this program underway.

Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budget fund is the General Fund.

During 2006, the Village amended its appropriations several times to reflect changing circumstances. The annual appropriation ordinance approved by Council in March of each year reflected an anticipated \$5,462,230 in total resources, including the beginning year balance. During the course of the year, amended certificates were requested, with the December total resources being increased to \$6,361,738. Actual receipts were \$5,751,668, making total resources available \$6,414,674.

All fund receipts matched or exceeded the final certificate, but several funds did not live up to initial expectations as of the beginning of 2006: Fewer dollars were received in the Streets Maintenance and Repair fund, and fewer fines were allocated to the Drug Enforcement and Education fund.

While the Spoils Ballfield had a much better year than 2005, two of the four components of our recreation program – the Golf Course and the Swimming Pool, did not live up to the original expectations. The Banquet Hall (the fourth component) supports (when necessary) deficiencies at the Golf Course and/or Swimming Pool. The Ballfield is expected to operate at least minimally profitably on its own.

The anticipated revenue for all funds receiving property taxes can be fairly accurately estimated as early as the March deadline. Village administration attempts to disburse completed the property tax revenue of two funds – Police Operating Levy Fund and Fire Department (Contract) Fund. As a result, the certificate for these funds is amended at the end of the year to provide for full disbursements of all receipts for the proper purpose, which includes auditors' fees.

**Capital Assets and Debt Administration**

Capital assets and infrastructure are recorded in the office of the Municipal Manager. All capital assets also are recorded within insurance coverage files.

As of December 31, 2006, the Village's outstanding debt included \$245,000 principal for the Swimming Pool Renovation issue, voted March 19, 1996; \$1,370,000 principal for the November 1997 voted Curb Replacement issue; \$935,000 principal for the Voted Redevelopment issue, November 2004; a Councilmatic note of \$2,100,000; and \$1,025,000 principal on the 2002 Councilmatic Bond, for a total of \$5,675,000. More detail regarding the Village's debt can be found in the notes to the financial statements.

Village of Greenhills, Hamilton County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Current Issues**

**Municipal Revopement Program**

The Village of Greenhills embarked on a residential redevelopment/improvement program in 2000. The objective of this effort is to reduce the number of rental units in Greenhills, and increase the number of owner-occupied homes. As of December 31, 2006, a total of 131 units have been purchased by the Village of Greenhills. Of these, 47 units have been razed and six units have been sold. Total acquisitions have cost \$5,693,500 to date. In 2004, a developer purchased sixteen lots, and seven of the sixteen DeWitt Landing homes are in place. Additional homes will come in 2007. The acquisition of all fourteen units in DeWitt Court has another attractive development area adjacent to DeWitt Landing available in 2007. Responses from developers have been mixed, but one interested firm has suggested keeping the present "footprints" and changing from four- or five-unit buildings to two or three-units of more spacious design. Approximately 58 rental units of the seventy-some owned and operated by the Village presently have tenants, creating a revenue stream to cover the operation of the rental units and relieve some of the expenses of acquisition. Other units owned by the Village are available for rehabbing and selling to become owner-occupied.

The project is a large undertaking on the part of the Village of Greenhills officials, administration, and citizens. It has become a model for other communities which are facing similar housing circumstances: older housing stock, often-neglected rental housing, declining revenues, and resident flight from the inner city and the first ring of suburbs to the "exurbs."

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Village of Greenhills Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kathryn L. Brokaw, Finance Director, Village of Greenhills, 11000 Winton Road, Greenhills, Ohio 45218 (kbrokaw@greenhillsohio.org)

**Village of Greenhills**  
**Hamilton County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$65,948
Cash Equivalents	<u>275,217</u>
<i>Total Assets</i>	<u><u>\$341,165</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$29,875
Debt Service	56,726
Other Purposes	164,607
Unrestricted	<u>89,958</u>
<i>Total Net Assets</i>	<u><u>\$341,165</u></u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Security of Persons and Property	\$1,027,474	\$0	\$0	\$0	(\$1,027,474)
Public Health Services	3,225	0	0	0	(3,225)
Leisure Time Activities	216,797	173,495	0	0	(43,302)
Community Environment	734,042	6,587	0	0	(727,455)
Basic Utility Services	0	124,502	0	0	124,502
Transportation	9,589	0	172,718	0	163,128
General Government	657,846	386,012	13,904	0	(257,930)
Capital Outlay	963,125	0	0	0	(963,125)
Debt Service:					
Principal	2,090,000	0	0	0	(2,090,000)
Interest	219,973	0	0	0	(219,973)
Other	100,439	0	0	0	(100,439)
<i>Total Governmental Activities</i>	6,022,509	690,595	186,621	0	(5,145,292)
<b>Total</b>	<b>\$6,022,509</b>	<b>\$690,595</b>	<b>\$186,621</b>	<b>\$0</b>	<b>(5,145,292)</b>
<b>General Receipts</b>					
Property Taxes					1,117,556
Municipal Income Taxes					960,297
Grants and Entitlements not Restricted to Specific Programs					365,686
Sale of Notes					2,100,000
Sale of Fixed Assets					218,994
Earnings on Investments					46,250
Miscellaneous					65,669
<i>Total General Receipts</i>					4,874,452
Total General Receipts					4,874,452
Change in Net Assets					(270,841)
<i>Net Assets Beginning of Year</i>					612,006
<i>Net Assets End of Year</i>					\$341,165

See accompanying notes to the basic financial statements



**Village of Greenhills**  
**Hamilton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Street Construction Maintenance and Repair Fund	Fire Equipment Facilities Fund	General Obligation Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash	\$17,185	\$8,845	\$210	\$142	\$39,566	\$65,948
Cash Equivalents	60,221	64,250	57,704	56,584	36,459	275,217
<i>Total Assets</i>	<u>\$77,405</u>	<u>\$73,095</u>	<u>\$57,914</u>	<u>\$56,726</u>	<u>\$76,025</u>	<u>\$341,165</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$77,405					\$77,405
Special Revenue Funds		\$73,095	\$57,914		\$46,150	177,159
Debt Service Fund				\$56,726		56,726
Capital Projects Funds					29,875	29,875
<i>Total Fund Balances</i>	<u>\$77,405</u>	<u>\$73,095</u>	<u>\$57,914</u>	<u>\$56,726</u>	<u>\$76,025</u>	<u>\$341,165</u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
For the Year Ended December 31, 2006

	General	Street Construction Maintenance & Repair Fund	Fire Equipment & Other Facilities Fund	General Obligations Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$424,003	\$33,056	\$38,754	\$299,194	\$322,550	\$1,117,556
Municipal Income Taxes	960,297	0	0	0	0	960,297
Intergovernmental	283,245	178,163	5,554	36,283	49,063	552,307
Special Assessments	0	0	0	0	36,895	36,895
Charges for Services	78,268	0	0	0	524,243	602,512
Fines, Licenses and Permits	87,303	0	0	0	1,148	88,451
Earnings on Investments	18,037	5,496	3,675	14,386	4,655	46,250
Miscellaneous	11,776	1,102	8,355	0	7,174	28,407
<i>Total Receipts</i>	<u>1,862,929</u>	<u>217,817</u>	<u>56,338</u>	<u>349,862</u>	<u>945,729</u>	<u>3,432,674</u>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	649,808	0	531	0	377,135	1,027,474
Public Health Services	3,225	0	0	0	0	3,225
Leisure Time Activities	0	0	0	0	216,797	216,797
Community Environment	734,042	0	0	0	0	734,042
Transportation	0	9,589	0	0	0	9,589
General Government	326,146	0	0	4,122	328,798	659,067
Capital Outlay	330,711	12,906	62,519	0	555,767	961,904
Debt Service:						
Principal Retirement	0	45,000	0	2,045,000	0	2,090,000
Interest and Fiscal Charges	0	24,834	0	195,139	0	219,973
<i>Total Disbursements</i>	<u>2,043,932</u>	<u>92,330</u>	<u>63,050</u>	<u>2,244,261</u>	<u>1,478,498</u>	<u>5,922,071</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(181,003)</u>	<u>125,487</u>	<u>(6,712)</u>	<u>(1,894,399)</u>	<u>(532,769)</u>	<u>(2,489,396)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Notes	0	0	0	1,900,000	200,000	2,100,000
Sale of Fixed Assets	0	0	0	0	218,994	218,994
Transfers In	0	0	0	40,000	11,000	51,000
Transfers Out	(41,000)	0	0	0	(10,000)	(51,000)
Advances In	25,000	60,000	0	123,000	208,000	416,000
Advances Out	(25,000)	(60,000)	0	(123,000)	(208,000)	(416,000)
Other Financing Uses	(4,929)	(94,669)	0	0	(841)	(100,439)
<i>Total Other Financing Sources (Uses)</i>	<u>(45,929)</u>	<u>(94,669)</u>	<u>0</u>	<u>1,940,000</u>	<u>419,153</u>	<u>2,218,555</u>
<i>Net Change in Fund Balances</i>	<u>(226,932)</u>	<u>30,818</u>	<u>(6,712)</u>	<u>45,601</u>	<u>(113,616)</u>	<u>(270,841)</u>
<i>Fund Balances Beginning of Year</i>	<u>304,337</u>	<u>42,277</u>	<u>64,626</u>	<u>11,125</u>	<u>189,641</u>	<u>612,006</u>
<i>Fund Balances End of Year</i>	<u>\$77,405</u>	<u>\$73,095</u>	<u>\$57,914</u>	<u>\$56,726</u>	<u>\$76,025</u>	<u>\$341,165</u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
**General Fund**  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$900,000	\$914,576	\$960,297	\$45,720
Property and Other Local Taxes	384,098	422,275	424,003	1,728
Charges for Services	83,200	88,200	78,268	(9,932)
Fines, Licenses and Permits	98,950	99,695	87,303	(12,392)
Intergovernmental	258,239	281,009	283,245	2,236
Interest	25,000	25,000	18,037	(6,963)
Miscellaneous	16,000	38,769	11,776	(26,993)
<i>Total receipts</i>	1,765,487	1,869,524	1,862,929	(6,595)
<b>Disbursements</b>				
Current:				
General Government	337,595	341,304	326,146	15,158
Security of Persons and Property	631,102	682,715	649,808	32,907
Public Health Services	3,226	3,226	3,225	1
Community Environment	741,000	768,374	734,042	34,332
Capital Outlay	277,900	331,950	331,932	18
<i>Total Disbursements</i>	1,990,823	2,127,569	2,045,153	82,416
<i>Excess of Receipts Over (Under) Disbursements</i>	(225,336)	(258,045)	(182,224)	75,821
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(73,600)	(41,000)	(41,000)	0
Advances In	0	0	25,000	25,000
Advances Out	(10,400)	0	(25,000)	(25,000)
Other Financing Uses	(5,000)	(5,000)	(4,929)	71
<i>Total Other Financing Sources (Uses)</i>	(89,000)	(46,000)	(45,929)	71
<i>Net Change in Fund Balance</i>	(314,336)	(304,045)	(228,153)	75,892
<i>Fund Balance Beginning of Year</i>	305,558	305,558	305,558	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	(\$8,778)	\$1,513	\$77,405	\$75,892

See accompanying notes to the basic financial statements

**Village of Greenhills  
Hamilton County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Street Construction Maintenance and Repair Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	32,392	32,392	33,056	664
Intergovernmental	189,385	182,385	178,163	(4,222)
Interest	1,523	1,523	5,496	3,973
Miscellaneous	1,000	1,000	1,102	102
<i>Total receipts</i>	<u>224,300</u>	<u>217,300</u>	<u>217,817</u>	<u>517</u>
<b>Disbursements</b>				
Current:				
Transportation	149,440	142,440	9,589	132,851
Capital Outlay	22,000	22,000	12,906	9,094
Debt Service:				
Principal Retirement	0	0	45,000	(45,000)
Interest and Fiscal Charges	0	0	24,834	(24,834)
<i>Total Disbursements</i>	<u>171,440</u>	<u>164,440</u>	<u>92,330</u>	<u>72,110</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>52,860</u>	<u>52,860</u>	<u>125,487</u>	<u>72,627</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	60,000	60,000
Advances Out	0	0	(60,000)	(60,000)
Other Financing Sources	0	0	0	0
Other Financing Uses	(94,669)	(94,669)	(94,669)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(94,669)</u>	<u>(94,669)</u>	<u>(94,669)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(41,809)	(41,809)	30,818	72,627
<i>Fund Balance Beginning of Year</i>	42,277	42,277	42,277	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$468</u>	<u>\$468</u>	<u>\$73,095</u>	<u>\$72,627</u>

See accompanying notes to the basic financial statements

**Village of Greenhills  
Hamilton County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Fire Equipment and Other Facilities  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$38,184	\$38,184	\$38,754	570
Intergovernmental	5,480	5,480	5,554	74
Interest	336	3,600	3,675	75
Miscellaneous	0	8,400	8,355	(45)
<i>Total receipts</i>	<u>44,000</u>	<u>55,664</u>	<u>56,338</u>	<u>674</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	55	555	531	24
Capital Outlay	55,912	67,162	62,519	4,643
<i>Total Disbursements</i>	<u>55,967</u>	<u>67,717</u>	<u>63,050</u>	<u>4,666</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,967)</u>	<u>(12,053)</u>	<u>(6,712)</u>	<u>5,341</u>
<i>Net Change in Fund Balance</i>	(11,967)	(12,053)	(6,712)	5,341
<i>Fund Balance Beginning of Year</i>	64,626	64,626	64,626	0
Prior Year Encumbrances Appropriated	_____	_____	_____	0
<i>Fund Balance End of Year</i>	<u>\$52,659</u>	<u>\$52,573</u>	<u>\$57,914</u>	<u>\$5,341</u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Cash	\$7,264
<i>Total Assets</i>	<u>\$7,264</u>
<b>Net Assets</b>	
Unrestricted	<u>\$7,264</u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Changes in Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
For the Year Ended December 31, 2006

	Agency
<b>Receipts</b>	
Fines, Licenses, Permits	\$103,231
Miscellaneous	2,710
<b>Total Receipts</b>	105,941
<b>Disbursements</b>	
Due to Others	104,590
Other	938
<b>Total Disbursements</b>	105,528
Change in Net Assets	413
Net Assets - Beginning of Year	6,851
Net Assets - End of Year	\$7,264

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

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	Governmental Activities
<b>Assets</b>	
Cash	\$177,613
Cash Equivalents	434,393
<i>Total Assets</i>	<u><u>\$612,006</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$87,849
Debt Service	11,125
Other Purposes	184,504
Unrestricted	328,528
<i>Total Net Assets</i>	<u><u>\$612,006</u></u>

See accompanying notes to the basic financial statements



**Village of Greenhills**  
**Hamilton County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2005*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Security of Persons and Property	\$928,012	\$0	\$0	\$0	(\$928,012)
Public Health Services	3,203	0	0	0	(3,203)
Leisure Time Activities	211,290	164,999	0	0	(46,292)
Community Environment	695,095	8,233	0	0	(686,862)
Basic Utility Services	0	124,956	0	0	124,956
Transportation	22,468	0	163,800	0	141,332
General Government	553,177	347,702	12,845	0	(192,630)
Capital Outlay	1,393,518	0	0	0	(1,393,518)
Debt Service:					
Principal	2,080,000	0	0	0	(2,080,000)
Interest	188,557	0	0	0	(188,557)
Other	115,527	0	0	0	(115,527)
<i>Total Governmental Activities</i>	6,190,848	645,890	176,645	0	(5,368,313)
<b>Total</b>	<b>\$6,190,848</b>	<b>\$645,890</b>	<b>\$176,645</b>	<b>\$0</b>	<b>(5,368,313)</b>
<b>General Receipts</b>					
Property Taxes					1,020,271
Municipal Income Taxes					658,023
Grants and Entitlements not Restricted to Specific Programs					416,568
Sale of Bonds					995,000
Sale of Notes					1,900,000
Sale of Fixed Assets					5,000
Earnings on Investments					43,259
Miscellaneous					84,797
<i>Total General Receipts</i>					5,122,917
Total General Receipts					5,122,917
Change in Net Assets					(245,395)
<i>Net Assets Beginning of Year</i>					857,401
<i>Net Assets End of Year</i>					<b>\$612,006</b>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Fire Equipment Facilities Fund	Apartment Building Operations Fund	General Obligation Bond Retirement Fund	Building Purchase Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash	\$27,451	\$2,671	\$22,805	\$1,346	\$76,226	\$47,114	\$177,613
Cash Equivalents	276,886	61,954	0	9,779	0	85,773	434,393
<i>Total Assets</i>	<u>\$304,337</u>	<u>\$64,626</u>	<u>\$22,805</u>	<u>\$11,125</u>	<u>\$76,226</u>	<u>\$132,887</u>	<u>\$612,006</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$304,337						\$304,337
Special Revenue Funds		\$64,626	\$22,805			\$121,264	208,695
Debt Service Fund				\$11,125			11,125
Capital Projects Funds					\$76,226	11,623	87,849
<i>Total Fund Balances</i>	<u>\$304,337</u>	<u>\$64,626</u>	<u>\$22,805</u>	<u>\$11,125</u>	<u>\$76,226</u>	<u>\$132,887</u>	<u>\$612,006</u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Fire Equipment & Other Facilities Fund	Apartment Building Operation	General Obligations Bond Retirement Fund	Bond Purchase Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$377,574	\$38,217	\$0	\$254,291	\$0	\$350,189	\$1,020,271
Municipal Income Taxes	658,023	0	0	0	0	0	658,023
Intergovernmental	319,811	6,115	0	33,675	0	234,425	594,026
Special Assessments	0	0	0	0	0	35,608	35,608
Charges for Services	82,475	0	265,222	0	0	207,901	555,597
Fines, Licenses and Permits	89,286	0	0	0	0	1,427	90,713
Earnings on Investments	29,744	1,901	0	5,541	1,757	4,317	43,259
Miscellaneous	25,540	0	6,351	0	0	16,064	47,955
<i>Total Receipts</i>	<u>1,582,452</u>	<u>46,233</u>	<u>271,573</u>	<u>293,507</u>	<u>1,757</u>	<u>849,931</u>	<u>3,045,452</u>
<b>Disbursements</b>							
Current:							
Security of Persons and Property	568,476	512	0	0	0	359,024	928,012
Public Health Services	3,203	0	0	0	0	0	3,203
Leisure Time Activities	0	0	0	0	0	211,290	211,290
Community Environment	695,095	0	0	0	0	0	695,095
Transportation	0	0	0	0	0	22,468	22,468
General Government	306,165	0	243,971	3,041	0	0	553,177
Capital Outlay	9,828	35,259	0	0	1,295,899	52,532	1,393,518
Debt Service:							
Principal Retirement	0	0	0	2,035,000	0	45,000	2,080,000
Interest and Fiscal Charges	0	0	0	162,935	0	25,622	188,557
<i>Total Disbursements</i>	<u>1,582,768</u>	<u>35,771</u>	<u>243,971</u>	<u>2,200,975</u>	<u>1,295,899</u>	<u>715,936</u>	<u>6,075,321</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(316)</u>	<u>10,462</u>	<u>27,601</u>	<u>(1,907,468)</u>	<u>(1,294,142)</u>	<u>133,995</u>	<u>(3,029,868)</u>
<b>Other Financing Sources (Uses)</b>							
Sale of Bonds	0	0	0	0	995,000	0	995,000
Sale of Notes	0	0	0	1,900,000	0	0	1,900,000
Sale of Fixed Assets	0	0	0	0	0	5,000	5,000
Transfers In	0	0	0	0	0	42,500	42,500
Transfers Out	(30,000)	0	0	0	0	(12,500)	(42,500)
Advances In	60,000	0	12,000	0	48,000	0	120,000
Advances Out	(60,000)	0	(12,000)	0	(48,000)	0	(120,000)
Other Financing Uses	0	0	(18,000)	0	0	(97,527)	(115,527)
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>0</u>	<u>(18,000)</u>	<u>1,900,000</u>	<u>995,000</u>	<u>(62,527)</u>	<u>2,784,473</u>
<i>Net Change in Fund Balances</i>	<u>(30,316)</u>	<u>10,462</u>	<u>9,601</u>	<u>(7,468)</u>	<u>(299,142)</u>	<u>71,468</u>	<u>(245,395)</u>
<i>Fund Balances Beginning of Year</i>	<u>334,653</u>	<u>54,164</u>	<u>13,204</u>	<u>18,593</u>	<u>375,368</u>	<u>61,419</u>	<u>857,401</u>
<i>Fund Balances End of Year</i>	<u>\$304,337</u>	<u>\$64,626</u>	<u>\$22,805</u>	<u>\$11,125</u>	<u>\$76,226</u>	<u>\$132,887</u>	<u>\$612,006</u>

See accompanying notes to the basic financial statements

**Village of Greenhills  
Hamilton County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Municipal Income Taxes	\$650,000	\$650,000	\$658,023	\$8,023
Property and Other Local Taxes	386,319	385,257	377,574	(7,683)
Charges for Services	81,000	81,000	82,475	1,475
Fines, Licenses and Permits	98,286	98,286	89,286	(9,000)
Intergovernmental	262,957	262,957	319,811	56,854
Interest	12,500	12,500	29,744	17,244
Miscellaneous	17,000	17,000	25,540	8,540
<i>Total receipts</i>	<u>1,508,062</u>	<u>1,507,000</u>	<u>1,582,452</u>	<u>75,452</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	550,000	623,850	568,476	55,374
Public Health Services	3,204	3,204	3,203	1
Community Environment	712,150	780,150	695,095	85,055
General Government	345,900	369,270	306,165	63,105
Capital Outlay	12,000	10,000	9,828	172
<i>Total Disbursements</i>	<u>1,623,254</u>	<u>1,786,474</u>	<u>1,582,768</u>	<u>203,706</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(115,192)</u>	<u>(279,474)</u>	<u>(316)</u>	<u>279,158</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(30,000)	(30,000)	(30,000)	0
Advances In	0	0	60,000	60,000
Advances Out	0	0	(60,000)	(60,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(145,192)	(309,474)	(30,316)	279,158
<i>Fund Balance Beginning of Year</i>	334,653	334,653	334,653	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$189,461</u>	<u>\$25,179</u>	<u>\$304,337</u>	<u>\$279,158</u>

See accompanying notes to the basic financial statements

**Village of Greenhills  
Hamilton County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Fire Equipment and Other Facilities  
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$38,085	\$38,085	\$38,217	\$132
Intergovernmental	6,157	6,157	6,115	(42)
Earnings on Investments	600	600	1,901	1,301
<i>Total receipts</i>	<u>44,842</u>	<u>44,842</u>	<u>46,233</u>	<u>1,391</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	600	600	512	88
Capital Outlay	37,162	37,162	35,259	1,903
<i>Total Disbursements</i>	<u>37,762</u>	<u>37,762</u>	<u>35,771</u>	<u>1,991</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,080</u>	<u>7,080</u>	<u>10,462</u>	<u>3,382</u>
<i>Net Change in Fund Balance</i>	7,080	7,080	10,462	3,382
<i>Fund Balance Beginning of Year</i>	54,164	54,164	54,164	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$61,244</u>	<u>\$61,244</u>	<u>\$64,626</u>	<u>\$3,382</u>

See accompanying notes to the basic financial statements

**Village of Greenhills  
Hamilton County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Apartment Building Operations  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	260,250	260,250	265,222	4,972
Miscellaneous	250	250	6,351	6,101
<i>Total receipts</i>	<u>260,500</u>	<u>260,500</u>	<u>271,573</u>	<u>11,073</u>
<b>Disbursements</b>				
Current:				
General Government	327,500	265,500	243,971	21,529
<i>Total Disbursements</i>	<u>327,500</u>	<u>265,500</u>	<u>243,971</u>	<u>21,529</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(67,000)</u>	<u>(5,000)</u>	<u>27,601</u>	<u>32,601</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	75,000	10,000	0	(10,000)
Advances In	0	0	12,000	12,000
Advances Out	0	0	(12,000)	(12,000)
Other Financing Uses	(18,000)	(18,000)	(18,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>57,000</u>	<u>(8,000)</u>	<u>(18,000)</u>	<u>(10,000)</u>
<i>Net Change in Fund Balance</i>	(10,000)	(13,000)	9,601	22,601
<i>Fund Balance Beginning of Year</i>	13,204	13,204	13,204	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$3,204</u>	<u>\$204</u>	<u>\$22,805</u>	<u>\$22,601</u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2005*

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	<u>Agency</u>
<b>Assets</b>	
Cash	\$6,851
<i>Total Assets</i>	<u>\$6,851</u>
<b>Net Assets</b>	
Unrestricted	<u>\$6,851</u>

See accompanying notes to the basic financial statements

**Village of Greenhills**  
**Hamilton County**  
*Statement of Changes in Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
For the Year Ended December 31, 2005

	Agency
<b>Receipts</b>	
Fines, Licenses, Permits	\$104,320
Miscellaneous	480
<b>Total Receipts</b>	104,800
<b>Disbursements</b>	
Due to Others	103,955
Other	1,983
<b>Total Disbursements</b>	105,938
Change in Net Assets	(1,138)
Net Assets - Beginning of Year (restated)	7,989
Net Assets - End of Year	\$6,851

See accompanying notes to the basic financial statements



Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005

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**Note 1 – Reporting Entity**

The Village of Greenhills, Hamilton County, Ohio, is a body politic and corporate established in 1938 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Charter of the Village of Greenhills. The Village is directed by a publicly-elected six-member Council and publicly-elected Mayor. The Village of Greenhills has an appointed Village Manager and an appointed Finance Director.

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

A. Primary Government. The Village of Greenhills consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, including police service and protection through the Greenhills Police Department, maintenance of Village roads, recreational properties, and park areas. The Village contracts with the Greenhills Volunteer Fire Department for fire protection and emergency life squad services. Many of the services received by Village of Greenhills residents are through Hamilton County, including Board of Health service, property tax collection service, sewer and water service, and Board of Election service.

B. Component Units. Component units are legally separate organizations for which the Village is financially accountable. The Village would be financially accountable for an organization if the Village appointed a voting majority of the organization's government board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village has no components units

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

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United State of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 2 – Summary of Significant Accounting Practices (Continued)**

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursement with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Village's major governmental funds:

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 2 – Summary of Significant Accounting Practices (Continued)**

General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction Maintenance and Repair Fund is used to account for proceeds from property taxes and state sources, that are restricted to expenditures relating to the construction and repair of the Village's streets.

Fire Equipment and Other Fire System Facilities Fund is used to account for proceeds from property taxes and state sources, that are restricted to expenditures relating to the payment of fire equipment and other fire systems relating to the Village's volunteer fire department.

Apartment Building Operations Fund is used to account for proceeds from rental revenues that are restricted to expenditures relating to the maintenance and repair of the Village owned rental units.

General Obligation Bond Retirement Fund is used to accumulate resources for the retirement of notes and bond indebtedness.

Apartment Building Acquisitions Fund is used to account for the resources to be used for the acquisition or construction of capital assets.

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

**Fiduciary Funds**

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

**C. Basis of Accounting**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 2 – Summary of Significant Accounting Practices (Continued)**

Budgetary Process

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Cash Equivalents

During 2006 and 2005, the Village maintained two checking accounts at a local bank, and a Star Ohio Account.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006, and 2005.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 were \$18,037. Interest receipts credited to all other funds were \$28,212.

F. Restricted Assets

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

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 2 – Summary of Significant Accounting Practices (Continued)**

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for Capital Projects include resources restricted for shade tree maintenance, and building acquisition. Net assets restricted Debt Services include resource restricted for bond retirement, and net assets restricted for other purposes include resources restricted for street construction and maintenance report, fire equipment and other facilities. Restricted net assets for 2006 represent \$251,208 out of a total fund balance of \$341,165. Restricted net assets for 2005 represent \$283,478 out of a total fund balance of \$612,006.

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

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally separated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, when necessary.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 2 – Summary of Significant Accounting Practices (Continued)**

N. Interfund Transactions

Transfers between governmental funds on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financial sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Change in Basis of Accounting and Restatement of Fund Equity**

For 2004 and prior years, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2005 the Village implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Also as described in note 2, the Village has elected to report inventory, prepaid items, interfund receivables (payables), capital assets, and long-term debt as part of the cash basis of accounting.

**Note 4 – Accountability and Compliance**

A. Accountability

No deficit fund balances exist.

B. Compliance

(1). Auditor of State Bulletin 97-003 sets forth the requirements for inter-fund advances and provides additional guidance for recording such transactions.

Inter-fund cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 4 – Accountability and Compliance (Continued)**

- A specific statement that the transaction is an advance of cash, and
- An indication of the money (fund) from which it is expected that repayment will be made.

The Village of Greenhills made several inter-fund advances during fiscal year 05 and 06, totaling \$120,000 and \$416,000 respectively. However, contrary to Bulletin 97-003, the Village failed to have these advances approved by formal resolution of the taxing authority of the subdivision.

Also, the Village advanced \$60,000 from the Street Maintenance Construction and Repair fund to the Building Acquisition fund, and \$123,000 from the General Obligation Bond Retirement Fund to the Building Acquisition fund, which violate restrictions on the use of the funds in such funds.

**(2). Ohio Rev. Code, § 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The Village did not properly certify the availability of funds for purchase commitments for 9 out of 43 (20%) of the expenditures tested in 2005 and 2006.

**Note 5 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no significant year-end encumbrances.

**Note 6 – Deposits and Investments**

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

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

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

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

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 6 – Deposits and Investments (Continued)**

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 per cent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or Ohio local governments.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).

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 also are prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

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

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



Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 6 – Deposits and Investments (Continued)**

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, \$77,873, of the Village carrying balance of \$177,873 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging institution's trust department, but not in the Village's name.

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

As of December 31, 2006, the Village had the following investment

	Carrying Value	Maturity
STAR Ohio	\$275,217	Average

As of December 31, 2005, the Village had the following investment

	Carrying Value	Maturity
STAR Ohio	\$434,393	Average

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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

**Note 7 – Income Taxes**

In 2006, the Village levied a 1.5% income tax whose proceeds are placed into the General Fund; this was up from 1% in 2005. The Village levies and collects the tax on all income earned within the Village as well as on the incomes of residents earned outside the Village. In the latter case, the Village allows a credit of .5% on the income earned in and taxed by another municipality. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers also are required to pay their estimated tax at least quarterly and file a final return annually.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 8 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. 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 alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2004, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005.

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

The full tax rate for all Village operations for the year ended December 31, 2006, was \$28.23 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which the 2006 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$55,915,000
Commercial	6,148,000
Public Utility	1,475,000
Tangible Personal Property	<u>400,000</u>
Total Assessed Value	\$63,938,000

**Note 9 – Risk Management**

The Village presently is insured through Scottsdale Insurance Company for property insurance, police and professional liability insurance, vehicle and equipment insurance.

Casualty excess-of-loss contracts as of December 31, 2006, generally protect against individual losses exceeding \$1,000.

Property coverage contracts protect against losses, subject to a deductible of \$2,500, limited to an annual aggregate loss of \$11,122,193.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 10 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System.**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 requirement benefit similar to the traditional 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 and 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, 277 East Town Street, Columbus OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 % of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.7%. For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5% of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 13.55%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to OPERS for the year ended December 31, 2006 and 2005, and for all years, have been made.

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

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

That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus OH 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the Village is required to contribute 11.75% (of 19.5%) for full time police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the year ended December 31, 2006 and 2005, and for all years, have been made.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 11 – Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional 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 postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB *Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.70% and 13.55% of covered payroll; 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5%, 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 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between .5% and 6.00% annually for the next eight years and 4.00% annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

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

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement 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 the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB *Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund'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, of which 7.75% of covered payroll was applied to the Postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors 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 Village's actual contributions for 2006 that were used to fund Postemployment benefits were \$101,431.65 for police.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 12 – Notes Payable**

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Governmental Activities</u>					
Bond Anticipation Note	4.75%	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000
Real Estate Acquisition	5.37%	0	200,000	0	200,000
Total Outstanding		<u>\$1,900,000</u>	<u>\$2,100,000</u>	<u>\$1,900,000</u>	<u>\$2,100,000</u>

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Governmental Activities</u>					
Bond Anticipation Note	3.17%	<u>\$1,900,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>
Total Outstanding		<u>\$1,900,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>	<u>\$1,900,000</u>

All note proceeds had been spent at December 31, 2006, and 2005. The bond anticipation note is backed by the full faith and credit of the Village and matures within one year.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 13 – Debt**

The Village's long-term debt activity for the year ended December 31, 2006, is as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reduction:	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
Swimming Pool Renovation	5.77%	\$ 265,000	\$0	\$20,000	\$ 245,000	\$20,000
Curb Renovation	5.21%	1,465,000	0	95,000	1,370,000	95,000
Voted General Obl Bonds	4.52%	965,000	0	30,000	935,000	35,000
Real Estate Acquisition Bond	4.75%	<u>1,070,000</u>	<u>0</u>	<u>45,000</u>	<u>1,025,000</u>	<u>45,000</u>
Total		<u>3,765,000</u>	<u>0</u>	<u>190,000</u>	<u>3,575,000</u>	<u>195,000</u>
	Interest Rate	Balance December 31, 2004	Additions	Reduction:	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
Swimming Pool Renovation	5.77%	\$ 280,000	\$0	\$15,000	\$ 265,000	\$20,000
Curb Renovation	5.21%	1,555,000	0	90,000	1,465,000	95,000
Voted General Obl Bonds	4.52%	0	995,000	30,000	965,000	30,000
Real Estate Acquisition Bond	4.75%	<u>1,115,000</u>	<u>0</u>	<u>45,000</u>	<u>1,070,000</u>	<u>45,000</u>
Total		<u>2,950,000</u>	<u>995,000</u>	<u>180,000</u>	<u>3,765,000</u>	<u>190,000</u>

Total indebtedness (including the note) as of January 1, 2006, was \$5,665,000; \$2,295,000 (including the \$1,900,000 note) was redeemed; \$2,100,000 was issued (including the \$1,900,000 note), and total indebtedness as of December 31, 2006, was \$5,675,000. A total of \$275,013.76 in interest payments was paid.

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5% of the tax valuation of the Village. The Ohio Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5% of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$1,054,830 and an unvoted debt margin of \$444,196.

The Village of Greenhills has no conduit debt and no defeased debt.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 14 – Leases**

The Village leases vehicles and other equipment under noncancelable leases. The Village disbursed \$55,480 to pay lease costs for the year ended December 31, 2006. Future lease payments are as follows:

	<u>Police Explorer Lease</u>
2007	\$7,894
	<u>Service/Streets Truck Lease</u>
2007	\$12,906
2008	\$12,906
	<u>Fire Department Ladder Truck</u>
2007	\$34,680
2008	\$34,680
2009	\$34,680
2010	\$34,680
2011	\$34,680
2012	\$34,680
2013	\$34,680
2014	\$34,680
2015	\$17,340

**Note 15 – Interfund Transfers**

During 2006, the following transfers were made:

From the General Fund to the Bond Retirement Fund	\$40,000
From the General Fund to the Shade Tree Maintenance Fund	\$ 1,000
From the Banquet Hall to the Golf Course	\$ 5,000
From the Banquet Hall to the Swimming Pool	\$ 5,000

for the total of \$51,000 in interfund transfers.

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Since the Banquet Hall, Golf Course, and Swimming Pool occupy the same area and were purchased as a unit, the Village through Council allows any one of them to work in tandem with any other, as necessary.

Village of Greenhills  
Notes to the Financial Statements  
For the Years Ended December 31, 2006, 2005  
(Continued)

**Note 16 – Contingent Liabilities**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

**Note 17 – Jointly Governed Organizations**

The Village jointly governs the Greenhills Community Investment Corporation. The Greenhills CIC is subject to separate audit. The purpose of the Greenhills CIC is community development. Its primary activity is the solicitation of private funding for and payment for the Greenhills Concerts on the Commons. In 2006, \$5,300 was received and \$6,386 was expended for the Concerts on the Commons. Other activities include the Pumpkin Light Up and the Holiday Light Up activities.

**Note 18 – Restated Beginning Balance**

The Village restated the Beginning of the Year balance on the "Statement of Changes in Fiduciary Net Assets-Cash Basis", to include cash not previously recorded in the Mayor's Court.





# Mary Taylor, CPA

## Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Greenhills, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 8, 2008, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated April 8, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as item 2006-002.

We also noted another noncompliance or other matters that we reported to the Village's management in a separate letter dated April 8, 2008.

We intend this report solely for the information and use of management, and Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 8, 2008

**VILLAGE OF GREENHILLS  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Significant Deficiency**

Ohio Rev. Code, Sections 5705.14, 5705.15, & 5705.16, provide guidelines pertaining to allowable inter-fund transfers.

Ohio Rev. Code, Sections 5705.09(F) and 5705.10, restrict the use of the Street Construction Maintenance and Repair Fund to street related disbursements.

Auditor of State Bulletin 97-003 sets forth the requirements for inter-fund advances and provides additional guidance for recording such transactions.

Inter-fund cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:
  - A specific statement that the transaction is an advance of cash, and
  - An indication of the money (fund) from which it is expected that repayment will be made.

The Village of Greenhills made inter-fund advances during fiscal year 2005 and 2006, totaling \$120,000 and \$416,000 respectively. However, contrary to Bulletin 97-003 and Ohio Rev. Code Sections 5705.14 to 5705.16, the Village failed to have these advances approved by formal resolution of the taxing authority of the subdivision.

Also, in 2006 the Village advanced \$60,000 from the Street Maintenance Construction and Repair fund to the Building Acquisition fund, and \$123,000 from the General Obligation Bond Retirement Fund to the Building Acquisition fund, which violate restrictions on the use of the funds in such funds. These advances were repaid.

We recommend the village review approve by a formal resolution a specific statement that the transaction is an advance of cash, and the fund from which it is expected that repayment will be made. Also, the village should ensure that the creditor fund has the same purpose for which the receiving fund was established.

**FINDING NUMBER 2006-001  
(Continued)**

**Officials Response:**

We did not receive a response from officials regarding the above finding.

**FINDING NUMBER 2006-002**

**Material Noncompliance**

**Ohio Rev Code, Section 5705.41(D)(1)**, prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify the availability of funds for purchase commitments for five of twenty three expenditures tested (22%) in 2006 and four of twenty (20%) in 2005, and none of the exceptions above applied. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2006-002  
(Continued)**

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Finance Director certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. We also recommend that the Village establish a maximum amount for blanket certificates by resolution.

**Officials Response:**

We did not receive a response from officials regarding the above finding.





**Mary Taylor, CPA**  
Auditor of State

**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 29, 2008**