



Dave Yost • Auditor of State

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

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HAMILTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the 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, 2010 and 2009, 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 Government 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 Government 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(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, 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, 2010 and 2009, and the respective changes in cash financial position, thereof and the budgetary comparison for the 2009 General and Apartment Building Operation Funds, and 2010 General, Apartment Building Operation and Banquet Hall Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

April 13, 2011

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited**

This discussion and analysis of the Village of Greenhills financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, 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

Highlights for 2010 are as follows: Total 2010 revenues were below 2009 revenues by approximately 9%. The General Fund revenue was down 8%, attributable in great part to the one-time reimbursement from FEMA for the 9/14/2008 wind event received in early 2009. Income tax collections were only 2% lower than 2009. Rent receipts in the Apartment Operation Fund were only slightly lower than 2009, and rental income in the General Fund was greater than initially expected.

The Municipal Residential Redevelopment Program remains a significant economic activity to the Village, and more detail appears later in this analysis.

In November 2010, voters approved two property tax levies: an additional Police Continuing Operating Levy of 4.90 mills, generating approximately \$312,000 annually; and a .70 replacement Recreation Levy generating approximately \$45,000 annually. These revenues will appear beginning in 2011.

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 statement.

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 from the cash basis of accounting.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited**

Reporting the Village as a Whole

The Village of Greenhills was founded by the Federal Government in 1938. It is a Charter Municipality in the form of a Mayor-Council-Manager Plan (since 1989), governed by the Mayor and six elected Councilmember's. The Manager is the Chief Executive and Administrative Officer responsible to Council for the administration of the Municipality. Greenhills is a landlocked residential 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 3,750. (The 2010 census figures have not been released as of the date of this report.) The 2010 total assessed valuation of the Village of Greenhills is \$61,960,000.

Reports

The statement of net assets and the statement of activities reflect how the Village performed financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type 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 or business-type activity draws from the Village of Greenhills' 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 nonfinancial 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.

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 contract and equipment, 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.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited**

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. Governmental funds are sub-divided into the General Fund, Special Revenue Funds, Debt Retirement Funds, Capital Improvement Funds, and Special Assessment Funds. Of these, the major 2010 funds are the General Fund, Apartment Operation Fund, the Debt Retirement Fund, and the Banquet Hall Fund.

The Government as a Whole

Table 1 provides a summary of the Village's net assets (cash and/or cash equivalents only) for 2010 compared to 2009 on a cash basis.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Assets				
Cash/Cash Equivalents	\$678,522.73	\$822,159.87	\$678,522.73	\$822,159.87
Investments	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Assets	<u>\$678,522.73</u>	<u>\$822,159.87</u>	<u>\$678,522.73</u>	<u>\$822,159.87</u>
Net Assets				
Restricted for:				
Debt Service	\$ 142,255.04	\$153,208.74	\$ 142,255.04	\$153,208.74
Capital Outlay	\$ 51,623.55	\$ 71,725.88	\$ 51,623.55	\$ 71,725.88
Other Purposes	\$ 259,063.99	\$308,785.76	\$ 259,063.99	\$308,785.76
Unrestricted	<u>\$ 225,580.15</u>	<u>\$288,439.49</u>	<u>\$ 225,580.15</u>	<u>\$288,439.49</u>
Total Net Assets	<u>\$ 678,522.73</u>	<u>\$822,159.87</u>	<u>\$ 678,522.73</u>	<u>\$822,159.87</u>

Net assets of the Village decreased \$143,637.14 during 2010. The primary reasons contributing to the decreases in cash balances are as follows:

- FEMA reimbursement for 9/14/08 wind event (a one-time only receipt accounting for 92% of the decrease in the General Fund).
- Decreased estate tax revenues. Actual receipts over the years have been modest (\$49,263.47 in 2010).
- A small decrease in income tax revenues (approximately 2%). The small decrease can be viewed as a positive indicator that employment levels have begun to stabilize.
- Increased costs for merchandise and services, primarily fuel and utilities.
- Substantial debt retirement payments. 2010 and the next several years will require large principal/interest payments on the Councilmatic bonds.
- General Fund subsidy of other funds operations and activities.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited**

Table 2 reflects the changes in net assets in 2010.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u> 2010	<u>Governmental Activities</u> 2009
Receipts:		
Program Receipts: Operating Grants and Contributions, Post Office	\$ 193,666.09	\$ 172,829.62
Charges for Services	\$ 644,646.53	\$ 667,660.80
Total Program Receipts	\$ 838,312.62	\$ 840,490.42
General Receipts:		
Property & Other Local Taxes	\$1,320,745.10	\$1,378,901.46
Income Taxes	\$1,065,648.24	\$1,086,085.53
Interest	\$ 702.71	\$ 5,562.88
Miscellaneous	\$ 53,256.97	\$ 81,715.45
Grants and Entitlements	\$ 60,780.60	\$ 309,556.84
Sale of Bond	\$ 0.00	\$ 0.00
Sale of Assets	\$ 127,170.70	\$ 90.00
Total General Receipts	\$2,628,304.32	\$2,861,912.16
Total Receipts	\$3,466,616.94	\$3,702,402.58
Disbursements:		
Security of Persons & Property	\$ 877,053.98	\$ 866,593.29
Public Health Services	\$ 3,484.24	\$ 3,603.00
Leisure Time Activities	\$ 206,563.42	\$ 224,495.21
Community Environment	\$ 844,544.36	\$ 972,865.02
Transportation	\$ 148,034.98	\$ 98,452.96
General Government	\$ 685,567.89	\$ 914,440.35
Capital Outlay	\$ 287,165.64	\$ 177,398.37
Debt Service:		
Principal	\$ 270,000.00	\$ 260,000.00
Interest	\$ 233,701.73	\$ 233,352.69
Other	\$ 54,137.84	\$ 98,513.41
Total Disbursements	\$3,610,254.08	\$3,849,714.30
Excess (Deficiency) Before Transfers	(\$143,637.14)	(\$147,311.72)
Increase (Decrease) in Net Assets	(\$143,637.14)	(\$147,311.72)
Net Assets January 1, 2010	\$ 822,159.87	\$ 969,471.59
Net Assets, December 31, 2010	\$ 678,522.73	\$ 822,159.87

Program receipts represent only 24% 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, and payments from the United States Postal Service toward the operation of the local contract Post Office.

General fund receipts represent 50% of the Village's total receipts, and of this amount, over 56% are income taxes. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts can be somewhat insignificant and somewhat unpredictable.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited**

Disbursements for General Government represent the overhead costs of operating 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 (Molloy's-on-the-Green), 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 and recycling. Transportation refers to the maintenance of streets throughout the Village, including street repairs and the costs of snow removal.

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 are for security of persons and property and the service department, which account for 24% and 23% of governmental disbursements, respectively. General government represents a significant cost, about 19%. The next two columns identify amounts paid by people who are directly charged for services and grants received that must be used to provide a specific service. The Changes in Net Assets column compares the 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.

Table 3

Governmental Activities

	<u>Disbursements</u>	<u>Charge for Services</u>	<u>Operating Grants & Contributions</u>	<u>Changes in Net Assets</u>
Security of Persons & Property	\$ 877,053.98	\$ 0.00	\$ 0.00	\$ -877,053.98
Public Health Services	\$ 3,484.24	\$ 0.00	\$ 0.00	\$ -3,484.24
Leisure Time Activities	\$ 206,563.42	\$ 156,956.09	\$ 0.00	\$ -49,607.33
Service Department	\$ 844,544.36	\$ 46,004.06	\$ 0.00	\$ -798,540.30
Basic Utility Service	\$ 0.00	\$ 336,798.38	\$ 0.00	\$ 336,798.38
Transportation	\$ 148,034.98	\$ 0.00	\$ 173,666.05	\$ 25,631.07
General Government	\$ 685,567.89	\$ 104,888.00	\$ 0.00	\$ -580,679.89
Capital Outlay	\$ 287,165.64	\$ 0.00	\$ 0.00	\$ -287,165.64
Debt Service:				
Principal	\$ 270,000.00	\$ 0.00	\$ 0.00	\$ -270,000.00
Interest	\$ 233,701.73	\$ 0.00	\$ 0.00	\$ -233,701.73
Other	\$ 54,137.84	\$ 0.00	\$ 0.00	\$ -54,137.84
Total Government Activities	\$3,610,254.08	\$ 644,646.53	\$ 173,666.05	\$-2,791,941.50

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited**

The Government's Funds

Total governmental funds had receipts of \$3,466,616.94 and disbursements of \$3,610,254.08. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$62,859.34, or 22%, as the result of increased costs for workers' compensation, fuel, and utilities; decreased estate taxes; and transfers or subsidies to other funds.

The Streets Maintenance Fund made the last payment toward reducing debt attributable to the Streets reconstruction projects as part of the Redevelopment Program that included granite curbs in designated sections of the Village.

The Apartment Operations Fund receives rental income from those units not yet razed, sold, or rehabbed to be sold. Sixty-four townhomes are owned by the Village, with forty units rented at the time of this report. Vacant units are in varying stages of refurbishment. Presently none are for sale. The rental receipts are used for utilities, property taxes, property insurance, maintenance, and repair. Rental receipts also provide for some capital expenditures and when funds are available, contribute to the retirement of debt associated with this program.

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 2010, the Village amended its appropriations several times to reflect changing circumstances. The annual appropriation ordinance approved by Council in March 2010 reflected an anticipated \$4,769,106.87 in total resources, including the beginning year balance. During the course of the year, amended certificates were requested, with the December total resources being reduced to \$4,499,697.87. Actual receipts were \$3,713,366.94, making total resources available in 2010 \$4,535,526.81.

All fund receipts exceeded the final certificate.

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, 2010, the Village's outstanding debt included \$165,000 principal for the Swimming Pool Renovation issue, voted March 19, 1996; \$960,000 principal for the November 1997 voted Curb Replacement issue; \$790,000 principal for the Voted Redevelopment issue, November 2004; a Councilmatic bond of \$2,000,000 issued in July 2009; and \$825,000 principal on the 2002 Councilmatic Bond, for a total of \$4,740,000. More detail regarding the Village's debt can be found in the notes to the financial statements.

Current Issues

Municipal Residential Redevelopment Program

Greenhills began a residential redevelopment/improvement program in 2000. The objective of this effort has been to reduce the number of rental units in Greenhills and increase the number of owner-occupied units. As of December 31, 2010, a total of 135 units have been purchased by the Village of Greenhills. Of these, 61 units have been razed; and ten units have been sold. Total acquisitions have cost \$5,928,100.00, and sales have realized over \$700,000. In 2004, a developer purchased sixteen lots, and ten of the DeWitt Landing homes are in place. Of the remaining sixty-four units, forty units are occupied, two of which are set for purchase-from-lease during 2011.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited**

This residential redevelopment project is a large undertaking on the part of the Village of Greenhills officials, administration, staff, 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 second- or third-ring "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. Our forecasts do not show any significant increase in the overall picture. The present national economic situation – high unemployment, high foreclosure rate, low interest rates – are being felt in the Village of Greenhills. We will remain vigilant of our finances and fiscal position for several years into the future.

Economic and Community Development

Looking ahead, 2011 will bring a focus on the implementation of the Village of Greenhills' *2009 Comprehensive Plan*. Of primary importance to the economic health of the Village will be the redevelopment of its Village Center and the Winton Road Corridor. Working closely with private property owners, the Village hopes to leverage a variety of funding resources to bring the redevelopment of this area to fruition over the next few years.

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 Evonne Kovach, Municipal Manager (ekovach@greenhillsohio.org), or Kathryn L. Brokaw, Finance Director, Village of Greenhills, 11000 Winton Road, Greenhills, Ohio 45218 (kbrokaw@greenhillsohio.org).

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GREENHILLS VILLAGE, HAMILTON COUNTY

Statement of Net Assets - Cash Basis

December 31, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$678,522.73
Investments	0
<i>Total Assets</i>	<u><u>\$678,522.73</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$51,623.55
Debt Service	142,255.04
Other Purposes	259,063.99
Unrestricted	225,580.15
<i>Total Net Assets</i>	<u><u>\$678,522.73</u></u>

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2010*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Security of Persons and Property	\$877,053.98	\$0.00	\$0.00	(\$877,053.98)
Public Health Services	3,484.24	0.00	0.00	(3,484.24)
Leisure Time Activities	206,563.42	156,956.09	0.00	(49,607.33)
Community Environment	844,544.36	46,004.06	0.00	(798,540.30)
Basic Utility Services	0.00	336,798.38	0.00	336,798.38
Transportation	148,034.98	0.00	173,666.05	25,631.07
General Government	685,567.89	104,888.00	0.00	(580,679.89)
Capital Outlay	287,165.64	0.00	0.00	(287,165.64)
Debt Service:				
Principal	270,000.00	0.00	0.00	(270,000.00)
Interest	233,701.73	0.00	0.00	(233,701.73)
Other	54,137.84	0.00	0.00	(54,137.84)
<i>Total Governmental Activities</i>	<u>3,610,254.08</u>	<u>644,646.53</u>	<u>173,666.05</u>	<u>(2,791,941.50)</u>
Business Type Activities				
<i>Total Business Type Activities</i>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<i>Total Primary Government</i>	<u><u>\$3,610,254.08</u></u>	<u><u>\$644,646.53</u></u>	<u><u>\$173,666.05</u></u>	<u><u>(\$2,791,941.50)</u></u>
Component Units				
<i>Total Component Units</i>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>
General Receipts				
Property Taxes				\$1,050,214.09
Municipal Income Taxes				1,065,648.24
Other Taxes				270,531.01
Grants and Entitlements not Restricted to Specific Programs				60,780.60
Sale of Fixed Assets				127,170.70
Earnings on Investments				702.71
Miscellaneous				53,256.97
<i>Total General Receipts</i>				<u>2,628,304.32</u>
Special Items				20,000.04
<i>Total General Receipts, Special & Extraordinary Items, Transfers</i>				<u>2,648,304.36</u>
Change in Net Assets				(143,637.14)
<i>Net Assets Beginning of Year</i>				<u>822,159.87</u>
<i>Net Assets End of Year</i>				<u><u>\$678,522.73</u></u>

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	GENERAL	APARTMENT BUILDING OPERATION	BANQUET HALL	GENERAL OBLIG.BOND RETIREMENT	OTHER DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$225,580.15	\$31,647.74	\$6,132.22	\$141,721.95	\$533.09	\$272,907.58	\$678,522.73
<i>Total Assets</i>	<u>\$225,580.15</u>	<u>\$31,647.74</u>	<u>\$6,132.22</u>	<u>\$141,721.95</u>	<u>\$533.09</u>	<u>\$272,907.58</u>	<u>\$678,522.73</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	225,580.15	0.00	0.00	0.00	0.00	0.00	225,580.15
Special Revenue Funds	0.00	31,647.74	6,132.22	0.00	0.00	221,284.03	259,063.99
Debt Service Fund	0.00	0.00	0.00	141,721.95	533.09	0.00	142,255.04
Capital Projects Funds	0.00	0.00	0.00	0.00	0.00	51,623.55	51,623.55
<i>Total Fund Balances</i>	<u>\$225,580.15</u>	<u>\$31,647.74</u>	<u>\$6,132.22</u>	<u>\$141,721.95</u>	<u>\$533.09</u>	<u>\$272,907.58</u>	<u>\$678,522.73</u>

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
Statement of Cash Receipts, Disbursements and Changes in - Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	GENERAL	APARTMENT BUILDING OPERATION	BANQUET HALL	GENERAL OBLIG.BOND RETIREMENT	OTHER DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$384,606.01	\$0.00	\$0.00	\$229,725.98	\$0.00	\$435,882.10	\$1,050,214.09
Municipal Income Taxes	1,065,648.24	0.00	0.00	0.00	0.00	0.00	1,065,648.24
Intergovernmental	211,040.95	0.00	0.00	38,553.63	0.00	255,383.08	504,977.66
Special Assessments	970.00	0.00	0.00	0.00	0.00	35,888.04	36,858.04
Charges for Services	89,260.70	233,937.72	33,600.00	0.00	0.00	156,956.09	513,754.51
Fines, Licenses and Permits	114,331.02	0.00	0.00	0.00	0.00	673.00	115,004.02
Earnings on Investments	268.41	0.00	3.08	190.14	0.23	240.85	702.71
Miscellaneous	15,328.45	24,487.01	0.00	0.00	0.00	12,471.51	52,286.97
Total Receipts	1,881,453.78	258,424.73	33,603.08	268,469.75	0.23	897,494.67	3,339,446.24
Disbursements							
Current:							
Security of Persons and Property	496,479.44	0.00	0.00	0.00	0.00	380,574.54	877,053.98
Public Health Services	3,484.24	0.00	0.00	0.00	0.00	0.00	3,484.24
Leisure Time Activities	0.00	0.00	15,495.13	0.00	0.00	191,068.29	206,563.42
Community Environment	822,044.36	0.00	0.00	0.00	0.00	22,500.00	844,544.36
Transportation	0.00	0.00	0.00	0.00	0.00	148,034.98	148,034.98
General Government	400,179.48	281,995.76	0.00	3,392.65	0.00	0.00	685,567.89
Capital Outlay	15,144.57	0.00	18,113.40	0.00	0.00	253,907.67	287,165.64
Debt Service:							
Principal Retirement	0.00	0.00	0.00	170,000.00	100,000.00	0.00	270,000.00
Interest and Fiscal Charges	0.00	0.00	0.00	105,917.50	127,784.23	0.00	233,701.73
Total Disbursements	1,737,332.09	281,995.76	33,608.53	279,310.15	227,784.23	996,085.48	3,556,116.24
Excess of Receipts Over (Under) Disbursements	144,121.69	(23,571.03)	(5.45)	(10,840.40)	(227,784.00)	(98,590.81)	(216,670.00)
Other Financing Sources (Uses)							
Sale of Fixed Assets	0.00	3,500.00	0.00	0.00	101,170.70	22,500.00	127,170.70
Transfers In	0.00	20,000.00	0.00	0.00	126,500.00	60,250.00	206,750.00
Transfers Out	(206,750.00)	0.00	0.00	0.00	0.00	0.00	(206,750.00)
Advances In	40,000.00	40,000.00	0.00	0.00	0.00	0.00	80,000.00
Advances Out	(40,000.00)	(40,000.00)	0.00	0.00	0.00	0.00	(80,000.00)
Other Financing Uses	(231.03)	0.00	(374.41)	0.00	0.00	(53,532.40)	(54,137.84)
Total Other Financing Sources (Uses)	(206,981.03)	23,500.00	(374.41)	0.00	227,670.70	29,217.60	73,032.86
Net Change in Fund Balances	(62,859.34)	(71.03)	(379.86)	(10,840.40)	(113.30)	(69,373.21)	(143,637.14)
Fund Balances Beginning of Year	288,439.49	31,718.77	6,512.08	152,562.35	646.39	342,280.79	822,159.87
Fund Balances End of Year	\$225,580.15	\$31,647.74	\$6,132.22	\$141,721.95	\$533.09	\$272,907.58	\$678,522.73

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 General Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$413,200.00	\$384,856.00	\$384,606.01	(\$249.99)
Municipal Income Taxes	1,100,000.00	1,037,500.00	1,065,648.24	28,148.24
Intergovernmental	242,550.00	205,450.00	211,040.95	5,590.95
Special Assessments	500.00	300.00	970.00	670.00
Charges for Services	72,600.00	85,077.00	89,260.70	4,183.70
Fines, Licenses and Permits	132,400.00	111,500.00	114,331.02	2,831.02
Earnings on Investments	2,000.00	200.00	268.41	68.41
Miscellaneous	91,000.00	14,000.00	15,328.45	1,328.45
<i>Total receipts</i>	<u>2,054,250.00</u>	<u>1,838,883.00</u>	<u>1,881,453.78</u>	<u>42,570.78</u>
Disbursements				
Current:				
Security of Persons and Property	629,450.00	519,850.00	496,479.44	23,370.56
Public Health Services	3,800.00	3,800.00	3,484.24	315.76
Community Environment	983,110.00	858,160.00	822,044.36	36,115.64
General Government	474,230.00	445,880.00	400,179.48	45,700.52
Capital Outlay	70,000.00	16,000.00	15,144.57	855.43
<i>Total Disbursements</i>	<u>2,160,590.00</u>	<u>1,843,690.00</u>	<u>1,737,332.09</u>	<u>106,357.91</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(106,340.00)</u>	<u>(4,807.00)</u>	<u>144,121.69</u>	<u>148,928.69</u>
Other Financing Sources (Uses)				
Transfers Out	(82,000.00)	(206,750.00)	(206,750.00)	0.00
Advances In	0.00	0.00	40,000.00	40,000.00
Advances Out	0.00	0.00	(40,000.00)	(40,000.00)
Other Financing Sources	0.00	0.00	0.00	0.00
Other Financing Uses	0.00	(500.00)	(231.03)	268.97
<i>Total Other Financing Sources (Uses)</i>	<u>(82,000.00)</u>	<u>(207,250.00)</u>	<u>(206,981.03)</u>	<u>268.97</u>
<i>Net Change in Fund Balance</i>	<u>(188,340.00)</u>	<u>(212,057.00)</u>	<u>(62,859.34)</u>	<u>149,197.66</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	288,439.49	288,439.49	288,439.49	0.00
Prior Year Encumbrances Appropriated	0.00	0.00	0.00	0.00
<i>Unencumbered Cash Balance End of Year</i>	<u>\$100,099.49</u>	<u>\$76,382.49</u>	225,580.15	<u>\$149,197.66</u>
Unclaimed Money			0.00	
Permanent Funds (Nonexpendable)			0.00	
<i>Unencumbered Undesignated Fund Balance</i>			<u>\$225,580.15</u>	

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Apartment Building Operations Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$0.00	\$0.00	\$0.00	\$0.00
Charges for Services	246,550.00	246,550.00	233,937.72	(12,612.28)
Miscellaneous	5,000.00	8,950.00	24,487.01	15,537.01
<i>Total receipts</i>	<u>251,550.00</u>	<u>255,500.00</u>	<u>258,424.73</u>	<u>2,924.73</u>
Disbursements				
Current:				
General Government	378,121.00	334,121.00	281,995.76	52,125.24
<i>Total Disbursements</i>	<u>378,121.00</u>	<u>334,121.00</u>	<u>281,995.76</u>	<u>52,125.24</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(126,571.00)</u>	<u>(78,621.00)</u>	<u>(23,571.03)</u>	<u>55,049.97</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	260,000.00	3,500.00	3,500.00	0.00
Transfers In	0.00	20,000.00	20,000.00	0.00
Advances In	40,000.00	40,000.00	40,000.00	0.00
Advances Out	(40,000.00)	(40,000.00)	(40,000.00)	0.00
Other Financing Uses	(188,000.00)	0.00	0.00	0.00
<i>Total Other Financing Sources (Uses)</i>	<u>72,000.00</u>	<u>23,500.00</u>	<u>23,500.00</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	(54,571.00)	(55,121.00)	(71.03)	55,049.97
<i>Unencumbered Cash Balance Beginning of Year</i>	6,718.77	6,718.77	6,718.77	0.00
Prior Year Encumbrances Appropriated	25,000.00	25,000.00	25,000.00	0.00
<i>Unencumbered Cash Balance End of Year</i>	<u>(\$22,852.23)</u>	<u>(\$23,402.23)</u>	31,647.74	<u>\$55,049.97</u>
Unclaimed Money			0.00	
Permanent Funds (Nonexpendable)			0.00	
<i>Unencumbered Undesignated Fund Balance</i>			<u>\$31,647.74</u>	

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Banquet Hall Fund
 For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$0.00	\$0.00	\$0.00	\$0.00
Charges for Services	61,600.00	30,800.00	33,600.00	2,800.00
Earnings on Investments	30.00	0.00	3.08	3.08
Miscellaneous	1,000.00	0.00	0.00	0.00
<i>Total receipts</i>	<u>62,630.00</u>	<u>30,800.00</u>	<u>33,603.08</u>	<u>2,803.08</u>
Disbursements				
Current:				
Leisure Time Activities	17,500.00	17,500.00	15,495.13	2,004.87
Capital Outlay	30,000.00	18,500.00	18,113.40	386.60
<i>Total Disbursements</i>	<u>47,500.00</u>	<u>36,000.00</u>	<u>33,608.53</u>	<u>2,391.47</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,130.00</u>	<u>(5,200.00)</u>	<u>(5.45)</u>	<u>5,194.55</u>
Other Financing Sources (Uses)				
Other Financing Uses	(1,000.00)	(1,000.00)	(374.41)	625.59
<i>Total Other Financing Sources (Uses)</i>	<u>(1,000.00)</u>	<u>(1,000.00)</u>	<u>(374.41)</u>	<u>625.59</u>
<i>Net Change in Fund Balance</i>	14,130.00	(6,200.00)	(379.86)	5,820.14
<i>Unencumbered Cash Balance Beginning of Year</i>	6,512.08	6,512.08	6,512.08	0.00
Prior Year Encumbrances Appropriated	0.00	0.00	0.00	0.00
<i>Unencumbered Cash Balance End of Year</i>	<u>\$20,642.08</u>	<u>\$312.08</u>	6,132.22	<u>\$5,820.14</u>
Unclaimed Money			0.00	
Permanent Funds (Nonexpendable)			0.00	
<i>Unencumbered Undesignated Fund Balance</i>			<u>\$6,132.22</u>	

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY

Statement of Net Assets - Cash Basis

Fiduciary Fund

December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,584.00
<i>Total Assets</i>	<u><u>\$3,584.00</u></u>
Net Assets	
Deposits held and due to other governments	\$3,584.00
<i>Total Net Assets</i>	<u><u>\$3,584.00</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 Municipal Manager and an appointed Finance Director.

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.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools A joint venture is a legally entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in one jointly governed organization. Note 17 to the financial statements provide additional information for the Greenhills Community Investment Corporation.

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

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 would 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.

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 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Practices (Continued)

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 all are governmental.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

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

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.

Other Debt Service is used to account for the resources for the retirement of notes.

Banquet Hall is used to account for rental income for SJS catering services who operate the premises as a banquet business.

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 individual, 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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Practices (Continued)

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.

D. Budgetary Process

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

The certificate of estimated resources may be amended during the year if the Municipal Manager and Finance director identify projected increases or decreases in receipts. 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 during the year.

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2010, the Village invested in STAR Ohio and nominally in a PNC Bank, NA, sweep 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 for which the investment could be sold December 31, 2010.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Practices (Continued)

Interest earnings are allocated to Village funds according to State statutes, Village ordinance, grant requirements, or debt related restrictions. Interest rates are the lowest in recent history. Interest receipts credited to the General Fund during 2010 were \$268.41. Interest receipts credited to all other funds were \$434.40.

F. 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.

G. 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.

H. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities 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 another 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.

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Practices (Continued)

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 balances indicate that portion of fund balances which are available for appropriation in future periods. Fund balance reserves have been established for encumbrances, when necessary.

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 – Accountability and Compliance

A. Compliance

The Village is aware of no violations of finance-related legal or contractual provisions. The Village includes all funds required by law or regulation to help assure restrictions on disbursements. These funds include the Drug Education and Enforcement Fund and the Police Bequest Fund. All funds supported by property taxes exist as required by law or regulation.

The Village made no excess disbursements over appropriations in the general or major special revenue funds included in the budgetary statements, nor did the Village make any excess disbursements over appropriations in any other fund.

In the event of necessity, the general fund may advance to another fund for the short term. The Village will take advantage of such advances when necessary. In 2010, the General Fund advanced \$40,000 to the Apartment Operation Fund in January to meet property tax payments, with repayment of \$20,000 in October and \$20,000 in December.

The Village did not appropriate more than was certified available for appropriation. The Village did not have a deficit in any fund. The Village is not aware of any violations of debt covenants or contracts.

The Village did not have any violations of grant requirements such as disallowed costs or any failure to meet eligibility requirements or matching requirements that may require repayment.

The Village did not violate any laws relating to investments and deposits.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund 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 5 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or 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.

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 purchase 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).

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 5 – Deposits and Investments (Continued)

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.

At year end, the carrying amount of the Village's deposits was \$678,522.73, and the bank balance was \$106,408.48. Of the bank balance, 100% was covered by federal depository insurance (up to \$250,000). None was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements potentially could subject the Village to a successful claim by the FDIC.

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 made.

As of December 31, 2009, the Village had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$572,114	6 months or less

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.

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 6 – Income Taxes

The Village levies a 1-1/2% income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on the income of residents earned outside the Village. In the latter case, the Village allows a credit of 1/2% 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.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2010 for real and public utility property taxes represent the collection of 2009 taxes. Property tax payments received in 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. 2009 real property taxes are collected in and intended to finance 2010. 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 is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2009 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$27.83 per \$1,000 of assessed value. (Two levies passed in November 2010 will be reflected in the 2011 full tax rate of \$32.73 per \$1,000 of assessed value.) The assessed values of real property, public utility property, and tangible personal property upon which the 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$54,657,000
Commercial	6,191,000
Public Utility	1,112,000
Tangible Personal Property	<u>31,700*</u>
Total	\$61,991,700

The Tangible Personal Property tax is being phased out. *Appears in Bond Fund only.

Note 8 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Village contracted with Scottsdale Insurance Company for property insurance, police and professional liability insurance, vehicle and equipment insurance.

Casualty excess-of-loss contracts as of December 31, 2010, 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 \$12,958,537.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 8 – Risk Management (Continued)

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year. The new carrier will be Wells Fargo, effective January 1, 2011, at a premium savings to the Village of Greenhills.

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System.

Plan Description - 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, and deputy sheriffs and township police) and public safety divisions exists only within the traditional 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, the members of all three plans were required to contribute 10.0% of their annual covered salaries.

The Village's contribution rate for pension benefits in 2010 was 14.0%, except for those plan members in law enforcement or public safety, for whom the Village's contribution rate was 19.5% of covered payroll. For the period January 1 through June 20, 2010, a portion of the Village's contribution equal to 10.0% of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2010. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14%, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1%.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$96,294, \$105,421, and \$91,932. The full amount has been contributed for 2010, 2009, and 2008. Contributions to the member-directed plan for 2010 were \$926 made by the Village.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 9 - Defined Benefit Pension Plans (Continued)

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The Village's contribution was 19.5% police officers. Contribution rates are established by State statute. For 2010, apportion of the Village's contribution equal to 7.5% of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2010, 2009, and 2008 were \$74,296, \$74,217, and \$82,099. The full amount has been contributed for 2010, 2009 and 2008.

Elected officials who never have been members of Ohio Public Employees Retirement System are eligible to opt out of OPERS, but then must participate in FICA (Social Security). For 2010, the Mayor and five council members have exercised this option.

Note 10 – 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 2010 local government employer contribution rate was 14.00% 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, 2009, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between .50% and 4.00% annually for the next seven 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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 10 – Postemployment Benefits (Continued)

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 6.75% of covered payroll was applied to the Postemployment health care program. 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 2010 that were used to fund Postemployment benefits were \$74,296 for police and \$82,350 for all other employees.

Note 11 – Debt

The Village's long-term debt activity for the year ended December 31, 2010, is as follows:

Government Activities	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
Swimming Pool Renovation Bond	5.7734	\$ 185,000	\$ 0	\$ 20,000	\$ 165,000	\$ 25,000
Curb Replacement Bond	5.21	1,070,000	0	110,000	960,000	115,000
Redevelopment Bond	4.5168	830,000	0	40,000	790,000	55,000
Real Estate Acquisition Bond	4.7463	880,000	0	55,000	825,000	155,000
Councilmatic Bond	4.1210	2,095,000	0	95,000	2,000,000	40,000
Total Outstanding		\$ 5,060,000	\$ 0	\$ 320,000	\$ 4,740,000	\$ 390,000

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 only ballot issues in 2010 were operating levies not associated with debt. The debt limitations as of December 31, 2010, were an overall debt margin of \$1,642,822 and an unvoted debt margin of \$536,002.

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 12 – Leases

The Village leases vehicles and other equipment under noncancelable leases. The Village completed the lease-purchase arrangement for one police cruiser (\$8,357.57). The Village made the second (of four) payment (\$24,141.98) in 2010 on two service trucks; \$34,679.70 for the Fire Department Ladder Truck. The Village financed three pieces of equipment together through PNC Bank, for thirty-six months: two new ambulance remounts at \$29,080 each; and a Case 580SM111 Backhoe at \$90,945, paying a total of \$31,059.28 during 2010 against the total lease/purchase commitment is \$149,105. Future lease payments are as follows:

<u>Two F-350 4x4 Dump Trucks</u>	
2011	\$24,141.98
2012	24,141.98
 <u>Fire Department Ladder Truck</u>	
2011	\$34,679.70
2012	34,679.70
2013	34,679.70
2014	34,679.70
2015	17,339.85
 <u>Ambulances/Backhoe</u>	
2011	\$53,244.48
2012	53,244.48
2013	22,185.20

Note 13 – Interfund Transfers

During 2010, the following transfers were made:

From the General Fund to the Shade Tree Maintenance Fund	\$ 2,000.00
From the General Fund to the Accumulated Sick Leave Fund	25,000.00
From the General Fund to the Apartment Operation Fund	20,000.00
From the General Fund to the Golf Course	18,250.00
From the General Fund to the Swimming Pool	15,000.00
From the General Fund to the non-voted Debt Retirement Fund	<u>126,500.00</u>
 Total	 \$ 206,750.00

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.

Note 14 – Construction and Contractual Commitments

In 2010, no significant construction occurred. (Some maintenance items such as windows and doors were installed in the rental units; the exteriors of three apartment buildings plus one set of garages were painted.) A mowing contract for municipal properties was bid and awarded. All contract commitments followed applicable laws.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 15 – 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.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial. The only grant received in 2010 was from the Hamilton County Solid Waste District for metal recycling/reduction. Funds were received and accounted for in 2010, and will be reported in the 2009/2010 audit.

Note 16 – Joint Ventures

The Village participates jointly with Hamilton County in bidding for street salt and in the Hamilton County Stormwater District.

Note 17 – Jointly Governed Organizations

The Village jointly governs the Greenhills Community Improvement 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 2010, \$6,150.00 was received and \$7,354.65 was expended for the Concerts on the Commons. Other activities include the Holiday Light Up activities.

Note 18 – Subsequent Events

Municipal Residential Redevelopment

The Municipal Redevelopment Program is continuing. For 2011, no additional property acquisition is planned. The Village remains steadfast in its vision and continuing goal of increasing the number of owner-occupied properties in Greenhills. Housing and commercial redevelopment remain essential to the future sustainability of the Village of Greenhills.

Economic and Community Development

Looking ahead, 2011 will bring a focus on the implementation of the Village of Greenhills' *2009 Comprehensive Plan*. Of primary importance to the economic health of the Village will be the redevelopment of its Village Center and the Winton Road Corridor. Working closely with private property owners, the Village hopes to leverage a variety of funding resources to bring the redevelopment of this area to fruition over the next few years.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

This discussion and analysis of the Village of Greenhills financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, 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

Highlights for 2009 are as follows: Total 2009 revenues were below 2008 revenues by approximately 41%. The largest factor was the 2008 issuances of a \$2,195,000 Councilmatic Bond. The General Fund revenue was down 21%, experiencing reduced income taxes and estate taxes. Income tax collections decreased 5%, reflecting current economic trends. Rent receipts in the Apartment Operation Fund decreased 22%, as fewer units were occupied.

The Municipal Residential Redevelopment Program remains a significant economic activity to the Village, and more detail appears later in this analysis.

Interest earnings are at the lowest point in decades. Interest rates fell from 1.41% as of December 31, 2008, to 0.125% as of December 31, 2009. The Village of Greenhills maintains funds at PNC Bank (0.15%) and STAR Ohio (0.10%).

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

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 from the cash basis of accounting.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

Reporting the Village as a Whole

The Village of Greenhills was founded by the Federal Government in 1938. It is a Charter Municipality in the form of a Mayor-Council-Manager Plan (since 1989), governed by the Mayor and six elected Councilmember's. The Manager is the Chief Executive and Administrative Officer responsible to Council for the administration of the Municipality. Greenhills is a landlocked residential 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 3,750. The 2009 total assessed valuation of the Village of Greenhills is \$63,592.710.

Reports

The statement of net assets and the statement of activities reflect how the Village performed financially during 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type 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 or business-type activity draws from the Village of Greenhills' 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 nonfinancial 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.

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 contract and equipment, 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. Governmental funds are sub-divided into the General Fund, Special Revenue Funds, Debt Retirement Funds, Capital Improvement Funds, and Special Assessment Funds. Of these, the major 2009 funds are the General Fund, Apartment Operation Fund, and the Debt Retirement Funds.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

The Government as a Whole

Table 1 provides a summary of the Village's net assets (cash and/or cash equivalents only) for 2009 compared to 2008 on a cash basis.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Assets				
Cash/Cash Equivalents	\$822,159.87	\$969,471.59	\$822,159.87	\$969,471.59
Investments	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Assets	\$822,159.87	\$969,471.59	\$822,159.87	\$969,471.59
Net Assets				
Restricted for:				
Debt Service	\$ 153,208.74	\$225,569.68	\$ 153,208.74	\$225,569.68
Capital Outlay	\$ 71,725.88	\$ 40,423.91	\$ 71,725.88	\$ 40,423.91
Other Purposes	\$ 308,785.76	\$245,766.06	\$ 308,785.76	\$245,766.06
Unrestricted	\$ 288,439.49	\$457,711.94	\$ 288,439.49	\$457,711.94
Total Net Assets	\$ 822,159.87	\$969,471.59	\$ 822,159.87	\$969,471.59

Net assets of the Village decreased \$147,311.72 during 2009. The primary reasons contributing to the decreases in cash balances are as follows:

- Decreased estate tax revenues. We had received an unexpected windfall in 2008. Anticipated revenue in this category always has been modest. Actual receipts over the years have been estimated at \$50,000.
- Decreased income tax revenues. The Village has seen a downturn over the past several years in income tax receipts. Village residents are experiencing the same un- and under-employment that the entire country is experiencing.
- Increased costs for merchandise and services, including the engaging of consultants in several areas where their expertise will prove beneficial to the Village.
- Increased debt retirement payments. 2009 and the next several years will require large principal/interest payments on the 2008 Councilmatic bond.
- General Fund subsidy of other funds operations and activities.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

Table 2 reflects the changes in net assets in 2009.

Table 2
Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Receipts:		
Program Receipts: Operating Grants and Contributions	\$ 172,829.62	\$ 186,982.51
Charges for Services	\$ 667,660.80	\$ 736,872.42
Total Program Receipts	\$ 840,490.42	\$ 923,854.93
General Receipts:		
Property & Other Local Taxes	\$1,378,901.46	\$1,055,044.79
Income Taxes	\$1,086,085.53	\$1,141,861.78
Interest	\$ 5,562.88	\$ 28,252.52
Miscellaneous	\$ 81,715.45	\$ 181,071.02
Grants and Entitlements	\$ 309,556.84	\$ 901,134.00
Sale of Bond	\$ 0.00	\$2,186,108.25
Sale of Assets	\$ 90.00	\$ 70,101.80
Total General Receipts	\$2,861,912.16	\$5,563,574.16
Total Receipts	\$3,702,402.58	\$6,487,429.09
Disbursements:		
Security of Persons & Property	\$ 866,593.29	\$ 992,259.79
Public Health Services	\$ 3,603.00	\$ 3,500.04
Leisure Time Activities	\$ 224,495.21	\$ 214,147.47
Community Environment	\$ 972,865.02	\$ 831,926.34
Transportation	\$ 98,452.96	\$ 69,256.68
General Government	\$ 914,440.35	\$ 794,032.46
Capital Outlay	\$ 177,398.37	\$ 109,382.65
Debt Service:		
Principal	\$ 260,000.00	\$2,560,000.00
Interest	\$ 233,352.69	\$ 217,671.40
Other	\$ 98,513.41	\$ 116,380.08
Total Disbursements	\$3,849,714.30	\$5,908,556.91
Excess (Deficiency) Before Transfers	(\$147,311.72)	\$ 578,872.18
Increase (Decrease) in Net Assets	(\$147,311.72)	\$ 578,872.18
Net Assets January 1, 2009	\$ 969,471.59	\$ 390,599.41
Net Assets, December 31, 2009	\$ 822,159.87	\$ 969,471.59

Program receipts represent only 23% 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. Fewer apartment rentals caused a 9% decrease in charges for services.

General fund receipts represent 55% of the Village's total receipts, and of this amount, over 50% are income taxes. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts can be somewhat insignificant and somewhat unpredictable. There was a 65% decrease in grants and entitlements due to less estate tax collected in 2009.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

Disbursements for General Government represent the overhead costs of operating 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 (Molloy's-on-the-Green), 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 and recycling. Transportation refers to the maintenance of streets throughout the Village, including street repairs and the costs of snow removal.

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 are for security of persons and property and the service department, which account for 23% and 25% of governmental disbursements, respectively. General government represents a significant cost, about 24%. The next two columns identify amounts paid by people who are directly charged for services and grants received that must be used to provide a specific service. The Changes in Net Assets column compares the 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.

Table 3
Governmental Activities

	Disbursements	Charge for Services	Operating Grants & Contributions	Changes in Net Assets
Security of Persons & Property	\$ 866,593.29	\$ 0.00	\$ 0.00	\$ -866,593.29
Public Health Services	\$ 3,603.00	\$ 0.00	\$ 0.00	\$ -3,603.00
Leisure Time Activities	\$ 224,495.21	\$ 62,407.71	\$ 0.00	\$ -62,087.50
Service Department	\$ 972,865.02	\$ 28,687.66	\$ 0.00	\$ -944,177.36
Basic Utility Service	\$ 0.00	\$ 73,773.71	\$ 0.00	\$ 373,773.71
Transportation	\$ 98,452.96	\$ 0.00	\$ 172,829.62	\$ 74,376.66
General Government	\$ 914,440.35	\$102,791.92	\$ 0.00	\$ -811,648.63
Capital Outlay	\$ 177,398.37	\$ 0.00	\$ 0.00	\$ -177,398.37
Debt Service:				
Principal	\$ 260,000.00	\$ 0.00	\$ 0.00	\$ -260,000.00
Interest	\$ 233,352.69	\$ 0.00	\$ 0.00	\$ -233,352.69
Other	\$ 98,513.41	\$ 0.00	\$ 0.00	\$ -98,513.41
Total Government Activities	\$3,849,714.30	\$667,660.80	\$ 172,829.62	\$-3,009,223.88

The Government's Funds

Total governmental funds had receipts of \$3,702,402.58 and disbursements of \$3,849,714.30. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$169,272.45, or 37%, as the result of increased costs for benefits, consultants, decreased estate taxes, and transfers or subsidies to other funds.

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

The Streets Maintenance Fund made the second last payment toward reducing debt attributable to the Streets reconstruction projects as part of the Redevelopment Program that included granite curbs in designated sections of the Village. The Apartment Operations Fund receives rental income from those units not yet razed, sold, or rehabbed to be sold. Sixty-six townhomes are owned by the Village, with approximately half rented and eight for sale. The rental receipts are used for utilities, property taxes, property insurance, maintenance, and repair. Rental receipts also provide for some capital expenditures including deconstruction.

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 2009, the Village amended its appropriations several times to reflect changing circumstances. The annual appropriation ordinance approved by Council in March 2009 reflected an anticipated \$4,178,815.00 in total resources, including the beginning year balance. During the course of the year, amended certificates were requested, with the December total resources being reduced to \$4,046,919. Actual receipts were \$4,094,264.58, making total resources available in 2009 \$5,016,912.68.

All fund receipts exceeded the final certificate, but several funds did not live up to the expectations. The Apartment Operation Fund received less than originally anticipated, since no units were sold and fourteen units were deconstructed, reducing rental income.

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, 2009, the Village's outstanding debt included \$185,000 principal for the Swimming Pool Renovation issue, voted March 19, 1996; \$1,070,000 principal for the November 1997 voted Curb Replacement issue; \$830,000 principal for the Voted Redevelopment issue, November 2004; a Councilmatic bond of \$2,095,000 issued in July 2008; and \$880,000 principal on the 2002 Councilmatic Bond, for a total of \$5,060,000. More detail regarding the Village's debt can be found in the notes to the financial statements.

Current Issues

Municipal Residential Redevelopment Program

The Village of Greenhills began a residential redevelopment/improvement program in 2000. The objective of this effort has been to reduce the number of rental units in Greenhills and increase the number of owner-occupied units. As of December 31, 2009, a total of 135 units have been purchased by the Village of Greenhills. Of these, 61 units have been razed; and eight units have been sold. Total acquisitions have cost \$5,928,100.00, and sales realized \$590,600. In 2004, a developer (Potterhill Homes) purchased sixteen lots, and ten of the sixteen DeWitt Landing homes are in place. The deconstruction of the fourteen units on DeWitt Court now has another attractive development area adjacent to DeWitt Landing available. Of the remaining sixty-six units, eight are listed for sale. Approximately thirty-four units have tenants, with the balance at various stages of renovation.

This residential redevelopment project is a large undertaking on the part of the Village of Greenhills officials, administration, staff, 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 second- or third-ring "exurbs."

**Village of Greenhills
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited**

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. Our forecasts do not show any significant increase in the overall picture. The present national economic situation – high unemployment, high foreclosure rate, low interest rates – are being felt in the Village of Greenhills. We will remain vigilant of our finances and fiscal position for several years into the future.

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 Evonne Kovach, Municipal Manager (ekovach@greenhillsohio.org), or Kathryn L. Brokaw, Finance Director, Village of Greenhills, 11000 Winton Road, Greenhills, Ohio 45218 (kbrokaw@greenhillsohio.org).

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GREENHILLS VILLAGE, HAMILTON COUNTY

Statement of Net Assets - Cash Basis

December 31, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$822,159.87
<i>Total Assets</i>	<u><u>\$822,159.87</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$71,725.88
Debt Service	153,208.74
Other Purposes	308,785.76
Unrestricted	288,439.49
<i>Total Net Assets</i>	<u><u>\$822,159.87</u></u>

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts				(Disbursements)	Component Units
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net	
Governmental Activities						
Security of Persons and Property	\$866,593.29	\$0.00	\$0.00	\$0.00	(\$866,593.29)	\$0.00
Public Health Services	3,603.00	0.00	0.00	0.00	(3,603.00)	0.00
Leisure Time Activities	224,495.21	162,407.71	0.00	0.00	(62,087.50)	0.00
Community Environment	972,865.02	28,687.66	0.00	0.00	(944,177.36)	0.00
Basic Utility Services	0.00	373,773.71	0.00	0.00	373,773.71	0.00
Transportation	98,452.96	0.00	172,829.62	0.00	74,376.66	0.00
General Government	914,440.35	102,791.72	0.00	0.00	(811,648.63)	0.00
Capital Outlay	177,398.37	0.00	0.00	0.00	(177,398.37)	0.00
Debt Service:						
Principal	260,000.00	0.00	0.00	0.00	(260,000.00)	0.00
Interest	233,352.69	0.00	0.00	0.00	(233,352.69)	0.00
Other	98,513.41	0.00	0.00	0.00	(98,513.41)	0.00
<i>Total Governmental Activities</i>	<u>3,849,714.30</u>	<u>667,660.80</u>	<u>172,829.62</u>	<u>0.00</u>	<u>(3,009,223.88)</u>	<u>0.00</u>
Business Type Activities						
<i>Total Business Type Activities</i>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<i>Total Primary Government</i>	<u>\$3,849,714.30</u>	<u>\$667,660.80</u>	<u>\$172,829.62</u>	<u>\$0.00</u>	<u>(\$3,009,223.88)</u>	<u>\$0.00</u>
Component Units						
<i>Total Component Units</i>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
General Receipts						
Property Taxes					\$1,086,102.26	\$0.00
Municipal Income Taxes					1,086,085.53	0.00
Other Taxes					292,799.20	0.00
Grants and Entitlements not Restricted to Specific Programs					309,556.84	0.00
Sale of Fixed Assets					90.00	0.00
Earnings on Investments					5,562.88	0.00
Miscellaneous					61,715.41	0.00
<i>Total General Receipts</i>					<u>2,841,912.12</u>	<u>0.00</u>
Special Items					20,000.04	0.00
<i>Total General Receipts, Special & Extraordinary Items, Transfers and Advances</i>					<u>2,861,912.16</u>	<u>0.00</u>
Change in Net Assets					(147,311.72)	0.00
<i>Net Assets Beginning of Year</i>					<u>969,471.59</u>	<u>0.00</u>
<i>Net Assets End of Year</i>					<u>822,159.87</u>	<u>0.00</u>

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	GENERAL	APARTMENT BUILDING OPERATION	GENERAL OBLIG.BOND RETIREMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$288,439.49	\$31,718.77	\$152,562.35	\$349,439.26	\$822,159.87
<i>Total Assets</i>	<u>\$288,439.49</u>	<u>\$31,718.77</u>	<u>\$152,562.35</u>	<u>\$349,439.26</u>	<u>\$822,159.87</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$0.00	\$25,000.00	\$0.00	\$58,160.00	\$83,160.00
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	288,439.49	0.00	0.00	0.00	288,439.49
Special Revenue Funds	0.00	6,718.77	0.00	218,906.99	225,625.76
Debt Service Fund	0.00	0.00	152,562.35	646.39	153,208.74
Capital Projects Funds	0.00	0.00	0.00	71,725.88	71,725.88
<i>Total Fund Balances</i>	<u>\$288,439.49</u>	<u>\$31,718.77</u>	<u>\$152,562.35</u>	<u>\$349,439.26</u>	<u>\$822,159.87</u>

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	GENERAL	APARTMENT BUILDING OPERATION	GENERAL OBLIG.BOND RETIREMENT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$396,516.76	\$0.00	\$239,608.39	\$449,977.11	\$1,086,102.26
Municipal Income Taxes	1,086,085.53	0.00	0.00	0.00	1,086,085.53
Intergovernmental	347,603.38	0.00	39,352.16	388,230.12	775,185.66
Special Assessments	14.76	0.00	0.00	35,999.49	36,014.25
Charges for Services	85,678.28	291,487.97	0.00	181,707.71	558,873.96
Fines, Licenses and Permits	125,134.16	0.00	0.00	6,345.22	131,479.38
Earnings on Investments	3,040.60	0.00	903.27	1,619.01	5,562.88
Miscellaneous	9,614.02	6,085.40	0.00	7,309.24	23,008.66
Total Receipts	<u>2,053,687.49</u>	<u>297,573.37</u>	<u>279,863.82</u>	<u>1,071,187.90</u>	<u>3,702,312.58</u>
Disbursements					
Current:					
Security of Persons and Property	512,540.05	0.00	0.00	354,053.24	866,593.29
Public Health Services	3,603.00	0.00	0.00	0.00	3,603.00
Leisure Time Activities	0.00	0.00	0.00	224,495.21	224,495.21
Community Environment	972,865.02	0.00	0.00	0.00	972,865.02
Transportation	0.00	0.00	0.00	98,452.96	98,452.96
General Government	544,179.12	366,185.75	3,525.48	550.00	914,440.35
Capital Outlay	63,634.75	0.00	0.00	113,763.62	177,398.37
Debt Service:					
Principal Retirement	0.00	0.00	160,000.00	100,000.00	260,000.00
Interest and Fiscal Charges	0.00	0.00	113,265.00	120,087.69	233,352.69
Total Disbursements	<u>2,096,821.94</u>	<u>366,185.75</u>	<u>276,790.48</u>	<u>1,011,402.72</u>	<u>3,751,200.89</u>
Excess of Receipts Over (Under) Disbursements	<u>(43,134.45)</u>	<u>(68,612.38)</u>	<u>3,073.34</u>	<u>59,785.18</u>	<u>(48,888.31)</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	0.00	90.00	0.00	0.00	90.00
Transfers In	132,862.00	35,000.00	0.00	224,000.00	391,862.00
Transfers Out	(259,000.00)	0.00	0.00	(132,862.00)	(391,862.00)
Advances In	15,000.00	15,000.00	0.00	0.00	30,000.00
Advances Out	(15,000.00)	(15,000.00)	0.00	0.00	(30,000.00)
Other Financing Uses	0.00	0.00	0.00	(98,513.41)	(98,513.41)
Total Other Financing Sources (Uses)	<u>(126,138.00)</u>	<u>35,090.00</u>	<u>0.00</u>	<u>(7,375.41)</u>	<u>(98,423.41)</u>
Net Change in Fund Balances	<u>(169,272.45)</u>	<u>(33,522.38)</u>	<u>3,073.34</u>	<u>52,409.77</u>	<u>(147,311.72)</u>
Fund Balances Beginning of Year	457,711.94	65,241.15	149,489.01	297,029.49	969,471.59
Fund Balances End of Year	<u>\$288,439.49</u>	<u>\$31,718.77</u>	<u>\$152,562.35</u>	<u>\$349,439.26</u>	<u>\$822,159.87</u>

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$402,300.00	\$402,300.00	\$396,516.76	(\$5,783.24)
Municipal Income Taxes	1,200,000.00	1,140,000.00	1,086,085.53	(53,914.47)
Intergovernmental	220,050.00	213,650.00	347,603.38	133,953.38
Special Assessments	0.00	300.00	14.76	(285.24)
Charges for Services	82,500.00	82,500.00	85,678.28	3,178.28
Fines, Licenses and Permits	97,000.00	94,000.00	125,134.16	31,134.16
Earnings on Investments	14,000.00	3,200.00	3,040.60	(159.40)
Miscellaneous	79,250.00	63,500.00	9,614.02	(53,885.98)
<i>Total receipts</i>	<u>2,095,100.00</u>	<u>1,999,450.00</u>	<u>2,053,687.49</u>	<u>54,237.49</u>
Disbursements				
Current:				
Security of Persons and Property	660,150.00	641,150.00	512,540.05	128,609.95
Public Health Services	3,800.00	3,800.00	3,603.00	197.00
Leisure Time Activities	0.00	0.00	0.00	0.00
Community Environment	936,610.00	994,260.00	972,865.02	21,394.98
Basic Utility Services	0.00	0.00	0.00	0.00
Transportation	0.00	0.00	0.00	0.00
General Government	464,690.00	573,840.00	544,179.12	29,660.88
Capital Outlay	81,000.00	67,000.00	63,634.75	3,365.25
Debt Service:				
Principal Retirement	0.00	0.00	0.00	0.00
Interest and Fiscal Charges	0.00	0.00	0.00	0.00
<i>Total Disbursements</i>	<u>2,146,250.00</u>	<u>2,280,050.00</u>	<u>2,096,821.94</u>	<u>183,228.06</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(51,150.00)</u>	<u>(280,600.00)</u>	<u>(43,134.45)</u>	<u>237,465.55</u>
Other Financing Sources (Uses)				
Sale of Bonds	0.00	0.00	0.00	0.00
Sale of Notes	0.00	0.00	0.00	0.00
Other Debt Proceeds	0.00	0.00	0.00	0.00
Premium and Accrued Interest on Debt	0.00	0.00	0.00	0.00
Discount on Debt	0.00	0.00	0.00	0.00
Sale of Fixed Assets	0.00	0.00	0.00	0.00
Transfers In	0.00	132,862.00	132,862.00	0.00
Transfers Out	(79,000.00)	(259,000.00)	(259,000.00)	0.00
Advances In	0.00	0.00	15,000.00	15,000.00
Advances Out	0.00	0.00	(15,000.00)	(15,000.00)
Other Financing Sources	0.00	0.00	0.00	0.00
Other Financing Uses	0.00	(150.00)	0.00	150.00
<i>Total Other Financing Sources (Uses)</i>	<u>(79,000.00)</u>	<u>(126,288.00)</u>	<u>(126,138.00)</u>	<u>150.00</u>
Special Items	0.00	0.00	0.00	0.00
Extraordinary Items	0.00	0.00	0.00	0.00
<i>Net Change in Fund Balance</i>	<u>(130,150.00)</u>	<u>(406,888.00)</u>	<u>(169,272.45)</u>	<u>237,615.55</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	457,711.94	457,711.94	457,711.94	0.00
Prior Year Encumbrances Appropriated	0.00	0.00	0.00	0.00
<i>Unencumbered Cash Balance End of Year</i>	<u>\$327,561.94</u>	<u>\$50,823.94</u>	288,439.49	<u>\$237,615.55</u>
Unclaimed Money			0.00	
Permanent Funds (Nonexpendable)			0.00	
<i>Unencumbered Undesignated Fund Balance</i>			<u>\$288,439.49</u>	

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Apartment Building Operations Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$0.00	\$0.00	\$0.00	\$0.00
Municipal Income Taxes	0.00	0.00	0.00	0.00
Intergovernmental	0.00	0.00	0.00	0.00
Special Assessments	0.00	0.00	0.00	0.00
Charges for Services	379,925.00	301,000.00	291,487.97	(9,512.03)
Fines, Licenses and Permits	0.00	0.00	0.00	0.00
Earnings on Investments	0.00	0.00	0.00	0.00
Miscellaneous	5,000.00	6,000.00	6,085.40	85.40
<i>Total receipts</i>	<u>384,925.00</u>	<u>307,000.00</u>	<u>297,573.37</u>	<u>(9,426.63)</u>
Disbursements				
Current:				
Security of Persons and Property	0.00	0.00	0.00	0.00
Public Health Services	0.00	0.00	0.00	0.00
Leisure Time Activities	0.00	0.00	0.00	0.00
Community Environment	0.00	0.00	0.00	0.00
Basic Utility Services	0.00	0.00	0.00	0.00
Transportation	0.00	0.00	0.00	0.00
General Government	416,925.00	407,200.00	391,185.75	16,014.25
Capital Outlay	0.00	0.00	0.00	0.00
Debt Service:				
Principal Retirement	0.00	0.00	0.00	0.00
Interest and Fiscal Charges	0.00	0.00	0.00	0.00
<i>Total Disbursements</i>	<u>416,925.00</u>	<u>407,200.00</u>	<u>391,185.75</u>	<u>16,014.25</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(32,000.00)</u>	<u>(100,200.00)</u>	<u>(93,612.38)</u>	<u>6,587.62</u>
Other Financing Sources (Uses)				
Sale of Bonds	0.00	0.00	0.00	0.00
Sale of Notes	0.00	0.00	0.00	0.00
Other Debt Proceeds	0.00	0.00	0.00	0.00
Premium and Accrued Interest on Debt	0.00	0.00	0.00	0.00
Discount on Debt	0.00	0.00	0.00	0.00
Sale of Fixed Assets	0.00	0.00	90.00	90.00
Transfers In	0.00	35,000.00	35,000.00	0.00
Transfers Out	0.00	0.00	0.00	0.00
Advances In	0.00	0.00	15,000.00	15,000.00
Advances Out	0.00	0.00	(15,000.00)	(15,000.00)
Other Financing Sources	0.00	0.00	0.00	0.00
Other Financing Uses	0.00	0.00	0.00	0.00
<i>Total Other Financing Sources (Uses)</i>	<u>0.00</u>	<u>35,000.00</u>	<u>35,090.00</u>	<u>90.00</u>
Special Items	0.00	0.00	0.00	0.00
Extraordinary Items	0.00	0.00	0.00	0.00
<i>Net Change in Fund Balance</i>	<u>(32,000.00)</u>	<u>(65,200.00)</u>	<u>(58,522.38)</u>	<u>6,677.62</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	65,241.15	65,241.15	65,241.15	0.00
Prior Year Encumbrances Appropriated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$33,241.15</u>	<u>\$41.15</u>	6,718.77	<u>\$6,677.70</u>
Unclaimed Money			0.00	
Permanent Funds (Nonexpendable)			0.00	
<i>Unencumbered Undesignated Fund Balance</i>			<u>\$6,718.77</u>	

See accompanying notes to the basic financial statements

GREENHILLS VILLAGE, HAMILTON COUNTY

Statement of Net Assets - Cash Basis

Fiduciary Fund

December 31, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,144.00
<i>Total Assets</i>	<u><u>\$1,144.00</u></u>
Net Assets	
Deposits held and due to other governments	\$1,144.00
<i>Total Net Assets</i>	<u><u>\$1,144.00</u></u>

See accompanying notes to the basic financial statements

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**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTED TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 Municipal Manager and an appointed Finance Director.

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 depended 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 component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools A joint venture is a legally entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in one jointly governed organization. Note 18 to the financial statements provide additional information for the Greenhills Community Investment Corporation.

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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 would 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.

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 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Practices (Continued)

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 all are governmental.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

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

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.

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 individual, 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
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Practices (Continued)

D. Budgetary Process

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

The certificate of estimated resources may be amended during the year if the Municipal Manager and Finance director identify projected increases or decreases in receipts. 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 during the year.

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2009, the Village invested in STAR Ohio and a PNC Bank, NA, sweep 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 for which the investment could be sold December 31, 2009.

Interest earnings are allocated to Village funds according to State statutes, Village ordinance, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 were \$3,040.60. Interest receipts credited to all other funds were \$2,522.28.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Practices (Continued)

F. 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.

G. 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.

H. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities 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 another 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.

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
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 – Compliance

A. Compliance

The Village is aware of no violations of finance-related legal or contractual provisions. The Village includes all funds required by law or regulation to help assure restrictions on disbursements. These funds include the Drug Education and Enforcement Fund and the Police Bequest Fund. All funds supported by property taxes exist as required by law or regulation.

The Village made no excess disbursements over appropriations in the general or major special revenue funds included in the budgetary statements. Nor did the Village make any excess disbursements over appropriations in any other fund.

The Village did not make any significant excess of disbursements over appropriations in the general or any fund. In the event of necessity, the general fund may advance to another fund for the short term. The Village will take advantage of such advances when necessary. In 2009, the General Fund advanced \$15,000 to the Apartment Operation Fund in January to meet property tax payments, with repayment of \$5,000 in July and \$10,000 in December.

The Village did not appropriate more than was certified available for appropriation. The Village did not have a deficit in any fund. The Village is not aware of any violations of debt covenants or contracts.

The Village did not have any violations of grant requirements such as disallowed costs or any failure to meet eligibility requirements or matching requirements that may require repayment.

The Village did not violate any laws relating to investments and deposits.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund 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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 5 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or 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.

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 purchase 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 percent 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 account.
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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 5 – Deposits and Investments (Continued)

At year end, the carrying amount of the Village's deposits was \$822,159.87, and the bank balance was \$190,665.95. Of the bank balance, 100% was covered by federal depository insurance (up to \$250,000). None was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements potentially could subject the Village to a successful claim by the FDIC.

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 made.

As of December 31, 2009, the Village had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$631,494	6 months or less

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.

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

Note 6 – Income Taxes

The Village levies a 1-1/2% income tax whose proceeds are placed into the General Fund. 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
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2009 for real and public utility property taxes represent collections of 2008 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. 2008 real property taxes are collected in and intended to finance 2009. 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 is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2008 public utility property taxes which became a lien on December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible property taxes are levied after October 1, 2008, on the true value as of December 31, 2008. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5%. This will be reduced to 6.25% for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$27.83 per \$1,000 of assessed value. The assessed values of real property and personal upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$ 54,690,000
Commercial	6,110,000
Public Utility	1,550,000
Tangible Personal Property	<u>33,000</u>
Total	<u>\$ 62,383,000</u>

The County Treasurer collects property taxes on behalf of all taxing district in the county, including the Village. The County Auditor periodically remits to the Village its portion of taxes collected.

Note 8 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Village contracted with Scottsdale Insurance Company for property insurance, police and professional liability insurance, vehicle and equipment insurance.

Casualty excess-of-loss contracts as of December 31, 2009, 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 \$11,664,308.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System.

Plan Description - 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exists only within the traditional 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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, the members of all three plans were required to contribute 10.0% of their annual covered salaries.

The Village's contribution rate for pension benefits in 2009 was 14.0%, except for those plan members in law enforcement or public safety, for whom the Village's contribution rate was 19.5% of covered payroll. For the period January 1 through June 20, 2009, a portion of the Village's contribution equal to 10.0% of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2009 this amount was increased to 4%. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14%, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1%.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$105,421, \$91,932, and \$87,176. The full amount has been contributed for 2009, 2008, and 2007. Contributions to the member-directed plan for 2009 were \$1,429 made by the Village.

B. Ohio Police and Fire Pension Fund

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 9 - Defined Benefit Pension Plans

Funding Policy - Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The Village's contribution was 19.5% police officers. Contribution rates are established by State statute. For 2009, apportion of the Village's contribution equal to 7.5% of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2009, 2008, and 2007 were \$74,217, \$82,099, and \$87,027. The full amount has been contributed for 2009, 2008 and 2007.

Note 10 – 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 2009 local government employer contribution rate was 14.00% 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, 2008, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between .50% and 4.00% annually for the next seven 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 6.75% of covered payroll was applied to the Postemployment health care program during 2008 and 2009. 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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 10 – Postemployment Benefits (Continued)

The Village's actual contributions for 2009 that were used to fund Postemployment benefits were \$87,475.39 for police and \$91,548.00 for all other employees.

Note 11 – Debt

The Village's long-term debt activity for the year ended December 31, 2009, is as follows:

Government Activities	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
Swimming Pool Renovation Bond	5.7734	\$ 205,000	\$ 0	\$ 20,000	\$ 185,000	\$ 20,000
Curb Replacement Bond	5.21	1,175,000	0	105,000	1,070,000	110,000
Redevelopment Bond	4.5168	865,000	0	35,000	830,000	40,000
Real Estate Acquisition Bond	4.7463	930,000	0	50,000	880,000	55,000
Councilmatic Bond	4.1210	2,195,000	0	100,000	2,095,000	95,000
Total Outstanding		\$ 5,370,000	\$ 0	\$ 310,000	\$5,060,000	\$ 320,000

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 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, 2009, were an overall debt margin of \$1,183,640 and an unvoted debt margin of \$365,240.

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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 12 – Leases

The Village leases vehicles and other equipment under noncancelable leases. The Village completed the lease-purchase arrangement for two police cruisers (\$15,145.20). The Village paid \$8,357.57 on a single cruiser. The Village added two Service/Streets trucks, and made the first payment (\$24,141.98) in 2009; \$34,679.70 for the Fire Department Ladder Truck. The Village disbursed a total of \$82,325.45 to pay lease costs for the year ended December 31, 2009. Future lease payments are as follows:

	<u>Two F-350 4x4 Dump Trucks</u>
2010	\$19,929.73
2011	21,245.09
2012	22,647.20
	<u>Single Cruiser Lease Package</u>
2010	\$ 8,357.57
	<u>Fire Department Ladder Truck</u>
2009	\$34,679.70
2009	34,679.70
2010	34,679.70
2011	34,679.70
2012	34,679.70
2013	34,679.70
2014	34,679.70
2015	17,339.85

Note 13 – Interfund Transfers

During 2009, the following transfers were made:

From the General Fund to the Shade Tree Maintenance Fund	\$ 2,000.00
From the General Fund to the Accumulated Sick Leave Fund	7,000.00
From the General Fund to the Apartment Operation Fund	35,000.00
From the General Fund to the Golf Course	30,000.00
From the General Fund to the Swimming Pool	40,000.00
From the FEMA Fund to the General Fund	132,862.00
From the General Fund to the non-voted Debt Retirement Fund	<u>145,000.00</u>
 Total	 \$ <u>391,976,000</u>

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. On September 14, 2008, a significant windstorm caused damage to Greenhills to the extent that FEMA monies were made available as reimbursement for qualified expenditures related to the area-wide wind event. The qualified funds, \$132,862.00, were received in 2009 and received into the FEMA fund; they then were transferred to the General Fund, which had absorbed all the emergency-related expenditures in 2008.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 14 – Construction and Contractual Commitments

In 2009, nine apartment units (6-14 DeWitt Court) purchased in 2004 and 2005 by the Village were demolished. All contract commitments followed applicable laws.

Note 15 – 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.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial. The only grant received in 2009 was from the Hamilton County Solid Waste District for metal recycling/reduction. Funds were received and accounted for in 2009, and will be reported in the 2009/2010 audit.

Note 16 – Joint Ventures

The Village participates jointly with the City of Forest Park in large item/metal recycling programs and with Hamilton County in bidding for street salt.

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 2009, \$7,500 was received and \$5,900 was expended for the Concerts on the Commons. Other activities include the Holiday Light Up activities.

Note 18 – Subsequent Events

The Municipal Redevelopment Program is continuing into 2009. For 2010, no additional property acquisition is planned. The village remains steadfast in its vision and continuing goal of increasing the number of owner occupied properties in Greenhills. Housing and commercial redevelopment remain essential to the future sustainability of the Village of Greenhills.



Dave Yost • 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
Greenhills, 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, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 13, 2011, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. 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*. We also noted 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 Government 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

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

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 13, 2011.

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



Dave Yost
Auditor of State

April 13, 2011



Dave Yost • 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
MAY 5, 2011