NEW ISSUE **NOT RATED**

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see ***Tax Matters*** *herein.*

OFFICIAL STATEMENT
$2,195,000
VILLAGE OF GREENHILLS, OHIO
VARIOUS PURPOSE BONDS,
GENERAL OBLIGATION (Limited Tax)
SERIES 2008

Dated: July 16, 2008 **Due**: December 1, as provided herein

The Bonds. The Bonds are general obligations of the Village, issued to finance the permanent improvements described under **The Bonds – Authorization and Purpose.** Principal and interest, and any premium, unless paid from other sources, are to be paid from the proceeds of the Village's levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio law.

Book Entry Only. The Bonds will be initially issued only as fully registered bonds, one for each maturity, issuable under a book entry system, registered initially in the name of The Depository Trust Company or its nominee ("DTC"). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement.

Payment. Principal and interest, and any premium, will be payable to the registered owner (DTC), principal and any premium upon presentation and surrender at the corporate trust office of US Bank, National Association, Cincinnati, Ohio (the "Bond Registrar"), and interest transmitted by the Bond Registrar on each interest payment date (June 1 and December 1 of each year, beginning December 1, 2009) to the registered owner (DTC) as of the 15th day of the month preceding that interest payment date.

PRINCIPAL MATURITY SCHEDULE
(see inside cover)

Prior Redemption. Bonds maturing on and after December 1, 2019 are subject to optional prior redemption by the Village prior to maturity, beginning December 1, 2018, and Term Bonds are subject to mandatory prior redemption, as described in this Official Statement.

The Village has designated the Bonds as "qualified tax exempt obligations" as defined in Section 265(b)(3) of the Code.

The Bonds are offered when, as and if issued, and accepted by RBC Capital Markets (the "Underwriter"), subject to the opinion on certain legal matters relating to their issuance by Squire, Sanders & Dempsey L.L.P., Bond Counsel. The Bonds are expected to be available for delivery to DTC or its agent on or before July 16, 2008.

RBC Capital Markets

This Official Statement has been prepared by the Village in connection with its original offering for sale of the Bonds. This cover page includes certain information for quick reference only. *It is not a summary of the Bond issue.* Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

The date of this Official Statement is July 11, 2008, and the information speaks only as of that date. This Official Statement is "deemed final" by the Village as of its date for purposes of SEC Rule 15c2-12(b)(1).

PRINCIPAL MATURITY SCHEDULE
ON DECEMBER 1

$1,880,000 SERIAL BONDS

Year	Amount	Interest Rate	Price	CUSIP[(a)] No. 395302	Year	Amount	Interest Rate	Price	CUSIP[(a)] No. 395302
2009	$100,000	3.000%	100.629%	395302CU4	2014	$ 225,000	4.000%	99.717%	395302CZ3
2010	95,000	3.250%	100.224%	395302CV2	2015	255,000	4.100%	99.555%	395302DA7
2011	155,000	3.750%	100.627%	395302CW0	2016	275,000	4.200%	99.368%	395302DB5
2012	185,000	4.000%	100.876%	395302CX8	2017	220,000	4.350%	99.463%	395302DC3
2013	210,000	4.000%	100.380%	395302CY6	2018	160,000	4.450%	99.420%	395302DD1

$315,000 - 4.650% TERM BONDS DUE 2022, Price 98.961%, CUSIP[(a)] No. 395302DE9

Plus any accrued interest from their date

(a) CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Village and are included solely for the convenience of the holders of the Bonds. The Village is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds identified on the inside cover. No person, other than the Finance Director of the Village, has been authorized by the Village to give any information or to make any representation other than as contained in this Official Statement. Any other information or representation should not be relied upon as having been given or authorized by the Village. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Village since its date.

Upon issuance, the Bonds will not be registered by the Village under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have at the request of the Village passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

Certain information contained in the Official Statement is attributed to the Ohio Municipal Advisory Council ("OMAC"). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets Corporation (the "Underwriter"), at a price of $2,168,390.50, plus accrued interest on the Bonds resulting in a gross underwriting spread of $26,610 from the offering prices set forth on the inside cover page. In its bond purchase agreement with the Village, the Underwriter has agreed to pay certain costs of issuance of the Bonds from retainage. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the public offering price. The public offering prices set forth on the inside cover page may be changed after the initial offering by the Underwriter. The purchase of the Bonds by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all of the Bonds, if any are purchased. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy of completeness of such information.

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SELECTED SUMMARY STATEMENT

The following introduction and summary supplements certain of the information on the cover page and summarizes selected other information in this Official Statement relating to the Bonds. It is not intended as a substitute for the more detailed discussions in this Official Statement, to which reference should be made.

ISSUER. Village of Greenhills, Ohio.

SECURITY AND SOURCES OF PAYMENT. The Bonds are general obligations of the Village, the full faith and credit and general property taxing power of which are pledged to the payment of debt charges. Unless paid from other sources, debt charges on the Bonds are to be paid from the proceeds of the Village's levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio law.

AUTHORIZATION. The Bonds are authorized by Chapter 133 of the Revised Code, the Village Charter, and legislation adopted by Village Council.

PURPOSE OF BONDS. The Bonds are issued for the purpose of (i) acquiring certain real estate and buildings and (ii) constructing streetscape improvements in the Village.

PRIOR REDEMPTION. The Bonds maturing on or after December 1, 2019 are subject to prior redemption, by and at the sole option of the Village, either in whole on any date or in part (as selected by the Village and in integral multiples of $5,000), on any date on or after December 1, 2018, at par, plus interest accrued to the redemption date. Term Bonds maturing in 2022 are subject to mandatory prior redemption, as described in this Official Statement.

FORM, AND MANNER OF MAKING PAYMENTS. The Bonds will be originally issued only as fully registered bonds, one for each maturity, under a book entry only method, and registered initially in the name of The Depository Trust Company, New York, New York, or its nominee ("DTC"). There will be no distribution of Bonds to the ultimate purchasers. The Bonds in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement.

Principal and interest and any premium on the Bonds will be payable to the registered owner (initially, DTC). Principal and any premium will be payable on presentation and surrender at the office of the Bond Registrar. Interest will be transmitted by the Bond Registrar on each interest payment date (June 1 and December 1, beginning December 1, 2009) to the registered owner as of the 15th day of the month preceding the interest payment date.

TAX MATTERS. In the opinion of Bond Counsel, under existing law:

- Assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code").
- The Bonds are "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.
- That interest, and any profit made on the sale, exchange or other disposition of the Bonds, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio.

Interest may be subject to certain federal taxes imposed on certain corporations, including the corporate alternative minimum tax on a portion of it. Certain of the Bonds may be offered and sold to the public at an original issue discount or premium.

BOND REGISTRAR. US Bank, National Association.

BOND COUNSEL. Squire, Sanders & Dempsey L.L.P.

UNDERWRITER. RBC Capital Markets Corporation. The Bonds have been purchased by the Underwriter at a price of $2,168,390.50 plus accrued interest.

Questions regarding this Official Statement or the Bonds should be directed to the Village, Kathy Brokaw, Finance Director, 11000 Winton Road, Cincinnati, Ohio 45218-1198, telephone (513) 825-2100.

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INTRODUCTORY STATEMENT

This Official Statement has been prepared by the Village of Greenhills, Ohio (the "Village"), in connection with its original issuance and sale of the Bonds identified on the cover page (the "Bonds"). Certain information concerning the authorization, purpose, terms, and sources of payment and security is provided in this Official Statement.

All financial and other information in this Official Statement has been provided by the Village from its records, except for information expressly attributed to other sources and except for certain information on the cover and under **Underwriting**. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Village. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety and no one subject considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law or of the Ohio Constitution or the Village Charter (the "Charter"), are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement:

- "Debt charges" or "debt service" means principal of and interest on the obligations referred to.
- "County" means Hamilton County.
- "State" or "Ohio" means the State of Ohio.
- "Fiscal Year" means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as "Fiscal Year 2008") means the Fiscal Year ending on December 31 in that year.

THE BONDS – AUTHORIZATION AND PURPOSE

The Bonds are to be issued pursuant to Chapter 133 of the Revised Code, the Charter, and an ordinance passed by the Village Council and a certificate of award provided for by that ordinance (collectively, the "Authorizing Legislation").

Bonds in the principal amount of $2,195,000 together with other moneys available for the purpose, will be used to retire the Village's outstanding $2,405,000 Various Purpose Notes, Series 2007 maturing on July 17, 2008 (the "Outstanding Notes"). The Outstanding Notes were issued in anticipation of the issuance of bonds for the purpose of (i) acquiring certain real estate and buildings and (ii) constructing streetscape improvements in the Village.

Any accrued interest and premium received on the sale of the Bonds will be deposited in the Bond Retirement Fund. Moneys in that Fund are used to pay debt charges on Village debt obligations.

SUMMARY OF CERTAIN TERMS OF THE BONDS

General

The Bonds will be dated, will be payable in the amounts and on the dates, will bear interest (computed on the basis of a 360-day year and twelve 30-day months) at the rates and payable on the dates, and will be payable at the place and in the manner, described on the cover page.

The Bond Registrar will keep all books and records necessary for registration, exchange and transfer of the Bonds.

Discussion of the Bonds being issued under the book entry method is provided below. Details regarding the procedures for and manner of payment, issuance, exchange and transfer of the Bonds if ever issued in certificated form as provided in the Bond proceedings are also stated below.

Book Entry Method

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, and will be deposited with and retained in the custody of DTC or its agent.

For ease of reference in this and other discussions, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the Bond proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Bonds, see **Continuing Disclosure Agreement**), DTC will be and will be considered by the Village and the Bond Registrar to be the owner or holder of the Bonds.

Owners of book entry interests in the Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Bonds, and, except to the extent they may have rights as beneficial owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the Village and the Bond Registrar to be, and will not have any rights as, owners or holders of Bonds under the Bond proceedings.

The information above in this section concerning DTC and DTC's book entry system has been obtained from sources that the Village believes to be reliable, including DTC, but the Village takes no responsibility for its accuracy.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each book entry interest owner is in turn to be recorded on the Direct and Indirect Participants' records. Book entry interest owners will not receive written confirmation from DTC of their purchase. Book entry interest owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of book entry interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual book entry interest owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the book entry interest owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book entry interest owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Book entry interest owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds. For example, book entry interest owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to book entry interest owners. In the alternative, book entry interest owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Village as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and debt service payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Village or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to book entry interest owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Bond Registrar, or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the book entry interest owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Village or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Village may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) only if DTC determines not to continue to act as securities depository for the Bonds. In that event, Bond certificates will be printed and delivered to DTC. See **Summary of Certain Terms of the Bonds – Book Entry Method – Revision of Book Entry System; Replacement Bonds**.

Direct Participants and Indirect Participants may impose service charges on book entry interest owners in certain cases. Purchasers of book entry interests should discuss that possibility with their brokers.

The Village and the Bond Registrar:

- Have no role in the purchases, transfers or sales of book entry interests. The rights of book entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book entry interests.

- Have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

- Cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book entry interest owners payments of debt charges on the Bonds made to DTC as the registered owner, or any redemption or other notices, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

Revision of Book Entry System; Replacement Bonds

The Bond proceedings provide for issuance of fully registered Bonds ("Replacement Bonds") directly to owners of Bonds other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Bonds. Upon occurrence of this event, the Village may in its discretion attempt to have established a securities depository book entry relationship with another securities depository. If the Village does not do so, or is unable to do so, and after the Bond Registrar has made provision for notification of the owners of book entry interests in the Bonds by appropriate notice to DTC, the Village and the Bond Registrar will authenticate and deliver Replacement Bonds of any one maturity, in authorized denominations, to or at the direction of any persons requesting such issuance (and, if the event is not the result of Village action or inaction, at the expense – including printing costs – of those requesting).

Debt charges on Replacement Bonds will be payable when due without deduction for the services of the Bond Registrar as paying agent. Principal, and interest on Replacement Bonds, will be payable when due to the registered owner upon presentation and surrender at the principal corporate trust office of the Bond Registrar. Interest on Replacement Bonds will be payable on the interest payment date by the Bond Registrar by transmittal to the registered owner of record on the Bond Register as of the 15th day of the month preceding the interest payment date.

Replacement Bonds will be exchangeable for other Replacement Bonds of authorized denominations, and transferable, at the office of the Bond Registrar without charge (except taxes or governmental fees). Exchange or transfer of then redeemable Replacement Bonds is not required to be made (i) between the 15th day preceding the mailing of notice of redemption of

Replacement Bonds and the date of that mailing, or (ii) of a particular Replacement Bond selected for redemption (in whole or part).

Prior Redemption

The Bonds are subject to mandatory and optional redemption, as follows:

Mandatory Redemption

Term Bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The Bonds maturing on December 1, 2022 (the "2022 Bonds") are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation. That mandatory redemption is to occur on December 1 in the years 2019 through 2021 (with the balance of $60,000 to be paid at stated maturity on December 1, 2022) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2019	$ 90,000.00
2020	105,000.00
2021	60,000.00

Optional Redemption

The Bonds maturing on or after December 1, 2019 are also subject to prior redemption on or after December 1, 2018, by and at the sole option of the Village, either in whole or in part on any date (as selected by the Village) and in integral multiples of $5,000, at par, plus accrued interest to the redemption date.

Selection of Bonds and Book Entry Interests to be Redeemed

If fewer than all outstanding Bonds are called for redemption at one time, the Bonds to be called will be called as selected by, and selected in a manner as determined by, the Village.

If less than all of an outstanding Bond of one maturity under a book entry system is to be called for redemption (in the amount of $5,000 or any integral multiple), the Bond Registrar will give notice of redemption only to DTC as registered owner. The selection of the book entry interests in that Bond to be redeemed is discussed below under **Summary of Certain Terms of the Bonds – Prior Redemption – Notice of Call for Redemption; Effect.**

If bond certificates are issued to the ultimate owners, and if fewer than all of the Bonds of a single maturity are to be redeemed, the selection of Bonds (or portions of Bonds in amounts of $5,000 or any integral multiples) to be redeemed will be made by lot in a manner determined by the Bond Registrar.

In the case of a partial redemption by lot when Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of principal will be treated as if it were a separate Bond of the denomination of \$5,000.

Notice of Call for Redemption; Effect

The Bond Registrar is to cause notice of the call for redemption, identifying the Bonds or portions of Bonds to be redeemed, to be sent by first-class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each Bond to be redeemed at the address then shown on the Register on the 15th day preceding that mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any Bonds.

On the date designated for redemption, Bonds or portions of Bonds called for redemption shall become due and payable. If the Bond Registrar then holds sufficient moneys for payment of debt charges payable on that redemption date, interest on each Bond (or portion of a Bond) so called for redemption will cease to accrue on that date.

So long as all Bonds are held under a book entry system by a securities depository (such as DTC), call notice is sent by the Bond Registrar only to the depository or its nominee. Selection of book entry interests in the Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its Direct and Indirect Participants. Any failure of the depository to advise any participant, or of any participant or any Indirect Participant to notify the book entry interest owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any Bonds or portions of Bonds. See **Summary of Certain Terms of the Bonds –Book Entry Method**.

SECURITY AND SOURCES OF PAYMENT

The Bonds will be unvoted general obligation debt of the Village payable from the sources described, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. The basic security for payment of the Bonds is the requirement of the levy by the Village of ad valorem property taxes within the ten-mill limitation imposed by Ohio law which are limited as to amount or rate. Under State law, the levy for debt service on unvoted general obligations of the Village is to be placed before and in preference to all other levies and for the full amount of that debt service. See the further discussions under **Ad Valorem Property Taxes** and **Village Debt and Other Long-Term Obligations**.

Ohio law requires the Village to levy and collect that property tax to pay debt charges on the Bonds as it becomes due, unless and to the extent those debt charges are paid from other sources, such as described below.

The Authorizing Legislation provides further security by making a pledge of the full faith and credit and the general property taxing power of the Village for the payment of debt charges on the Bonds as it becomes due. Included in that pledge are all funds of the Village, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, or Ohio or federal law, or revenue bond trust agreements. Those exceptions include highway use receipts (limited by the Constitution to highway related purposes), tax levies voted for specific purposes or expressly pledged to certain obligations, and special assessments pledged to particular bonds or notes, and certain utility revenues. A similar pledge is made in each ordinance authorizing voted or unvoted general obligation debt.

In addition to the right of individual bondholders to sue upon their particular Bonds, Ohio law authorizes the holders of not less than 10% in principal amount of the outstanding Bonds to bring mandamus or other actions to enforce all contractual or other rights of the bondholders, including the right to require the Village to levy, collect and apply the unvoted property taxes to pay debt charges, and in the case of any default in payment of debt charges to bring action to require the Village to account as if it were the trustee of an express trust for the holders or to enjoin any acts that may be unlawful or in violation of bondholder rights.

Refunding

State law authorizes the refunding and advance refunding of all or a portion of the Bonds. If the Village places in escrow either money or direct obligations of or guaranteed as to payment by the United States, or a combination of both, which with investment income thereon will be sufficient for the payment of debt charges on the refunded Bonds, those Bonds will no longer be considered to be outstanding and will not be considered in determining any direct or indirect limitation on Village indebtedness, and the levy of taxes to pay debt charges on them will not be required. For this purpose direct obligations of or guaranteed by the United States include both:

- Rights to receive payments or portions of payments of the principal of or investment income on those U.S. obligations.
- Other obligations fully secured as to payment by those U.S. obligations and investment income on those obligations.

THE VILLAGE

General Introduction

The Village is located in Southwest Ohio, approximately 15 miles north of Cincinnati, and is located entirely within the County of Hamilton. The Village is one of the three "Greenbelt Communities" built by the federal government during the 1930s. Construction of Greenhills began on December 16, 1935 and the first families moved into Greenhills on April 1, 1938. Greenhills adopted a Charter form of government in 1989.

In the 2000 Census classifications, the Village was in the Cincinnati-Middletown, OH-KY-IN Metropolitan Statistical Area (MSA), comprised of three counties in Indiana (Dearborn, Franklin and Ohio Counties), seven counties in Kentucky (Boone, Bracken, Campbell, Gallatin, Grant, Kenton and Pendleton Counties) and five counties in Ohio (Brown, Butler, Clermont, Hamilton and Warren Counties). The Cincinnati-Middletown OH-KY-IN MSA is the 24th largest in the United States.

The Village's 2000 population of 4,103 placed it as the 21st largest municipality in the County.

The Village's area is approximately 1.2 square miles, broken down by land use as follows:

	Percent of Assessed Valuation of Real Property
Residential	90.30%
Commercial/Industrial	9.70
Public Utility	0.00
Agricultural	0.00
Undeveloped	0.00

Source: County Auditor.

Approximately 20% of the Village's area is used for governmental (including schools and parks) and other tax-exempt purposes.

The Village is served by diversified transportation facilities, including State and U.S. highways and interstate highways I-75, I-275, I-71, I-74, and the Ronald Regan Cross-County Highway. It is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at Cincinnati International Airport located in Covington, KY. Public mass transit for the area is provided by SORTA.

Banking and financial services are provided to the Village area by offices of numerous commercial banks and savings and loan associations, all of which have their principal offices elsewhere.

The Cincinnati Enquirer daily newspaper and Hilltop Press weekly newspaper serve the Village. The Village is within the broadcast area of numerous television stations and AM and FM radio stations. Multichannel cable TV service, including educational, governmental and public access channels, is provided by Time Warner Cable.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include the University of Cincinnati, Xavier University, Miami University and Cincinnati State.

A stimulating cultural life is available in the Metropolitan Area. The Cincinnati Symphony Orchestra, Opera and Ballet call the century-old Music Hall home. Also available are the Aronoff Center for the Arts, the Taft Theater, the Playhouse in the Park, College Conservatory of Music, the Showboat Majestic and the Corbett Center for the Performing Arts. Riverbend, on the Ohio River, is the summer home of the Cincinnati Symphony Orchestra and also the location of many other concerts. Museums include the Cincinnati Art Museum, Contemporary Arts Center, Taft Museum, the Museum of Natural History, the Krohn Conservatory, the Cincinnati Fire Museum and the John Hauck House. In late 1990, the

Museum of Natural History relocated and became part of the $54.7 million Museum Center at Union Terminal. Cincinnati is also well known for its festivals, including the famous Oktoberfest Zinzinnati, Summerfair, Riverfest, A Taste of Cincinnati and Summer on the Square.

The quality of life is further enhanced by a County library system that is first in the nation in per capita circulation of books and first in total number of volumes per capita. The system has 41 branches and a total of 9.9 million books and publications. The Greenhills branch has 18,725 print and 2,734 non-print volumes, and an annual circulation of approximately 125,000 volumes.

With respect to major league sports, the Metropolitan Area offers the Cincinnati Reds, the first professional baseball team, who play in Great American Ball Park and the Cincinnati Bengals of the National Football league who play in Paul Brown Stadium.

The Greenhills Village Parks and Recreation Department maintains 4 parks. These parks contain 10 acres of green space and provide facilities for hiking, biking, and picnicking as well as athletic facilities for softball, T-ball, tennis, basketball, horseshoes, and volleyball. There are 22 additional acres of non-equipped park/recreation land.

Greenhills has a nine-hole, par-3 public golf course, and an Olympic-sized public outdoor swimming pool. Both are open seasonally. Greenhills also has a softball complex.

The Hamilton County Park District contains 16 parks covering 12,905 acres, five 18-hole golf courses, one family golf center, and fishing and boating facilities, covering approximately 85,000 acres.

A multitude of health care providers including Christ Hospital, Mercy Health Systems, the Health Alliance, Good Samaritan Hospital, Cincinnati Childrens Hospital and Betheseda Hospital serve the Metropolitan Area.

It is also the location of major federal government installations, including a regional postal service center, an environmental research center and an occupational health and safety research center.

Village Government

The Village operates under and is governed by its Charter, adopted by the voters in 1988 and which may be amended by the voters from time to time. The Charter provides for a Mayor-Council-Manager plan form of government. The Village is also subject to some general laws applicable to all municipalities. Under the Ohio Constitution the Village may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws.

Legislative authority is vested in a six-member Council, all of whom are elected at-large for four-year terms. The Council fixes compensation of Village officials and employees, and enacts ordinances and resolutions relating to the Village services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the Mayor, who is elected by the popular vote for a four-year term. The

Charter establishes certain administrative departments; the Council may establish divisions of those departments, and additional departments.

The Village's chief executive and administrative officer is the Municipal Manager, who is appointed by the Council to serve at its pleasure. The Village Manager may be removed by a majority vote of members of the Council.

Jane A. Berry is the current Municipal Manager, appointed in early 2008. Jane Berry's professional public sector experience has encompassed a broad range of local governments. Her professional background is in both large and small municipalities, cities, villages, and county government. Some of the former communities she has served include the Town of Greene, New York as Sole Assessor; Village Manager of Cass City, Michigan; City Administrator/Assistant to the Mayor, City of Rochester Hills, Michigan; Director of Planning and Community Development, City of Romulus, Michigan; City Manager, City of Durand, Michigan; County Coordinator and Director of the Kalkaska County, Michigan Economic Development Corporation; and from 1975 – 1985, she served several public entities including Oakland County, City of Southfield, Brandon School District, and the Township of Brandon. Jane Berry has also served in an elective capacity as Village Councilperson and President Pro-Tem, for the Village of Oxford, Michigan.

Berry's past professional memberships include the International City - County Management Association (ICMA) and the Michigan Local Government Management Association (MLGMA), where she was elected to the Board of Directors of MLGMA, and also served as Chairman of the Small Communities Committee for the Michigan Local Government Management Association. Jane Berry has also held several leadership positions with the Michigan Municipal League having served as a regional officer in several regions and also as a member of the MML Standing Committee, Finance and Taxation.

Jane Berry has served on the boards of numerous State, County, Local Civic Boards, and Commissions throughout her career, also including the Rotary Club and Chambers of Commerce.

The Council appoints the Law Director and the Clerk of Council, and the Municipal Manager appoints, subject to the approval of Council, the directors of the other Village departments.

All elected officials serve part-time. The current elected officials, and some of the major appointed officials, are:

	Name	Term Expires	Vocation in Private Life
Members of Council:	Oscar Hoffmann*	12/31/09	Information Systems IS
	Kenny Burck	12/31/11	Corporate Safety
	Glenn Drees	12/31/09	Sales
	Fred Murell	12/31/09	Mfg. Engineer
	Greg Hermes	12/31/11	Construction
	Chris Visnich	12/31/11	Executive Search
	Bud Wolterman	12/31/09	Sales

* Mayor

APPOINTED

Office	Name	Years in Position	Years Service with the Village	Vocation in Private Life
Municipal Manager	Jane Berry	2 mos.		
Finance Director & Tax Commissioner	Kathryn Brokaw	22	27	
Fire Chief	Tony Spaeth	10 ½	10 ½	Grocery Store Mgr.
Police Chief	Thomas E. Doyle	3 ½	3 ½	
Clerk of Council	Joy Hoffman	18 ½	18 ½	
Pool & Golf Course Manager	Jennie Tilton	30	30	
Service Department Foreman	Vacant			
Building Inspector	Tom Eberle	16	16	

Employees

The Village has 12 full-time and 58 part-time employees. The number of full-time employees has decreased by 2 since December 31, 2007. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. The Village has no collective bargaining units.

In the Village's judgment, its employee relations have been and are excellent.

The Village of Greenhills provides health insurance to qualified fulltime employees. The contract is with United HealthCare, and the plan is an H.S.A. (a high deductible consumer-driven health care plan). Employees pay 10% of the premium cost as a payroll deduction. The H.S.A.

bank account, serviced by OptumBank, may be funded by employee tax-deferred contributions, to the limits imposed by the Internal Revenue Service. The Village may contribute to the bank account, directly or in a matching-funds format.

In addition, qualified fulltime employees who receive equal or better health care through a spouse's employer, are encouraged to waive health insurance through the Village of Greenhills. An incentive payment is provided to those employees.

Village Facilities

Current Village facilities include:

1.	Municipal building including the police station and fire house	11,210 sq. ft.
2.	Marquardt House Historic Structure lessor occupied office building	1,800 sq. ft.
3.	Spoils Ball Fields, soccer park, concession, garage, and service buildings	4,000 sq. ft.
4.	Service Public Works Department, facility, garage	15,200 sq. ft.

5. Village Recreation Complex (17 acres)
    a. Community Center Hall/Molloy's on the Green
    b. Greenhills municipal pool, water slide, bathhouse
    c. Golf course 9 holes, par 3, Pro Shop
    d. Tennis courts
    e. Picnic pavilion/shelter
6. Neighborhood parks (35 acres)
7. Equipped village parks (30+ acres) including:
    a. Palma Park
    b. Spoils Field
    c. Burley Field
    d. Foxworth Park
8. Streets (approximately 14 miles)
9. Sidewalks/pedestrian pathways (approximately 25 miles)
10. Storm water sewers and drains
11. Municipal parking lots (total of over 5 acres)

12. Municipal compost area (9 acres)

13. Village owned residential rental properties – 77 units (national historic district designation)

The Village currently carries real property and contents casualty insurance in the amount of $2,000,000 with a deductible of $2,500.

Economic and Demographic Information

Population

Recent Census population has been:

Year	Village	County	MSA
1970	6,092	925,944	613,414
1980	4,927	866,714	660,257
1990	4,393	866,228	1,844,917
2000	4,103	845,303	2,009,632

2000 Census figures show the following breakdown by age groups of the population of the Village:

Under 5	5-19	20-34	35-44	45-54	55-64	65+	Total
283	881	827	687	460	324	641	4,103

Industry and Commerce

The Village of Greenhills has one retail shopping center, which serves as the retail hub of the Village. Present occupants include restaurants, retail stores, insurance offices, dental offices, hair salons, barber shop, bowling alley, automotive repair shop, United States Post Office substation, credit union, public library. In addition, a communications-product company and tower occupy a light-industrial site, and an Alzheimer's care facility has occupied a former elementary school building for more than twenty-five years.

Among the Metropolitan Area's more prominent manufacturing groups are transportation equipment, which includes aircraft engines and motor vehicle parts; food and kindred products; metal working and general industrial machinery; chemicals; fabricated metal products; and printing and publishing. Fifty-four percent (54%) of the U.S. Population is within one hour's flight time and the Metropolitan Area is within 600 miles of 41% of the nation's purchasing power and 44% of the nation's manufacturing establishments. The corporate headquarters of numerous firms are located in the Metropolitan Area. Cincinnati is home to several Fortune 500 corporations including Procter & Gamble, The Kroger Company, American Financial

Corporation and Federated Department Stores. Another 370 Fortune 500 firms have operations in the Metropolitan Area.

The Greenhills Shopping Center, which is the central business district of Greenhillls, recently upgraded its building at a cost of over $80,000, creating temporary jobs during the improvements, but improving facilities to allow for additional retail activity.

Employment and Income

The following table shows comparative average monthly employment and unemployment statistics for the indicated periods.

	Employed in		Unemployment Rate			
Year(a)	**County**	**MSA(b)**	**County**	**MSA(b)**	**State**	**U.S.**
2001	408,600	772,900	4.0	4.0%	4.4%	4.7%
2002	401,300	769,300	5.5	5.3	5.7	5.8
2003	400,300	777,400	5.4	5.4	6.2	6.0
2004	398,000	783,700	5.7	5.5	6.2	5.5
2005	395,900	790,100	5.5	5.3	5.9	5.1
2006	402,200	802,700	5.0	5.2	5.5	4.6
2007	409,400	815,300	5.0	5.0	5.6	4.6
2008						
Jan.	402,200	801,000	5.2	5.3	6.3	5.4
Feb.	404,400	805,300	4.9	5.1	6.0	5.2
Mar.	408,200	812,900	4.8	5.1	6.1	5.2

(a) Not seasonally adjusted.
(b) Ohio counties only.

Source: Ohio Department of Job and Family Services.

Most Village residents work outside the Village. The following employers (private and public) have the largest work forces within the Village and MSA.

Ten Largest Employers in the Village

Company	Type of Business	Approximate Number of Employees
Winton Woods City Schools	Public Education	405
Alois Alzheimer Center	Nursing Home (Alzheimer's)	139
Wm. Royce/Riley's	Restaurant/Catering	125
Combined Technologies	Commercial radios/pagers	101
Cincinnati Bell	Communications	86
Duke Energy	Utilities	81
Village of Greenhills	Municipal Government	70
SJS Catering	Banquet Hall	19
American Legion Post 530	Non-Profit	18
Dolgencorp	Retail Store	17

Twenty-Five Largest Employers in the MSA

Name of Employer	Nature of Business	Number of Employees
University of Cincinnati	Education	15,864
The Kroger Co.*	Consumer Goods Distribution	15,600
Health Alliance of Greater Cincinnati	Health Care	14,785
The Procter & Gamble Co.*	Consumer Goods Manufacturing	12,315
Children's Hospital Medical Center	Health Care	9,464
Tri-Health, Inc.	Health Care	9,400
Fifth Third Bancorp*	Financial Institution	7,645
ABX Air, Inc.	Air	7,500
Wal-Mart Stores	Discount Retailer	7,500
GE Aircraft Engines	Aircraft Engines	7,400
Mercy Health Partners	Health Care	6,948
City of Cincinnati	City Government	6,389
U.S. Postal Service	Postal Services	6,379
Hamilton County	County Government	6,304
Archdiocese of Cincinnati	Education	6,150
Internal Revenue Service	Federal Government	6,000
Cincinnati Public Schools	Education	5,055
Federated Department Stores*	Department Store	4,700
CBS Personnel Services	Temporary/Permanent Staffing	4,534
Frisch's Restaurants	Restaurants	4,500
Miami University	Education	4,399
Fidelity Investments	Financial Services	4,300
Comair, Inc.	Airlines	4,270
St. Elizabeth Medical Center	Health Care	4,180
Paramount Kings Island**	Amusement Park	4,150

* Fortune 500 company with headquarters in Greater Cincinnati.

** Seasonal

Source: Business Courier 2008 Winter Book of Business Lists.

Census reports show the 1999 median household income in the Village was $44,886, compared to County, State and national medians of $40,964, $40,956 and $41,994, respectively.

According to the Ohio Department of Taxation, the average federal adjusted gross income for residents of the Winton-Woods City School District (which overlaps the Village) filing Ohio personal income tax returns for tax year 2006 (April 17, 2007 filing deadline) was $46,772, compared to the averages of $63,444 for all Ohio school districts and $76,819 for all districts in the County.

Housing and Building Permits

The following is Census information concerning housing in the Village, with comparative County and State statistics.

	2000 Median Value of Owner-Occupied Homes	% Constructed Prior to 1940	Number of Housing Units 1990	Number of Housing Units 2000	% Change
The Village	$ 97,900	25.9%	1,686	1,687	+0.06%
County	111,400	25.8	361,421	373,393	+3.31
State	103,700	22.5	4,371,945	4,783,051	+9.40

Village figures show the following average sales price of residential property in the Village:

Year	Village
2003	$115,000.00
2004	120,000.00
2005	106,000.00
2006	115,000.00
2007	114,500.00

The number and value of all building permits (including commercial, industrial, residential and public, and both remodeling and new construction) issued by the Village in recent years were:

Year	Number	Value
2002	38	$312,242.10
2003	51	428,472.00
2004	66	570,927.00
2005	65	609,167.00
2006	50	695,191.00
2007	44	337,028.97

Utilities; Public Safety and Services

Water service within the Village is provided by the Greater Cincinnati Water Works System, and is purchased directly by the consumers. Sewage collection and disposal is provided by the Greater Cincinnati Sewer District. Electricity is obtained from Duke Energy and natural gas is supplied by Duke Energy. Fire protection is provided by the Village of Greenhills Volunteer Fire Department. Trash collection is provided by Rumpke Disposal Services, and trash from the Village is sent to the Rumpke's landfill.

FINANCIAL MATTERS

Introduction

The Village's Fiscal Year corresponds with the calendar year.

The main sources of Village revenue have been and are property and income taxes, and State distributions, as described below.

The responsibilities for the major financial functions of the Village are divided among the Finance Director (the "Fiscal Officer"), the Municipal Manager and the Council.

Other important financial functions include general financial recommendations and planning by the Village Manager; budget preparation by the Village Manager with the assistance of the Fiscal Officer; and express approval of appropriations by the Council.

The Fiscal Officer is the Village's fiscal and chief accounting officer. Among that officer's duties are to keep the books and accurate statements of all moneys received and expended and of all taxes and assessments; at the end of each Fiscal Year, or more often if requested by the Municipal Manager, to examine all accounts of Village officers and departments; and not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item of expense to be drawn upon for any other purpose, or a voucher to be paid unless sufficient funds are in the Village treasury to the credit of the fund on which the voucher is drawn. The Finance Director is responsible for receiving, maintaining custody of and disbursing all Village funds.

The Fiscal Officer has charge of the financial affairs of the Village, including the keeping and supervision of all Village accounts and the custody and disbursements of all Village funds and moneys. The Fiscal Officer is appointed by the Municipal Manager.

Investments and deposits of Village funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions, and by the Village Charter and ordinances. The Finance Director is responsible for those investments and deposits. Under recent and current practices, and the Village's adopted investment policy, in addition to deposits evidenced by interest bearing certificates of deposit, investments are made in the State Treasurer's subdivision investment pool (STAR Ohio).

For property taxation purposes, assessment of real property is by the County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for budgeting, tax levies and appropriations are made in the Revised Code, including a requirement that the Village levy a property tax in a sufficient amount, with any other moneys available for the purpose, to pay the debt charges on securities payable from property taxes.

The law requires generally that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next fiscal year. The tax budget then is presented for review by the county budget commission, which is comprised of the county auditor, treasurer and prosecuting attorney. However, a county budget commission may waive the requirement for a tax budget and require an alternative form of more limited information required by the commission to perform its duties. The Hamilton County Budget Commission has not waived the requirement or permitted an alternative form of a tax budget from the Village.

The county budget commission then determines and approves levies for debt charges outside and inside the ten-mill limitation. The Revised Code provides that "if any debt charge is omitted from the budget, the commission shall include it therein."

The county budget commission then certifies to each subdivision its action on the tax budget together with the estimate by the county auditor of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the then Fiscal Year, the taxing authority (the Council in the case of the Village) approves the tax levies and certifies them to the county auditor. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two equal installments, the first usually in February and the second in July.

The Council adopts a temporary appropriation measure in December and then, by April 1, a permanent appropriation measure for that Fiscal Year. Although called "permanent," the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission's official estimates of resources, and the County Auditor must certify that the Village's appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

Financial Reports and Audits

The Village maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Ohio Auditor of State (the "State Auditor"). The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

Audits are made by the State Auditor of by CPAs at the direction of that officer, pursuant to Ohio law and under certain federal program requirements. No other independent examination or audit of the Village's financial records is made.

The most recent audit (including compliance audit) of the Village's accounts by the State Auditor was completed through Fiscal Year 2006. No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit. Two were noted as part of the audit. The Village has taken the necessary action to resolve these matters. An audit for Fiscal Year 2007 has not yet commenced.

Annual financial reports are prepared by the Village, and filed as required by law with the State Auditor after the close of each Fiscal Year.

See **Appendix A** for an unaudited comparative cash basis summary, prepared by the Village, of General Fund receipts and expenditures for the last five Fiscal Years and estimated for Fiscal Year 2008. See **Appendix B** for the audited General Purpose Financial Statements for

Fiscal Year 2006. All funds receipts and expenditures for the two prior Fiscal Years are set forth in **Appendix C**.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the State Auditor (or CPA) since their date.

Financial Outlook

The General Fund had 2006 and 2007 ending cash balances of $77,402 and $103,251. See **Appendix A** for 2008 budgeted General Fund financial projections.

The Village's revenues for the current year are meeting expectations of a year ago with the exception of the estate tax, which has presented the Village with an unanticipated windfall of over $530,000 which is to be appropriated to the Bond Retirement Fund in July, 2008 to pay a portion of the Outstanding Notes. For fiscal year 2009 the Village anticipates the General Fund tax millage will remain at its present level. Real and personal property taxes were estimated at a 2.5% increase per year. Salaries and wages are estimated to increase by 3.5% for fiscal year 2009. No additional full-time staff will be requested for fiscal year 2009. Employee fringe benefits are projected at 35% of gross wages.

GENERAL FUND

The General Fund is the Village's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives moneys from many sources, but primarily from ad valorem property taxes and income taxes levied by the Village, and State local government assistance distributions. For details, see **Appendix A**.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem *taxes levied* by the Village.

Tax Collection Year	Real(a)	Tangible Personal	Public Utility(b)	Total Assessed Valuation
2004	$45,500,000	$1,287,000	$1,700,000	$54,997,000
2005	45,500,000	1,200,000	1,680,000	54,630,000
2006	48,253,000	690,000	1,690,000	57,056,500(c)
2007	55,915,000	400,000	1,475,000	63,938,000
2008	56,300,000	520,000	1,500,000	64,368,000

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

(b) Tangible personal property of all public utilities and real property of railroads. See footnote (a).

(c) Reflects sexennial reappraisal.

Source: County Auditor.

Taxes collected on "Real" in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected on "Tangible Personal" in one calendar year are levied in the same calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of the preceding calendar year, and at the tax rates determined in the preceding year. "Public Utility" (real and tangible personal) taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Based on County Auditor records of assessed valuations for the 2008 tax collection year (2007 for tangible personal), the ten largest Village ad valorem property tax-payers are:

Name of Taxpayer	**Assessed Valuation**
Real	
Samuel Huttenbauer, Jr.	$1,074,750
Combined Tech Inc.	936,670
Crystalwood Real Estate	934,340
JohnnysToy Shop Inc.	496,200
Daniel Loudin	316,020
John Ralston Swallow	309,150
Timothy W. Price	258,110
Five-O Property	227,360
Potterhill Homes LLC	226,420
Humphreys Family Trust	162,640
Public Utility	
Duke Energy Ohio Inc	$1,522,270

Pursuant to statutory requirements for sexennial reappraisals, in 2005 the County Auditor adjusted the true value of taxable real property to reflect then current fair market values. These adjustments were first reflected in the 2005 duplicate (collection year 2006) and in the ad valorem taxes distributed to the Village in 2006 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values.

The "assessed valuation" of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

The taxation of all tangible personal property used in business (except for certain public utility tangible personal property) is being phased out over four years, from tax year 2006 to tax year 2009. Previously, machinery and equipment, and furniture and fixtures, were generally taxed at 25% of true value, and inventory was taxed at 23%. These percentages are being decreased as follows:

Tax Year	Percentage
2006	18.75%
2007	12.50
2008	6.25
2009	0.00

Certain new tangible personal property not previously used in business in Ohio is not subject to tangible personal property taxation.

To compensate for foregone revenue as the tangible personal property tax is phased out, the State will make distributions to taxing subdivisions (such as the Village) from revenue generated by a newly enacted commercial activity tax. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax revenue losses through 2010, with gradual reductions in the reimbursement amount from 2011 through 2017. Reimbursements for tax losses relating to levies for voted debt service are generally to continue at 100% until the debt is retired, subject to a 0.5-mill threshold adjustment (for all fixed-sum levies). That adjustment basically requires real property taxpayers to absorb up to 0.5 mill of increased property taxes (in order to continue to generate a fixed dollar amount) due to the phase out of tangible personal property taxes. The State is to provide any necessary reimbursement above that amount.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value; makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the Village by the State from State resources.

Commencing in tax year 2006, the assessment rate for electric utility transmission and distribution equipment was reduced from 88% to 85%, and the assessment rate for all electric company taxable property was reduced from 25% to 24%, commencing in tax year 2006. The taxation of all personal property used by telephone companies, telegraph companies, or interchange telecommunications companies is also being phased out by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

The first $10,000 of taxable value of tangible personal property has historically been exempted from taxation; reimbursement of resulting reduced local collections has been made in the past from State sources, as referred to under **Ad Valorem Property Taxes – Collections**. This reimbursement is being phased out such that no reimbursement payments are to be made after the State's fiscal year 2009.

As described herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class.

These tax credits apply only to certain voted levies on real property, and do not apply to unvoted levies, or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. None of the Village's tax levies are affected by these credits. These credits are discussed further following **Tax Table A**.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the Village are listed below. The "%" figure is that approximate percentage of a recent tax valuation of the overlapping entity that is located within the Village.

- The Village (25%)
- The County (functions allocated to counties by Ohio law, such as elections, health and human services, and judicial). (17%)
- Winton-Woods City School District which includes 100% of the territory within the Village (K-12 educational responsibilities). (54%)
- Great Oaks Career Center (the Career Center) (vocational education program). (3.0%)
- Hamilton County Park District (park and recreation areas). (1%)

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only the County, school district, and the Career Center may, as may the Village, levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills) described under **Village Debt and Other Long-Term Obligations – Indirect Debt and Unvoted Property Tax Limitations.**

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per $1.00 of assessed valuation.

The Ohio Constitution provides that the maximum total tax rate that may be levied without a vote of the electors for current operating expenses is 10 mills. See **Village Debt and Other Long-Term Obligations – Indirect Debt and Unvoted Property Tax Limitations**.

The following are the rates at which the Village and overlapping taxing subdivisions have in recent years levied ad valorem property taxes.

TAX TABLE A
Overlapping Tax Rates

Collection Year	Village	County	School District	JVSD	Total
2003	32.96	24.12	60.81	3.72	121.61
2004	33.23	23.88	69.91	3.49	130.51
2005	33.16	23.68	69.63	3.71	130.17
2006	32.35	23.57	69.52	3.70	129.14
2007	32.30	24.19	69.34	3.69	129.52

Source: County Auditor.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- The proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year.

- Amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

As noted above, all of the Village's property tax levies, as levies inside the ten-mill limitation, are exempt from those tax credit provisions. The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate required to produce a specified amount or an amount to pay debt charges on the Bonds as voted general obligations, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2007 tax collection year of 129.52 mills within the Village (in the portion overlapping Winton-Woods City School District) is reduced by reduction factors of 0.457617 for residential/agricultural property and 0.335352 for all other real property, which results in "effective tax rates" of 70.249494 mills for residential and agricultural property and 86.085237 mills for all other real property. See **Tax Table A**.

Real property tax amounts are generally further reduced by an additional 10% (12.5% in the case of owner-occupied residential property). The State biennial budget bill eliminates the 10% "rollback" for certain commercial and industrial real property (while it remains for all other real property), effective for the 2005 tax year and thereafter. See **Ad Valorem Property Taxes – Collections** for a discussion of the reimbursement by the State for this reduction.

The following are the rates at which the Village levied property taxes for the general categories of purposes for recent years, both outside and inside the ten-mill limitation:

TAX TABLE B
Village Tax Rates

Inside the Limitation

Collection Year	Operating	Total
2004	3.06	3.06
2005	3.06	3.06
2006	3.06	3.06
2007	3.06	3.06
2008	3.06	3.06

Voted

Collection Year	Operating	Debt Retirement	Other	Total
2004	7.17	5.10	13.30	28.63
2005	7.17	5.10	13.30	28.63
2006	7.17	5.10	13.30	28.63
2007	7.17	4.7	13.30	28.23
2008	7.17	4.7	13.30	28.23

The voted levies for "Debt Retirement" continue for the life of the bonds authorized by the electors, in annual amounts sufficient to pay debt charges on those bonds as it becomes due.

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Village Debt and Other Long-Term Obligations – Indirect Debt and Unvoted Property Tax Limitations**.

The following table presents certain information concerning the Village's voted property tax levies (except levies for voted bond issues):

Voter Authorized	Millage	Purpose	Last Collection Year
2004	1.50	street	2009
2005	0.70	recreation	2010
2006	3.28	operating	2011
2007	3.89	operating	2012
multiple	28.23	police, fire, curb, pool, operating	continuing

The Village plans to renew those non-continuing levies that expire within two years as they expire.

Collections

The following are the amounts billed and collected for Village ad valorem property taxes and special assessments for recent tax collection years.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
			Real and Public Utility		
2003	$1,086,161.70	$1,062,646.94	97.84%	$33,509.53	$23,659.04
2004	1,051,118.78	1,027,144.95	97.72%	35,448.25	27,304.85
2005	1,126,255.40	1,096,414.91	97.35%	32,323.28	19,727.92
2006	1,198,853.05	1,166,163.11	97.27%	45,988.61	27,972.89
2007	1,178,692.82	1,142,671.89	96.94%	48,199.56	33,521.04
			Tangible Personal Property		
2003	$38,776.44	$32,307.48	83.32%	$16,689.53	$5,804.15
2004	30,718.43	25,339.25	82.49%	14,914.21	7,032.92
2005	28,407.33	24,223.91	85.27%	23,555,25	11,636.95
2006	25,351.71	22,626.81	89.25%	20,713.29	8,627.37
2007	20,169.31	16,653.02	82.57%	20,064.56	2,969.57
			Special Assessments		
2003	$26,517.31	$25,894.21	97.65%	$0.00	$0.00
2004	25,891.59	25,484.24	98.43%	676.25	482.21
2005	35,951.21	35,246.21	98.04%	644.98	361.91
2006	36,958.27	36,233.23	98.04%	1,071.45	661.92
2007	40,051.64	39,277.86	98.07%	1,166.84	800.39

Source: County Auditor.

Included in the "Billed" and "Collected" figures above are payments made from State revenue sources under two statewide real property tax relief programs (which do not apply to special assessments). Homestead exemptions are available for persons over 65 and the disabled. Payments to taxing subdivisions have been made in amounts equal to approximately 10% (12.5% with respect to owner-occupied residential property) of all ad valorem real property taxes levied, thereby reducing the tax obligations of real property owners in any given year by the applicable 10% or 12.5%. This State assistance reflected in the Village's tax collections for 2007 was $4,276.74 elderly/disabled homestead payment and $99,978.33 (10%) $20,773.71 (2/5%) for the rollback payment. Also included in 2007 was $2,090.61 received from the State as a reimbursement of reduced collections resulting from the partial exemption of tangible personal property used in business. See **Ad Valorem Property Taxes – Assessed Valuation**.

Real property taxes are payable in two installments, the first usually in January and the second in June. Tangible personal property taxes for taxpayers owning property in more than one county are payable in September, and for taxpayers owning property in one county are payable in two installments (usually in April and September).

Current and delinquent property taxes and special assessments are billed and collected by County officials for all taxing subdivisions in the County. There is no one taxpayer that accounts for more than 5% of any of the billed taxes or accumulated delinquencies, shown in the table above for collection year 2007.

Delinquencies

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties. Real estate taxes and special assessments not paid in the due year are to be certified by the county auditor's office as delinquent. A list of delinquent properties then is published. If the delinquent taxes and special assessments are not paid within one year after certification, the properties are then to be certified as delinquent to the county prosecuting attorney.

The property owner may arrange a payment plan with the county treasurer providing for payments over not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county. Mass foreclosure proceedings and sales are permitted after three years' delinquency. County auditors employ a notification procedure and judicial proceedings to collect delinquent tangible personal property taxes. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

OTHER MAJOR GENERAL FUND REVENUE SOURCES

Major sources of revenue to the General Fund, in addition to ad valorem property taxes, have included the Village's income tax and State local government assistance distributions. The Appendices provide further information regarding other revenue sources for the General Fund and other funds.

Municipal Income Tax

Ohio law authorizes a municipal income tax on both corporate income and employee wages and salaries at a rate of up to 1% without, and above that rate with, voter authorization. In 2005 Village electors authorized an income tax at the rate of 1 ½%. The Village, pursuant to Council action and that voter authorization, currently levies the tax at the rate of 1 ½%, effective 01/01/06.

This tax on business income and individuals' salaries and wages is collected and administered by the Village.

The tax is in effect for a continuing period of time. It could be reduced or terminated by action of the Council, or by vote of the electors initiated by petition of 25% of the number of electors of the Village who voted at the last preceding general election. Under current law, the Council could reimpose a 1% tax without authorization by the electors.

Income tax proceeds, after payment of collection expenses, have been allocated by the Council for the current year to the General Fund.

Annual income tax receipts have been and for 2008 are estimated to be:

Year	Receipts	Tax Rate (%)	Accumulated Delinquency
2003	$ 683,417	1%	$ 2,181.82
2004	697,922	1%	2,208.83
2005	658,023	1%	4,349.05
2006	960,297	1.5%	10,935.33
2007	1,123,954	1.5%	22,557.34
2008 (est.)	1,200,000	1.5%	141.89

Residents are currently permitted as a credit against their Village income tax liability amounts paid as municipal income tax at the rate of up to .5% on the same income to another municipal corporation.

Based on employer payments of corporate and withheld personal income taxes, the following employer contributed more than 5% of the Village income taxes collected in 2007:

Employer	**Nature of Business**
Winton Woods City Schools	public education

Certain of the income subject to the municipal income tax is also subject to State income tax.

Local Government Assistance Funds

Statutory state-level local government assistance funds are comprised of designated State revenues.

Most are distributed to each county and then allocated on a formula basis, or in some cases on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. Village receipts from those funds in recent years were and for 2008 are estimated to be:

Year	**Receipts**
2003	$ 11,523
2004	11,256
2005	11,256
2006	11,256
2007	11,256
2008 (est.)	11,256

The amounts of and formula for distribution of these funds may be revised.

The State also distributes significant portions of the State estate tax to decedents' communities of residence. Due to the very nature of this tax, the annual amounts received can vary significantly. The Village received $121,428 and $50,136 from this source in 2006 and 2007, and projects receiving $570,000 in 2008. The Village credits these distributions to its General Fund. Recent amendments of this State tax provided for additional credits and increased exemptions, and increased percentages of allocations to be distributed to localities. Due to the difficulty of predicting the amount of receipts from the revised estate tax, the Village Fiscal Officer conservatively currently intends to assume the receipt of $99,000 from that source for budgeting purposes for the next several Fiscal Years.

VILLAGE DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt such as the Bonds, and applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the Village.

As used in the discussions that follow, the term "BANs" refers to notes issued in anticipation of the issuance of general obligation bonds.

The Bonds are unvoted general obligations of the Village, are subject to both of the direct debt limitations, and are subject to the indirect debt limitation, all as described below. Certain overlapping subdivisions also may issue voted and unvoted general obligation debt.

The Village is not, and to the knowledge of current Village officials has not ever been, in default in the payment of debt charges on any of the bonds or notes on which the Village is obligor or in a condition of default under any financing documents relating to any issue of revenue bonds.

Security for General Obligation Debt

The following describes the security for Village general obligation debt, such as the Bonds.

Bonds and BANs

Voted Bonds. The basic security for voted Village general obligation debt is the authorization by the electors for the Village to levy to pay debt charges on those bonds, without limitation as to rate or amount, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the Village. The tax is outside of the ten-mill limitation, and is to be in sufficient amount to pay (to the extent not paid from other sources) as it comes due the debt charges on the voted bonds (subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion).

Unvoted Bonds. The basic security for unvoted Village general obligation debt is the Village's ability to levy, and its levy pursuant to constitutional and statutory requirements of, an ad valorem tax on all real and tangible personal property subject to ad valorem taxation by the Village, within the ten-mill limitation described below. This tax must be in sufficient amount to pay (to the extent not paid from other sources) as it comes due the debt charges on unvoted Village general obligation bonds, both outstanding and in anticipation of which BANs are outstanding. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. See the discussion below, under **Village Debt and Other Long-Term Obligations – Indirect Debt and Unvoted Property Tax Limitations**, of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the Village and all overlapping taxing subdivisions.

BANs. While BANs are outstanding, Ohio law requires the levy of an ad valorem property tax in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes (the maximum maturity for special assessment BANs is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

Statutory Direct Debt Limitations

The Revised Code provides that:

- The net principal amount of both voted and unvoted debt of a city, excluding "exempt debt" (discussed below), may not exceed 10½% of the total tax valuation of all property in the city as listed and assessed for taxation.

- The net principal amount of the unvoted nonexempt debt of a city may not exceed 5½% of that valuation, as discussed below.

These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

A village's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Village Debt and Other Long-Term Obligations – Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt the Village may issue is exempt from the direct debt limitations ("exempt debt"). Exempt debt includes, among others:

- General obligation debt:

  - That is "self-supporting" (that is, nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for city utility systems, airports, railroads, mass transit systems, parking, health care, solid waste, urban development, recreation, sports, convention, museum and other public attractions, natural resource exploration, development, recovery, use or sale, correctional and other related rehabilitation.

  - For highway improvements if the municipality has covenanted to pay debt charges and financing costs from distributions of motor vehicle license and fuel taxes.

  - Issued in anticipation of the levy or collection of special assessments.

  - To pay final judgments or court-approved settlements.

  - Voted for water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay amounts equal to debt charges to the city.

- Unvoted general obligation bonds to the extent that debt charges will be met from payments in lieu of taxes or from lawfully available municipal income taxes, to be applied to debt charges pursuant to ordinance covenants.

- Revenue debt and mortgage revenue bonds to finance municipal utilities.

- Notes anticipating the collection of current revenues or the proceeds of a specific tax levy.
- Notes issued for certain energy conservation improvements or certain emergency purposes.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Voted debt for urban redevelopment purposes not in excess of 2% of the Village's assessed valuation.
- Debt issued to make a single payment on certain accrued liability to the statewide Police and Fire Pension Fund.
- Debt issued for municipal educational and cultural facilities.
- Debt issued for the acquisition of property for public use in excess of that needed for a public improvement.

BANs issued in anticipation of exempt bonds also are exempt debt.

The Village may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount in a city's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the Bond Retirement Fund, and based on outstanding debt and the Bonds, and current tax valuation, the Village's voted and unvoted nonexempt debt capacities are:

Limitation	Nonexempt Debt Outstanding	Additional Debt Capacity Within Limitation
10½% = $	$5,575,000	$1,324,830
5½% = $	$3,175,000	$ 439,196

This is further detailed in **Debt Table A.**

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the Village if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the Village without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on:

- Those bonds (or the bonds in anticipation of which BANs are issued), and

- All outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the Village resulting in the highest tax required for such debt charges,

in any year is 10 mills or less per $1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by *all* overlapping taxing subdivisions without a vote of the electors. This 10 mills is allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the Village. Of the entire 10 mills, 6.94771 mills is currently being levied by the combination of the Village and taxing subdivisions overlapping the Village. The current allocation of the 10 mills (sometimes referred to as the "inside millage") is as follows: 6.01756 Village, 0.68773 County, 0.00 School District, and 0.24242 Joint Vocational School.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Since the inside millage that may actually be required to pay debt charges on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. In the case of the Village, however, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on Village unvoted debt before the formula allocations of the inside millage to overlapping subdivision can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest annual debt charges estimated for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes and mortgage revenue bonds are not included in debt subject to the indirect limitation since they are not general obligations of the Village, and the full faith and credit and property taxing power of the Village is not pledged for their payment.

The indirect limitation applies to all unvoted general obligation debt even if debt charges on some of it is expected to be paid in fact from special assessments, utility earnings or other sources.

The estimated highest debt charges requirement in any year for all Village debt subject to the ten-mill limitation is estimated to be $415,345. That debt includes the Bonds and unvoted general obligation bonds outstanding. The payment of those annual debt charges would require a levy of an estimated 6.452 mills based on current assessed valuation. If those other sources for any reason are not available, the debt charges could not be met from the amounts produced by the millage currently levied for all purposes by the Village within the ten-mill limitation, and therefore inside millage allocated to the overlapping subdivisions might have to be preempted for that debt charges. (See the discussion of this preemption, and of limitations on it, above under this caption.)

The total millage theoretically required by the Village, the Great Oaks Joint Vocational School District and the County (the only overlapping taxing subdivisions which have issued unvoted debt) for their outstanding unvoted general obligation debt is estimated to be 6.201 mills for the year of the highest potential debt charges. There thus remains 3.799 mills within the ten-mill limitation which has yet to be allocated to debt charges and which is available to the Village and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

Debt Outstanding

The attached Debt Tables list the Village's outstanding debt represented by bonds and notes, information with respect to Village and overlapping general obligation debt allocations, and debt charges.

The following shows the principal amount of Village general obligation debt outstanding as of January 1 in the indicated years:

		Of GO Total	
Year	**Amount**	**Voted**	**Unvoted**
2004	$3,095,000	$1,935,000	$1,160,000
2005	2,950,000	1,935,000	1,115,000
2006	3,765,000	2,695,000	1,070,000
2007	3,575,000	2,550,000	1,025,000
2008	5,785,000	2,400,000	3,385,000

Bond Anticipation Notes

None of the debt of the Village (excluding the Outstanding Notes being retired with the proceeds of the Bonds) is currently in the form of BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the Village, or a combination of these sources.

Bond Retirement Fund

The Bond Retirement Fund is the fund from which the Village pays debt charges on its general obligation debt, and into which moneys required to be applied to those payments are deposited. The following table is an unaudited summary of Bond Retirement Fund receipts and disbursements for recent years and projected for the current year.

Year	Jan. 1 Balance	Receipts	Disbursements
2004	$15,166	$1,714,434	$1,711,006
2005	18,594	2,193,507	2,200,975
2006	11,126	2,289,862	2,244,261
2007	56,727	2,536,509	2,479,222
2008	114,013	2,737,735	2,156,769
2009	694,979	467,000	550,800

Future Financings

At this time the Village has no plans to undertake or participate in any new major capital improvement projects for which it plans to borrow moneys or enter into long-term financial undertakings. The Village does not plan to issue additional general obligation bonds or BANs during the next 12 months.

Long-Term Financial Obligations Other Than Bonds and Notes

The Village leases vehicles and other equipment under noncancelable leases. The Village disbursed $55,480.34 to pay lease costs for the year ended December 31,2006. Future lease payments are as follows:

Police Explorer Lease	
2007	$ 7,894.87

Service/Streets Truck Lease	
2007	$12,905.80
2008	12,905.83

Fire Department Ladder Truck	
2007	$34,679.70
2008	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

The Village has no other long-term debt obligations, other than the bonds and notes described above.

See the discussion under **Village Debt and Other Long-Term Obligations – Retirement Obligations** of the Village's required annual payments for allocated accrued liability of the statewide pension fund for police and fire personnel.

Retirement Obligations

Present and retired employees of the Village are covered under two statewide public retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund ("OP&F") covers uniformed members of the police and fire departments. All other eligible Village employees are covered by the Ohio Public Employees Retirement System ("OPERS").

Employees covered by OPERS contribute at a statutory rate of 9.5% of earnable salary or compensation. The recent and current employer contribution rate is 14.00%. OPERS reports total unfunded actuarial accrued pension liability (both State and local government employees, but excluding health care) of $6.673 billion at December 31, 2005, the most recent date as of which that information is available.

OP&F-covered employees contribute at a statutory rate of 10% of gross earnings. The Village contributes at rates (actuarially established and fixed by the OP&F Board), applying to earnable salary or compensation, of 19.5% for police personnel and 24% for fire personnel. OP&F reports, as of December 31, 2006, a total unfunded actuarial accrued liability of $2.8 billion.

Federal law requires Village employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, Village employees who are covered by a State retirement system are not currently covered under the federal Social Security Act.

The Village's current employer contributions to OPERS and OP&F have been treated as current expenses and included in the Village's operating expenditures, except to the extent paid from the proceeds of the "Police and Fire Pension" levy referred to above under **Ad Valorem Property Taxes – Tax Rates**.

OP&F and OPERS are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

Both OP&F and OPERS are created by and operate pursuant to Ohio law. The General Assembly could determine to amend the format of either fund and could revise rates or methods of contributions to be made by the Village into the pension funds and revise benefits or benefit levels.

LITIGATION

To the knowledge of the appropriate Village officials, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or the levy and collection of taxes to pay the debt charges on the Bonds, or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, signed or delivered, or the validity of the Bonds. The Village will deliver to the Underwriter a certificate to that effect at the time of original delivery of the Bonds to the Underwriter.

The Village is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to the Bonds or the security for the Bonds, or the permanent improvements being financed. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the Director of Law, have a material adverse effect on the Bonds, the security for the Bonds, or those improvements or the Village's operating revenues.

Under current Ohio law, Village moneys, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the Village.

The Village maintains liability insurance coverages with varying deductibles with Scottsdale Insurance Company for property insurance, police and professional liability insurance, vehicle, public officials, and equipment insurance. The liability insurance on Village vehicles has a combined single limit bodily injury and property damage coverage in the amount of $1,000,000.00 per occurrence with a deductible of $500.00. The Village also carries public official and employee liability insurance coverage with a $1,000,000.00 limit of liability for each loss occurrence and an annual aggregate of $2,000,000 with a deductible of $2,500.00.

LEGAL OPINION

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest on the Bonds (see **Tax Matters**) are subject to the legal opinion of Squire, Sanders & Dempsey L.L.P., whose legal services as Bond Counsel have been retained by the Village. The legal opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of original delivery and the text of the opinion will be printed on the Bonds.

The proposed text of the legal opinion is set forth as **Exhibit A**. The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Bond Counsel has drafted those portions of this Official Statement under the captions **Summary of Certain Terms of the Bonds** (excluding the information under **Book Entry Method**), **Security and Sources of Payment**, and **Tax Matters**. Bond Counsel has assisted the Village with its preparation of certain other portions of this Official Statement. Bond Counsel, however, has not been engaged to, and will not, independently confirm or verify that information or any other information provided by the Village or others, and will not express an opinion as to the accuracy or fairness of any such information or any other reports, financial information, offering or disclosure documents or other information pertaining to the Bonds that may be prepared or made available by the Village or others to the purchasers or owners of the Bonds or of book entry interests or to others.

In addition to rendering the legal opinion, Bond Counsel will assist in the preparation of and advise the Village concerning documents for the bond transcript.

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and the Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Village contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Village's certifications and representations or the continuing compliance with the Village's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Village may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Village has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress, and legislation affecting the exemption of interest or other income thereon for purposes of taxation by the State may be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation, and any other court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Village or the beneficial owners regarding the tax status of interest on the Bonds in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Village as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market prices for the Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Bonds are lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies (including domestic life and domestic not for life), trustees or other officers having charge of sinking and bond retirement or other funds of the State and State subdivisions and taxing districts, the Commissioners of the Sinking Fund, the Administrator of Workers' Compensation, and State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Firemen's), notwithstanding any other provisions of the Revised Code or rules adopted pursuant to those provisions by any State agency with respect to investments by them.

The Bonds are acceptable under Ohio law as security for the repayment of the deposit of public moneys.

Owners of book entry interests in the Bonds should make their own determination as to such matters as legality of investment in or pledgability of book entry interests.

TRANSCRIPT AND CLOSING CERTIFICATES

A complete transcript of proceedings and a certificate (described under **Litigation**) relating to litigation will be delivered by the Village when the Bonds are delivered by the Village to the Underwriter. The Village at that time will also provide to the Underwriter a certificate, signed by the Village officials who sign this Official Statement and addressed to the Underwriter, relating to the accuracy and completeness of this Official Statement and to its being a "final official statement" in the judgment of the Village for purposes of SEC Rule 15c2-12(b)(3).

CONTINUING DISCLOSURE AGREEMENT

The Village is the only "obligated person" under SEC Rule 15c2-12 (the "Rule") and will have less than $10,000,000 in aggregate amount of nonexempt municipal securities outstanding after the issuance of the Bonds. Therefore the continuing disclosure requirements of paragraph (b)(5) of the Rule do not apply to the Bonds. The Village agrees, for the benefit of the holders and beneficial owners from time to time of the Bonds, in accordance with the Rule, to provide or cause to be provided such financial information or operating data, in such manner, as may be required for purposes of paragraph (d)(2)(ii) of the Rule (the "Continuing Disclosure Agreement"), including specifically the following:

- To any person upon request, or at least annually to the Ohio state information depository (SID, currently the Ohio Municipal Advisory Council), financial information and operating data regarding the Village that is customarily prepared by the Village and is publicly available.

- To each NRMSIR or to the Municipal Securities Rulemaking Board (MSRB), and to the SID, in a timely manner, notice of the occurrence of any of the following events, within the meaning of the Rule, with respect to the Bonds, if material:

  - Principal and interest payment delinquencies
  - Non-payment-related defaults
  - Unscheduled draws on debt service reserves reflecting financial difficulties*
  - Unscheduled draws on credit enhancements reflecting financial difficulties*
  - Substitution of credit or liquidity providers, or their failure to perform
  - Adverse tax opinions or events affecting the tax-exempt status of the Bonds
  - Modifications to rights of holders or beneficial owners
  - Bond calls
  - Defeasances
  - Release, substitution, or sale of property securing repayment of the Bonds*
  - Rating changes

* The Village has not obtained or provided, and does not expect to obtain or provide, any debt charges reserves, credit enhancements or credit or liquidity providers, for the Bonds and repayment of the Bonds is not secured by a lien on any property capable of release or sale or for which other property may be substituted.

Requests for that information and data and any such notices should be addressed to:

Finance Director
Village of Greenhills, Ohio
11000 Winton Road
Cincinnati, Ohio 45218-1198
Telephone: (513) 825-2100

The Village will reserve the right to amend the Continuing Disclosure Agreement, and to obtain the waiver of noncompliance with any provision of the Agreement, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the Village, or type of business conducted by the Village. Any such amendment or waiver will not be effective unless the Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Village shall have received either:

- A written opinion of bond or other qualified independent special counsel selected by the Village that the amendment or waiver would not materially impair the interests of holders or beneficial owners of the Bonds, or

- The written consent to the amendment or waiver of the holders of at least a majority of the principal amount of the Bonds then outstanding.

The Continuing Disclosure Agreement, by provision in the bond proceedings, will be solely for the benefit of the holders and beneficial owners from time to time of the Bonds, including holders of book entry interests in them. The exclusive remedy for any breach of the Agreement by the Village is to be limited to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Village of its obligations under the Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the Village to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require the Village to perform any other obligation under the Agreement (including any proceedings that contest the sufficiency of any pertinent filing) may be instituted and maintained only by either:

- A trustee appointed by the holders and beneficial owners of not less than 25% in principal amount of the Bonds then outstanding, which trustee may, and upon request of holders and beneficial owners of not less than 25% in principal amount of the Bonds then outstanding would be required to, institute and maintain such proceedings, or

- Holders and beneficial owners of not less than 10% in principal amount of the Bonds then outstanding.

The performance by the Village of the Continuing Disclosure Agreement will be subject to the annual appropriation by Council of any funds that may be necessary to perform it.

The Continuing Disclosure Agreement will remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the Village remains an obligated person with respect to the Bonds within the meaning of the Rule.

The Village has in a timely manner made all filings and given all notices required under its prior continuing disclosure agreements (for purposes of the Rule) to which it is a party.

RATINGS

The Village has not applied for a rating of the Bonds. The Village has no outstanding rating from any credit rating agency. The Village has no current plans to apply for a rating of any of its outstanding debt including the Bonds.

BOND REGISTRAR

US Bank, National Association, Cincinnati, Ohio, will act as bond registrar, paying agent, and transfer and authenticating agent for the Bonds ("Bond Registrar"). The Bond Registrar will keep all books and records necessary for registration, exchange and transfer of the Bonds, in accordance with the terms of agreements between it and the Village.

The Bond Registrar is a national banking association, with a corporate trust office in Cincinnati, Ohio. It has branch offices throughout the State and regularly acts as bond registrar for bond issues of Ohio local governments.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Official Statement has been derived by the Village from official and other sources and is believed by the Village to be accurate and reliable. Information other than that obtained from official records of the Village has not been independently confirmed or verified by the Village and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent owners of the Bonds, or book entry interests in those Bonds.

This Official Statement has been prepared and delivered by the Village and executed for and on behalf of the Village by its officials identified below.

VILLAGE OF GREENHILLS, OHIO

By: /s/ Jane A. Berry
Municipal Manager

By: /s/ Kathryn L. Brokaw
Finance Director

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DEBT TABLE A

Principal Amounts of Outstanding Debt;
Leeway for Additional Debt Within Direct Debt Limitations

A.	Total debt including the Bonds but excluding the Outstanding Notes being retired with the Bonds:		$5,575,000
B.	Exempt debt:		
	Category	Outstanding Principal Amount	
	Total exempt debt:		$0
C.	Total nonexempt debt [A minus B]:		$5,575,000
D.	5½% of tax valuation (unvoted nonexempt debt limitation):		$3,540,240
E.	Total nonexempt limited tax bonds and notes outstanding:		
	Bonds (including the Bonds)	$3,175,000	
	Notes	0	$3,175,000
F.	Debt leeway within 5½% unvoted debt limitation [D minus E]:		$365,240*
G.	10½% of tax valuation (voted and unvoted debt limitation):		$6,758,640
H.	Total nonexempt bonds and notes outstanding:		
	Bonds (including the Bonds)	$5,575,000	
	Notes	0	$5,575,000
I.	Debt leeway within 10½% debt limitation [G minus H]:		$1,183,640*

* Debt leeway in this table determined without considering moneys in the Bond Retirement Fund.

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DEBT TABLE B

Various Village and Overlapping GO Debt Allocations (Principal Amounts)

	Amount	Per Capita(a)	% of Village's Current Assessed Valuation(b)
Village Nonexempt GO Debt	$5,575,000	$1,358.76	8.66%
Total Village GO Debt (exempt and nonexempt)	5,575,000	1,358.76	8.66
Highest Total Overlapping GO Debt(c)	5,953,374	1,450.98	9.25

(a) Based on 2000 population of 4,103.

(b) The Village's current assessed valuation is $64,368,000.

(c) Includes, in addition to "Total Village GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of July 11, 2008) resulting in the calculation of highest total overlapping debt based on percent of tax valuation of territory of the subdivisions located within the Village (% figures are resulting percent of total debt of subdivisions allocated to the Village in this manner), as follows:

$	352,089	County (0.31%); and
$	26,285	Great Oaks Career Center Joint Vocational School District (0.33%).

Source of tax valuation and confirmation of GO debt figures for overlapping subdivisions: Ohio Municipal Advisory Council.

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DEBT TABLE C

Projected Debt Charges Requirements on Village GO Debt

	Debt Charges On			Portion Of Total Anticipated To Be Paid From*	
				Ad Valorem Taxes	
Year	The Bonds	Outstanding Bonds	Total	Unlimited	Limited
2008	$ 0.00	$ 288,561.75	$ 288,561.75	$ 215,405.00	$ 73,156.75
2009	223,808.44	367,578.50	591,386.94	273,265.00	318,121.94
2010	182,042.50	372,681.00	554,723.50	275,367.50	279,356.00
2011	238,955.00	372,076.00	611,031.00	276,962.50	334,068.50
2012	263,142.50	370,581.00	633,723.50	277,942.50	355,781.00
2013	280,742.50	373,501.00	654,243.50	278,337.50	375,906.00
2014	287,342.50	375,473.50	662,816.00	283,010.00	379,806.00
2015	308,342.50	376,578.50	684,921.00	281,815.00	403,106.00
2016	317,887.50	366,731.00	684,618.50	275,055.00	409,563.50
2017	251,337.50	341,598.50	592,936.00	248,010.00	344,926.00
2018	181,767.50	167,186.00	348,953.50	76,922.50	272,031.00
2019	104,647.50	171,147.50	275,795.00	79,475.00	196,320.00
2020	115,462.50	169,480.00	284,942.50	76,655.00	208,287.50
2021	65,580.00	172,556.00	238,136.00	78,835.00	159,301.00
2022	62,790.00	170,140.50	232,930.50	80,780.00	152,150.50
2023	0.00	82,350.00	82,350.00	82,350.00	0.00
2024	0.00	78,675.00	76,675.00	78,675.00	0.00

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APPENDIX A
Comparative Cash Basis Summary of General Fund Receipts and Expenditures for Fiscal Years 2003 through 2007 and Budgeted Fiscal Year 2008

	2003	2004	2005	2006	2007	BUDGETED 2008
BEGINNING BALANCE	$ 444,966	$ 478,709	$ 334,653	$ 304,337	$ 77,406	$ 103,251
RECEIPTS						
Local Taxes	1,114,710	1,129,070	1,084,447	1,384,300	1,534,855	1,603,003
Intergovernmental Revenues	376,820	229,316	270,147	282,254	209,424	716,172
Special Assessments	-----	-----	-----	-----	-----	-----
Charges for Services	77,564	80,823	82,475	79,260	87,773	87,500
Fines, Licenses and Permits	98,396	99,175	89,286	87,302	92,565	85,500
Miscellaneous	23,572	184,112	26,353	11,776	35,373	17,500
Transfers In-Income Tax	-----	-----	-----	-----	-----	-----
Transfers In-Other	-----	-----	-----	-----	-----	-----
Other Sources	12.619	11,835	29,744	18.037	15.759	11,000
TOTAL REVENUES	$1,703,683	$1,734,331	$1,582,452	$1,862,929	$1,975,749	2,520,675
EXPENDITURES						
Security of Persons & Property	519,902	434,572	519,695	579,544	610,848	659,858
Public Health Services	-----	-----	-----	-----	-----	-----
Leisure Time Activities	102,464	76,970	78,715	63,974	50,470	46,323
General Government	1,033,574	1,348,343	984,358	1,405,342	1,228,757	1,332,419
Transfers Out	14,000	18,500	30,000	41,000	59,844	350,000
TOTAL EXPENDITURES	$1,669,940	$,878,385	$612,768	$2,089,860	$1,949,919	$2,388,600
ENDING BALANCE	$478,709	$334,655	$304,337	$77,406	$103.251	$235,326

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APPENDIX B

General Purpose Financial Statements from the Village's Financial Report for Fiscal Year 2006 (Audited)

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VILLAGE OF GREENHILLS
HAMILTON COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005

Mary Taylor, CPA
Auditor of State

VILLAGE OF GREENHILLS
HAMILTON COUNTY

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VILLAGE OF GREENHILLS
HAMILTON COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Greenhills, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

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

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

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 8, 2008

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

Highlights

Key highlights for 2006 and 2005 are as follows:

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

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

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

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Village as a Whole

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

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

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

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

Reporting the Village's Most Significant Funds

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

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

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

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

The Government as a Whole

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

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

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

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

Table 2 reflects the changes in net assets in 2006.

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

Increase (Decrease) in Net Assets	(272,062)	(245,395)
Encumbered	(1,221)	
Net Assets January 1	**612,006**	**857,401**
Net Assets, December 31	**$ 341,165**	**$ 612,006**

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

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

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

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

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

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

Governmental Activities

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

A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	$657,846	($257,930)	$553,177	($192,630)
Security of Persons and Property	$1,027,474	($1,027,474)	$928,012	($928,012)
Public Health Services	3,225	(3,225)	3,203	(3,203)
Leisure Time Activities	216,797	(43,302)	211,290	(46,292)
Basic Utility Services	0	124,502	0	124,956
Community Environment	734,042	(727,455)	695,095	(686,862)
Other	100,439	(100,439)	115,527	(115,527)
Transportation	9,589	163,128	22,468	141,332
Capital Outlay	963,125	(963,125)	1,393,518	(1,393,518)
Principal Retirement	2,090,000	(2,090,000)	2,080,000	(2,080,000)
Interest and Fiscal Charges	219,973	(219,973)	188,557	(188,557)
Total Expenses	$6,022,509	($5,145,292)	$6,190,848	($5,368,313)

The Government's Funds

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

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

General Fund Budgeting Highlights

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

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

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

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

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

Capital Assets and Debt Administration

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

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

Current Issues

Municipal Revelopment Program

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

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

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

Contacting the Village of Greenhills Financial Management

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

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

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

See accompanying notes to the basic financial statements

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

	Cash Disbursements	Program Cash Receipts: Charges for Services and Sales	Program Cash Receipts: Operating Grants and Contributions	Program Cash Receipts: Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets: Governmental Activities
Governmental Activities					
Security of Persons and Property	$1,027,474	$0	$0	$0	($1,027,474)
Public Health Services	3,225	0	0	0	(3,225)
Leisure Time Activities	216,797	173,495	0	0	(43,302)
Community Environment	734,042	6,587	0	0	(727,455)
Basic Utility Services	0	124,502	0	0	124,502
Transportation	9,589	0	172,718	0	163,128
General Government	657,846	386,012	13,904	0	(257,930)
Capital Outlay	963,125	0	0	0	(963,125)
Debt Service:					
Principal	2,090,000	0	0	0	(2,090,000)
Interest	219,973	0	0	0	(219,973)
Other	100,439	0	0	0	(100,439)
Total Governmental Activities	6,022,509	690,595	186,621	0	(5,145,292)
Total	$6,022,509	$690,595	$186,621	$0	(5,145,292)

General Receipts	
Property Taxes	1,117,556
Municipal Income Taxes	960,297
Grants and Entitlements not Restricted to Specific Programs	365,686
Sale of Notes	2,100,000
Sale of Fixed Assets	218,994
Earnings on Investments	46,250
Miscellaneous	65,669
Total General Receipts	4,874,452
Total General Receipts	4,874,452
Change in Net Assets	(270,841)
Net Assets Beginning of Year	612,006
Net Assets End of Year	$341,165

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

	Agency
Assets	
Cash	$7,264
Total Assets	$7,264
Net Assets	
Unrestricted	$7,264

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Security of Persons and Property	$928,012	$0	$0	$0	($928,012)
Public Health Services	3,203	0	0	0	(3,203)
Leisure Time Activities	211,290	164,999	0	0	(46,292)
Community Environment	695,095	8,233	0	0	(686,862)
Basic Utility Services	0	124,956	0	0	124,956
Transportation	22,468	0	163,800	0	141,332
General Government	553,177	347,702	12,845	0	(192,630)
Capital Outlay	1,393,518	0	0	0	(1,393,518)
Debt Service:					
Principal	2,080,000	0	0	0	(2,080,000)
Interest	188,557	0	0	0	(188,557)
Other	115,527	0	0	0	(115,527)
Total Governmental Activities	6,190,848	645,890	176,645	0	(5,368,313)
Total	$6,190,848	$645,890	$176,645	$0	(5,368,313)

General Receipts	
Property Taxes	1,020,271
Municipal Income Taxes	658,023
Grants and Entitlements not Restricted to Specific Programs	416,568
Sale of Bonds	995,000
Sale of Notes	1,900,000
Sale of Fixed Assets	5,000
Earnings on Investments	43,259
Miscellaneous	84,797
Total General Receipts	5,122,917
Total General Receipts	5,122,917
Change in Net Assets	(245,395)
Net Assets Beginning of Year	857,401
Net Assets End of Year	$612,006

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

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

	Agency
Assets	
Cash	$6,851
Total Assets	$6,851
Net Assets	
Unrestricted	$6,851

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

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

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

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

B. Component Units. Component units are legally separate organizations for which the Village is financially accountable. The Village would be financially accountable for an organization if the Village appointed a voting majority of the organization's government board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally 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 components units

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

Note 2 – Summary of Significant Accounting Practices

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

Note 2 – Summary of Significant Accounting Practices (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

Note 2 – Summary of Significant Accounting Practices (Continued)

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

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

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

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

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

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

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

Fiduciary Funds

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

C. Basis of Accounting

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

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

Note 2 – Summary of Significant Accounting Practices (Continued)

Budgetary Process

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

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

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

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

E. Cash and Cash Equivalents

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

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

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

F. Restricted Assets

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

Note 2 – Summary of Significant Accounting Practices (Continued)

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Net Assets

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

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

M. Fund Balance Reserves

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

Note 2 – Summary of Significant Accounting Practices (Continued)

N. Interfund Transactions

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

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

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

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

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

Note 4 – Accountability and Compliance

A. Accountability

No deficit fund balances exist.

B. Compliance

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

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

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;

- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;

- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and

- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:

Note 4 – Accountability and Compliance (Continued)

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

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

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

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

Note 5 – Budgetary Basis of Accounting

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

Note 6 – Deposits and Investments

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

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

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

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

Note 6 – Deposits and Investments (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 per cent and be marked to market daily, and the term of the agreement must not exceed thirty days.

4. Bonds and other obligations of the State of Ohio or Ohio local governments.

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling also are prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

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

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

Note 6 – Deposits and Investments (Continued)

Deposits

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

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

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

	Carrying Value	Maturity
STAR Ohio	$275,217	Average

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

	Carrying Value	Maturity
STAR Ohio	$434,393	Average

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

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

Note 7 – Income Taxes

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

Note 8 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

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

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

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

Note 9 – Risk Management

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

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

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

Note 10 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System.

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member- directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula requirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

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

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

B. Ohio Police and Fire Pension Fund

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

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

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

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB *Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.70% and 13.55% of covered payroll; 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between .5% and 6.00% annually for the next eight years and 4.00% annually after eight years.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB *Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5% of covered payroll, of which 7.75% of covered payroll was applied to the Postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2006 that were used to fund Postemployment benefits were $101,431.65 for police.

Note 12 – Notes Payable

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

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

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

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

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

Note 13 – Debt

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

	Interest Rate	Balance December 31, 2005	Additions	Reduction	Balance December 31, 2006	Due Within One Year
Governmental Activities						
General Obligation Bonds						
Swimming Pool Renovation	5.77%	$ 265,000	$0	$20,000	$ 245,000	$20,000
Curb Renovation	5.21%	1,465,000	0	95,000	1,370,000	95,000
Voted General Obl Bonds	4.52%	965,000	0	30,000	935,000	35,000
Real Estate Acquisition Bond	4.75%	1,070,000	0	45,000	1,025,000	45,000
Total		3,765,000	0	190,000	3,575,000	195,000

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

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

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

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

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

Note 14 – Leases

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

	Police Explorer Lease
2007	$7,894

	Service/Streets Truck Lease
2007	$12,906
2008	$12.906

	Fire Department Ladder Truck
2007	$34,680
2008	$34,680
2009	$34,680
2010	$34,680
2011	$34,680
2012	$34,680
2013	$34,680
2014	$34,680
2015	$17,340

Note 15 – Interfund Transfers

During 2006, the following transfers were made:

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

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

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

Note 16 – Contingent Liabilities

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

Note 17 – Jointly Governed Organizations

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

Note 18 – Restated Beginning Balance

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

Mary Taylor, CPA
Auditor of State

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

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

To the Village Council:

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

Internal Control Over Financial Reporting

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

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

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

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

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

Compliance and Other Matters

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 8, 2008

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

Significant Deficiency

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

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

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

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

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;

- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;

- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and

- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:

    - A specific statement that the transaction is an advance of cash, and

    - An indication of the money (fund) from which it is expected that repayment will be made.

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

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

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

FINDING NUMBER 2006-001
(Continued)

Officials Response:

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

FINDING NUMBER 2006-002

Material Noncompliance

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

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

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

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

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to $5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

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

FINDING NUMBER 2006-002
(Continued)

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

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

Officials Response:

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

Mary Taylor, CPA
Auditor of State

VILLAGE OF GREENHILLS

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 29, 2008

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
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APPENDIX C-1

All-Funds Summary 2006
(Cash Basis)

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
General	$304,336.04	1,862,928.67	$2,050,001.58	$77,405.30
Street Construction	42,276.81	217,016.72	186,998.33	73,095.20
Recreation	6,335.83	48,496.58	19,701.07	6,130.54
Drug Enforcement	1,148.62	1,248.44	1,149.48	1,247.58
Federal Equitable Sharing	951.67	75.66	0.00	1,027.33
Police Operating	0.00	265,737.13	265,737.13	0.00
Fire Contract	0.00	87,908.17	87,908.17	0.00
Fire Equipment & Other	64,625.87	56,338.12	63,050.48	57,913.51
Apartment Building	22,805.17	306,687.53	328,798.22	694.48
Special Revenue Police	9,859.90	472.91	780.00	9,552.81
Spoils Ballfield	0.00	33,516.95	31,212.31	2,757.75
Golf Course	0.00	32,067.38	37,712.60	2,497.21
Swimming Pool	0.00	113,604.02	119,093.37	558.26
Banquet Hall	0.00	47,565.44	47,204.05	12,552.74
Accumulated Sick Leave	31,057.29	634.72	21,560.12	10,131.89
General Obligation Bond	11,125.11	2,249,861.94	2,244,260.88	56,726.17
Shade Tree Maintenance	11,622.58	37,713.90	48,909.95	1,426.53
Building Purchase Fund	76,226.13	418,993.96	466,771.59	28,448.50
Report Totals:	**$582,371.82**	**$5,751,668.24**	**$6,023,730.13**	**$341,165.30**

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APPENDIX C-2

All-Funds Summary 2007
(Cash Basis)

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
General	$77,405.30	$1,975,749.24	$1,890,075.46	$103,235.44
Street Construction	73,095.20	220,338.77	285,292.85	8,141.12
Recreation	5,130.54	18,057.75	17,449.30	5,738.93
Drug Enforcement	1,247.58	1,229.40	1,716.72	760.26
Federal Equitable Sharing	1,027.33	52.44	1,000.00	79.77
Police Operating	0.00	263,747.80	263,409.67	338.13
Fire Contract	0.00	87,236.01	87,236.01	0.00
Fire Equipment & Other	57,913.51	47,779.92	44,367.98	61,325.45
Apartment Building	694..48	369,681.88	355,047.83	15,328.53
Special Revenue Police	9,552.81	439.90	2,150.00	7,862.71
Spoils Ballfield	2,757.75	31,306.28	29,693.41	4,505.62
Golf Course	2,497.21	33,956.30	39,621.20	1,832.31
Swimming Pool	558.26	115,724.73	117,746.13	3,536.86
Banquet Hall	12,552.24	46,401.48	24,435.02	24,521.70
Accumulated Sick Leave	10,131.89	357.11	21,426.06	24,062.94
General Obligation Bond	56,726.17	2,514,508.51	2,479,222.15	114,012.53
Shade Tree Maintenance	1,426.53	41,101.32	20,381.74	15,226.11
Building Purchase Fund	28,448.50	207,654.86	237,947.00	0.00
Report Total:	**$341,165.30**	**$5,975,42.70**	**$5,926,218.59**	**$390,508.41**

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EXHIBIT A

July 16, 2008

To: RBC Capital Markets Corporation
Cincinnati, Ohio

We have examined the transcript of proceedings relating to the issuance by the Village of Greenhills, Ohio, of its $2,195,000 Various Purpose Bonds, General Obligation Limited Tax, Series 2008, being dated July 16, 2008, and issued for the purpose of paying the costs of (i) acquiring certain real estate and buildings and (ii) constructing streetscape improvements in the Village. We have also examined a conformed copy of a signed and authenticated Bond of the first maturity.

Based on this examination we are of the opinion that, under existing law:

1. The Bonds constitute valid and legal general obligations of the Village, and the principal of and interest on the Bonds, unless paid from other sources and subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, are to be paid from the proceeds of the levy of ad valorem taxes, within the ten-mill limitation imposed by law, on all property subject to ad valorem taxes levied by the Village.

2. The interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. The interest on the Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district, and joint economic development district income taxes in Ohio. The Bonds are "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. We express no opinion as to any other tax consequences regarding the Bonds.

In giving the foregoing opinion with respect to the treatment of the interest on the Bonds and the status of the Bonds under the federal tax laws, we have assumed and relied upon continuing compliance with the Village's covenants and the accuracy, which we have not independently verified, of the Village's representations and certifications, all as contained in the transcript. The accuracy of those representations and certifications, and continuing compliance by the Village with those covenants, may be necessary for the interest to be and to remain excluded from gross income for federal income tax purposes and for the other federal tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

Under the Code, portions of the interest on the Bonds earned by certain corporations may be subject to the corporate alternative minimum tax, and interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

Respectfully submitted,