



**Auditor of State  
Betty Montgomery**



VILLAGE OF WHITEHOUSE  
LUCAS COUNTY

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**Auditor of State  
Betty Montgomery**

Village of Whitehouse  
Lucas County  
6655 Providence Street  
P.O. Box 2476  
Whitehouse, Ohio 43571-0476

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Betty Montgomery**  
Auditor of State

January 11, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Whitehouse  
Lucas County  
6655 Providence Street  
P.O. Box 2476  
Whitehouse, Ohio 43571-0476

To the Village Council:

We have audited the accompanying financial statements of Village of Whitehouse, Lucas County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement

amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2006, 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.



**Betty Montgomery**  
Auditor of State

January 11, 2006



**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$267,357					\$267,357
Municipal Income Taxes					\$1,390,951	1,390,951
Special Assessments			\$34,909			34,909
Intergovernmental Receipts	338,577	\$780,815		\$400,082		1,519,474
Charges for Services	63,427	2,377		23,962		89,766
Fines, Licenses, and Permits	94,404	72				94,476
Earnings on Investments	59,192	5,117				64,309
Miscellaneous	37,325	965	927	58,285	21,138	118,640
<b>Total Cash Receipts</b>	<b>860,282</b>	<b>789,346</b>	<b>35,836</b>	<b>482,329</b>	<b>1,412,089</b>	<b>3,579,882</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	988,231	690,376				1,678,607
Public Health Services	12,387					12,387
Leisure Time Activities	25,752			2,608		28,360
Community Environment	36,419					36,419
Basic Utility Services	172,328					172,328
Transportation		134,697		48,566		183,263
General Government	444,652			20,572	99,486	564,710
Debt Service:						
Principal Payments		21,287	68,330			89,617
Interest Payments			119,448			119,448
Capital Outlay	53,206	28,096		875,118		956,420
<b>Total Cash Disbursements</b>	<b>1,732,975</b>	<b>874,456</b>	<b>187,778</b>	<b>946,864</b>	<b>99,486</b>	<b>3,841,559</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(872,693)</b>	<b>(85,110)</b>	<b>(151,942)</b>	<b>(464,535)</b>	<b>1,312,603</b>	<b>(261,677)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Sale of Fixed Assets	530,000					530,000
Other Financing Sources			664,079		504,170	1,168,249
Transfers-In	1,007,952	196,600		719,600	371,090	2,295,242
Other Financing Uses			(504,662)		(664,079)	(1,168,741)
Transfers-Out	(110,000)	(162,000)		(383,565)	(1,702,337)	(2,357,902)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,427,952</b>	<b>34,600</b>	<b>159,417</b>	<b>336,035</b>	<b>(1,491,156)</b>	<b>466,848</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	555,259	(50,510)	7,475	(128,500)	(178,553)	205,171
Fund Cash Balances, January 1	58,261	477,044	122,479	1,154,638	1,096,281	2,908,703
<b>Fund Cash Balances, December 31</b>	<b>\$613,520</b>	<b>\$426,534</b>	<b>\$129,954</b>	<b>\$1,026,138</b>	<b>\$917,728</b>	<b>\$3,113,874</b>
Reserves for Encumbrances, December 31	\$50,869	\$89,512		\$392,116	\$9,673	\$542,170

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

VILLAGE OF WHITEHOUSE  
LUCAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,062,049	\$281	\$1,062,330
Total Operating Cash Receipts	<u>1,062,049</u>	<u>281</u>	<u>1,062,330</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	252,679		252,679
Travel Transportation	224		224
Contractual Services	189,475		189,475
Supplies and Materials	292,405		292,405
Capital Outlay	65,472		65,472
Total Operating Cash Disbursements	<u>800,255</u>		<u>800,255</u>
Operating Income	<u>261,794</u>	<u>281</u>	<u>262,075</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	88,726		88,726
Other Non-Operating Cash Disbursements	1,097	318	1,415
Total Non-Operating Cash Disbursements	<u>89,823</u>	<u>318</u>	<u>90,141</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	171,971	(37)	171,934
Transfers-In	<u>62,660</u>		<u>62,660</u>
Net Receipts Over/(Under) Disbursements	234,631	(37)	234,594
Fund Cash Balances, January 1	<u>783,934</u>	<u>536</u>	<u>784,470</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,018,565</u></b>	<b><u>\$499</u></b>	<b><u>\$1,019,064</u></b>
Reserve for Encumbrances, December 31	<u>\$9,925</u>	<u>\$22</u>	<u>\$9,947</u>

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

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$246,080					\$246,080
Municipal Income Taxes					\$1,302,071	1,302,071
Special Assessments			\$36,367			36,367
Intergovernmental Receipts	324,793	\$778,141		\$58,274		1,161,208
Charges for Services	70,341	2,052				72,393
Fines, Licenses, and Permits	78,342	50		62,909		141,301
Earnings on Investments	44,694	4,865		1,661		51,220
Miscellaneous	35,587	894	7,096	62,516	17,599	123,692
<b>Total Cash Receipts</b>	<b>799,837</b>	<b>786,002</b>	<b>43,463</b>	<b>185,360</b>	<b>1,319,670</b>	<b>3,134,332</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	905,007	670,776				1,575,783
Public Health Services	12,279					12,279
Leisure Time Activities	28,984			13,896		42,880
Community Environment	29,835					29,835
Basic Utility Services	171,123			15,931		187,054
Transportation		119,768		32,491		152,259
General Government	397,206			109,712	99,199	606,117
Debt Service:						
Principal Payments		21,287	43,329			64,616
Interest Payments			155,009			155,009
Capital Outlay	52,866	45,853		2,305,732		2,404,451
<b>Total Cash Disbursements</b>	<b>1,597,300</b>	<b>857,684</b>	<b>198,338</b>	<b>2,477,762</b>	<b>99,199</b>	<b>5,230,283</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(797,463)</b>	<b>(71,682)</b>	<b>(154,875)</b>	<b>(2,292,402)</b>	<b>1,220,471</b>	<b>(2,095,951)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Other Financing Sources			644,878		423,388	1,068,266
Transfers-In	827,297	40,000	1,000	485,340	187,723	1,541,360
Other Financing Uses			(423,389)		(644,878)	(1,068,267)
Transfers-Out	(40,000)	(11,250)		(11,363)	(1,547,547)	(1,610,160)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>787,297</b>	<b>28,750</b>	<b>222,489</b>	<b>473,977</b>	<b>(1,581,314)</b>	<b>(68,801)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,166)	(42,932)	67,614	(1,818,425)	(360,843)	(2,164,752)
Fund Cash Balances, January 1	68,427	519,976	54,865	2,973,063	1,457,124	5,073,455
<b>Fund Cash Balances, December 31</b>	<b>\$58,261</b>	<b>\$477,044</b>	<b>\$122,479</b>	<b>\$1,154,638</b>	<b>\$1,096,281</b>	<b>\$2,908,703</b>
Reserves for Encumbrances, December 31	\$46,727	\$2,862		\$148,380	\$3,043	\$201,012

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

VILLAGE OF WHITEHOUSE  
LUCAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$962,752	\$609	\$963,361
Total Operating Cash Receipts	<u>962,752</u>	<u>609</u>	<u>963,361</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	249,292		249,292
Travel Transportation	321		321
Contractual Services	169,881		169,881
Supplies and Materials	284,381		284,381
Capital Outlay	54,025		54,025
Total Operating Cash Disbursements	<u>757,900</u>		<u>757,900</u>
Operating Income	<u>204,852</u>	<u>609</u>	<u>205,461</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	91,708		91,708
Other Non-Operating Cash Disbursements	794	116	910
Total Non-Operating Cash Disbursements	<u>92,502</u>	<u>116</u>	<u>92,618</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	112,350	493	112,843
Transfers-In	<u>68,800</u>		<u>68,800</u>
Net Receipts Over Disbursements	181,150	493	181,643
Fund Cash Balances, January 1	<u>602,784</u>	<u>43</u>	<u>602,827</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$783,934</u></b>	<b><u>\$536</u></b>	<b><u>\$784,470</u></b>
Reserve for Encumbrances, December 31	<u>\$11,272</u>		<u>\$11,272</u>

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

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Whitehouse, Lucas County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, police services, and life squad services.

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

**B. Basis of Accounting**

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

These statements adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

Life Squad Fund -This fund receives revenue from Lucas County, for life squad services.

**3. Debt Service Fund**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant debt service fund:

General Obligation Bond Fund - This fund receives Income Tax A proceeds to repay debt incurred for the construction and equipping of a new municipal building.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Projects Fund - This fund receives CDBG grant proceeds. The proceeds are being used to fund downtown improvement projects.

Street Capital Projects Fund - This fund receives grant and loan proceeds. The proceeds are being used for street related capital projects

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. Fiduciary Funds (Trust and Agency Funds)**

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

Local Income Tax Expendable Trust Fund - This fund receives local income tax revenue for general operations and capital projects.

Board of Building Standards Agency Fund - This fund receives a 3% fee imposed by the State of Ohio on building permits. Fees are remitted to the State periodically.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Demand deposits	\$34,589	\$850
Total deposits	34,589	850
STAR Ohio	3,789,973	3,368,477
Money market mutual funds	60,118	57,259
Special assessment bonds	247,858	266,187
Total investments	4,097,949	3,691,923
Total deposits and investments	\$4,132,538	\$3,692,773

The Village has a \$400 change fund used by the Income Tax and Utility Department.

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Village's Special Assessment Bonds are held by the Village in its name.

**3. BUDGETARY ACTIVITY**

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,780,000	\$2,398,234	(\$381,766)
Special Revenue	1,059,300	985,946	(73,354)
Debt Service	705,950	699,915	(6,035)
Capital Projects	2,182,690	1,201,929	(980,761)
Enterprise	953,710	1,124,709	170,999
Fiduciary	2,299,750	2,287,630	(12,120)
Total	\$9,981,400	\$8,698,363	(\$1,283,037)



**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,341,352	\$1,893,844	\$447,508
Special Revenue	1,406,612	1,125,968	280,644
Debt Service	757,779	692,440	65,339
Capital Projects	2,899,139	1,722,545	1,176,594
Enterprise	1,453,830	900,003	553,827
Fiduciary	2,704,543	2,475,915	228,628
Total	<u>\$11,563,255</u>	<u>\$8,810,715</u>	<u>\$2,752,540</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,738,675	\$1,627,134	(\$111,541)
Special Revenue	871,734	826,002	(45,732)
Debt Service	677,640	689,341	11,701
Capital Projects	1,175,850	670,700	(505,150)
Enterprise	1,031,610	1,031,552	(58)
Fiduciary	1,935,500	1,931,390	(4,110)
Total	<u>\$7,431,009</u>	<u>\$6,776,119</u>	<u>(\$654,890)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,832,773	\$1,684,027	\$148,746
Special Revenue	1,315,489	871,796	443,693
Debt Service	830,500	621,727	208,773
Capital Projects	4,032,654	2,637,505	1,395,149
Enterprise	1,456,837	861,674	595,163
Fiduciary	2,976,288	2,294,783	681,505
Total	<u>\$12,444,541</u>	<u>\$8,971,512</u>	<u>\$3,473,029</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

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

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**6. DEBT**

Debt outstanding at December 31, 2004, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$439,834	8.31%
General Obligation Bonds	2,125,000	4.75 to 5.0%
Special Assessment Bonds	247,858	3.0 to 8.0%
Ohio Public Works Commission Loans	128,978	
Maumee River Wastewater Treatment Plant	224,644	
Total	<u>\$3,166,314</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer utility construction project. The loan will be repaid in semiannual installments over 25 years. The loan is collateralized by water and sewer receipts.

General Obligation Bonds relate to bonds issued for the construction and equipping of a new municipal building. The loans will be repaid in semiannual installments over 25 years. The Village's Income Tax A has been pledged to repay debt service requirements.

Ohio Public Works Commission interest free loans are for various projects including the Industrial Parkway Lift Station Replacement; Watermain Replacement; Storm Drainage Improvement; Swanton Street Reconstruction; Industrial Parkway Widening and Resurfacing; Reconstruction of Merritt Street, South Street & Gillett Street; and Waterville Street Construction. The Village has not received all loan proceeds for the Waterville Street Construction project as of December 31, 2004, therefore an amortization schedule has not been finalized and is not included in the schedule below.

Outstanding Special Assessment Bonds consist of sewer improvement issues which are payable from the proceeds of tax assessments against individual property owners. The Village invested in its own bonds.

The Village has entered into an agreement with Lucas County to pay for a portion of the usage capacity of the Maumee River Wastewater Treatment Plant. Payments are to be made from the proceeds of tax assessments against individual property owners.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

Year ending December 31:	OWDA Loan	General Obligation Bonds	Special Assessment Bonds	OPWC Loan	Maumee River Wastewater Treatment Plant
2005	\$63,047	\$154,550	\$29,814	\$30,641	\$16,714
2006	63,470	157,050	28,900	22,300	16,714
2007	63,927	154,300	26,492	22,300	16,714
2008	64,423	156,550	25,071	12,820	16,714
2009	64,960	158,550	24,285	12,820	16,714
2010 - 2014	298,148	777,250	107,228	28,097	83,571
2015 - 2019		781,750	74,658		83,571
2020 - 2024		779,813	21,964		83,571
2025 - 2029		466,087			75,848
Total	<u>\$617,975</u>	<u>\$3,585,900</u>	<u>\$338,412</u>	<u>\$128,978</u>	<u>\$410,131</u>

**8. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**9. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or

VILLAGE OF WHITEHOUSE  
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

\$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	\$2,227,808	\$1,871,123
Members' Equity	\$4,457,714	\$3,531,044

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**Auditor of State  
Betty Montgomery**

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

Village of Whitehouse  
Lucas County  
6655 Providence Street  
P.O. Box 2476  
Whitehouse, Ohio 43571-0476

To the Village Council:

We have audited the financial statements of the Village of Whitehouse, Lucas County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 11, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated January 11, 2006, we reported another matter related to noncompliance we deemed immaterial.

Village of Whitehouse  
Lucas County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

January 11, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF WHITEHOUSE**

**LUCAS 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  
FEBRUARY 9, 2006**