

CITY OF WHITEHALL

*General Purpose
Financial Statements*
(Audited)

For The Year Ended
December 31, 2000

Paul Burnside, City Auditor



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

Members of Council and Mayor
City of Whitehall
360 S. Yearling Road
Whitehall, Ohio 43213

We have reviewed the independent auditor's report of the City of Whitehall, Franklin County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

July 3, 2001

This Page is Intentionally Left Blank.

CITY OF WHITEHALL

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2-3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types ..	5-6
Notes to the General Purpose Financial Statements	7-39
Supplemental Data	
Schedule of Expenditures of Federal Awards	40
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	41-42
Report on Compliance with Requirements Applicable to Its Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	43-44
Schedule of Findings <i>OMB Circular A-133 ' .505</i>	45-46

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

Members of Council and Mayor
City of Whitehall
360 S. Yearling Road
Whitehall, Ohio 43213

We have audited the accompanying general purpose financial statements of the City of Whitehall, Franklin County, Ohio, (the "City"), as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Whitehall, Franklin County, as of December 31, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3A to the financial statements, the City of Whitehall reclassified its insurance contingency from the expendable trust fund to the general fund in accordance with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Trimble, Julian & Grube, Inc.
June 8, 2001

CITY OF WHITEHALL, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2000

	Governmental Fund Types			Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General		Long-Term Obligations	
						Fixed Assets			
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents.	\$5,929,538	\$1,326,569	\$8,750	\$1,617,764	\$204,579				\$9,087,200
Cash with fiscal and escrow agents					43,347				43,347
Receivables (net of allowances for uncollectibles):									
Income taxes	1,024,707								1,024,707
Real and other taxes	420,173	7,359							427,532
Accounts	57,360								57,360
Special assessments	1,660								1,660
Accrued interest	74,666								74,666
Due from other funds	25,065	3,532							28,597
Due from other governments	203,929	35,168							239,097
Prepayments	71,715								71,715
Materials and supplies inventory	52,419	32,331							84,750
Property, plant and equipment (net of accumulated depreciation where applicable)							\$14,917,798		14,917,798
OTHER DEBITS:									
Amount available in debt service fund.								\$8,750	8,750
Amount to be provided for retirement of general long-term obligations.								5,502,758	5,502,758
Total assets and other debits.	<u>\$7,861,232</u>	<u>\$1,404,959</u>	<u>\$8,750</u>	<u>\$1,617,764</u>	<u>\$247,926</u>		<u>\$14,917,798</u>	<u>\$5,511,508</u>	<u>\$31,569,937</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF WHITEHALL, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2000

	Governmental Fund Types			Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$318,078	\$55,678		\$7,825	\$7,680				\$381,581
Posted bond deposits									7,680
Accrued wages and benefits	229,019	22,913							251,932
Compensated absences payable	20,267	3,563					\$895,218		919,048
Deferred revenue	513,923								513,923
Due to other funds					28,597				28,597
Due to other governments	571,760	5,231			7,070				584,061
Claims and judgements payable	69,789								69,789
Deposits held and due to others					200,147				200,147
Incurrd but not reported claims								53,060	53,060
General obligation bonds payable								4,255,000	4,255,000
General obligation note payable								130,000	130,000
Capital lease obligation								178,230	178,230
Total liabilities	1,722,836	87,385		7,825	243,494		5,511,508		7,573,048
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets						\$14,917,798			14,917,798
Fund balances:									
Reserved for encumbrances	971,818	25,115		508,736					1,505,669
Reserved for prepayments	71,715								71,715
Reserved for materials and supplies inventory	52,419	32,331							84,750
Reserved for insurance contingency	976,282								976,282
Reserved for debt service			\$8,750						8,750
Unreserved:									
Designated for budget stabilization	767,335				4,432				767,335
Undesignated	3,298,827	1,260,128		1,101,203					5,664,590
Total equity and other credits	6,138,396	1,317,574	8,750	1,609,939	4,432	14,917,798			23,996,889
Total liabilities, equity and other credits	\$7,861,232	\$1,404,959	\$8,750	\$1,617,764	\$247,926	\$14,917,798	\$5,511,508		\$31,569,937

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF WHITEHALL, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Income taxes	\$12,150,069					\$12,150,069
Property and other taxes	389,308	\$97,464				486,772
Charges for services	29,015					29,015
Licenses, permits and fees	317,588					317,588
Fines and forfeitures	243,466	45,785				289,251
Intergovernmental	2,596,642	989,592		\$300		3,586,534
Investment income	478,668	4,494		40,893	\$114	524,169
Rental income	96,723					96,723
Other	44,637					44,637
Total revenues	16,346,116	1,137,335		41,193	114	17,524,758
Expenditures:						
Current Operations:						
General government	3,217,775					3,217,775
Security of persons and property.	7,775,465	89,536				7,865,001
Public health and welfare.	79,473					79,473
Transportation	397,589	741,503				1,139,092
Community environment	68,388	91,400				159,788
Leisure time activity	563,608				4,240	567,848
Utility services	1,065,539					1,065,539
Capital outlay	954,156	428,128		1,177,596		2,559,880
Debt service:						
Principal retirement.	54,111		\$215,000			269,111
Interest and fiscal charges	10,269		227,172			237,441
Total expenditures.	14,186,373	1,350,567	442,172	1,177,596	4,240	17,160,948
Excess (deficiency) of revenues over (under) expenditures	2,159,743	(213,232)	(442,172)	(1,136,403)	(4,126)	363,810
Other financing sources (uses):						
Proceeds from sale of fixed assets	8,269					8,269
Operating transfers in		571,072	445,000	250,000		1,266,072
Operating transfers out.	(1,266,072)					(1,266,072)
Other financing sources	210,631					210,631
Total other financing sources (uses).	(1,047,172)	571,072	445,000	250,000		218,900
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,112,571	357,840	2,828	(886,403)	(4,126)	582,710
Fund balances, January 1 (restated)	5,020,223	980,034	5,922	2,496,342	8,558	8,511,079
Increase (decrease) in reserve for inventory.	5,602	(20,300)				(14,698)
Fund balances, December 31	\$6,138,396	\$1,317,574	\$8,750	\$1,609,939	\$4,432	\$9,079,091

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF WHITEHALL, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Income taxes	\$11,569,188	\$12,107,255	\$538,067			
Property and other taxes	371,893	389,190	17,297	\$373,500	\$95,685	(\$277,815)
Charges for services	27,726	29,015	1,289			
Licenses, permits and fees	286,814	314,628	27,814			
Fines and forfeitures	225,859	236,363	10,504	167,785	44,818	(122,967)
Intergovernmental	2,464,341	2,564,479	100,138	1,503,522	1,008,836	(494,686)
Investment income	450,535	471,489	20,954	5,432	4,494	(938)
Rental income	92,424	96,723	4,299			
Other	22,381	23,422	1,041			
Total revenues	<u>15,511,161</u>	<u>16,232,564</u>	<u>721,403</u>	<u>2,050,239</u>	<u>1,153,833</u>	<u>(896,406)</u>
Expenditures:						
Current:						
General government	3,979,303	3,738,023	241,280			
Security of persons and property	8,135,745	7,811,226	324,519	403,821	90,329	313,492
Public health and welfare	80,000	79,473	527			
Transportation	444,853	411,146	33,707	957,159	759,639	197,520
Community environment	77,157	70,758	6,399	394,073	114,023	280,050
Leisure time activity	699,501	608,577	90,924			
Utility services	1,197,903	1,167,965	29,938			
Capital outlay	2,694,594	1,906,929	787,665	437,329	435,459	1,870
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	<u>17,309,056</u>	<u>15,794,097</u>	<u>1,514,959</u>	<u>2,192,382</u>	<u>1,399,450</u>	<u>792,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,797,895)</u>	<u>438,467</u>	<u>2,236,362</u>	<u>(142,143)</u>	<u>(245,617)</u>	<u>(103,474)</u>
Other financing sources (uses):						
Proceeds from sale of fixed assets	7,902	8,269	367			
Operating transfers in	0	18,484	18,484	727,590	571,072	(156,518)
Operating transfers out	(1,284,556)	(1,284,556)	0			
Other financing sources	201,270	210,631	9,361			
Total other financing sources (uses)	<u>(1,075,384)</u>	<u>(1,047,172)</u>	<u>28,212</u>	<u>727,590</u>	<u>571,072</u>	<u>(156,518)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,873,279)</u>	<u>(608,705)</u>	<u>2,264,574</u>	<u>585,447</u>	<u>325,455</u>	<u>(259,992)</u>
Fund balances, January 1 (restated)	4,451,957	4,451,957	0	795,295	795,295	0
Prior year encumbrances appropriated	1,022,127	1,022,127	0	123,857	123,857	0
Fund balances, December 31	<u>\$2,600,805</u>	<u>\$4,865,379</u>	<u>\$2,264,574</u>	<u>\$1,504,599</u>	<u>\$1,244,607</u>	<u>(\$259,992)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
						\$11,569,188	\$12,107,255	\$538,067
						745,393	484,875	(260,518)
						27,726	29,015	1,289
						286,814	314,628	27,814
						393,644	281,181	(112,463)
			\$193,000	\$300	(\$192,700)	4,160,863	3,573,615	(587,248)
			132,035	40,893	(91,142)	588,002	516,876	(71,126)
						92,424	96,723	4,299
						22,381	23,422	1,041
			325,035	41,193	(283,842)	17,886,435	17,427,590	(458,845)
						3,979,303	3,738,023	241,280
						8,539,566	7,901,555	638,011
						80,000	79,473	527
						1,402,012	1,170,785	231,227
						471,230	184,781	286,449
						699,501	608,577	90,924
						1,197,903	1,167,965	29,938
			3,187,732	2,057,290	1,130,442	6,319,655	4,399,678	1,919,977
\$215,000	\$215,000	\$0				215,000	215,000	0
230,000	227,172	2,828				230,000	227,172	2,828
445,000	442,172	2,828	3,187,732	2,057,290	1,130,442	23,134,170	19,693,009	3,441,161
(445,000)	(442,172)	2,828	(2,862,697)	(2,016,097)	846,600	(5,247,735)	(2,265,419)	2,982,316
						7,902	8,269	367
439,078	445,000	5,922	280,000	250,000	(30,000)	1,446,668	1,284,556	(162,112)
						(1,284,556)	(1,284,556)	0
						201,270	210,631	9,361
439,078	445,000	5,922	280,000	250,000	(30,000)	371,284	218,900	(152,384)
(5,922)	2,828	8,750	(2,582,697)	(1,766,097)	816,600	(4,876,451)	(2,046,519)	2,829,932
5,922	5,922	0	1,075,194	1,075,194	0	6,328,368	6,328,368	0
0	0	0	1,792,106	1,792,106	0	2,938,090	2,938,090	0
\$0	\$8,750	\$8,750	\$284,603	\$1,101,203	\$816,600	\$4,390,007	\$7,219,939	\$2,829,932

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - DESCRIPTION OF THE CITY

The City of Whitehall (the "City") is a home rule corporation established under the laws of the State of Ohio that operates under its own Charter. The current Charter, which provides for the Mayor-Council form of government, was adopted November 8, 1966, and became effective December 31, 1966.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

A. Reporting Entity

The City includes in its reporting entity all funds, account groups, agencies and departments that the City's executive or legislative branches (the Mayor or Council, respectively) exercise primary oversight responsibility. The City's reporting entity has been defined according to GASB Statement No. 14, "The Financial Reporting Entity". Based on application of the criteria set forth in GASB Statement No. 14, the City evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the City, and whether exclusion would cause the general purpose financial statements to be misleading or incomplete. Among the factors considered were whether the City holds the PCU's cooperate powers, appoints a voting majority of the PCU's board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the City and the PCU. Based upon the foregoing criteria, the City has no component units, but is a member of an insurance purchasing pool for workers' compensation which is described in Note 12.

To provide necessary services to its citizens, the City is divided into various departments including police, fire fighting and prevention, emergency medical services, street maintenance, parks and recreation, public service and planning, and zoning. The operation of each of these departments is directly controlled by the City, through the budgetary process and therefore is included as a part of the reporting entity.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The City of Columbus provides water and sewer services to the residents of the City. Billings for services and operations of the related facilities are the responsibility of the City of Columbus. The water and sewer lines are the property of the City. The City is responsible for maintaining current lines and the construction of new water and sewer lines within its boundaries. Therefore, transactions associated with water and sewer operational activities are not included in the City's GPFS.

The Whitehall City School District (the "School District") boundaries coincide with the City's boundaries but the District is a separate and distinct political subdivision of the State of Ohio operated under the direction of an independently elected school board. The School District possesses its own budgetary and taxing authority. Accordingly, the School District is not considered part of the City's reporting entity and thus its operations are not included in the City's GPFS.

The Whitehall Employees Federal Credit Union (the "Credit Union") is managed under federal law. Its principal members are employees of the City. The City is not responsible for authorizing budgets, supervising accounting functions, financing deficits or appointing members of the Board and hiring employees. The Credit Union is not considered part of the City's reporting entity and thus its operations are not included in the City's GPFS.

B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and fund equity and results from operations, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds used by the City are summarized by type in the GPFS. The following fund types and account groups are used by the City:

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most government functions typically are financed. The acquisition and use of the City's expendable financial resources and the related assets and liabilities are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund

The general fund is the general operating fund of the City. It 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 City for any purpose provided it is expended or transferred according to the Charter of the City and the laws of the State of Ohio.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific taxes, grants, or other sources (other than expendable trusts or for major capital projects) whose use is restricted. The uses and limitations of monies within the special revenue funds are specified by City ordinance or federal or state statutes.

Debt Service Fund

The debt service fund is used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

Capital Projects Funds

The capital projects funds account for financial resources to be used for the acquisition or construction of major capital assets or facilities.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the City's fiduciary fund types:

Trust and Agency Funds

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3 B for an analysis of the agency fund accruals which, in other fund types, would be recognized in the combined balance sheet.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of the general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

The general fixed assets account group is used to establish accounting control and accountability for all general fixed assets of the City. These assets do not represent financial resources available for expenditure.

General Long-Term Obligations Accounts Group

The general long-term obligations account group is used to account for all unmatured general long-term obligations of the City.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the City is sixty days after the December 31 year-end. This is known as the "available period".

Revenues considered susceptible to accrual at year-end include: income taxes withheld by employers, interest on investments, estate taxes, and intergovernmental revenues (including motor vehicle license fees, gasoline tax, local government assistance, and fines and forfeitures). Other revenues including: licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue if they are deemed to be both measurable and available. Property taxes measurable as of December 31, 2000 and delinquent property taxes, whose availability is indeterminate and which are not intended to finance current year activities, have been recorded as deferred revenue.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reported in the combined financial statements:

TAX BUDGET

A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted; however, only governmental funds are legally required to be reported.

ESTIMATED RESOURCES

The County Budget Commission (the "Commission") determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenues. The Commission certifies its actions to the City by September 1. As part of this certification the City receives an Official Certificate of Estimated Resources (the "Certificate") which states the projected revenue of each fund.

On or about January 1, the Certificate is amended to include any unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts set forth as "revised budget" revenues and other financing sources in the combined statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types represent estimates from the final amended official Certificate issued during 2000.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

APPROPRIATIONS

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be amended during the year, provided that total fund appropriations do not exceed current estimated resources, as certified.

Amounts shown as “revised budget” expenditures and other financing uses in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types represent the original appropriated budget and all supplemental appropriations.

BUDGETED LEVEL OF EXPENDITURE

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by department to personal services, travel and education, contractual services, supplies and materials, and capital outlay. This is known as the legal level of budgetary control. The appropriations set by Council must remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within the legal level of budgetary control. Modifications and allocations outside of the legal level of budgetary control must be made by Council ordinance. During 2000, the City made supplemental appropriations which were legally enacted by Council.

LAPSING OF APPROPRIATIONS

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and need not be reappropriated.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ENCUMBRANCES

As a part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as a reduction of fund balance on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances to indicate that a portion of fund balance has been segregated for expenditure on vendor performance.

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to nonnegotiable certificates of deposit and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in STAR Ohio during fiscal 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2000.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal 2000, interest revenue credited to the general fund amounted to \$478,668 which includes \$211,470 assigned from other City funds.

The City has a segregated bank account for Mayors Court monies held separate from the City's central bank account. This interest bearing depository account is presented on the combined balance sheet as "Cash with Fiscal and Escrow Agents" since it is not required to be deposited into the City treasury.

For purpose of presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. Materials and Supplies Inventory

Inventory is valued at cost on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. The total of inventories at year-end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

G. Prepayments

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Fixed Assets and Depreciation

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The City follows the policy of not capitalizing assets with a cost of less than \$300 and a useful life of less than 5 years. No depreciation is recognized for assets in the general fixed assets account group. The City has not included infrastructure in the general fixed assets account group.

I. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund balances, related to changes for goods and services rendered, are reflected as “due to/from other funds.”

See Note 5 for an analysis of the City’s interfund transactions.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with twenty years of service at any age were considered expected to become eligible to retire. The severance liability is calculated using the "vesting" method in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and sick leave of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sick leave is earned at the rate of five hours for every eighty hours worked. Those employees who do not use any sick leave in a calendar year receive a maximum of three days additional pay. Upon death, retirement, or layoff from active service, an employee receives payment for one sixth of the first 480 hours of accumulated unused sick leave to his credit, and payment for one fourth of those hours in excess of 480. At December 31, 2000, the current portion (reported as a fund liability) was \$23,830 and the liability reported in the general long-term obligation account group was \$895,218.

K. Intergovernmental Revenues

Intergovernmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

L. Fund Balance Reserves and Designations

Reserved or designated fund balances indicate that portion of fund equity which are not available for current appropriation or use. The unreserved and undesignated portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports amounts representing encumbrances outstanding, materials and supplies inventory, available debt service equity, prepayments and insurance contingencies as reservations of fund balance in the governmental funds. The City reports amounts set-aside by City Council for budget stabilization as a designation of fund balance in the governmental funds.

M. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligation account group.

O. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Reclassification

The City maintains an expendable trust fund to account for possible insurance contingencies related to the City's self-insurance program. In accordance with GAAP, this insurance contingency is better presented as part of the general fund where the self-insurance activity is reported. A fund reclassification is required to move the insurance contingency from the expendable trust fund to the general fund. This fund reclassification had the following effect on fund balances as previously reported at December 31, 1999:

	<u>General</u>	<u>Expendable Trust</u>
Fund balance as previously reported	\$4,062,425	\$966,356
Fund reclassification	<u>957,798</u>	<u>(957,798)</u>
Restated fund balance at January 1, 2000	<u>\$5,020,223</u>	<u>\$ 8,558</u>

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Agency Funds

The following are accruals for the agency funds which, in other fund types, would be recognized on the Combined Balance Sheet:

Liabilities

Due to other governments	\$ 417
Accounts payable	10,342

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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 two year period of designation of depositories. Inactive deposits must 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 in 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 monies may be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the City.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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 are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer 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".

Deposits: At year-end, the carrying amount of the City's deposits (which includes Cash with Fiscal Escrow Agents) was \$3,395,980 and the bank balance was \$3,546,053. These amounts include \$2,264,177 in nonnegotiable certificates of deposits which the City considers "deposits" due to their nature and the fact that they may be redeemed without penalty. Of the bank balance:

1. \$346,963 was covered by federal depository insurance; and
2. \$3,199,090 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Investments: The City’s investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City’s name.

The City had an investment of \$5,734,567 in STAR Ohio at December 31, 2000. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry.

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”.

A reconciliation between the classifications of cash and cash equivalents on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9 Investments of the Cash Management Pool:	\$ 9,130,547	\$ 0
Investment in STAR Ohio	(5,734,567)	5,734,567
GASB Statement No. 3	\$ 3,395,980	\$5,734,567

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at December 31, related to charges for goods and services rendered, consist of the following amounts due to and from other funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$25,065	\$ ---
<u>Special Revenue Funds</u>		
OMVI Enforcement and Education	325	---
Mayor's Court Computer	<u>3,207</u>	<u>---</u>
Total special revenue funds	<u>3,532</u>	<u>---</u>
<u>Agency Fund</u>		
Mayors Court	<u>---</u>	<u>28,597</u>
Total	<u>\$28,597</u>	<u>\$28,597</u>

B. The following is a summarized breakdown of the City's operating transfers for 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$1,266,072
<u>Special Revenue Funds</u>		
Street Maintenance and Repair	371,072	---
Sidewalk Reimbursement	<u>200,000</u>	<u>---</u>
Total special revenue funds	<u>571,072</u>	<u>---</u>
Debt Service Fund	445,000	---
<u>Capital Projects Fund</u>		
Community Development Trust	<u>250,000</u>	<u>---</u>
Total	<u>\$1,266,072</u>	<u>\$1,266,072</u>

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Real property taxes and public utility taxes are levied after October 1 on the assessed value as of the prior January 1, the tax lien date. Assessed values are established by state law at 35 percent of appraised market value, as established by the County Auditor. All real property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semiannually. The first payment for 2000 was due January 1, with the remainder payable June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied on assessed values as of the prior January 1, the lien date. Public utility tangible personal property currently is assessed at "true value" which is approximately 50% of cost. "True value" is established by the State of Ohio. Public utility property taxes are payable on the same dates as real property taxes described previously.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied on the assessed values and at the close of the most recent fiscal year of the taxpayer (for businesses in operation more than one year) or December 31. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30, and if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. The first \$10,000 of taxable value is exempt from taxation for each business by state law.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 6 - PROPERTY TAXES - (Continued)

The Franklin County Treasurer collects property taxes on behalf of all taxing districts in Franklin County, including the City. The Franklin County Auditor periodically remits to the City its portion of the taxes collected. The full rate for all City operations for the year ended December 31, 2000, was \$1.50 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property located in the City, upon which taxes for 2000 were collected, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Residential	\$130,576,980
Commercial	87,524,590
Industrial	<u>7,393,460</u>
Total real estate	<u>225,495,030</u>
Public utility - real	41,480
Public utility - personal	<u>15,687,990</u>
Total public utility	<u>15,729,470</u>
Tangible personal property	<u>39,688,116</u>
Grand total	<u>\$280,912,616</u>

Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, they are not "available" for current period expenses, since they are not intended to finance 2000 operations. A receivable for property taxes of \$417,560 at December 31, 2000 is offset by a credit to deferred revenue.

NOTE 7 - INCOME TAXES

The City levies a municipal income tax of 2.0% on all salaries, wages, commissions and other compensation; on net profits earned within the City; and on incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100% for any income tax paid to another municipality to a maximum of the total amount assessed.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 7 - INCOME TAXES - (Continued)

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax revenue was reported as revenue in the general fund to the extent that it was measurable and available to finance current operations at December 31. Income tax revenue for 2000 was \$12,150,069.

NOTE 8 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at December 31, 2000, consisted of taxes and intergovernmental receivables arising from State levied, shared revenues. Intergovernmental receivables are reported on the combined balance sheet as "Due from Other Governments".

The following is a summary of intergovernmental receivables. All receivables are considered fully collectible.

Fund Type/Fund	<u>Amounts</u>
<u>General Fund</u>	
Estate tax	\$ 82,452
Local government state support	<u>121,477</u>
Total General Fund	<u>\$203,929</u>
<u>Special Revenue Funds</u>	
<i>Street Maintenance Fund</i>	
Gasoline tax	\$ 22,451
Motor vehicle license tax	10,514
 <i>State Highway Improvement Fund</i>	
Gasoline tax	\$ 1,820
Motor vehicle license tax	<u>383</u>
Total Special Revenue Funds	<u>\$ 35,168</u>
Grand total	<u>\$239,097</u>

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 9 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance</u> <u>12/31/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/00</u>
Land	\$ 1,624,755	\$ ---	\$ ---	\$ 1,624,755
Buildings	5,437,571	2,539,618	(79,843)	7,897,346
Furniture, fixtures and equipment	2,911,945	418,182	(93,126)	3,237,001
Vehicles	2,158,604	273,980	(273,888)	2,158,696
Construction in progress	<u>1,977,615</u>	<u>---</u>	<u>(1,977,615)</u>	<u>0</u>
Totals	<u>\$14,110,490</u>	<u>\$3,231,780</u>	<u>\$(2,424,472)</u>	<u>\$14,917,798</u>

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The City has entered into capital lease agreement for the acquisition of a fire pumper truck.

The terms of the lease agreement provides an option to purchase the equipment. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13 "Accounting for Leases" which defines a capital lease generally as one which transfer benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Fund. General fixed assets acquired by lease have been capitalized in the general fixed assets account group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group.

The following is an analysis of the equipment under a capital lease as of December 31, 2000:

	<u>General Fixed</u> <u>Assets</u>
Equipment	\$284,000
Carrying value	\$284,000

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2000:

General Long-Term Obligations

<u>Year Ending December 31</u>	<u>Equipment</u>
2001	\$ 64,380
2002	64,380
2003	<u>64,380</u>
Total minimum lease payments	193,140
Less: amount representing interest	<u>(14,910)</u>
Present value of future minimum lease payment	<u><u>\$178,230</u></u>

The City does not have capitalized lease obligations after fiscal year 2003.

NOTE 11 - LONG-TERM OBLIGATIONS

A. Long-term obligations of the City as of December 31, 2000 are as follows:

	<u>Balance 12/31/99</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 12/31/00</u>
Compensated absences	\$ 755,269	\$ 139,949	\$ ---	\$895,218
Incurred but not reported claims	82,356	---	(29,296)	53,060
General obligation bonds payable	4,470,000	---	(215,000)	4,255,000
General obligation note payable	130,000	---	---	130,000
Capital lease obligation	<u>232,341</u>	<u>---</u>	<u>(54,111)</u>	<u>178,230</u>
Total	<u><u>\$5,669,966</u></u>	<u><u>\$ 139,949</u></u>	<u><u>\$ (298,407)</u></u>	<u><u>\$5,511,508</u></u>

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. On July 11, 1995, the City issued a general obligation bond for \$2,005,000 in order to fund waterline replacements. This bond is scheduled to mature on December 1, 2010. This bond is a liability of the general long-term obligations account group. Principal and interest payments are made out of the debt service fund. The following is a description of the general obligation bond payable as of December 31, 2000:

<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	Bond Outstanding <u>12/31/99</u>	Retired <u>in 2000</u>	Bond Outstanding <u>12/31/00</u>
Variable 3.9% - 5.65% (Average = 5.278%)	07/11/95	12/01/2010	<u>\$1,600,000</u>	<u>\$(110,000)</u>	<u>\$1,490,000</u>

C. On September 24, 1997, the City issued a general obligation bond for \$3,065,000 for the construction of a fire house and a senior citizen center. The bond is scheduled to mature December 1, 2017. This bond is a liability of the general long-term obligations account group. Principal and interest payments are made out of the debt service fund. The following is a description of the general obligation bond payable as of December 31, 2000:

<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	Bond Outstanding <u>12/31/99</u>	Retired <u>in 2000</u>	Bond Outstanding <u>12/31/00</u>
5.179%	09/24/97	12/01/2017	<u>\$2,870,000</u>	<u>\$(105,000)</u>	<u>\$2,765,000</u>

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

D. The following is a summary of the City's future annual debt service requirements to maturity for the general obligation bonds payable:

<u>Year Ending December 31</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2001	\$ 230,000	\$ 217,922	\$ 447,922
2002	240,000	207,792	447,792
2003	250,000	196,982	446,982
2004	260,000	185,472	445,472
2005	275,000	173,242	448,242
2006 - 2010	1,580,000	636,503	2,216,503
2011 - 2015	960,000	285,930	1,245,930
2016 - 2017	<u>460,000</u>	<u>37,530</u>	<u>497,530</u>
Total	<u>\$4,255,000</u>	<u>\$1,941,373</u>	<u>\$6,196,373</u>

E. The City received proceeds of a local government Y2K note from Franklin County on November 30, 1999 in the amount of \$130,000. The note is interest free and due on September 1, 2001. The City used a portion of note proceeds to upgrade its 911 system. This general obligation note is a liability of the general long-term obligations account group.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2000, the City was insured through the BOA/General Insurance Agency for all property, general liability, auto, public official liability, errors and omissions and law enforcement liability. Real property contents are 90% coinsured. The City has transferred its risk of loss to the insurance carrier to the extent of the limits shown below:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
Property	\$7,407,458	\$ 500
General liability		
Per occurrence	1,000,000	0
Aggregate	2,000,000	0
Vehicles		
Comprehensive	1,000,000	500
Collision	1,000,000	500
Inland Marine	50,000	250
Law enforcement	1,000,000	10,000
Public officials	1,000,000	10,000
Boiler and machinery	3,000,000	1,000

B. Health Insurance

During a prior period, the City established a Risk Management program (within its general fund) to account for and finance its uninsured risks of loss. Under this program, the City provides coverage for up to a maximum of \$50,000 per person per year, to a group claims maximum of \$810,579 for 2000. The City purchases commercial insurance for claims in excess of coverage provided by the Plan and for all other risks of loss.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 12 - RISK MANAGEMENT - (Continued)

All funds of the City participate in the program. Payments are based on actuarial estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophe losses. That reserve was \$976,282 at December 31, 2000 and is reported as a reservation of fund balance in the general fund. The claims liability of reported in the general fund and general long-term obligations account group at December 31, 2000 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by FASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for claims be reported at the estimated ultimate cost of settling the claims if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The changes in claims liability during the fiscal years ended December 31, 2000 and 1999 are as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2000	\$142,421	\$802,262	\$(821,834)	\$122,849
1999	\$106,897	\$640,289	\$(604,765)	\$142,421

Of the claims liability, \$69,789 will be liquidated using expendable available resources and, therefore, is reported as a liability of the general fund. The remaining claims liability of \$53,060 is reported in the general long-term obligations account group and is shown as "incurred but not reported claims" on the combined balance sheet.

C. Workers' Compensation

The City participates in the Ohio Municipal League public entity insurance purchasing pool for workers' compensation. The Group Rating Plan is administered by Gates McDonald Company. The OML Group Rating Plan is intended to achieve lower workers' compensation premium rates for the participants, and result in the establishment of a safer working environment. There are no additional contributions required by a participant other than their annual fee.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 12 - RISK MANAGEMENT - (Continued)

There were no significant reductions in insurance coverage from the prior year in any category of risk. Claims have not exceeded coverage limitations in any of the past three years.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All City full-time employees, other than uniformed employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. The PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The PERS Retirement Board instituted a temporary employees contribution rate rollback for calendar year 2000. The rate rollback was 20% for local government divisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84 percent of covered payroll; 6.54 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for law enforcement employees was 15.70 percent of covered payroll; 11.40 percent was the portion used to fund pension obligations for 2000. The City's contributions for pension obligations to the PERS for the years ended December 31, 2000, 1999, and 1998 were \$454,817, \$490,550, and \$451,380, respectively; 87 percent has been contributed for 2000 and 100 percent for 1999 and 1998. \$67,125, representing the unpaid contribution for 2000, is recorded as a liability within the general fund.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The 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 Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while the City is required to contribute 19.50 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions for pension obligations to the OP&F for the years ended December 31, 2000, 1999, and 1998 were \$1,301,569, \$1,277,487, and \$1,174,174, respectively; 79 percent has been contributed for 2000 and 100 percent for the years 1999 and 1998. \$274,182, representing the unpaid contributions for 2000, is recorded as a liability within the general fund.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

PERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. Health care funding is on a pay-as-you-go basis. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local government employers was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The City's contribution actually made to fund postemployment benefits was \$180,416.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available), was 401,339.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 2000, Comprehensive Annual Financial Report.

CITY OF WHITEHALL, OHIO

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. Ohio Police and Fire Pension Fund

OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly 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, “Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers”. The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer’s contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter’s employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F’s Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0 percent and 7.25 percent of covered payroll in 1999 and 2000, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999 (the latest information available), is 12,467 for police officers and 9,807 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$233,615 and \$196,591, respectively. OP&F’s total health care expenses for the year ending December 31, 1999 (the latest information available), was \$95.005 million which was net of member contributions of \$5.518 million.

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

The City's budgetary process is based upon accounting for transactions on a cash basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and the expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the City reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

**EXCESS OF REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	\$ (608,705)	\$325,455	\$2,828	\$(1,766,097)
Adjustments:				
Net adjustment for revenue accruals	113,552	(16,498)	---	---
Net adjustment for expenditure accruals	543,565	(33,079)	---	363,133
Net adjustment for other financing sources/ (uses) accruals	---	---	---	---
Encumbrances	<u>1,064,159</u>	<u>81,962</u>	<u>---</u>	<u>516,561</u>
GAAP basis	<u>\$1,112,571</u>	<u>\$357,840</u>	<u>\$2,828</u>	<u>\$ (886,403)</u>

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 16 - CONTINGENCIES

A. Grants

The City receives financial assistance from various federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires the compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2000.

B. Litigation

The City is involved in separate issues of litigation at year-end. In management's opinion none of these represent potential significant financial impact to the City.

**CITY OF WHITEHALL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE MID-OHIO REGIONAL PLANNING COMMISSION				
Community Development Block Grant	14.218	B00-UC-39-0002	\$311,233	\$311,233
Total United States Department of Housing and Urban Development			<u>311,233</u>	<u>311,233</u>
UNITED STATES DEPARTMENT OF JUSTICE PASSED THROUGH THE BUREAU OF JUSTICE ASSISTANCE				
Juvenile Accountability Incentive Block Grants	16.523	99-JB-011-AO43	13,501	13,501
Juvenile Accountability Incentive Block Grants	16.523	99-JB-002-AO44	70,070	57,997
Local Law Enforcement Block Grant	16.592	1999-LB-VX-7675	95,704	56,458
Local Law Enforcement Block Grant	16.592	2000-LB-BX-3138	136,915	0
PASSED THROUGH THE FRANKLIN COUNTY JUSTICE PROGRAM UNIT				
Byrne Formula Grant Program	16.579	99-DG-D02-7701	24,571	20,572
Byrne Formula Grant Program	16.579	98-DG-D02-7701	2,000	0
Total United States Department of Justice			<u>342,761</u>	<u>148,528</u>
Total Federal Financial Assistance			<u>\$653,994</u>	<u>\$459,761</u>

(A) This schedule was prepared on a cash basis.

TRIMBLE, JULIAN & GRUBE, INC.

ASERVING OHIO LOCAL GOVERNMENTS®

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Mayor and Members of Council
City of Whitehall
360 S. Yearling Road
Franklin, Ohio 43213

We have audited the general purpose financial statements of City of Whitehall as of and for the year ended December 31, 2000, and have issued our report thereon dated June 8, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Mayor and Members of Council
City of Whitehall

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Whitehall's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of City of Whitehall in a separate letter dated June 8, 2001.

This report is intended for the information and use of management, the City of Whitehall, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
June 8, 2001

TRIMBLE, JULIAN & GRUBE, INC.

ASERVING OHIO LOCAL GOVERNMENTS®

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance with Requirements Applicable to Its Major Program and Internal Control Over Compliance in Accordance with *OMB Circular A-133*

Members of Council and Mayor
City of Whitehall
360 S. Yearling Road
Whitehall, Ohio 43213

Compliance

We have audited the compliance of the City of Whitehall with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The City of Whitehall's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Whitehall's management. Our responsibility is to express an opinion on the City of Whitehall's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Whitehall's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Whitehall's compliance with those requirements.

Members of Council and Mayor
City of Whitehall

In our opinion, the City of Whitehall complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the City of Whitehall is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Whitehall's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to its major federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Council of the City of Whitehall, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
June 8, 2001

**CITY OF WHITEHALL
FRANKLIN COUNTY
DECEMBER 31, 2000**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 ' .505**

1. SUMMARY OF AUDITOR-S RESULTS
--

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs= Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under ' .510?</i>	No

**CITY OF WHITEHALL
FRANKLIN COUNTY
DECEMBER 31, 2000**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 ' .505**

1. SUMMARY OF AUDITOR-S RESULTS (Continued)

<i>(d)(1)(vii)</i>	<i>Major Programs</i>	Community Development Block Grant; CFDA # 14.218
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Audited?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF WHITEHALL

FRANKLIN 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
JULY 24, 2001**