



Mary Taylor, CPA
Auditor of State

VILLAGE OF WHITEHOUSE
LUCAS COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Whitehouse
Lucas County
6925 Providence Street
P.O. Box 2476
Whitehouse, Ohio 43571-2476

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 an 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 adverse 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 23, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Whitehouse
Lucas County
6925 Providence Street
P.O. Box 2476
Whitehouse, Ohio 43571-2476

To the Village Council:

We have audited the accompanying financial statements of the Village of Whitehouse, Lucas County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years 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, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 July 23, 2009, 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.

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

Mary Taylor, CPA
Auditor of State

July 23, 2009

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$390,946				\$390,946
Municipal Income Tax		\$1,934,836			1,934,836
Intergovernmental	457,527	854,499		\$143,134	1,455,160
Special Assessments		350	\$38,382		38,732
Charges for Services	282,893				282,893
Fines, Licenses and Permits	94,636				94,636
Earnings on Investments	134,902	16,300			151,202
Miscellaneous	34,391	12,577		7,925	54,893
Total Cash Receipts	<u>1,395,295</u>	<u>2,818,562</u>	<u>38,382</u>	<u>151,059</u>	<u>4,403,298</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,255,923	782,562		4,879	2,043,364
Public Health Services	16,831				16,831
Leisure Time Activities	38,139			43,522	81,661
Community Environment	76,703				76,703
Basic Utility Service	203,130			56,587	259,717
Transportation		172,655		16,922	189,577
General Government	457,122	129,668		319,231	906,021
Debt Service:					
Redemption of Principal		36,840	140,424		177,264
Interest and Fiscal Charges			116,614		116,614
Capital Outlay	54,132	38,244		522,454	614,830
Total Cash Disbursements	<u>2,101,980</u>	<u>1,159,969</u>	<u>257,038</u>	<u>963,595</u>	<u>4,482,582</u>
Total Receipts Over/(Under) Disbursements	<u>(706,685)</u>	<u>1,658,593</u>	<u>(218,656)</u>	<u>(812,536)</u>	<u>(79,284)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Fixed Assets	11,300				11,300
Transfers-In	968,716	390,597	62,615	1,076,325	2,498,253
Transfers-Out	(187,855)	(1,933,803)		(259,822)	(2,381,480)
Other Financing Sources		515,786	964,752		1,480,538
Other Financing Uses		(964,751)	(515,786)		(1,480,537)
Total Other Financing Receipts / (Disbursements)	<u>792,161</u>	<u>(1,992,171)</u>	<u>511,581</u>	<u>816,503</u>	<u>128,074</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	85,476	(333,578)	292,925	3,967	48,790
Fund Cash Balances, January 1	<u>196,555</u>	<u>1,942,762</u>	<u>114,393</u>	<u>1,105,563</u>	<u>3,359,273</u>
Fund Cash Balances, December 31	<u>\$282,031</u>	<u>\$1,609,184</u>	<u>\$407,318</u>	<u>\$1,109,530</u>	<u>\$3,408,063</u>
Reserve for Encumbrances, December 31	<u>\$7,321</u>	<u>\$4,695</u>		<u>\$410,484</u>	<u>\$422,500</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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,075,645	\$378	\$1,076,023
Operating Cash Disbursements:			
Personal Services	325,038		325,038
Travel and Transportation	27		27
Contractual Services	313,185		313,185
Supplies and Materials	410,134		410,134
Capital Outlay	82,333		82,333
Total Operating Cash Disbursements	<u>1,130,717</u>		<u>1,130,717</u>
Operating Income/(Loss)	<u>(55,072)</u>	<u>378</u>	<u>(54,694)</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	47,457		47,457
Interest and Other Fiscal Charges	34,692		34,692
Other Non-Operating Cash Disbursements	<u>2,246</u>	<u>438</u>	<u>2,684</u>
Total Non-Operating Cash Disbursements	<u>84,395</u>	<u>438</u>	<u>84,833</u>
Disbursements Over Receipts Before Interfund Transfers	(139,467)	(60)	(139,527)
Transfers-In	111,125		111,125
Transfers-Out	<u>(227,898)</u>		<u>(227,898)</u>
Net Disbursements Over Receipts	(256,240)	(60)	(256,300)
Fund Cash Balances, January 1	<u>1,281,039</u>	<u>78</u>	<u>1,281,117</u>
Fund Cash Balances, December 31	<u>\$1,024,799</u>	<u>\$18</u>	<u>\$1,024,817</u>
Reserve for Encumbrances, December 31	<u>\$1,819</u>	<u>\$18</u>	<u>\$1,837</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$380,030				\$380,030
Municipal Income Tax		\$1,727,607			1,727,607
Intergovernmental	441,400	859,199		\$203,247	1,503,846
Special Assessments			\$48,229		48,229
Charges for Services	160,444	1,760			162,204
Fines, Licenses and Permits	144,905				144,905
Earnings on Investments	237,583	28,325			265,908
Miscellaneous	43,559	13,056		6,875	63,490
Total Cash Receipts	<u>1,407,921</u>	<u>2,629,947</u>	<u>48,229</u>	<u>210,122</u>	<u>4,296,219</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,220,363	789,477			2,009,840
Public Health Services	16,578				16,578
Leisure Time Activities	21,565			1,907	23,472
Community Environment	127,173				127,173
Basic Utility Service	217,701			128,038	345,739
Transportation		150,156		36,453	186,609
General Government	460,227	130,998		21,138	612,363
Debt Service:					
Redemption of Principal		46,320	159,221		205,541
Interest and Fiscal Charges			123,777		123,777
Capital Outlay	247,126	16,593		438,428	702,147
Total Cash Disbursements	<u>2,310,733</u>	<u>1,133,544</u>	<u>282,998</u>	<u>625,964</u>	<u>4,353,239</u>
Total Receipts Over/(Under) Disbursements	<u>(902,812)</u>	<u>1,496,403</u>	<u>(234,769)</u>	<u>(415,842)</u>	<u>(57,020)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Bonds			18,525		18,525
Sale of Notes			27,453		27,453
Sale of Fixed Assets	95,400				95,400
Transfers-In	945,012	227,994	62,625	674,295	1,909,926
Transfers-Out	(191,000)	(1,653,238)		(113,678)	(1,957,916)
Other Financing Sources		655,508	781,977		1,437,485
Other Financing Uses		(781,977)	(658,996)		(1,440,973)
Total Other Financing Receipts / (Disbursements)	<u>849,412</u>	<u>(1,551,713)</u>	<u>231,584</u>	<u>560,617</u>	<u>89,900</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(53,400)	(55,310)	(3,185)	144,775	32,880
Fund Cash Balances, January 1	<u>249,955</u>	<u>1,998,072</u>	<u>117,578</u>	<u>960,788</u>	<u>3,326,393</u>
Fund Cash Balances, December 31	<u>196,555</u>	<u>1,942,762</u>	<u>114,393</u>	<u>1,105,563</u>	<u>3,359,273</u>
Reserve for Encumbrances, December 31	<u>\$44,355</u>	<u>\$19,988</u>	<u>\$0</u>	<u>\$310,406</u>	<u>\$374,749</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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,157,208	\$1,202	\$1,158,410
Operating Cash Disbursements:			
Personal Services	293,517		293,517
Travel and Transportation	11		11
Contractual Services	345,006		345,006
Supplies and Materials	404,805		404,805
Capital Outlay	54,113		54,113
Total Operating Cash Disbursements	<u>1,097,452</u>		<u>1,097,452</u>
Operating Income	<u>59,756</u>	<u>1,202</u>	<u>60,958</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	44,062		44,062
Interest and Other Fiscal Charges	37,671		37,671
Other Non-Operating Cash Disbursements	619	1,480	2,099
Total Non-Operating Cash Disbursements	<u>82,352</u>	<u>1,480</u>	<u>83,832</u>
Disbursements Over Receipts Before Interfund Transfers	(22,596)	(278)	(22,874)
Transfers-In	68,900		68,900
Transfers-Out	<u>(20,000)</u>	<u>(910)</u>	<u>(20,910)</u>
Net Receipts Over/(Under) Disbursements	26,304	(1,188)	25,116
Fund Cash Balances, January 1	<u>1,254,735</u>	<u>1,266</u>	<u>1,256,001</u>
Fund Cash Balances, December 31	<u><u>1,281,039</u></u>	<u><u>78</u></u>	<u><u>1,281,117</u></u>
Reserve for Encumbrances, December 31	<u><u>\$5,755</u></u>	<u><u>\$1</u></u>	<u><u>\$5,756</u></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, 2008 AND 2007**

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 directs the Village. The Village provides water and sewer utilities, park operations, and police, fire, and life squad services.

The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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. The Village 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values U.S. Treasury Notes and Federal Agency/Instrumentality Securities at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. Debt Service Funds

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 Fund 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 and transfer proceeds. These proceeds are being used to fund downtown improvement as well as a phase I maintenance improvement project.

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.

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for a 3% and 1% fee imposed by the State of Ohio on building permits. The fees are periodically remitted to the State. The Village has chosen to budget for these agency funds.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The Village has elected to budget for their agency funds.

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. The 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 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.

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 DEPOSITS AND INVESTMENTS

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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 70,771	\$ 77,930
U.S. Treasury Notes and Federal Agency/Instrumentality Securities	2,161,426	2,110,651
STAR Ohio	1,528,138	2,075,472
Special Assessment Bonds	287,109	311,553
Money Market Mutual Funds	385,436	64,784
Total investments	<u>4,362,109</u>	<u>4,562,460</u>
Total deposits and investments	<u>\$4,432,880</u>	<u>\$4,640,390</u>

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

Investments: The Federal Reserve holds the Village's U.S. Treasury Notes and Federal Agency/Instrumentality Securities in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Village Special Assessment Bonds are held by the Village in its name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 2,775,000	\$2,375,311	(\$399,689)
Special Revenue	3,392,984	3,724,945	331,961
Debt Service	912,350	1,065,749	153,399
Capital Projects	1,750,473	1,227,384	(523,089)
Enterprise	1,182,243	1,186,770	4,527
Agency	1,034	378	(656)
Total	<u>\$10,014,084</u>	<u>\$9,580,537</u>	<u>(\$433,547)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,926,475	\$ 2,297,156	\$ 629,319
Special Revenue	5,138,467	4,063,218	1,075,249
Debt Service	1,007,201	772,824	234,377
Capital Projects	2,333,540	1,633,901	699,639
Enterprise	1,724,905	1,444,829	280,076
Agency	2,001	456	1,545
Total	<u>\$13,132,589</u>	<u>\$10,212,384</u>	<u>\$2,920,205</u>

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,525,000	\$2,448,333	(\$ 76,667)
Special Revenue	3,292,984	3,513,449	220,465
Debt Service	862,350	938,809	76,459
Capital Projects	1,738,336	884,417	(853,919)
Enterprise	1,182,243	1,226,108	43,865
Agency	1,034	1,202	168
Total	<u>\$9,601,947</u>	<u>\$9,012,318</u>	<u>(\$589,629)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,632,535	\$2,546,088	\$ 86,447
Special Revenue	3,979,356	3,588,747	390,609
Debt Service	846,314	941,994	(95,680)
Capital Projects	2,581,542	1,050,048	1,531,494
Enterprise	1,768,870	1,205,559	563,311
Agency	2,333	2,391	(58)
Total	<u>\$11,810,950</u>	<u>\$9,334,827</u>	<u>\$2,476,123</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such 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 behalf of the Village.

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.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$1,905,000	4.75 to 5.0%
Ohio Water Development Authority Loan	293,806	8.31%
Special Assessment Bonds	287,109	3.0 to 8.0%
Maumee River Wastewater Treatment Plant	204,258	3.125%
Farmers & Merchants Bank Loan	119,655	4.35%
Ohio Public Works Commission Loans	206,279	0.00%
Total	\$3,016,107	

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 fund has been pledged to repay debt service requirements.

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.

Outstanding Special Assessment Bonds consist of water, sewer, and street 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.

The Village entered into a loan agreement with Farmers & Merchants State Bank to pay for a new fire truck. The Village will repay the loan in monthly installments over 5 years. The loan is scheduled to be paid off in 2010.

Ohio Public Works Commission interest free loans are for various projects including the Industrial Parkway Lift Station Replacement; Storm Drainage Improvement; Swanton Street Reconstruction; Industrial Parkway Widening and Resurfacing; Reconstruction of Merritt Street, Dutch Road Turn Lane; and Waterville Street Construction and Improvements.

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

Year Ending December 31:	General Obligation Bonds	OWDA Loan	Special Assessment Bonds	Maumee River Wastewater Treatment Plant	Fire Truck Bank Loan	OPWC Loan
2009	\$ 158,550	\$ 64,960	\$ 36,749	\$ 16,714	\$ 62,613	\$ 37,853
2010	155,300	65,542	35,486	16,714	62,613	37,853
2011	157,050	66,171	33,935	16,714		35,386
2012	153,550	66,854	31,126	16,714		29,956
2013	155,050	67,593	28,946	16,714		25,033
2014 – 2018	784,000	33,988	122,421	83,571		25,033
2019 – 2023	777,500		68,113	83,571		15,165
2024 – 2028	622,450		15,476	83,571		
2029 – 2033				8,991		
Total	\$2,963,450	\$365,108	\$372,252	\$343,274	\$125,226	\$206,279

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. RETIREMENT SYSTEMS

The Village's full-time Fire Fighters and full-time Law Enforcement Officer belong to the Police and Fire Pension Fund (OP&F). Other 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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2008 and 2007, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. RISK POOL MEMBERSHIP

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 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 the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	<u>\$ 6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Mary Taylor, CPA

Auditor of State

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

Village of Whitehouse
Lucas County
6925 Providence Street
P.O. Box 2476
Whitehouse, Ohio 43571-2476

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, 2008 and 2007, and have issued our report thereon dated July 23, 2009, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

**Internal Control over Financial Reporting
(Continued)**

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

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated July 23, 2009.

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 that we must report under *Government Auditing Standards*.

We noted certain noncompliance matters that we reported to the Village's management in a separate letter dated July 23, 2009.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

July 23, 2009

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

In 2008 and 2007, the Village was the beneficiary of \$118,134 and \$105,997 respectively of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC. This activity was not recorded on the ledgers of the Village. Since OPWC paid the invoices, the Village did not receive this cash. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Village applies for a project and has administrative responsibilities. The accompanying financial statements and budgetary activity were adjusted to reflect these amounts in a Capital Project Fund.

We recommend the Village record all benefits received from state or federal grants as a memo receipt and expenditure on the Village's records. In addition, Village management should review Auditor of State Bulletins 2000-008 and 2002-004.

Official's Response

The recommendation is noted and steps have been taken to ensure compliance.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Material Weakness-- Monitoring of Financial Activity	Yes	
2006-002	Material Weakness – Fund Reclassification	Yes	



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 1, 2009**