



Dave Yost • Auditor of State



VILLAGE OF WHITEHOUSE  
LUCAS COUNTY

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# Dave Yost • 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 Village 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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

September 2, 2011

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# Dave Yost • 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, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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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 September 2, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

**Dave Yost**  
Auditor of State

September 2, 2011



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, 2010**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$297,094				\$297,094
Municipal Income Tax		\$1,841,505			1,841,505
Intergovernmental	430,961	871,729		\$523,693	1,826,383
Special Assessments			\$54,049		54,049
Charges for Services	284,345	325			284,670
Fines, Licenses and Permits	127,837				127,837
Earnings on Investments	53,727	703			54,430
Miscellaneous	34,226	1,860		8,546	44,632
<b>Total Cash Receipts</b>	<u>1,228,190</u>	<u>2,716,122</u>	<u>54,049</u>	<u>532,239</u>	<u>4,530,600</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,322,866	729,343			2,052,209
Public Health Services	21,608				21,608
Leisure Time Activities	37,065			71,821	108,886
Community Environment	116,690				116,690
Basic Utility Service	215,630			53,429	269,059
Transportation		202,943		11,538	214,481
General Government	450,762	155,047		109,686	715,495
Debt Service		45,796	316,793		362,589
Capital Outlay	60,241	90,802		1,097,871	1,248,914
<b>Total Cash Disbursements</b>	<u>2,224,862</u>	<u>1,223,931</u>	<u>316,793</u>	<u>1,344,345</u>	<u>5,109,931</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(996,672)</u>	<u>1,492,191</u>	<u>(262,744)</u>	<u>(812,106)</u>	<u>(579,331)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Sale of Capital Assets	8,225				8,225
Transfers-In	1,092,366	400,620	62,615	861,226	2,416,827
Transfers-Out	(156,483)	(2,089,730)		(244,137)	(2,490,350)
Other Financing Sources		593,706	734,992		1,328,698
Other Financing Uses		(687,327)	(593,706)		(1,281,033)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>944,108</u>	<u>(1,782,731)</u>	<u>203,901</u>	<u>617,089</u>	<u>(17,633)</u>
<b>Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts</b>	<u>(52,564)</u>	<u>(290,540)</u>	<u>(58,843)</u>	<u>(195,017)</u>	<u>(596,964)</u>
<b>Fund Cash Balances, January 1</b>	<u>163,560</u>	<u>1,998,827</u>	<u>145,703</u>	<u>1,151,272</u>	<u>3,459,362</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$110,996</b></u>	<u><b>\$1,708,287</b></u>	<u><b>\$86,860</b></u>	<u><b>\$956,255</b></u>	<u><b>\$2,862,398</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$8,092</b></u>	<u><b>\$78,938</b></u>		<u><b>\$46,257</b></u>	<u><b>\$133,287</b></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, 2010**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,165,493	\$910	\$1,166,403
Miscellaneous		42,379	42,379
Total Operating Cash Receipts	<u>1,165,493</u>	<u>43,289</u>	<u>1,208,782</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	312,056		312,056
Travel Transportation	23		23
Contractual Services	261,458		261,458
Supplies and Materials	399,536		399,536
Other		43,291	43,291
Total Operating Cash Disbursements	<u>973,073</u>	<u>43,291</u>	<u>1,016,364</u>
Operating Income/(Loss)	<u>192,420</u>	<u>(2)</u>	<u>192,418</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	65,894		65,894
Redemption of Principal	82,495		82,495
Other Non-Operating Cash Disbursements	413		413
Total Non-Operating Cash Disbursements	<u>148,802</u>		<u>148,802</u>
Excess of Receipts Over (Under) Disbursements Before Interfund Transfers	43,618	(2)	43,616
Transfers-In	<u>73,523</u>		<u>73,523</u>
Net Receipts Over/(Under) Disbursements	117,141	(2)	117,139
Fund Cash Balances, January 1	<u>994,240</u>	<u>20</u>	<u>994,260</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,111,381</u></b>	<b><u>\$18</u></b>	<b><u>\$1,111,399</u></b>
Reserve for Encumbrances, December 31	<u>\$2,621</u>		<u>\$2,621</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, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$349,006				\$349,006
Municipal Income Tax		\$2,004,350			2,004,350
Intergovernmental	396,530	1,524,765		\$243,726	2,165,021
Special Assessments			\$41,283		41,283
Charges for Services	278,494	1,294			279,788
Fines, Licenses and Permits	82,920				82,920
Earnings on Investments	107,480	1,843			109,323
Miscellaneous	32,230	92		7,795	40,117
<b>Total Cash Receipts</b>	<u>1,246,660</u>	<u>3,532,344</u>	<u>41,283</u>	<u>251,521</u>	<u>5,071,808</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,354,643	755,520			2,110,163
Public Health Services	8,656				8,656
Leisure Time Activities	47,875	864			48,739
Community Environment	93,377				93,377
Basic Utility Service	210,954			19,140	230,094
Transportation		161,118		12,127	173,245
General Government	464,298	164,396		42,943	671,637
Debt Service		36,841	257,912		294,753
Capital Outlay	39,521	642,818		754,301	1,436,640
<b>Total Cash Disbursements</b>	<u>2,219,324</u>	<u>1,761,557</u>	<u>257,912</u>	<u>828,511</u>	<u>5,067,304</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(972,664)</u>	<u>1,770,787</u>	<u>(216,629)</u>	<u>(576,990)</u>	<u>4,504</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Other Debt Proceeds				89,555	89,555
Sale of Capital Assets	1,000				1,000
Transfers-In	1,001,771	148,578	62,615	529,177	1,742,141
Transfers-Out	(148,578)	(1,652,946)			(1,801,524)
Other Financing Sources		1,126,241	1,018,640		2,144,881
Other Financing Uses		(1,003,017)	(1,126,241)		(2,129,258)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>854,193</u>	<u>(1,381,144)</u>	<u>(44,986)</u>	<u>618,732</u>	<u>46,795</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(118,471)</u>	<u>389,643</u>	<u>(261,615)</u>	<u>41,742</u>	<u>51,299</u>
<b>Fund Cash Balances, January 1</b>	<u>282,031</u>	<u>1,609,184</u>	<u>407,318</u>	<u>1,109,530</u>	<u>3,408,063</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$163,560</b></u>	<u><b>\$1,998,827</b></u>	<u><b>\$145,703</b></u>	<u><b>\$1,151,272</b></u>	<u><b>\$3,459,362</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$8,905</b></u>	<u><b>\$71,449</b></u>		<u><b>\$146,771</b></u>	<u><b>\$227,125</b></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, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,047,612	\$508	\$1,048,120
Miscellaneous		30,145	30,145
<b>Total Operating Cash Receipts</b>	<u>1,047,612</u>	<u>30,653</u>	<u>1,078,265</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	317,392		317,392
Travel Transportation	130		130
Contractual Services	308,568		308,568
Supplies and Materials	385,939		385,939
Other		30,651	30,651
<b>Total Operating Cash Disbursements</b>	<u>1,012,029</u>	<u>30,651</u>	<u>1,042,680</u>
Operating Income	<u>35,583</u>	<u>2</u>	<u>35,585</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	43,262		43,262
Debt Service	81,418		81,418
Other Non-Operating Cash Disbursements	845		845
<b>Total Non-Operating Cash Disbursements</b>	<u>125,525</u>		<u>125,525</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(89,942)	2	(89,940)
Transfers-In	<u>59,383</u>		<u>59,383</u>
Net Receipts Over/(Under) Disbursements	(30,559)	2	(30,557)
Fund Cash Balances, January 1	<u>1,024,799</u>	<u>18</u>	<u>1,024,817</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$994,240</b></u>	<u><b>\$20</b></u>	<u><b>\$994,260</b></u>
Reserve for Encumbrances, December 31	<u>\$195</u>		<u>\$195</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, 2010 AND 2009**

**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, Ohio (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'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:

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

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

**3. Debt Service Fund**

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

Bond Retirement 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 received OPWC grants to resurface Village roads.

Water Capital Projects Fund – This fund received transfers to account for Water related capital projects.

Sewer Capital Projects Fund – This fund receives grant and loan proceeds. The proceeds are being used for sewer 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.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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 funds account for a 3% and 1% fee imposed by the State of Ohio on building permits. The fees are periodically remitted to the State.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. 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 2010 and 2009 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.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**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:

	2010	2009
Demand deposits	\$1,854	\$78,658
Cash on Hand	400	400
Total deposits and cash on hand	2,254	79,058
U.S. Treasury Notes	2,325,158	2,289,570
STAR Ohio	1,354,826	1,720,355
Special Assessment Bonds	238,360	262,664
Money Market Mutual Funds	53,199	101,975
Total investments	3,971,543	4,374,564
Total deposits, investments and cash on hand	\$3,973,797	\$4,453,622

**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, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,509,909	\$2,328,781	(\$181,128)
Special Revenue	4,061,260	3,710,448	(350,812)
Debt Service	1,082,614	851,656	(230,958)
Capital Projects	1,058,900	1,393,465	334,565
Enterprise	1,304,816	1,239,016	(65,800)
Fiduciary	1,000	43,289	42,289
Total	\$10,018,499	\$9,566,655	(\$451,844)



**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,584,602	\$2,389,437	\$195,165
Special Revenue	4,327,704	4,079,926	247,778
Debt Service	878,861	910,499	(31,638)
Capital Projects	1,395,433	1,634,739	(239,306)
Enterprise	1,171,541	1,124,496	47,045
Fiduciary	43,529	43,291	238
Total	<u>\$10,401,670</u>	<u>\$10,182,388</u>	<u>\$219,282</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,525,000	\$2,249,431	(\$275,569)
Special Revenue	4,051,327	4,807,163	755,836
Debt Service	867,350	1,122,538	255,188
Capital Projects	1,224,097	870,253	(353,844)
Enterprise	789,243	1,106,995	317,752
Fiduciary	1,600	30,653	29,053
Total	<u>\$9,458,617</u>	<u>\$10,187,033</u>	<u>\$728,416</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,504,160	\$2,376,807	\$127,353
Special Revenue	3,950,146	4,488,969	(538,823)
Debt Service	1,386,897	1,384,153	2,744
Capital Projects	926,000	975,282	(49,282)
Enterprise	1,188,973	1,137,749	51,224
Fiduciary	30,945	30,651	294
Total	<u>\$9,987,121</u>	<u>\$10,393,611</u>	<u>(\$406,490)</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.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. Property Tax (Continued)**

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.

**6. Debt**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds, Series 2002	\$1,775,000	4.75 to 5.00%
Ohio Water Development Authority Loan #1976	201,329	8.31%
Ohio Public Works Commission Loan #CL18E	8,300	0.00%
Ohio Public Works Commission Loan #CT32E	6,471	0.00%
Ohio Public Works Commission Loan #CT233	506	0.00%
Ohio Public Works Commission Loan #CT44H	12,341	0.00%
Ohio Public Works Commission Loan #CT33G	76,462	0.00%
Ohio Public Works Commission Loan #CL11L	52,117	0.00%
Ohio Public Works Commission Loan #CL07M	28,482	0.00%
Special Assessment Bond, Lucas Street Improvement	1,861	5.50%
Special Assessment Bond, Temperance Street Improvement	290	8.00%
Special Assessment Bond, Gilead Street Improvement	931	5.50%
Special Assessment Bond, Bucher Road Sanitary Sewer	34,273	6.25%
Special Assessment Bond, Eastview Drive Reconstruction	22,225	6.25%
Special Assessment Bond, North, West/Maumee Streets	31,129	3.00%
Special Assessment Bond, Shepler Street Improvement	3,319	5.50%
Special Assessment Bond, S. Berkey-Southern Sewer Extension	12,185	3.75%
Special Assessment Bond, S. Berkey-Southern Water Extension	14,991	3.75%
Special Assessment Bond, South, Merritt, Gillett Street	33,940	3.00%
Special Assessment Bond, South Route 295 Water Line	2,373	3.00%
Special Assessment Bond, Swanton Street Reconstruction	10,207	6.00%
Special Assessment Bond, Waterville Street Reconstruction	50,968	3.75%
Special Assessment Bond, Waterville Street Sidewalks	1,468	3.75%
Special Assessment Bond, West Street Improvement	5,233	5.50%
Special Assessment Bond, Centerville Street Sanitary Sewer	12,968	5.50%
Total	<u>\$2,399,369</u>	

The General Obligation Bonds relate to bonds issued for the construction and equipping of a new municipal building. The Bonds were originally issue for \$2,200,000 at a variable rate not to exceed 5.00 percent interest, payable semiannually over 25 years. The Village's Income Tax A fund has been pledged to repay debt service requirements.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Debt (Continued)**

The Ohio Water Development Authority (OWDA) loan #1976 relates to a water and sewer utility construction project. OWDA approved up to \$715,480 in loans to the Village for this project. The loan will be repaid in semiannual installments over 25 years, including interest of 8.31 percent. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan #CL18E relates to the Reconstruction of Merritt Street project. OPWC loaned the Village \$55,332 for this project. The Village will repay the loan in semiannual installments over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT32E relates to the Industrial Parkway widening and resurfacing project. OPWC loaned the Village \$43,141 for this project. The Village will repay the loan in semiannual installments over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT233 relates to the Industrial Parkway lift station replacement project. OPWC loaned the Village \$20,250 for this project. The Village will repay the loan in semiannual installments over 20 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT44H relates to the Dutch Road Turn Lane project. OPWC loaned the village \$27,425 for this project. The Village will repay the loan in semiannual installments over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT33G relates to the Waterville Street reconstruction project. OPWC loaned the Village \$169,916 for this project. The Village will repay the loan in semiannual installments over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL11L relates to the Village streets and Monclova Road project. OPWC loaned the Village \$57,908 for this project. The Village will repay the loan in semiannual installments over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL07M relates to the Finzel and Heller Mill resurfacing project. OPWC loaned the Village \$31,647. The Village will repay the loan in semiannual installments over 10 years. The loan is collateralized by undivided local government funds.

The Lucas Street Improvement Special Assessment Bonds were originally issued for \$6,204. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 5.50% over 20 years. The Village purchased these bonds as an investment.

The Temperance Street Improvement Special Assessment Bonds were originally issued for \$5,806. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 8.00% over 15 years. The Village purchased these bonds as an investment.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Debt (Continued)**

The Gilead Street Improvement Special Assessment Bonds were originally issued for \$3,102. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 5.50% over 20 years. The Village purchased these bonds as an investment.

The Bucher Road Sanitary Sewer Special Assessment Bonds were originally issued for \$68,547. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 6.25% over 20 years. The Village purchased these bonds as an investment.

The Eastview Drive Reconstruction Special Assessment Bonds were originally issued for \$44,450. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 6.25% over 20 years. The Village purchased these bonds as an investment.

The North, West/Maumee Streets Special Assessment Bonds were originally issued for \$51,881. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 3.00% over 20 years. The Village purchased these bonds as an investment.

The Shepler Street Improvement Special Assessment Bonds were originally issued for \$13,275. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 5.50% over 20 years. The Village purchased these bonds as an investment.

The S. Berkey-Southern Sewer Extension Special Assessment Bonds were originally issued for \$15,232. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 3.75% over 20 years. The Village purchased these bonds as an investment.

The S. Berkey-Southern Water Extension Special Assessment Bonds were originally issued for \$18,739. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 3.75% over 20 years. The Village purchased these bonds as an investment.

The South, Merritt, Gillett Street Special Assessment Bonds were originally issued for \$56,566. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 3.00% over 20 years. The Village purchased these bonds as an investment.

The South Route 295 Water Line Special Assessment Bonds were originally issued for \$11,863. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 3.00% over 10 years. The Village purchased these bonds as an investment.

The Swanton Street Reconstruction Special Assessment Bonds were originally issued for \$18,559. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 6.00% over 20 years. The Village purchased these bonds as an investment.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Debt (Continued)**

The Waterville Street Reconstruction Special Assessment Bonds were originally issued for \$63,710. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 3.75% over 20 years. The Village purchased these bonds as an investment.

The Waterville Street Sidewalks Special Assessment Bonds were originally issued for \$7,338. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 3.75% over 5 years. The Village purchased these bonds as an investment.

The West Street Improvement Special Assessment Bonds were originally issued for \$20,933. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 5.50% over 20 years. The Village purchased these bonds as an investment.

The Centerville Street Sanitary Sewer Special Assessment Bonds were originally issued for \$18,525. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments, including interest of 5.50% over 10 years. The Village purchased these bonds as an investment.

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

Year ending December 31:	General Obligation Bonds, Series 2002	OWDA Loan #1976	OPWC Loan #CL18E	OPWC Loan #CT32E	OPWC Loan #CT233
2011	\$157,050	\$66,172	\$5,533	\$4,314	\$506
2012	153,550	66,854	2,767	2,157	
2013	155,050	67,592			
2014	156,300	33,988			
2015	157,300				
2016-2020	778,500				
2021-2025	780,950				
Total	<u>\$2,338,700</u>	<u>\$234,606</u>	<u>\$8,300</u>	<u>\$6,471</u>	<u>\$506</u>

Year ending December 31:	OPWC Loan #CT44H	OPWC Loan #CT33G	OPWC Loan #CL11L	OPWC Loan #CL07M	Special Assessment Bond Lucas Street Improvement
2011	\$2,742	\$16,992	\$5,791	\$3,164	\$413
2012	2,742	16,992	5,791	3,164	396
2013	2,742	16,992	5,791	3,164	378
2014	2,742	16,992	5,791	3,164	361
2015	1,373	8,494	5,791	3,164	344
2016-2020			23,162	12,662	319
Total	<u>\$12,341</u>	<u>\$76,462</u>	<u>\$52,117</u>	<u>\$28,482</u>	<u>\$2,211</u>

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Debt (Continued)**

*Special Assessment Bonds (Continued)*

Year ending December 31:	Temperance	Gilead Street Improvement	Bucher Road	Eastview Drive Reconstruction	North/West
	Street Improvement		Sanitary Sewer		Maumee Streets
2011	\$302	\$206	\$5,462	\$3,542	\$3,489
2012		198	5,248	3,403	3,411
2013		189	5,034	3,264	3,333
2014		181	4,820	3,125	3,256
2015		172	4,605	2,987	3,178
2016-2020		159	19,814	12,849	14,721
2021-2025					5,344
Total	\$302	\$1,105	\$44,983	\$29,170	\$36,732

*Special Assessment Bonds (Continued)*

Year ending December 31:	Shepler Street	S. Berkey-	S. Berkey-	South, Merritt,	South Route
	Improvement	Sewer Extension	Southern Water Extension	South, Merritt, Gillett Street	295 Water Line
2011	\$846	\$1,204	\$1,482	\$3,804	\$1,240
2012	809	1,176	1,446	3,719	1,204
2013	773	1,147	1,411	3,634	
2014	737	1,119	1,376	3,550	
2015	682	1,090	1,341	3,465	
2016-2020		5,022	6,178	16,051	
2021-2025		4,308	5,300	5,826	
2026-2030		776	955		
Total	\$3,847	\$15,842	\$19,489	\$40,049	\$2,444

*Special Assessment Bonds (Continued)*

Year ending December 31:	Swanton Street	Waterville	Waterville	West Street	Centerville
	Reconstruction	Street Reconstruction	Street Sidewalks	Improvement	Street Sanitary Sewer
2011	\$1,513	\$5,037	\$1,495	\$1,334	\$2,566
2012	1,457	4,918		1,277	2,464
2013	1,401	4,798		1,219	2,362
2014	1,346	4,679		1,162	2,260
2015	1,290	4,559		1,075	2,158
2016-2020	5,614	21,004			4,011
2021-2025	956	18,018			
2026-2030		3,245			
Total	\$13,577	\$66,258	\$1,495	\$6,067	\$15,821

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(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 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, 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 2010 and 2009, 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, 2010.

**8. Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Commercial property coverage;
- Commercial general liability coverage;
- Public officials liability coverage;
- Law enforcement liability coverage;
- Commercial inland marine coverage;
- Commercial crime coverage;
- Commercial auto coverage;
- Boiler and machinery coverage; and
- Commercial umbrella coverage.

**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.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**10. Contractual Commitments**

**A. Maumee Wastewater Treatment Plant**

In 1988, the Village entered into an agreement with the Lucas County Commissioners to provide for the use of the Maumee River Waste Treatment Plant. The Village is to pay a portion of the construction cost of the plant to Lucas County over a period of 40 years. As of December 31, 2010, the Village owed Lucas County \$309,847 in principal and interest for this. In 1994, the plant was expanded. The Village is to pay a portion of the treatment plant's construction costs based on their quarterly consumption rate. Based on an average between quarterly consumption rates for 2009 and 2010, the Village owed Lucas County approximately \$183,384. Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

In 2007, the plant was expanded again. The Village is to pay 8.00 percent of the improvement costs of the plant to Lucas County over a period of 20 years. As of December 31, 2010, the Village owed Lucas County \$1,536,908.

In 2010, the plant was expanded again. The Village is to pay a portion of the treatment plant's construction costs based on the quarterly consumption rates. As of December 31, 2010, the project is still in the open status and there is no amortization schedule available to determine the amount owed by the Village.

The annual requirements to amortize these commitments are as follows:

Year ending December 31:	Fixed (1988)	Fixed (2007 Expansion)
2011	\$16,714	\$80,890
2012	16,714	80,890
2013	16,714	80,890
2014	16,714	80,890
2015	16,714	80,890
2016-2020	83,571	404,449
2021-2025	83,571	404,449
2026-2030	59,135	323,560
Total	<u>\$309,847</u>	<u>\$1,536,908</u>

**B. Waterville Street Improvement**

In 2004, the Village entered into an agreement with Lucas County to participate in repairing and resurfacing Waterville Street from Westwyck Drive to State Route 295. The Village is to pay 41.80 percent of the project costs to Lucas County over a period of 10 years. As of December 31, 2010, the Village owed Lucas County \$26,493.

The annual requirement to amortize this commitment is as follows:

Year ending December 31:	Waterville Street Improvement
2011	\$5,299
2012	5,299
2013	5,299
2014	5,299
2015	5,297
	<u>\$26,493</u>





# Dave Yost • Auditor of State

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

Village of 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, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 2, 2011 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

### Compliance and Other Matters

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

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 2, 2011.

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 Finance, Audit, and Investment Committee, management, Village Council and others within the Village. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

September 2, 2011

**VILLAGE OF WHITEHOUSE  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Material Weakness**

**Financial Reporting**

The review of the financial statements resulted in the following significant audit adjustments:

2010

- Earnings on investments (\$53,727) in the General Fund were reported as miscellaneous revenue.
- Intergovernmental Revenue (\$101,424) in the General Fund were reported as Taxes.
- Fines, Licenses and Permits (\$35,967) from cable franchise fees in the General Fund were reported as miscellaneous revenue.
- A debt service expenditure (\$63,288) was not recorded in the Debt Service Fund.
- Payments out of the Agency fund (\$42,379) were recorded as transfers rather than other disbursements.

2009

- Earnings on investments (\$107,480) in the General Fund were reported as miscellaneous revenue.
- Intergovernmental revenues (\$82,241) in the General Fund were reported as taxes.
- Proceeds from an OPWC loan (\$57,908) and the related capital outlay disbursement within the capital project fund type were not recorded.
- Debt Proceeds within the capital projects fund type (\$31,647) were reported as intergovernmental revenue.
- Payments out of the Agency fund (\$30,135) were recorded as transfers rather than other disbursements.

The accompanying financial statements have been adjusted to correct these errors. Additional adjustments were also made in smaller relative amounts.

Sound financial reporting is the responsibility of the Village Administrator and Village Council, and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the annual report by the Village Council to identify and correct errors and misclassifications.

**FINDING NUMBER 2010-001  
(Continued)**

**Officials' Response:**

The Village Administrator acknowledges errors were made and will correct them in the future.

VILLAGE OF WHITEHOUSE  
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Material Weakness – failed to record OPWC monies.	No	Not corrected; Repeated as Finding #2010-001 in this report.

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# Dave Yost • 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 20, 2011