

**CITY OF WHITEHALL**  
**GENERAL PURPOSE**  
**FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED*  
*DECEMBER 31, 2002*

**KIM MAGGARD, CITY AUDITOR**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
City of Whitehall  
360 South Yearling Road  
Whitehall, OH 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, 2002 through December 31, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

July 2, 2003

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**CITY OF WHITEHALL  
FRANKLIN COUNTY, OHIO**

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# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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## 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, 2002, 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 auditing standards generally accepted in the United States of America 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose 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, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2003 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.  
May 23, 2003

**CITY OF WHITEHALL, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2002**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Assets and other debits</u></b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 6,564,605	\$ 1,334,525	\$ 9,035	\$ 551,335
Cash in segregated accounts . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	1,015,136	-	-	-
Real and other taxes . . . . .	451,220	21,508	-	-
Accounts . . . . .	45,162	-	-	-
Special assessments . . . . .	108,979	-	-	-
Accrued interest . . . . .	33,515	-	-	-
Due from other funds . . . . .	21,741	2,913	-	-
Due from other governments . . . . .	1,195,591	239,255	-	305,722
Prepayments . . . . .	117,737	-	-	-
Materials and supplies inventory . . . . .	55,733	56,585	-	-
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .	-	-	-	-
<b>Restricted assets:</b>				
Cash with fiscal and escrow agents . . . . .	-	127,628	-	-
<b>Other debits:</b>				
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
Total assets and other debits . . . . .	<u>\$ 9,609,419</u>	<u>\$ 1,782,414</u>	<u>\$ 9,035</u>	<u>\$ 857,057</u>
<b><u>Liabilities, equity and other credits</u></b>				
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 310,186	\$ 50,039	\$ -	\$ -
Posted bond deposits . . . . .	-	-	-	-
Accrued wages and benefits . . . . .	318,733	22,115	-	-
Compensated absences payable . . . . .	29,380	2,081	-	-
Deferred revenue . . . . .	1,244,307	166,020	-	-
Due to other governments . . . . .	690,012	3,107	-	-
Due to other funds . . . . .	-	-	-	-
Claims and judgements payable . . . . .	147,075	-	-	-
Deposits held and due to others . . . . .	-	-	-	-
Incurred but not reported claims . . . . .	-	-	-	-
General obligation bonds payable . . . . .	-	-	-	-
Capital lease obligation payable . . . . .	-	-	-	-
Total liabilities . . . . .	<u>2,739,693</u>	<u>243,362</u>	<u>-</u>	<u>-</u>
<b>Equity and other credits:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Fund balances:				
Reserved for encumbrances . . . . .	982,149	96,141	-	224,151
Reserved for materials and supplies inventory . . . . .	55,733	56,585	-	-
Reserved for prepayments . . . . .	117,737	-	-	-
Reserved for debt service . . . . .	-	-	9,035	-
Reserved for restricted assets . . . . .	-	127,628	-	-
Reserved for insurance contingency . . . . .	987,471	-	-	-
Unreserved:				
Designated for budget stabilization . . . . .	644,098	-	-	-
Undesignated . . . . .	4,082,538	1,258,698	-	632,906
Total equity and other credits . . . . .	<u>6,869,726</u>	<u>1,539,052</u>	<u>9,035</u>	<u>857,057</u>
Total liabilities, equity and other credits . . . . .	<u>\$ 9,609,419</u>	<u>\$ 1,782,414</u>	<u>\$ 9,035</u>	<u>\$ 857,057</u>

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



Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
Trust and Agency	General Fixed Assets	General Long-Term Obligations		
\$ 198,128	\$ -	\$ -	\$ 8,657,628	
39,409	-	-	39,409	
-	-	-	1,015,136	
-	-	-	472,728	
-	-	-	45,162	
-	-	-	108,979	
-	-	-	33,515	
-	-	-	24,654	
-	-	-	1,740,568	
-	-	-	117,737	
-	-	-	112,318	
-	15,633,369	-	15,633,369	
-	-	-	127,628	
-	-	9,035	9,035	
-	-	4,896,838	4,896,838	
<u>\$ 237,537</u>	<u>\$ 15,633,369</u>	<u>\$ 4,905,873</u>	<u>\$ 33,034,704</u>	
\$ -	\$ -	\$ -	\$ 360,225	
8,797	-	-	8,797	
-	-	-	340,848	
-	-	936,590	968,051	
-	-	-	1,410,327	
5,958	-	-	699,077	
24,654	-	-	24,654	
-	-	-	147,075	
193,951	-	-	193,951	
-	-	98,841	98,841	
-	-	3,785,000	3,785,000	
-	-	85,442	85,442	
<u>233,360</u>	<u>-</u>	<u>4,905,873</u>	<u>8,122,288</u>	
-	15,633,369	-	15,633,369	
-	-	-	1,302,441	
-	-	-	112,318	
-	-	-	117,737	
-	-	-	9,035	
-	-	-	127,628	
-	-	-	987,471	
-	-	-	644,098	
4,177	-	-	5,978,319	
<u>4,177</u>	<u>15,633,369</u>	<u>-</u>	<u>24,912,416</u>	
<u>\$ 237,537</u>	<u>\$ 15,633,369</u>	<u>\$ 4,905,873</u>	<u>\$ 33,034,704</u>	

**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, 2002

	Governmental Fund Types				Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Income taxes . . . . .	\$ 13,553,433	\$ -	\$ -	\$ -	\$ -	\$ 13,553,433
Property and other taxes . . . . .	384,192	113,264	-	-	-	497,456
Charges for services . . . . .	15,995	-	-	-	-	15,995
Special assessments . . . . .	151,172	-	-	-	-	151,172
Licenses, permits and fees . . . . .	270,791	-	-	-	-	270,791
Fines and forfeitures . . . . .	268,548	40,268	-	-	-	308,816
Intergovernmental . . . . .	2,122,526	783,768	-	620,264	-	3,526,558
Investment income . . . . .	209,293	2,869	-	2,904	-	215,066
Rental income . . . . .	202,480	-	-	-	-	202,480
Other . . . . .	295,094	-	-	-	-	295,094
<b>Total revenues . . . . .</b>	<b>17,473,524</b>	<b>940,169</b>	<b>-</b>	<b>623,168</b>	<b>-</b>	<b>19,036,861</b>
<b>Expenditures:</b>						
Current operations:						
General government . . . . .	4,340,914	-	-	-	-	4,340,914
Security of persons and property . . . . .	8,461,089	68,225	-	-	-	8,529,314
Public health and welfare . . . . .	87,392	-	-	-	-	87,392
Transportation . . . . .	388,940	811,377	-	-	-	1,200,317
Community environment . . . . .	170,399	102,758	-	-	-	273,157
Leisure time activity . . . . .	664,804	-	-	-	2,240	667,044
Utility services . . . . .	1,163,336	-	-	-	-	1,163,336
Capital outlay . . . . .	876,994	186,713	-	1,561,866	-	2,625,573
Debt service:						
Principal retirement . . . . .	63,843	-	240,000	-	-	303,843
Interest and fiscal charges . . . . .	7,905	-	207,793	-	-	215,698
<b>Total expenditures . . . . .</b>	<b>16,225,616</b>	<b>1,169,073</b>	<b>447,793</b>	<b>1,561,866</b>	<b>2,240</b>	<b>19,406,588</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,247,908	(228,904)	(447,793)	(938,698)	(2,240)	(369,727)
<b>Other financing sources (uses):</b>						
Operating transfers in . . . . .	-	337,389	448,000	-	-	785,389
Operating transfers out . . . . .	(785,389)	-	-	-	-	(785,389)
Proceeds from sale of fixed assets . . . . .	1	-	-	-	-	1
<b>Total other financing sources (uses) . . . . .</b>	<b>(785,388)</b>	<b>337,389</b>	<b>448,000</b>	<b>-</b>	<b>-</b>	<b>1</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	462,520	108,485	207	(938,698)	(2,240)	(369,726)
Fund balances, January 1 . . . . .	6,408,442	1,432,828	8,828	1,795,755	6,417	9,652,270
Decrease in reserve for inventory . . . . .	(1,913)	(1,584)	-	-	-	(3,497)
Residual equity transfers in (out) . . . . .	677	(677)	-	-	-	-
<b>Fund balances, December 31 . . . . .</b>	<b>\$ 6,869,726</b>	<b>\$ 1,539,052</b>	<b>\$ 9,035</b>	<b>\$ 857,057</b>	<b>\$ 4,177</b>	<b>\$ 9,279,047</b>

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

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**CITY OF WHITEHALL, OHIO**

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, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Income taxes . . . . .	\$ 14,186,876	\$ 13,559,895	\$ (626,981)	\$ -	\$ -	\$ -
Property and other taxes . . . . .	401,956	384,192	(17,764)	140,000	105,217	(34,783)
Charges for services . . . . .	16,735	15,995	(740)	-	-	-
Special assessments . . . . .	50,204	47,985	(2,219)	-	-	-
Licenses, permits and fees . . . . .	287,061	274,375	(12,686)	-	-	-
Fines and forfeitures . . . . .	276,426	264,210	(12,216)	53,000	40,065	(12,935)
Intergovernmental . . . . .	2,107,798	2,014,645	(93,153)	797,851	702,218	(95,633)
Investment income . . . . .	208,311	199,105	(9,206)	149,071	2,870	(146,201)
Rental income . . . . .	209,174	199,930	(9,244)	-	-	-
Other . . . . .	308,738	295,094	(13,644)	-	-	-
<b>Total revenues . . . . .</b>	<b>18,053,279</b>	<b>17,255,426</b>	<b>(797,853)</b>	<b>1,139,922</b>	<b>850,370</b>	<b>(289,552)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government . . . . .	4,997,746	4,426,027	571,719	-	-	-
Security of persons and property . . . . .	10,086,848	8,932,959	1,153,889	435,751	145,893	289,858
Public health and welfare . . . . .	98,681	87,392	11,289	-	-	-
Transportation . . . . .	478,816	424,042	54,774	855,967	828,438	27,529
Community environment . . . . .	208,615	184,750	23,865	564,558	114,626	449,932
Leisure time activity . . . . .	839,934	743,849	96,085	-	-	-
Utility services . . . . .	1,496,694	1,325,479	171,215	-	-	-
Capital outlay . . . . .	1,178,975	1,044,106	134,869	191,038	189,348	1,690
<b>Debt service:</b>						
Principal retirement . . . . .	-	-	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-	-	-
<b>Total expenditures . . . . .</b>	<b>19,386,309</b>	<b>17,168,604</b>	<b>2,217,705</b>	<b>2,047,314</b>	<b>1,278,305</b>	<b>769,009</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(1,333,030)	86,822	1,419,852	(907,392)	(427,935)	479,457
<b>Other financing sources (uses):</b>						
Operating transfers in . . . . .	-	-	-	375,567	337,389	(38,178)
Operating transfers out . . . . .	(886,839)	(785,389)	101,450	-	-	-
Proceeds from sale of fixed assets . . . . .	32	1	(31)	-	-	-
<b>Total other financing sources (uses) . . . . .</b>	<b>(886,807)</b>	<b>(785,388)</b>	<b>101,419</b>	<b>375,567</b>	<b>337,389</b>	<b>(38,178)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).	(2,219,837)	(698,566)	1,521,271	(531,825)	(90,546)	441,279
Fund balance, January 1 . . . . .	5,421,299	5,421,299	-	1,191,843	1,191,843	-
Residual equity transfers in (out) . . . . .	677	677	-	(677)	(677)	-
Prior year encumbrances appropriated . . . . .	764,369	764,369	-	90,693	90,693	-
<b>Fund balance, December 31 . . . . .</b>	<b>\$ 3,966,508</b>	<b>\$ 5,487,779</b>	<b>\$ 1,521,271</b>	<b>\$ 750,034</b>	<b>\$ 1,191,313</b>	<b>\$ 441,279</b>

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,186,876	\$ 13,559,895	\$ (626,981)
-	-	-	-	-	-	541,956	489,409	(52,547)
-	-	-	-	-	-	16,735	15,995	(740)
-	-	-	-	-	-	50,204	47,985	(2,219)
-	-	-	-	-	-	287,061	274,375	(12,686)
-	-	-	-	-	-	329,426	304,275	(25,151)
-	-	-	750,000	314,542	(435,458)	3,655,649	3,031,405	(624,244)
-	-	-	-	2,904	2,904	357,382	204,879	(152,503)
-	-	-	-	-	-	209,174	199,930	(9,244)
-	-	-	-	-	-	308,738	295,094	(13,644)
-	-	-	750,000	317,446	(432,554)	19,943,201	18,423,242	(1,519,959)
-	-	-	-	-	-	4,997,746	4,426,027	571,719
-	-	-	-	-	-	10,522,599	9,078,852	1,443,747
-	-	-	-	-	-	98,681	87,392	11,289
-	-	-	-	-	-	1,334,783	1,252,480	82,303
-	-	-	-	-	-	773,173	299,376	473,797
-	-	-	-	-	-	839,934	743,849	96,085
-	-	-	-	-	-	1,496,694	1,325,479	171,215
-	-	-	1,857,937	1,857,252	685	3,227,950	3,090,706	137,244
240,000	240,000	-	-	-	-	240,000	240,000	-
208,000	207,793	207	-	-	-	208,000	207,793	207
448,000	447,793	207	1,857,937	1,857,252	685	23,739,560	20,751,954	2,987,606
(448,000)	(447,793)	207	(1,107,937)	(1,539,806)	(431,869)	(3,796,359)	(2,328,712)	1,467,647
448,000	448,000	-	-	-	-	823,567	785,389	(38,178)
-	-	-	-	-	-	(886,839)	(785,389)	101,450
-	-	-	-	-	-	32	1	(31)
448,000	448,000	-	-	-	-	(63,240)	1	63,241
-	207	207	(1,107,937)	(1,539,806)	(431,869)	(3,859,599)	(2,328,711)	1,530,888
8,828	8,828	-	9,738	9,738	-	6,631,708	6,631,708	-
-	-	-	-	-	-	-	-	-
-	-	-	1,857,252	1,857,252	-	2,712,314	2,712,314	-
\$ 8,828	\$ 9,035	\$ 207	\$ 759,053	\$ 327,184	\$ (431,869)	\$ 5,484,423	\$ 7,015,311	\$ 1,530,888

## **CITY OF WHITEHALL, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002**

#### **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 accounting principles generally accepted in the United States of America (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'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 separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the City. 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, 2002

#### **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 "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, 2002**

**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, 2002**

**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. At December 31, 2002 there were accruals which, in other fund types, would be recognized on the combined balance sheet (See Note 3).

*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, 2002**

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

**C. Measurement Focus and Basis of Accounting**

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental and expendable trust funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, the recognition of revenue, the recording of deferred revenue, and in the reporting of expenses and expenditures, are recorded as follows:

*REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from income taxes is recognized in the period in which the income is earned and the amounts are available (see Note 7). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the amounts are available (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the amounts are available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), licenses, permits, fees and rentals.

#### *DEFERRED REVENUE*

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

*EXPENDITURES*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**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 2002.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### **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 legally enacted by Council.

##### *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 2002, 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, 2002**

**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 2002, investments were limited to nonnegotiable certificates of deposit and investments in the State Treasury Asset 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 2002. 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, 2002.

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 2002, interest revenue credited to the general fund amounted to \$209,293 which includes \$57,241 assigned from other City funds.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

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 in Segregated Accounts" since it is not required to be deposited into the City treasury.

At year-end, the City had monies on deposit with the Franklin County Treasurer. This deposit relates to undistributed permissive taxes and has been reported on the combined balance sheet as "Cash with Fiscal and Escrow Agents".

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 benefiting 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, 2002

#### 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, except for firearms, fire fighting equipment and computer equipment, with a cost of less than \$5,000 and a useful life of less than 5 years. Firearms, fire fighting equipment and computer equipment are capitalized at \$300. 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 charges for goods and services rendered, are reflected as "due to/from other funds."
4. Residual equity transfers are nonrecurring or nonroutine transfers of equity between 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, 2002**

**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, 2002

#### **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, 2002, the current portion (reported as a fund liability) was \$31,461 and the liability reported in the general long-term obligation account group was \$936,590.

#### **K. Fund Balance Reserves and Designations**

Reserved or designated fund balances indicate that portion of fund equity which is 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, prepayments, debt service, restricted assets, 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.

#### **L. 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.

#### **M. Rental Income**

On April 1, 2001, the City entered into a lease agreement with Four Seasons Golf Center, LLC for the lease of a City owned golf facility. The lease is for a one-hundred twenty month term and calls for regular scheduled rent payments plus additional rent payments as defined by the agreement. The City recognized \$83,636 in payments related to this lease in 2002. Activity related to this lease has been included as a component of "rental income" in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund.

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**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. Restricted Assets**

Restricted assets in the special revenue funds represent cash and cash equivalents with fiscal and escrow agents, which are held by Franklin County in relation to Permissive Tax funds.

**P. 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**

**Agency Funds**

The following are accruals for agency funds, which, in other fund types, would be recognized in the combined balance sheet:

<u>LIABILITIES</u>	
Accounts payable	\$ 4,677
Due to other governments	<u>1,402</u>
Total	<u>\$ 6,079</u>

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### 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;
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;

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

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.

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.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

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

*Cash with Fiscal and Escrow Agents:* At year-end, the City had \$127,628 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Comprehensive Annual Financial Report for the year ended December 31, 2002. This amount is not included in the City's depository balance below.

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 (including Cash in Segregated Accounts) was \$4,101,412 and the bank balance was \$4,362,772. These amounts include \$3,237,865 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. \$362,444 was covered by federal depository insurance; and
2. \$4,000,328 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.

*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 \$4,595,625 in STAR Ohio at December 31, 2002. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry.

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

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:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 8,824,665	\$ -
Cash with fiscal and escrow agents	(127,628)	-
Investments of the cash management pool:		
Investment in STAR Ohio	<u>(4,595,625)</u>	<u>(4,595,625)</u>
GASB Statement No. 3	<u>\$ 4,101,412</u>	<u>\$ (4,595,625)</u>

**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	\$ 21,741	\$ -
<u>Special Revenue Funds</u>		
OMVI Enforcement and Education	204	-
Mayor's Court Computer	2,709	-
<u>Agency Fund</u>		
Mayors Court	<u>-</u>	<u>24,654</u>
Total	<u>\$ 24,654</u>	<u>\$ 24,654</u>

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

B. The following is a summarized breakdown of the City's operating transfers for 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 785,389
<u>Special Revenue Funds</u>		
Street Maintenance and Repair	300,000	-
Tax Incentive Program Fund	37,389	-
Debt Service Fund	<u>448,000</u>	<u>-</u>
Total	<u>\$ 785,389</u>	<u>\$ 785,389</u>

These transfers are in compliance with the Ohio Revised Code.

C. The following is a summary of the residual equity transfers made by the City in 2002:

	<u>Residual Equity Transfers In</u>	<u>Residual Equity Transfers Out</u>
General Fund	\$ 677	\$ -
<u>Special Revenue Funds</u>		
COPS Fast Grant	<u>-</u>	<u>677</u>
Total	<u>\$ 677</u>	<u>\$ 677</u>

This transfer is in compliance with the Ohio Revised Code.

**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 2002 was due January 1, with the remainder payable June 20.



**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 6 - PROPERTY TAXES - (Continued)**

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 88% of true value for taxable transmission and distribution property and 25% of true value for all other taxable property. 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.

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, 2002, was \$1.50 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property, upon which taxes for 2002 were collected, are as follows:

<u>Category</u>	<u>Assessed Value</u>
Residential	\$ 141,484,890
Commercial	94,507,690
Industrial	<u>7,626,130</u>
Total real estate	<u>243,618,710</u>
Public utility - real	33,130
Public utility - personal	<u>11,541,200</u>
Total public utility	<u>11,574,330</u>
Tangible personal property	<u>43,735,019</u>
Grand total	<u>\$ 298,928,059</u>

## **CITY OF WHITEHALL, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002**

#### **NOTE 6 - PROPERTY TAXES - (Continued)**

Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002. 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 2002 operations. A receivable for property taxes of \$451,220 at December 31, 2002 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.

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 has been 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 2002 was \$13,553,433.

#### **NOTE 8 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at December 31, 2002, consisted of estate taxes, state grants and subsidies, and state-levied locally shared taxes. Intergovernmental receivables are reported on the combined balance sheet as "Due From Other Governments". Receivables have been recorded to the extent eligibility requirements have been met by year-end and the amounts are measurable.

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 8 - INTERGOVERNMENTAL RECEIVABLES - (Continued)**

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

<u>Fund Type/Fund</u>	<u>Amounts</u>
<u>General Fund</u>	
Estate tax	\$ 138,178
Local government state support	1,037,413
Homestead and rollback	<u>20,000</u>
Total general fund	<u>1,195,591</u>
<u>Special Revenue Funds</u>	
<i>Street Maintenance Fund</i>	
Gasoline tax	164,392
Motor vehicle registration fees	56,918
<i>State Highway Improvement Fund</i>	
Gasoline tax	13,330
Motor vehicle registration fees	<u>4,615</u>
Total special revenue funds	<u>239,255</u>
<u>Capital Projects Fund</u>	
<i>Community Development Trust</i>	
OPWC Grant	<u>305,722</u>
Total capital projects fund	<u>305,722</u>
Grand total	<u><u>\$ 1,740,568</u></u>

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 9 - FIXED ASSETS**

The general fixed assets account group has been restated as of January 1, 2002 due to changes of asset classifications, omissions, and an increase in the capitalization threshold from \$300 to \$5,000 for the City's capital assets during fiscal year 2002.

	Balance <u>12/31/01</u>	Restatement	Restated Balance <u>12/31/02</u>
Land	\$ 1,624,755	\$ 224,850	\$ 1,849,605
Buildings	7,897,346	480,000	8,377,346
Furniture, fixtures and equipment	3,474,560	(690,469)	2,784,091
Vehicles	<u>2,276,632</u>	<u>-</u>	<u>2,276,632</u>
 Total	 <u>\$ 15,273,293</u>	 <u>\$ 14,381</u>	 <u>\$ 15,287,674</u>

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

	Restated Balance <u>12/31/01</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/02</u>
Land	\$ 1,849,605	\$ -	\$ (21,105)	\$ 1,828,500
Buildings	8,377,346	135,300	(39,041)	8,473,605
Furniture, fixtures and equipment	2,784,091	309,672	(145,855)	2,947,908
Vehicles	<u>2,276,632</u>	<u>231,413</u>	<u>(124,689)</u>	<u>2,383,356</u>
 Total	 <u>\$ 15,287,674</u>	 <u>\$ 676,385</u>	 <u>\$ (330,690)</u>	 <u>\$ 15,633,369</u>

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the City entered into capital lease agreements for the acquisition of a fire pumper truck and for copier equipment.

The terms of the lease agreements provide an option to purchase the equipment. These leases meet the criteria of a capital lease as defined by Financial Accounting Standards Board (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 GPFS for the governmental funds. 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 capital lease as of December 31, 2002:

	General Fixed Assets
Equipment	\$ 312,075
Carrying value	\$ 312,075

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2002:

	<u>General Long-Term Obligations</u>	
<u>Year Ending December 31</u>		<u>Equipment</u>
2003	\$	71,748
2004		7,368
2005		7,368
2006		6,754
Total minimum lease payments		93,238
Less: amount representing interest		(7,796)
Present value of future minimum lease payment		\$ 85,442

The City does not have capitalized lease obligations after fiscal year 2006.

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. Long-term obligations as of December 31, 2002 are as follows:

	<u>Balance</u>		<u>Increases</u>		<u>Decreases</u>	<u>Balance</u>
	<u>12/31/2001</u>					<u>12/31/2002</u>
General obligation bonds payable	\$ 4,025,000	\$	-	-	\$ (240,000)	\$ 3,785,000
Compensated absences payable	929,735		6,855		-	936,590
Capital lease obligation	149,285		-		(63,843)	85,442
IBNR claims payable	91,519		98,841		(91,519)	98,841
	<u>5,195,539</u>		<u>105,696</u>		<u>(395,362)</u>	<u>4,905,873</u>
Total	<u>\$ 5,195,539</u>		<u>\$ 105,696</u>		<u>\$ (395,362)</u>	<u>\$ 4,905,873</u>

Compensated absences and incurred but not reported claims are presented net of actual increases and decreases because of the practicality of determining these values. Compensated absences reported in the “compensated absences payable” account will be paid from the fund from which the employee’s salaries are paid. Incurred but not reported claims and the capital lease obligations will be paid from the general fund.

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, 2002:

<u>Interest</u>	<u>Issue</u>	<u>Maturity</u>	<u>Bond</u>	<u>Retired</u>	<u>Bond</u>
<u>Rates</u>	<u>Date</u>	<u>Date</u>	<u>Outstanding</u>	<u>in 2002</u>	<u>Outstanding</u>
			<u>12/31/01</u>	<u>in 2002</u>	<u>12/31/02</u>
Variable	7/11/1995	12/1/2010	<u>\$ 1,370,000</u>	<u>\$ (125,000)</u>	<u>\$ 1,245,000</u>
3.9% - 5.65%					
(Average = 5.278%)					

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

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, 2002:

<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bond Outstanding 12/31/01</u>	<u>Retired in 2002</u>	<u>Bond Outstanding 12/31/02</u>
5.179%	9/24/1997	12/1/2017	<u>\$ 2,655,000</u>	<u>\$ (115,000)</u>	<u>\$ 2,540,000</u>

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>
2003	\$ 250,000	\$ 196,982	\$ 446,982
2004	260,000	185,472	445,472
2005	275,000	173,242	448,242
2006	285,000	160,028	445,028
2007	300,000	145,139	445,139
2008 - 2012	1,345,000	475,516	1,820,516
2013 - 2017	<u>1,070,000</u>	<u>179,280</u>	<u>1,249,280</u>
Total	<u>\$ 3,785,000</u>	<u>\$ 1,515,659</u>	<u>\$ 5,300,659</u>

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**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 2002, 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	\$10,408,405	\$ 1,000
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 \$60,000 per person per year, to a group claims maximum of \$918,840 for 2002. 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, 2002

**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 \$987,471 at December 31, 2002 and is reported as a reservation of fund balance in the general fund. The claims liability of \$245,916 reported in the general fund and general long-term obligations account group at December 31, 2002 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, 2002 and 2001 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>
2002	\$ 227,700	\$ 937,056	\$ (918,840)	\$ 245,916
2001	122,849	955,629	(850,778)	227,700

Of the claims liability, \$147,075 will be liquidated using expendable available resources and, therefore, is reported as a liability of the general fund. The remaining claims liability of \$98,841 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 (OML) 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.

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.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### **NOTE 13 - DEFINED BENEFIT PENSION PLANS**

##### **A. Ohio Public Employees Retirement System**

All City full-time employees, other than uniformed employees, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. OPERS 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. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2002 was 8.5% for employees other than law enforcement and public safety. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The employer contribution rate for employees other than law enforcement and public safety division was 13.55% of covered payroll and 8.55% was the portion used to fund pension obligations for 2002. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll and 11.70% was the portion used to fund pension obligations for 2002. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$573,971, \$551,836, and \$454,817, respectively; 79.32% has been contributed for 2002 and 100% for 2001 and 2000. \$118,666, representing the unpaid contribution for 2002, is recorded as a liability within the respective funds.

##### **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.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### **NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions to OP&F for the years ended December 31, 2002, 2001, and 2000 were \$1,431,472, \$1,317,538, and \$1,301,569, respectively; 79.24% has been contributed for 2002 and 100% for the years 2001 and 2000. \$297,222, representing the unpaid contributions for 2002, is recorded as a liability within the respective funds.

#### **NOTE 14 - POSTRETIREMENT BENEFIT PLANS**

##### **A. Ohio Public Employees Retirement System**

OPERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor 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 OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2002 employer contribution rate for local government employers was 13.55% of covered payroll and 5.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2002 employer rate was 16.70% of covered payroll and 5.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund postemployment benefits was \$211,797.

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. OPEB's are advance funded on an actuarially determined basis.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### **NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

As of December 31, 2001 (the latest information available), the actuarial value of the Retirement System's net assets available for future OPEB payments were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively, at December 31, 2001 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2001 (the latest information available) was 402,041.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Additional information on the OPERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the OPERS December 31, 2002, Comprehensive Annual Financial Report.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

##### B. Ohio Police and Fire Pension Fund

The OP&F provides postretirement 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 7.50% and 7.75% of covered payroll in 2001 and 2002, 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, 2001 (the latest information available), is 13,174 for police officers and 10,239 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$284,147 and \$231,183, respectively. OP&F's total health care expense for the year ending December 31, 2001 (the latest information available), was \$122.299 million, which was net of member contributions of \$6.875 million.

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

	General	Special Revenue	Debt Service	Capital Projects
Budget basis	\$ (698,566)	\$ (90,546)	\$ 207	\$ (1,539,806)
Adjustments:				
Net adjustment for revenue accruals	218,098	89,799	-	305,722
Net adjustment for expenditure accruals	(133,838)	(33,980)	-	71,235
Encumbrances	1,076,826	143,212	-	224,151
GAAP basis	\$ 462,520	\$ 108,485	\$ 207	\$ (938,698)

**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, 2002.

**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.

## SUPPLEMENTAL DATA

**CITY OF WHITEHALL, OHIO  
FRANKLIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY GRANT NUMBER</b>	<b>FEDERAL DISBURSEMENTS</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Franklin County, Ohio:</i>			
Community Development Block Grant	14.228	B01-UC-39-0002	\$ 237,954
Community Development Block Grant	14.228	B02-UC-39-0002	<u>88,772</u>
Total United States Department of Housing and Urban Development			<u>326,726</u>
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
Local Law Enforcement Block	16.592	2000-LB-BX-3138	88,985
Local Law Enforcement Block	16.592	2001-LB-BX-1005	27,506
Local Law Enforcement Block	16.592	2002-LB-BX-0950	<u>8,955</u>
Total Local Law Enforcement Block			<u>125,446</u>
Bulletproof Vest Program	16.607	2002BUBX02011532	<u>7,116</u>
<i>Passed Through Franklin County, Ohio:</i>			
Juvenile Diversion	16.523	2001-JB-002-F133	69,532
Youth Violence Task Force	16.523	2001-JB-011-F132	<u>13,501</u>
Total Juvenile Accountability Incentive Block Grants			<u>83,033</u>
Byrne Formula Grant - Victim Coordinator	16.579	2000-DG-D02-7701	<u>6,576</u>
Violence Against Women Act (VAWA)	16.588	2001-WF-VA2-V502	<u>14,409</u>
<i>Total Passed Through Franklin County, Ohio:</i>			<u>104,018</u>
<i>Passed Through Ohio Department Office of Criminal Justice Services:</i>			
Byrne Formula Grant - Homeland Security	16.579	2001-DG-H01-7612	<u>44,301</u>
<i>Total Passed Through Ohio Department Office of Criminal Justice Services:</i>			<u>44,301</u>
Total United States Department of Justice			<u>280,881</u>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Public Safety :</i>			
State and Community Highway Safety Program	20.600	2002-PTM-N/1	<u>21,434</u>
Total United States Department of Transportation			<u>21,434</u>
<b>UNITED STATES DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Federal Emergency Management Agency: Assistance to Firefighters Grant Program	83.554	EMW-2001-FG-05632	<u>24,370</u>
Total United States Department of Federal Emergency Management Agency			<u>24,370</u>
<b>Total Federal Awards Expenditures</b>			<u>\$ 653,411</u>

(A) - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the City's federal award programs.

The Schedule has been prepared on the cash basis of accounting.

(B) - Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally-funded programs.

The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



# TRIMBLE, JULIAN & GRUBE, INC.

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose 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 the City of Whitehall, Franklin County, Ohio, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 23, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the 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 the 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 certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Whitehall in a separate letter dated May 23, 2003.

This report is intended for the information of the Council and management 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.  
May 23, 2003

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

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

### Compliance

We have audited the compliance of the City of Whitehall, Franklin County, Ohio, 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, 2002. 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 program 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 auditing standards generally accepted in the United States of America, 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.

Mayor and Members of Council  
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, 2002.

#### 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 a 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 a major federal program 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 Council and the management 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.  
May 23, 2003

**CITY OF WHITEHALL  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**CITY OF WHITEHALL  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS (Continued)**

<i>(d)(1)(vii)</i>	<i>Major Program</i>	<b>Community Development Block Grant; CFDA #14.228</b>
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	<b>Type A: &gt;\$300,000 Type B: all others</b>
<i>(d)(1)(ix)</i>	<i>Low Risk Audited?</i>	<b>No</b>

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

**None**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**None**



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**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 29, 2003**