



Dave Yost • Auditor of State



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Whitehall  
Franklin County  
360 S. Yearling Road  
Whitehall, Ohio 43213

To the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Whitehall, Franklin County, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Whitehall, Franklin County, Ohio, as of December 31, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General and TIF Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2012, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the 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 basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

June 27, 2012

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The management's discussion and analysis of the City of Whitehall's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- The total net assets of the City increased \$3,953,966 or 12.53% compared to 2010.
- General revenues accounted for \$23,502,703 or 81.92% of total governmental activities revenue. Program specific revenues accounted for \$5,187,702 or 18.08% of total governmental activities revenue.
- The City had \$24,736,439 in expenses related to governmental activities; \$5,187,702 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities were offset by general revenues (primarily property taxes, payment in lieu of taxes, income taxes and unrestricted grants and entitlements) of \$23,502,703.
- The General Fund had revenues of \$24,904,053 in 2011. The expenditures and transfers out of the General Fund totaled \$23,095,913 in 2011. The net increase in fund balance for the General Fund was \$1,808,140 or 40.56%.
- The TIF Fund had revenues of \$408,308 in 2011. The expenditures of the TIF Fund totaled \$33,609 in 2011. The net increase in fund balance for the TIF fund was \$374,699 or 49.01%.
- In the General Fund, the actual revenues and other financing sources were \$547,554 higher than they were in the final budget and actual expenditures and other financing uses were \$1,741,320 less than the amount in the final budget. Budgeted expenditures and other financing uses increased \$3,033,909 from the original to the final budget while budgeted revenues and other financing sources increased \$2,350,000.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Reporting the City as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the governmental activities include the City's programs and services, including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes, payment in lieu of taxes, and intergovernmental revenues including federal and state grants and other shared revenues.

**Reporting the City's Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental funds, the General Fund and the TIF Fund, begins on page 9.

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the General Fund and the TIF Fund. Information for major funds is presented separately in the governmental fund Balance Sheet and in the governmental statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 17 through 22 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 23 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-55 of this report.

**Government-Wide Financial Analysis**

The Statement of Net Assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets for 2011 compared to 2010.

	<b>Net Assets</b>	
	Governmental Activities 2011	Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 17,484,521	\$ 15,453,550
Capital assets	<u>23,887,582</u>	<u>23,051,248</u>
<b>Total assets</b>	<u><b>41,372,103</b></u>	<u><b>38,504,798</b></u>
<u>Liabilities</u>		
Long-term liabilities outstanding	3,213,676	3,504,204
Other liabilities	<u>2,657,316</u>	<u>3,453,449</u>
<b>Total liabilities</b>	<u><b>5,870,992</b></u>	<u><b>6,957,653</b></u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	22,444,654	21,422,059
Restricted	3,779,362	6,824,714
Unrestricted	<u>9,277,095</u>	<u>3,300,372</u>
<b>Total net assets</b>	<u><b>\$ 35,501,111</b></u>	<u><b>\$ 31,547,145</b></u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded liabilities by \$35,501,111.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 57.74% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$22,444,654 in the governmental activities. These capital assets are used to provide services to citizens and are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net assets, \$3,779,362, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$9,277,095 may be used to meet the City's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal years 2011 and 2010.

	<b>Change in Net Assets</b>	
	Governmental Activities 2011	Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,216,976	\$ 1,843,009
Operating grants and contributions	1,169,979	2,033,366
Capital grants and contributions	1,800,747	1,554,170
Total program revenues	<u>5,187,702</u>	<u>5,430,545</u>
General revenues:		
Property and lodging taxes	486,418	540,665
Income taxes	20,570,658	16,783,672
Payments in lieu of taxes	408,308	449,492
Unrestricted grants and entitlements	1,604,801	1,621,629
Investment earnings	72,370	79,005
Miscellaneous	360,148	349,224
Total general revenues	<u>23,502,703</u>	<u>19,823,687</u>
Total revenues	<u>28,690,405</u>	<u>25,254,232</u>

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Change in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<b>Expenses</b>		
General government	\$ 6,499,347	\$ 6,853,110
Security of persons and property	12,965,963	11,362,217
Public health and welfare	124,388	119,592
Transportation	2,701,909	2,623,097
Community environment	26,063	219,806
Leisure time activity	803,154	733,584
Utility services	1,541,342	676,465
Interest and fiscal charges	74,273	92,156
	<u>24,736,439</u>	<u>22,680,027</u>
Total expenses		
	<u>3,953,966</u>	<u>2,574,205</u>
Change in net assets		
	<u>31,547,145</u>	<u>28,972,940</u>
Net assets at beginning of year		
	<u>\$ 35,501,111</u>	<u>\$ 31,547,145</u>
Net assets at end of year		

**Governmental Activities**

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$12,965,963 of the total expenses of the City. These expenses were partially funded by \$754,043 in direct charges to users of the services, and \$328,586 in operating grants and contributions. Transportation expenses totaled \$2,701,909. Transportation expenses were primarily funded by \$144,067 in direct charges to users of the services, \$772,241 in operating grants and contributions and \$1,800,747 in capital grants and contributions.

During 2011, the state and federal government contributed to the City a total of \$2,970,726 in operating grants and contributions and capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total grants and contributions, \$2,572,988 subsidized transportation programs, and \$328,586 subsidized security of persons and property programs. The City received \$1,800,747 in capital grants and contributions which includes funds from OPWC and ODOT for road projects.

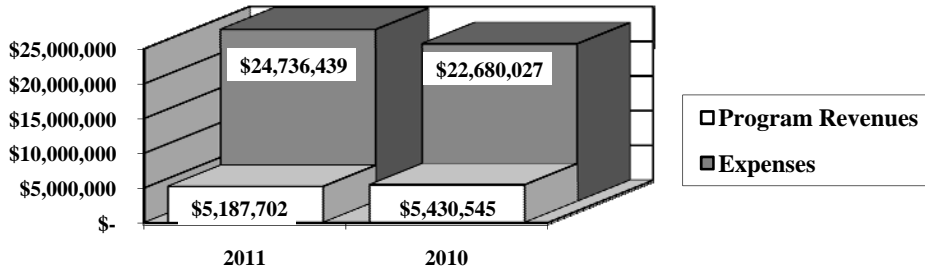
General revenues totaled \$23,502,703, and amounted to 81.92% of total governmental revenues in 2011. These revenues primarily consist of property and lodging taxes and income tax revenue of \$21,057,076. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government funds, making up \$1,604,801.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Governmental Activities - Program Revenues vs. Total Expenses**

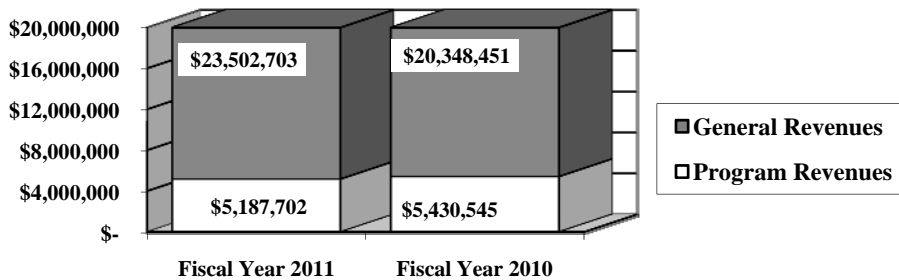


**Governmental Activities**

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 6,499,347	\$ 5,364,980	\$ 6,853,110	\$ 5,177,372
Security of persons and property	12,965,963	11,883,334	11,362,217	10,266,847
Public health and welfare	124,388	124,388	119,592	117,592
Transportation	2,701,909	(15,146)	2,623,097	67,153
Community environment	26,063	(41,089)	219,806	218,758
Leisure time activity	803,154	616,655	733,584	633,139
Utility services	1,541,342	1,541,342	676,465	676,465
Interest and fiscal charges	74,273	74,273	92,156	92,156
<b>Total</b>	<b>\$ 24,736,439</b>	<b>\$ 19,548,737</b>	<b>\$ 22,680,027</b>	<b>\$ 17,249,482</b>

The dependence upon general revenues for governmental activities is apparent, with 79.16% of expenses supported through taxes and other general revenues for 2011.

**Governmental Activities - General and Program Revenues**



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the Balance Sheet on page 17) reported a combined fund balance of \$13,431,483 which is \$3,292,674 greater than last year's total of \$10,138,809. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2011 for all major and nonmajor governmental funds. The City restated fund balances at December 31, 2010 as described in Note 3.B.

	Fund Balances 12/31/11	Restated Fund Balances 12/31/10	Increase
Major funds:			
General	\$ 6,265,688	\$ 4,457,548	\$ 1,808,140
TIF	1,139,261	764,562	374,699
Other nonmajor governmental funds	6,026,534	4,916,699	1,109,835
<b>Total</b>	<b>\$ 13,431,483</b>	<b>\$ 10,138,809</b>	<b>\$ 3,292,674</b>

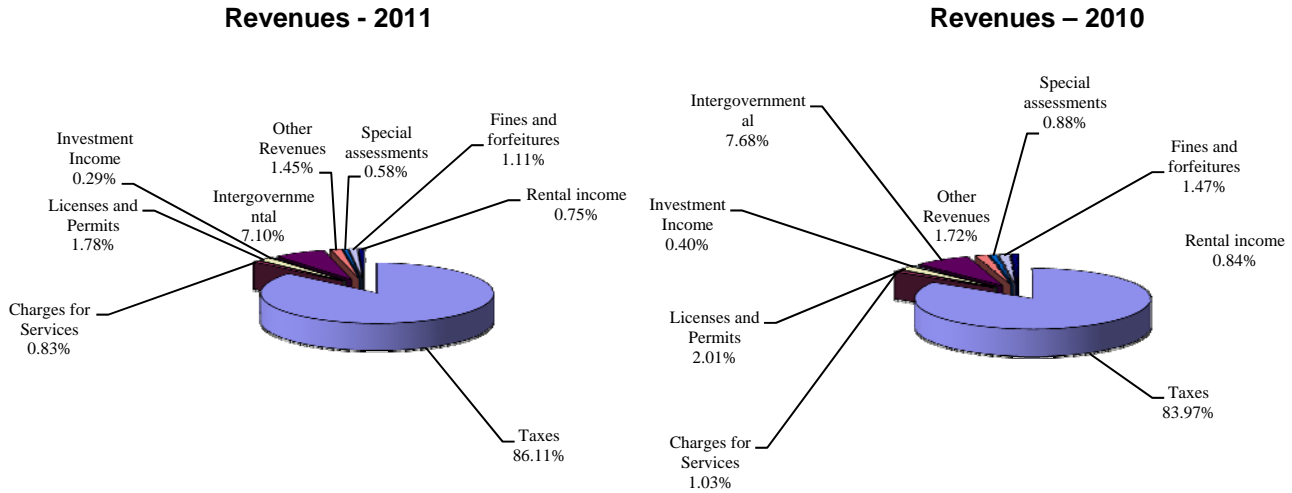
**General Fund**

The City's General Fund balance increased \$1,808,140. The table that follows assists in illustrating the revenues of the General Fund. Tax revenue increased by 24.31% over prior year. Taxes increased due to a \$3,917,910 increase in cash receipts received by the City for income taxes during 2011. This is a direct result of an increased income tax rate of 0.5% the City passed which took effect beginning January 1, 2011.

	2011 Amount	Restated 2010 Amount	Amount Increase (Decrease)	Percentage Increase (Decrease)
<b>Revenues</b>				
Taxes	\$ 21,443,659	\$ 17,249,926	\$ 4,193,733	24.31 %
Charges for services	206,048	210,976	(4,928)	(2.34) %
Licenses and permits	444,285	413,698	30,587	7.39 %
Fines and forfeitures	276,376	301,364	(24,988)	(8.29) %
Intergovernmental	1,769,239	1,577,018	192,221	12.19 %
Special assessments	144,067	181,321	(37,254)	(20.55) %
Investment income	71,732	82,487	(10,755)	(13.04) %
Rental income	186,499	173,506	12,993	7.49 %
Other	362,148	353,424	8,724	2.47 %
<b>Total</b>	<b>\$ 24,904,053</b>	<b>\$ 20,543,720</b>	<b>\$ 4,360,333</b>	<b>21.22 %</b>

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**



The table that follows assists in illustrating the expenditures of the General Fund.

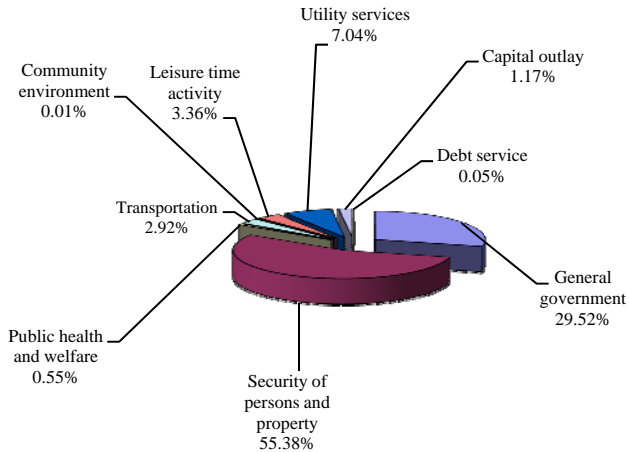
	2011 Amount	Restated 2010 Amount	Amount Increase (Decrease)	Percentage Increase (Decrease)
<b><u>Expenditures</u></b>				
General government	\$ 5,887,520	\$ 5,949,123	\$ (61,603)	(1.04) %
Security of persons and property	11,042,892	10,695,309	347,583	3.25 %
Public health and welfare	110,096	110,079	17	0.02 %
Transportation	581,390	507,729	73,661	14.51 %
Community environment	2,791	31,797	(29,006)	(91.22) %
Leisure time activity	670,318	664,087	6,231	0.94 %
Utility services	1,404,511	676,465	728,046	107.63 %
Capital outlay	233,022	243,243	(10,221)	(4.20) %
Debt service	10,056	8,311	1,745	21.00 %
<b>Total</b>	<b>\$ 19,942,596</b>	<b>\$ 18,886,143</b>	<b>\$ 1,056,453</b>	<b>5.59 %</b>

The most significant increase was in the area of utility services. This can be attributed to an increase of approximately \$700,000 in expenditures to the City of Columbus for the repair of waterline breaks made during the fiscal year. The increase in security of persons and property was a result of an increase in wages and benefits expenditures during fiscal year 2011 stemming from annual employee raises. The decrease in community environment is due to a decrease in expenditures by the civil service department during 2011 compared to 2010. Although it was a decrease of 91.22%, the dollar amount of \$29,006 is immaterial to the total.

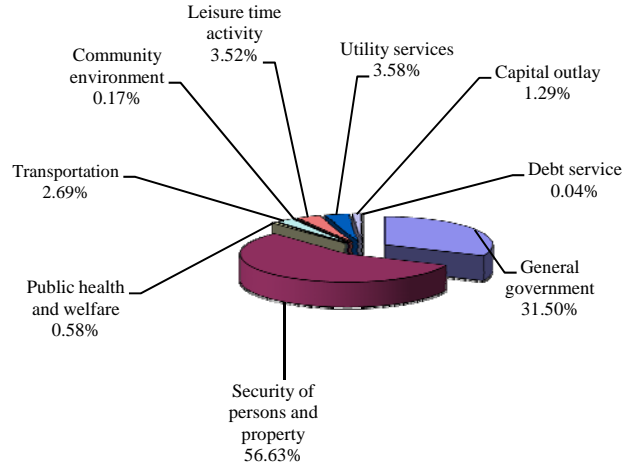
**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Expenditures - 2011**



**Expenditures - 2010**



**TIF Fund**

The City's TIF Fund had revenues of \$408,308 in 2011. The expenditures of the TIF Fund, totaled \$33,609 in 2011. The net increase in fund balance for the TIF fund was \$374,699, due to only payments owed by City being hold harmless payments to the Career School.

**Budgeting Highlights**

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the General Fund. Actual revenues and other sources of \$25,016,970 were more than final budgeted revenues and other sources by \$547,554 as a result of a larger increase in income tax revenues than expected. The actual expenditures and other uses of \$23,342,313 were \$1,741,320 lower than final budgeted expenditures and other uses of \$25,083,633. Budgeted expenditures and other financing uses increased \$3,033,909 from the original to the final budget while budgeted revenues and other financing sources increased \$2,350,000.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2011, the City had \$23,887,582 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, vehicles and infrastructure, which is an increase of \$836,334 from prior year primarily due to an increase in infrastructure from various street improvement projects throughout the City.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

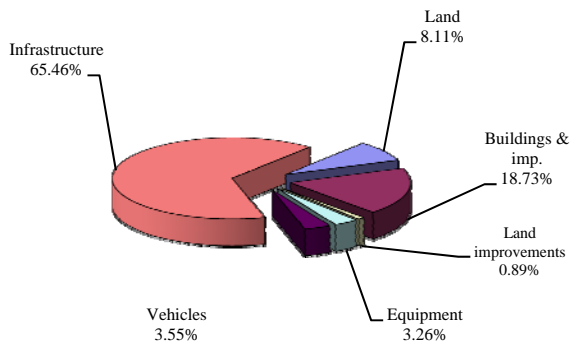
The following table shows fiscal 2011 balances compared to 2010:

**Capital Assets at December 31  
(Net of Depreciation)**

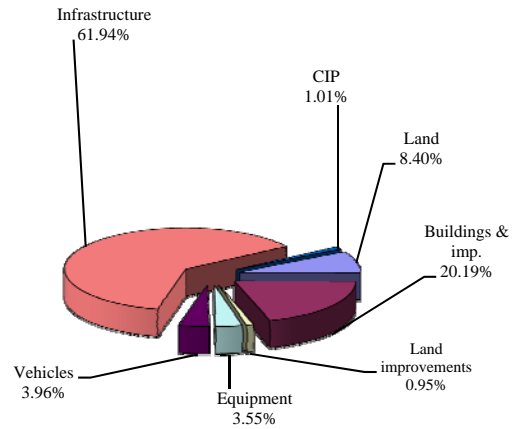
	Governmental Activities	
	2011	2010
Land	\$ 1,936,482	\$ 1,936,482
Land improvements	211,515	219,208
Buildings and improvements	4,473,914	4,654,079
Equipment	779,597	817,691
Vehicles	848,147	912,946
Infrastructure	15,637,927	14,278,853
Construction in progress	-	231,989
<b>Totals</b>	<b>\$ 23,887,582</b>	<b>\$ 23,051,248</b>

The following graphs show the breakdown of governmental capital assets by category for 2011 and 2010.

**Capital Assets - Governmental Activities  
2011**



**Capital Assets - Governmental Activities  
2010**



The City's largest capital asset category is infrastructure. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 65.46% of the City's total governmental capital assets. See Note 10 to the basic financial statements for detail on capital assets.



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2011 and 2010:

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Compensated absences	\$ 1,739,903	\$ 1,875,015
General obligation bonds	1,255,000	1,440,000
OPWC loans	161,376	102,404
Capital lease obligation	28,695	36,129
Lease-purchase agreement	<u>58,196</u>	<u>85,135</u>
Total long-term obligations	<u>\$ 3,243,170</u>	<u>\$ 3,538,683</u>

See Note 12 to the basic financial statements for detail on long-term obligations.

**Economic Conditions and Next Year's General Fund Budget Outlook**

The City of Whitehall remains strong financially. The City of Whitehall's systems of budgeting and internal controls are well regarded and the City is well prepared to meet the challenges of the future. In November of 2010, the voters approved a 0.5% increase in municipal income tax, from 2.0% to 2.5%, effective January 1, 2011. The extra funds generated by the increased income tax will be used to meet EPA water improvement mandates, upgraded infrastructure, renovation and building of a community recreation center and supporting General Fund activities.

The City's elected and appointed officials considered many factors when setting the fiscal year 2011 budget. Most of our revenues are influenced by the economy. The City income tax revenue forecast, particularly, is highly influenced by economic conditions. The primary objective for the 2011 budget was continued improvement service delivery to constituents.

When considering the economic health of the City, the unassigned fund balance serves as a useful indicator of the City's net resources available for spending at year-end. At the end of 2011, the City's fund balance increased from the previous year due to the passage of the 0.5% income tax increase.

During this time of statewide recession, the administration should strongly consider the effect of downward pressures on future revenue and the impact it has upon maintaining current citywide services to residents and taxpayers. In order to achieve this, administration must be committed to maintaining comprehensive efforts to reduce costs and maximize efficiency.

In order to meet the challenges of 2011, a strong and balanced commitment to cost containment and continued revenue enhancement in respect to the General Fund is essential. The City's financial position will remain stable only if thorough and conservative financial management is practiced while aggressively seeking new development opportunities and other sources of revenue.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Dan Miller, City Auditor, City of Whitehall, 360 S. Yearling Road, Whitehall, Ohio 43213.

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**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

		Governmental Activities
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$	13,317,794
Cash with fiscal and escrow agent. . . . .		120,880
Receivables (net of allowances for uncollectibles):		
Income taxes. . . . .		1,410,500
Property and other taxes . . . . .		438,162
Payment in lieu of taxes . . . . .		481,994
Accounts. . . . .		377,262
Special assessments . . . . .		172,686
Accrued interest . . . . .		11,733
Due from other governments. . . . .		868,404
Prepayments . . . . .		99,392
Materials and supplies inventory. . . . .		154,869
Unamortized bond issue costs . . . . .		30,845
Capital assets:		
Land . . . . .		1,936,482
Depreciable capital assets, net. . . . .		21,951,100
Total capital assets, net. . . . .		23,887,582
Total assets . . . . .		41,372,103
<b>Liabilities:</b>		
Accounts payable. . . . .		225,110
Accrued wages and benefits payable . . . . .		440,962
Due to other governments . . . . .		976,632
Accrued interest payable . . . . .		4,150
Claims payable. . . . .		170,397
Unearned revenue . . . . .		840,065
Long-term liabilities:		
Due within one year . . . . .		1,326,282
Due in more than one year. . . . .		1,887,394
Total liabilities . . . . .		5,870,992
<b>Net assets:</b>		
Invested in capital assets, net		
of related debt . . . . .		22,444,654
Restricted for:		
Capital projects . . . . .		98,510
Street maintenance and repair . . . . .		1,716,659
Economic development. . . . .		304,055
Community development . . . . .		590,135
Human services programs . . . . .		1,070,003
Unrestricted . . . . .		9,277,095
Total net assets . . . . .	\$	35,501,111

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
General government . . . . .	\$ 6,499,347	\$ 1,132,367	\$ 2,000	\$ -	\$ (5,364,980)
Security of persons and property . . . . .	12,965,963	754,043	328,586	-	(11,883,334)
Public health and welfare . . . . .	124,388	-	-	-	(124,388)
Transportation . . . . .	2,701,909	144,067	772,241	1,800,747	15,146
Community environment . . . . .	26,063	-	67,152	-	41,089
Leisure time activity . . . . .	803,154	186,499	-	-	(616,655)
Utility services . . . . .	1,541,342	-	-	-	(1,541,342)
Interest and fiscal charges . . . . .	74,273	-	-	-	(74,273)
<b>Total governmental activities . . . . .</b>	<b>\$ 24,736,439</b>	<b>\$ 2,216,976</b>	<b>\$ 1,169,979</b>	<b>\$ 1,800,747</b>	<b>(19,548,737)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					393,669
Income taxes levied for:					
General purposes . . . . .					20,570,658
Lodging taxes levied for:					
Special revenue . . . . .					92,749
Payments in lieu of taxes . . . . .					408,308
Grants and entitlements not restricted					
to specific programs . . . . .					1,604,801
Investment earnings . . . . .					72,370
Miscellaneous . . . . .					360,148
<b>Total general revenues . . . . .</b>					<b>23,502,703</b>
Change in net assets . . . . .					3,953,966
<b>Net assets at beginning of year . . . . .</b>					<b>31,547,145</b>
<b>Net assets at end of year . . . . .</b>					<b>\$ 35,501,111</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	<u>General</u>	<u>TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments . . . .	\$ 6,440,034	\$ 1,139,261	\$ 5,738,499	\$ 13,317,794
Receivables (net of allowances for uncollectibles):				
Income taxes . . . . .	1,410,500	-	-	1,410,500
Property and other taxes . . . . .	431,768	-	6,394	438,162
Payment in lieu of taxes . . . . .	-	481,994	-	481,994
Accounts . . . . .	93,125	-	284,137	377,262
Interfund loans . . . . .	-	-	26,626	26,626
Accrued interest . . . . .	11,733	-	-	11,733
Special assessments . . . . .	172,686	-	-	172,686
Due from other funds . . . . .	-	-	1,484	1,484
Due from other governments . . . . .	559,015	-	309,389	868,404
Prepayments . . . . .	99,392	-	-	99,392
Materials and supplies inventory . . . . .	35,599	-	119,270	154,869
Restricted assets:				
Cash with fiscal and escrow agents . . . . .	-	-	120,880	120,880
<b>Total assets . . . . .</b>	<u><u>\$ 9,253,852</u></u>	<u><u>\$ 1,621,255</u></u>	<u><u>\$ 6,606,679</u></u>	<u><u>\$ 17,481,786</u></u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 78,204	\$ -	\$ 146,906	\$ 225,110
Accrued wages and benefits payable . . . . .	422,300	-	18,662	440,962
Compensated absences payable . . . . .	76,914	-	-	76,914
Interfund loans payable . . . . .	-	-	26,626	26,626
Due to other funds . . . . .	1,484	-	-	1,484
Due to other governments . . . . .	973,843	-	2,789	976,632
Claims payable . . . . .	170,397	-	-	170,397
Deferred revenue . . . . .	906,951	-	385,162	1,292,113
Unearned revenue . . . . .	358,071	481,994	-	840,065
<b>Total liabilities . . . . .</b>	<u><u>2,988,164</u></u>	<u><u>481,994</u></u>	<u><u>580,145</u></u>	<u><u>4,050,303</u></u>
<b>Fund balances:</b>				
Nonspendable . . . . .	135,591	-	119,270	254,861
Restricted . . . . .	-	1,139,261	2,334,240	3,473,501
Committed . . . . .	1,095,606	-	3,570,804	4,666,410
Assigned . . . . .	320,258	-	2,220	322,478
Unassigned . . . . .	4,714,233	-	-	4,714,233
<b>Total fund balances . . . . .</b>	<u><u>6,265,688</u></u>	<u><u>1,139,261</u></u>	<u><u>6,026,534</u></u>	<u><u>13,431,483</u></u>
<b>Total liabilities and fund balances . . . . .</b>	<u><u>\$ 9,253,852</u></u>	<u><u>\$ 1,621,255</u></u>	<u><u>\$ 6,606,679</u></u>	<u><u>\$ 17,481,786</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2011**

<b>Total governmental fund balances</b>		<b>\$ 13,431,483</b>
 <i>Amounts reported for governmental activities on the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,887,582
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Income taxes receivable	\$ 303,034	
Property taxes receivable	73,697	
Accounts receivable	218,716	
Accrued interest receivable	6,637	
Special assessments receivable	172,686	
Intergovernmental receivable	<u>517,343</u>	
Total		1,292,113
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Accrued interest payable	(4,150)	
General obligation bonds payable	(1,255,000)	
OPWC loan	(161,376)	
Capital lease obligations payable	(28,695)	
Lease-purchase agreement payable	(58,196)	
Compensated absences payable	<u>(1,662,989)</u>	
Total		(3,170,406)
Unamortized deferred charges on refundings are not recognized in the funds.		33,879
Unamortized premiums on bond issuances are not recognized in the funds.		(4,385)
Unamortized bond issuance costs are not recognized in the funds.		<u>30,845</u>
<b>Net assets of governmental activities</b>		<b><u><u>\$ 35,501,111</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 21,034,376	\$ -	\$ -	\$ 21,034,376
Property and other taxes. . . . .	409,283	-	92,749	502,032
Payment in lieu of taxes . . . . .	-	408,308	-	408,308
Charges for services. . . . .	206,048	-	490,041	696,089
Licenses and permits . . . . .	444,285	-	371,934	816,219
Fines and forfeitures . . . . .	276,376	-	34,864	311,240
Intergovernmental. . . . .	1,769,239	-	2,919,434	4,688,673
Special assessments . . . . .	144,067	-	-	144,067
Investment income. . . . .	71,732	-	1,668	73,400
Rental income . . . . .	186,499	-	-	186,499
Contributions and donations. . . . .	2,000	-	-	2,000
Other . . . . .	360,148	-	-	360,148
<b>Total revenues . . . . .</b>	<u>24,904,053</u>	<u>408,308</u>	<u>3,910,690</u>	<u>29,223,051</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	5,887,520	33,609	167,909	6,089,038
Security of persons and property . . . . .	11,042,892	-	873,214	11,916,106
Public health and welfare. . . . .	110,096	-	6,758	116,854
Transportation . . . . .	581,390	-	968,631	1,550,021
Community environment . . . . .	2,791	-	16,439	19,230
Leisure time activity . . . . .	670,318	-	-	670,318
Utility services . . . . .	1,404,511	-	136,831	1,541,342
Capital outlay . . . . .	233,022	-	3,569,353	3,802,375
Debt service:				
Principal retirement. . . . .	7,434	-	216,119	223,553
Interest and fiscal charges . . . . .	2,622	-	62,070	64,692
<b>Total expenditures . . . . .</b>	<u>19,942,596</u>	<u>33,609</u>	<u>6,017,324</u>	<u>25,993,529</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>4,961,457</u>	<u>374,699</u>	<u>(2,106,634)</u>	<u>3,229,522</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	3,153,317	3,153,317
Transfers (out). . . . .	(3,153,317)	-	-	(3,153,317)
Loan proceeds . . . . .	-	-	63,152	63,152
<b>Total other financing sources (uses) . . . . .</b>	<u>(3,153,317)</u>	<u>-</u>	<u>3,216,469</u>	<u>63,152</u>
Net change in fund balances . . . . .	1,808,140	374,699	1,109,835	3,292,674
<b>Fund balances at beginning of year (restated) . . .</b>	<u>4,457,548</u>	<u>764,562</u>	<u>4,916,699</u>	<u>10,138,809</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 6,265,688</u>	<u>\$ 1,139,261</u>	<u>\$ 6,026,534</u>	<u>\$ 13,431,483</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WHITEHALL  
FRANKLIN COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Net change in fund balances - total governmental funds** \$ 3,292,674

*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$ 2,505,646	
Current year depreciation	(1,646,112)	
<b>Total</b>	<b>859,534</b>	<b>859,534</b>

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

(23,200)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes	(463,718)	
Property taxes	(10,222)	
Accounts	62,862	
Accrued interest	638	
Special assessments	(49,936)	
Intergovernmental	(72,270)	
<b>Total</b>	<b>(532,646)</b>	<b>(532,646)</b>

Repayment of bond, loan, capital lease, and lease purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Assets.

223,553

Proceeds of OPWC loans are recorded as revenue in the funds, however on the Statement of Activities, they are not reported as revenues as they increase the liabilities on the Statement of Net Assets.

(63,152)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Decrease in accrued interest payable	617	
Amortization of bond premium	741	
Amortization of deferred charges on refunding	(5,726)	
Amortization of bond issuance costs	(5,213)	
<b>Total</b>	<b>(9,581)</b>	<b>(9,581)</b>

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

206,784

**Change in net assets of governmental activities** \$ 3,953,966

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 18,329,825	\$ 20,277,214	\$ 20,730,958	\$ 453,744
Property and other taxes. . . . .	361,878	400,325	409,283	8,958
Charges for services. . . . .	132,654	146,747	150,031	3,284
Licenses and permits . . . . .	393,076	434,837	444,567	9,730
Fines and forfeitures . . . . .	247,108	273,361	279,478	6,117
Intergovernmental. . . . .	1,601,334	1,771,462	1,811,102	39,640
Special assessments . . . . .	127,381	140,914	144,067	3,153
Investment income. . . . .	55,852	61,785	63,168	1,383
Rental income . . . . .	164,898	182,417	186,499	4,082
Contributions and donations. . . . .	1,768	1,956	2,000	44
Other . . . . .	303,118	335,321	342,825	7,504
<b>Total revenues . . . . .</b>	<u>21,718,892</u>	<u>24,026,339</u>	<u>24,563,978</u>	<u>537,639</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	6,667,241	6,373,879	6,137,000	236,879
Security of persons and property . . . . .	11,735,080	11,878,236	10,793,630	1,084,606
Public health and welfare. . . . .	112,000	111,000	110,096	904
Transportation . . . . .	557,309	556,309	511,662	44,647
Community environment . . . . .	27,710	27,710	20,190	7,520
Leisure time activity . . . . .	881,492	877,602	715,746	161,856
Utility services . . . . .	838,523	1,546,193	1,514,524	31,669
Capital outlay . . . . .	205,369	191,007	284,000	(92,993)
<b>Total expenditures . . . . .</b>	<u>21,024,724</u>	<u>21,561,936</u>	<u>20,086,848</u>	<u>1,475,088</u>
Excess of revenues over expenditures. . . . .	<u>694,168</u>	<u>2,464,403</u>	<u>4,477,130</u>	<u>2,012,727</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	13,485	14,918	15,252	334
Advances in and not repaid . . . . .	114,025	126,139	128,962	2,823
Advances (out) and not repaid . . . . .	(50,000)	-	-	-
Transfers in . . . . .	273,014	302,020	308,778	6,758
Transfers (out). . . . .	(975,000)	(3,521,697)	(3,255,465)	266,232
<b>Total other financing sources (uses) . . . . .</b>	<u>(624,476)</u>	<u>(3,078,620)</u>	<u>(2,802,473)</u>	<u>276,147</u>
Net change in fund balances . . . . .	69,692	(614,217)	1,674,657	2,288,874
<b>Fund balance at beginning of year (restated) . . . . .</b>	2,834,427	2,834,427	2,834,427	-
<b>Prior year encumbrances appropriated . . . . .</b>	425,124	425,124	425,124	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,329,243</u>	<u>\$ 2,645,334</u>	<u>\$ 4,934,208</u>	<u>\$ 2,288,874</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WHITEHALL  
FRANKLIN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TIF FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 145,000	\$ 408,308	\$ 408,308	\$ -
Total revenues . . . . .	<u>145,000</u>	<u>408,308</u>	<u>408,308</u>	<u>-</u>
<b>Expenditures:</b>				
General government . . . . .	-	33,609	33,609	-
Total expenditures . . . . .	<u>-</u>	<u>33,609</u>	<u>33,609</u>	<u>-</u>
Net change in fund balances . . . . .	145,000	374,699	374,699	-
<b>Fund balances at beginning of year . . . . .</b>	<u>764,562</u>	<u>764,562</u>	<u>764,562</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 909,562</u>	<u>\$ 1,139,261</u>	<u>\$ 1,139,261</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WHITEHALL  
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2011

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 659,008
Total assets . . . . .	<u>\$ 659,008</u>
<b>Liabilities:</b>	
Due to other governments . . . . .	\$ 659,008
Total liabilities. . . . .	<u>\$ 659,008</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**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 financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities and governmental funds provided it does not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

**A. Reporting Entity**

For financial reporting purposes, the City's financial statements include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The City has no component units, but is a member of an insurance purchasing pool for workers' compensation which is described in Note 13 and a jointly governed organization (Mid-Ohio Regional Planning Commission) which is described in Note 18.

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.

**B. Basis of Presentation - Fund Accounting**

The City's financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements** - The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**B. Basis of Presentation - Fund Accounting (Continued)**

The Statement of Net Assets presents the financial condition of the governmental activities of the City at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental functions are self-financing or draw from the general revenues of the City.

**Fund Financial Statements** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**C. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are two categories of funds: governmental and fiduciary.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

TIF Fund - The TIF Fund accounts for the resources used for the construction and improvements of various road projects throughout the City.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

CITY OF WHITEHALL  
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

**C. Fund Accounting (Continued)**

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund. The City's agency fund includes activity for COBRA extended benefits, electrical inspector fees, inspection deposits, plumbing permits, acreage fees and Christmas tree lot bonds.

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

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

***Fund Financial Statements*** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Agency funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**E. Basis of Accounting (Continued)**

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes and payments in lieu of taxes is recognized in the year for which the taxes are levied (See Note 6 and Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. 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. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, charges for services and grants.

***Unearned Revenue and Deferred Revenue*** - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2011, are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

***Expenses/Expenditures*** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. 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.

**F. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. For all funds, Council appropriations are made at the fund, department and object level. This is known as the legal level of budgetary control.



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**F. Budgetary Data (Continued)**

***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 required to be reported.

***Estimated Resources*** - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate of estimated resources may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that estimates need to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final amended official certificate of estimated resources issued during 2011.

***Appropriations*** - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the legal level of budgetary control. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted.

***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. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

**G. Cash and Cash Equivalents**

Cash balances of the City's funds are pooled and invested in investments maturing within five years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "equity in pooled cash and investments".

During 2011, investments were limited to federal agency securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**G. Cash and Cash Equivalents (Continued)**

The City has invested funds in STAR Ohio during 2011. 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 shares price which is the price the investment could be sold for on December 31, 2011.

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 financial statements as "cash with fiscal and escrow agent".

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. During 2011, interest revenue credited to the General Fund amounted to \$71,732, which includes \$32,789 assigned from other City funds.

For purpose of presentation on the financial statements, 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 City's investment account at year end is provided in Note 4.

**H. Inventories of Materials and Supplies**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

**I. Capital Assets**

These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 for all capital assets. The City's infrastructure consists of streets and curbs, traffic signals/lights and water/sewer improvements. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**I. Capital Assets (Continued)**

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 - 50 years
Buildings and improvements	20 - 50 years
Equipment	5 - 30 years
Vehicles	3 - 10 years
Infrastructure	25 years

**J. Compensated Absences**

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

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation and compensatory benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation leave, compensatory time 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 applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

CITY OF WHITEHALL  
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

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

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims, bonds, capital leases and lease purchase agreements are recognized as a liability on the government-wide financial statements. Compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**L. Prepayments**

Payments made to vendors for services that will benefit beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

**M. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds". These amounts are eliminated in the governmental column of the Statement of Net Assets.

**N. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**O. Fund Balance (Continued)**

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Estimates**

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

**Q. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

**Q. Net Assets (Continued)**

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**R. Unamortized Issuance Costs/Bond Premium and Accounting Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Issuance costs are recorded as deferred charges on the Statement of Net Assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the Statement of Net Assets is presented in Note 12.

**S. Rental Income**

In 2011, the City renewed a lease agreement with Four Seasons Golf Center, LLC for the lease of a City-owned golf facility. The lease is a five year term and calls for regularly scheduled rent payments plus additional rent payments as defined by the agreement. The City recognized \$80,350 in receipts related to this lease in 2011. Activity related to this lease has been included as a component of "rental income" in the financial statements.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. During 2011, no such events took place for the City.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2011, the City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**A. Change in Accounting Principles (Continued)**

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the City.

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the City's governmental fund balances as previously reported:

	General	TIF	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	\$ 4,407,640	\$ 764,562	\$ 4,966,607	\$ 10,138,809
Fund reclassifications:				
Tax incentive program fund	(54,288)	-	54,288	-
Accrued benefits fund	81,685	-	(81,685)	-
Recreation trust fund	22,511	-	(22,511)	-
Total fund reclassifications	49,908	-	(49,908)	-
Restated fund balance at January 1, 2011	\$ 4,457,548	\$ 764,562	\$ 4,916,699	\$ 10,138,809

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the General Fund on a budgetary basis. The City has elected to report only the legally budgeted General Fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the General Fund's budgetary-basis fund balance at December 31, 2011 is as follows:

**Budgetary Basis**

	General Fund
Balance at December 31, 2010	\$ 3,793,545
Funds budgeted elsewhere	(959,118)
Restated balance at January 1, 2011	\$ 2,834,427

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City 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 the City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either 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 of 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

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 and 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;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above 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. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,



**CITY OF WHITEHALL  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits are 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 City Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies 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 City Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash with Fiscal and Escrow Agent**

At year-end, the City had \$120,880 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, 2011. This amount is not included in the City's depository balance below.

**B. Deposits with Financial Institutions**

At December 31, 2011, the carrying amount of all City deposits was \$10,361,305. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2011, \$10,191,463 of the City's bank balance of \$10,691,463 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of December 31, 2011, the City had the following investments and maturities:

Investment type	Fair Value	Investment Maturities					
		6 months or less	7 to 12 months	2 years	3 years	4 years	5 years
FHLB	\$ 500,135	\$ -	\$ -	\$ -	\$ 500,135	\$ -	\$ -
FHLMC	1,002,945	-	-	-	-	-	1,002,945
FNMA	2,000,050	-	-	-	-	499,070	1,500,980
STAR Ohio	112,367	112,367	-	-	-	-	-
Total	<u>\$ 3,615,497</u>	<u>\$ 112,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,135</u>	<u>\$ 499,070</u>	<u>\$ 2,503,925</u>

The weighted average maturity of investments is 3.78 years.

*Interest Rate Risk:* The City's investment policy states that the City will minimize interest rate risk by investing operating funds primarily in shorter-term securities and by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. With certain limitations, the City's investment policy states that the maximum maturity period for securities bearing interest at a fixed rate should be no greater than five years.

In addition, eligible investments bearing interest rates at a variable rate must have a maturity no greater than two years. The Ohio Revised Code requires repurchase agreements to not exceed 30 days and the market value of securities for repurchase agreements must exceed the principal value by an amount greater than or equal to two percent.

*Credit Risk:* The Federal Home Loan Mortgage Notes, Federal Home Loan Bank Bonds and Federal National Mortgage Association Bonds were rated AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy limits investments to those authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Auditor or qualified trustee.

*Concentration of Credit Risk:* The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments (Continued)**

The following table includes the percentage of each investment type held by the City at December 31, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 500,135	13.83
FHLMC	1,002,945	27.74
FNMA	2,000,050	55.32
STAR Ohio	<u>112,367</u>	<u>3.11</u>
Total	<u>\$ 3,615,497</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Assets as of December 31, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,361,305
Investments	3,615,497
Cash with fiscal and escrow agent	<u>120,880</u>
Total	<u>\$ 14,097,682</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 13,438,674
Agency funds	<u>659,008</u>
Total	<u>\$ 14,097,682</u>

**NOTE 5 - INTERFUNDS**

- A. Interfund transfers for the year ended December 31, 2011, consisted of the following, as reported in the fund financial statements:

	<u>Amount</u>
<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 3,153,317</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 5 - INTERFUNDS - (Continued)**

- B.** Due from/to other funds consisted of the following at December 31, 2011, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	<u>\$ 1,484</u>

The balance resulted from a time lag between the date in which payments between the funds are made. Amounts due to/from between governmental funds are eliminated on the Statement of Net Assets.

- C.** Interfund loans consisted of the following at December 31, 2011, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental fund	Nonmajor governmentnal fund	<u>\$ 26,626</u>

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Auditor collects property taxes on behalf of all taxing districts in the County, including the City of Whitehall. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion of the receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

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

The full tax rate for all City operations for the year ended December 31, 2011 was \$1.50 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 158,807,580
Commercial/industrial/mineral	103,912,320
<u>Public utility</u>	
Real	125,010
Personal	<u>9,769,600</u>
 Total assessed value	 <u>\$ 272,614,510</u>

**NOTE 7 - LOCAL INCOME TAX**

The City levies a municipal income tax of 2.5% 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 2011 was \$21,034,376 in the General Fund.

**NOTE 8 - TAX INCREMENT FINANCING DISTRICTS (TIF)**

The City, pursuant to the Ohio Revised Code and City ordinances, has established five TIFs. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as "payments in lieu of taxes (PILOT)", as though the TIF had not been established. These "PILOTS" are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOT revenue was \$408,308 in 2011 as reported in the fund financial statements. The TIFs have a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

CITY OF WHITEHALL  
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

**NOTE 9 - RECEIVABLES**

Receivables at December 31, 2011, consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services), accrued interest, special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2011.

A summary of the principal items of receivables reported on the Statement of Net Assets follows:

**Governmental activities:**

Income taxes	\$ 1,410,500
Property and other taxes	438,162
Payment in lieu of taxes	481,994
Accounts	377,262
Special assessments	172,686
Accrued interest	11,733
Due from other governments	<u>868,404</u>
Total	<u>\$ 3,760,741</u>

Receivables have been disaggregated on the face of the financial statements. The only receivable not expected to be collected within the subsequent year is the special assessments which are collected over the life of the assessment.

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**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011 was as follows:

<b><u>Governmental activities:</u></b>	Balance <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,936,482	\$ -	\$ -	\$ 1,936,482
Construction in progress	<u>231,989</u>	<u>-</u>	<u>(231,989)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,168,471</u>	<u>-</u>	<u>(231,989)</u>	<u>1,936,482</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	555,859	-	-	555,859
Buildings and improvements	8,959,329	-	-	8,959,329
Equipment	2,361,949	130,241	(162,946)	2,329,244
Vehicles	2,773,699	265,253	(186,054)	2,852,898
Infrastructure	<u>25,759,341</u>	<u>2,342,141</u>	<u>-</u>	<u>28,101,482</u>
Total capital assets, being depreciated	<u>40,410,177</u>	<u>2,737,635</u>	<u>(349,000)</u>	<u>42,798,812</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(336,651)	(7,693)	-	(344,344)
Buildings and improvements	(4,305,250)	(180,165)	-	(4,485,415)
Equipment	(1,544,258)	(145,135)	139,746	(1,549,647)
Vehicles	(1,860,753)	(330,052)	186,054	(2,004,751)
Infrastructure	<u>(11,480,488)</u>	<u>(983,067)</u>	<u>-</u>	<u>(12,463,555)</u>
Total accumulated depreciation	<u>(19,527,400)</u>	<u>(1,646,112)</u>	<u>325,800</u>	<u>(20,847,712)</u>
Total capital assets, being depreciated, net	<u>20,882,777</u>	<u>1,091,523</u>	<u>(23,200)</u>	<u>21,951,100</u>
Governmental activities capital assets, net	<u>\$ 23,051,248</u>	<u>\$ 1,091,523</u>	<u>\$ (255,189)</u>	<u>\$ 23,887,582</u>

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to functions/programs of the City as follows:

**Governmental activities:**

General government	\$ 58,064
Security of persons and property	407,030
Transportation	1,091,394
Community environment	584
Leisure time activity	<u>89,040</u>
Total depreciation expense - governmental activities	<u>\$ 1,646,112</u>

**NOTE 11 - LESSEE DISCLOSURE**

**A. Capital Leases**

During 2010, the City entered into capital lease agreements for the acquisition of 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 transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital assets consisting of equipment have been capitalized in the amount of \$41,328. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2011 was \$12,398, leaving a current book value of \$28,930. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments in the 2011 totaled \$7,434 and \$2,622, respectively, paid by the General Fund.

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the minimum lease payments as of December 31, 2011:

<u>Year Ending December 31,</u>	<u>Equipment</u>
2012	\$ 10,056
2013	10,056
2014	10,056
2015	<u>2,514</u>
Total minimum lease payments	32,682
Less: amount representing interest	<u>(3,987)</u>
Present value of future minimum lease payments	<u>\$ 28,695</u>



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 11 - LESSEE DISCLOSURE - (Continued)**

**B. Lease-Purchase Agreement**

During 2007, the City entered into a lease-purchase agreement for the acquisition of a street sweeper.

The terms of the lease-purchase agreement provide an option to purchase the vehicle. This lease meets the criteria of a lease-purchase as defined by Financial Accounting Standards Board (FASB) Statement No. 13 "Accounting for Leases" which defines a lease-purchase generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital assets consisting of a vehicle have been capitalized in the amount of \$158,156. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2011 was \$39,540, leaving a current book value of \$118,616. A corresponding liability was recorded in the government-wide financial statements. Principal and interest payments in 2011 totaled \$26,939 and \$4,470, respectively, which was paid by the Street Maintenance Fund and the Fleet Reserve and Maintenance Fund (nonmajor governmental funds).

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of December 31, 2011:

<u>Year Ending December 31,</u>	<u>Vehicle</u>
2012	\$ 31,409
2013	<u>31,409</u>
Total minimum lease payments	62,818
Less: amount representing interest	<u>(4,622)</u>
Present value of future minimum lease payments	<u>\$ 58,196</u>

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 12 - LONG -TERM OBLIGATIONS**

A. During 2011, the following activity occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Amounts Due in One Year
General obligation bond	\$ 1,440,000	\$ -	\$ (185,000)	\$ 1,255,000	\$ 195,000
OPWC loans	102,404	63,152	(4,180)	161,376	4,180
Capital lease obligations	36,129	-	(7,434)	28,695	8,051
Lease-purchase agreement	85,135	-	(26,939)	58,196	26,939
Compensated absences	<u>1,875,015</u>	<u>1,111,462</u>	<u>(1,246,574)</u>	<u>1,739,903</u>	<u>1,092,112</u>
 Total	 <u>\$ 3,538,683</u>	 <u>\$ 1,174,614</u>	 <u>\$ (1,470,127)</u>	 3,243,170	 <u>\$ 1,326,282</u>
				Add: unamortized premium on bond issue	4,385
				Less: unamortized deferred charges on refunding	<u>(33,879)</u>
				Total on Statement of Net Assets	<u>\$ 3,213,676</u>

Compensated absences are paid primarily from the General Fund and the Street Maintenance and Repair Fund (a nonmajor governmental fund).

On February 20, 2007, the City issued general obligation refunding bonds (2007 various purpose refunding bonds). These bonds are general obligations of the City, for which its full faith and credit is pledged for repayment. The bonds have an annual interest rate of 4.00% and are scheduled to mature on December 1, 2017. Principal and interest payments are made out of the Debt Service Fund (a nonmajor governmental fund).

The reacquisition price exceeded the net carrying amount of the old debt by \$61,763. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 12 - LONG -TERM OBLIGATIONS - (Continued)**

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

Year Ending December 31,	Principal	Interest	Total
2012	\$ 195,000	\$ 49,800	\$ 244,800
2013	205,000	42,000	247,000
2014	215,000	33,800	248,800
2015	225,000	25,200	250,200
2016	233,000	13,200	246,200
2017	182,000	-	182,000
Total	<u>\$ 1,255,000</u>	<u>\$ 164,000</u>	<u>\$1,419,000</u>

- C.** OPWC Loans - Ohio Public Works Commission (OPWC) Loans were issued during 2010 for the Mayflower Boulevard reconstruction and 2011 for the Country Club Village Roadway Improvements. The loans are interest free and principal payments are made from the Debt Service Fund.

The following is a summary of the City's future debt service principal and interest requirements for the OPWC loans. The OPWC loan for Country Club Village Roadway Improvements is currently "open" meaning that final disbursements have not been made from the OPWC; therefore, future debt services requirements have not been finalized and are not presented in the schedule of future debt services below:

Year Ending December 31,	Principal	Interest	Total
2012	\$ 4,180	\$ -	\$ 4,180
2013	4,180	-	4,180
2014	4,180	-	4,180
2015	4,180	-	4,180
2016	4,180	-	4,180
2017 - 2021	20,900	-	20,900
2022 - 2026	20,900	-	20,900
2027 - 2031	20,898	-	20,898
2032 - 2035	14,626	-	14,626
Total	<u>\$ 98,224</u>	<u>\$ -</u>	<u>\$ 98,224</u>

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 12 - LONG -TERM OBLIGATIONS - (Continued)**

**D. Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2011, the City's total debt margin was \$27,369,524 and the unvoted debt margin was \$14,993,798.

**NOTE 13 - 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 2011, the City was insured through Acordia 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	\$11,986,217	\$ 5,000
General liability		
Per occurrence	1,000,000	0
Aggregate	3,000,000	0
Vehicles		
Comprehensive/Collision	1,000,000	1,000
Inland Marine	357,000	500
Law enforcement	1,000,000	10,000
Public management	1,000,000	10,000
Employment practices	1,000,000	10,000

**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 \$70,000 per person per year, to a group claims maximum of \$2,045,464 for 2011. 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  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**B. Health Insurance (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 catastrophic losses. That reserve was \$958,518 at December 31, 2011 and is reported as a committed fund balance in the General Fund. The claims liability reported in the General Fund at December 31, 2011 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by 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 years ended December 31, 2011 and 2010 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>
2011	\$ 153,835	\$ 2,111,874	\$ (2,095,312)	\$ 170,397
2010	230,546	1,885,107	(1,961,818)	153,835

The entire claims liability of \$170,397 will be liquidated using expendable available resources and, therefore, is reported as a liability of the general fund.

**C. Workers' Compensation**

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City raised coverage on general liability aggregate by \$1,000,000 and reduced coverage on employment practices by \$1,000,000. Claims have not exceeded coverage limitations in any of the past three years.

**NOTE 14 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 14 - PENSION PLANS - (Continued)**

**A. Ohio Public Employees Retirement System (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.00% for members. The City's contribution rate for 2011 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$398,940, \$535,476, and \$420,567, respectively; 88.28% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$140 made by the City and \$100 made by the plan members.

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

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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 the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. 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 the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2011, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$499,712 and \$571,286 for the year ended December 31, 2011, \$636,506 and \$687,854 for the year ended December 31, 2010, and \$616,959 and \$658,483, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 23.46% has been contributed for police and 50.62% has been contributed for firefighters for 2011.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$159,576, \$305,272, and \$300,876, respectively; 88.28% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

**A. Ohio Public Employees Retirement System (Continued)**

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

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

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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 the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).



**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

**B. Ohio Police and Fire Pension Fund (Continued)**

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$264,554 and \$223,547 for the year ended December 31, 2011, \$336,974 and \$269,160 for the year ended December 31, 2010, and \$326,625 and \$257,667, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 23.46% has been contributed for police and 50.62% has been contributed for firefighters for 2011.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures and Changes in Fund Balance - budget and actual (non-GAAP budgetary basis) presented for the General Fund and TIF Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis), rather than cost (budget basis); and,
- (f) Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	<u>General Fund</u>	<u>TIF</u>
Budget basis	\$ 1,674,657	\$ 374,699
Net adjustment for revenue accruals	338,897	-
Net adjustment for expenditure accruals	(339,410)	-
Net adjustment for other sources/uses	(350,844)	-
Funds budgeted elsewhere	87,803	-
Adjustment for encumbrances	<u>397,037</u>	<u>-</u>
GAAP basis	<u>\$ 1,808,140</u>	<u>\$ 374,699</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Unclaimed Monies Fund, Self Funded Insurance Trust Fund, Tax Incentive Program Fund, Accrued Benefits Fund and Recreation Trust Fund.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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, 2011.

**B. Litigation**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the law director the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 18 – JOINTLY GOVERNED ORGANIZATION**

The City is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 42 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Know, Morrow, Union, Madison, Licking, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members.

**NOTE 19 - OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 397,037
Other governmental	<u>1,276,282</u>
	<u>\$ 1,673,319</u>

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE 20 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Materials and supplies inventory	\$ 35,599	\$ -	\$ 119,270	\$ 154,869
Prepays	99,392	-	-	99,392
Unclaimed monies	600	-	-	600
<b>Total nonspendable</b>	<b>135,591</b>	<b>-</b>	<b>119,270</b>	<b>254,861</b>
<b>Restricted:</b>				
Judicial operations	-	-	399,424	399,424
Security programs	-	-	668,973	668,973
Public health service programs	-	-	1,606	1,606
Community development programs	-	-	590,135	590,135
Economic development	-	-	304,055	304,055
Street maintenance	-	1,139,261	271,537	1,410,798
Capital projects	-	-	98,510	98,510
<b>Total restricted</b>	<b>-</b>	<b>1,139,261</b>	<b>2,334,240</b>	<b>3,473,501</b>
<b>Committed:</b>				
Utility services	10,549	-	-	10,549
Fire department	4,194	-	659,146	663,340
General government	122,345	-	-	122,345
Insurance contingency	958,518	-	-	958,518
Capital projects	-	-	2,911,658	2,911,658
<b>Total committed</b>	<b>1,095,606</b>	<b>-</b>	<b>3,570,804</b>	<b>4,666,410</b>
<b>Assigned:</b>				
General government	89,605	-	-	89,605
Security programs	79,109	-	-	79,109
Transportation	41	-	-	41
Community development programs	24,639	-	-	24,639
Leisure time activities	23,598	-	-	23,598
Utility services	67,934	-	-	67,934
Capital outlay	35,332	-	-	35,332
Debt service	-	-	2,220	2,220
<b>Total assigned</b>	<b>320,258</b>	<b>-</b>	<b>2,220</b>	<b>322,478</b>
<b>Unassigned</b>	<b>4,714,233</b>	<b>-</b>	<b>-</b>	<b>4,714,233</b>
<b>Total fund balances</b>	<b>\$ 6,265,688</b>	<b>\$ 1,139,261</b>	<b>\$ 6,026,534</b>	<b>\$ 13,431,483</b>

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Grant or Identifying Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
ARRA - Highway Planning and Construction	PID 86487	20.205	\$ 742,900
<b>Total U.S. Department of Transportation</b>			<b><u>742,900</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Franklin County Office of Homeland Security and Justice Programs</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program - Grants to Local Units of Government	2010	16.804	1,357
Edward Byrne Memorial Justice Assistance Grant Program	2010	16.738	19,533
<b>Total U.S. Department of Justice</b>			<b><u>20,890</u></b>
<b><u>U.S. Department of Homeland Security</u></b>			
Assistance to Firefighters Grant	Direct	97.044	254,848
<b>Total U.S. Department of Homeland Security</b>			<b><u>254,848</u></b>
<b>Totals</b>			<b><u>\$ 1,018,638</u></b>

*The accompanying notes are an integral part of this schedule.*

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditure Schedule (the Schedule) reports the City of Whitehall (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

City of Whitehall  
Franklin County  
360 S. Yearling Road  
Whitehall, Ohio 43213

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Whitehall, Franklin County, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2012, wherein we noted the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### Compliance and Other Matters

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

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 27, 2012.

We intend this report solely for the information and use of management, the audit committee, City Council, federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

June 27, 2012





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of Whitehall  
Franklin County  
360 S. Yearling Road  
Whitehall, Ohio 43213

To the City Council:

### Compliance

We have audited the compliance of the City of Whitehall, Franklin County, Ohio (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Whitehall's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to opine on the City's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with these requirements.

In our opinion, the City of Whitehall complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 27, 2012.

We intend this report solely for the information and use of the audit committee, management, City Council, others within the City, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

June 27, 2012

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	ARRA - Highway Planning and Construction, CFDA #20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**CITY OF WHITEHALL  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Assistance to Firefighters – 2 CFR 215.28: Period of Availability	Yes	
2010-002	Assistance to Firefighters – 44 CFR 152.7 and 34 CFR 80.20 (b)(7): Cash Management	No	Not Corrected; re-issued in Management Letter
2010-003	Assistance to Firefighters – Agreement Articles: Reporting	Yes	



# Dave Yost • Auditor of State

CITY OF WHITEHALL

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 24, 2012