

**CITY OF  
WHITEHALL**

***GENERAL PURPOSE  
FINANCIAL STATEMENTS  
(Audited)***

**FOR THE YEAR ENDED  
DECEMBER 31, 1999**

**TRIMBLE, JULIAN & GRUBE, INC.**

**TJG**

**CITY OF  
WHITEHALL**

***GENERAL PURPOSE  
FINANCIAL STATEMENTS  
(Audited)***

**FOR THE YEAR ENDED  
DECEMBER 31, 1999**

**PAUL BURNSIDE, CITY AUDITOR**

# CITY OF WHITEHALL

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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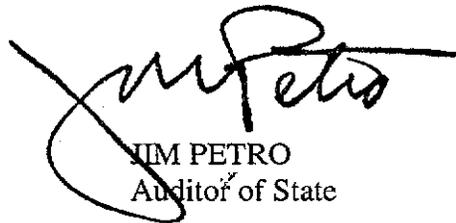
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City Council  
City of Whitehall  
360 South Yearling Road  
Whitehall, Ohio 43213

We have reviewed the independent auditor's report of the City of Whitehall, Franklin County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO  
Auditor of State

June 26, 2000

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the City of Whitehall as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Whitehall's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Whitehall, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 18, 2000 on our consideration of the City of Whitehall's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Trimble, Julian & Grube, Inc.  
April 18, 2000

**CITY OF WHITEHALL, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General	Long-Term	General	
						Fixed Assets	Obligations		
<b>ASSETS AND OTHER DEBITS</b>									
<b>ASSETS:</b>									
Equity in pooled cash and cash equivalents . . . . .	\$1,107,778	\$919,152	\$5,922	\$2,867,300	\$1,176,762				\$6,076,914
Investments . . . . .	3,401,903				31,638				3,401,903
Cash with fiscal and escrow agents . . . . .									31,638
Receivables (net of allowances for uncollectibles):									
Income taxes . . . . .	966,619								966,619
Real and other taxes . . . . .	422,570	5,580							428,150
Accounts . . . . .	33,186								33,186
Special assessments . . . . .	1,161								1,161
Accrued interest . . . . .	18,781								18,781
Due from other funds . . . . .	17,962	2,565							20,527
Due from other governments . . . . .	164,589	54,412							219,001
Prepayments . . . . .	65,908								65,908
Materials and supplies inventory . . . . .	46,817	52,631							99,448
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .						\$14,110,490			14,110,490
<b>OTHER DEBITS:</b>									
Amount available in debt service fund . . . . .								\$5,922	5,922
Amount to be provided for retirement of general long-term obligations . . . . .								5,664,044	5,664,044
<b>Total assets and other debits . . . . .</b>	<b>\$6,247,274</b>	<b>\$1,034,340</b>	<b>\$5,922</b>	<b>\$2,867,300</b>	<b>\$1,208,400</b>	<b>\$14,110,490</b>	<b>\$5,669,966</b>	<b>\$5,669,966</b>	<b>\$31,143,692</b>

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

**CITY OF WHITEHALL, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General		
							Long-Term Obligations		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>									
<b>LIABILITIES:</b>									
Accounts payable . . . . .	\$415,354	\$24,216		\$370,958	\$5,852				\$810,528
Posted bond deposits . . . . .									5,852
Accrued wages and benefits . . . . .	219,591	20,877							240,468
Compensated absences payable . . . . .	81,693	4,590					\$755,269		841,552
Deferred revenue . . . . .	453,453								453,453
Due to other funds . . . . .					20,527				20,527
Due to other governments . . . . .	954,693			4,623	5,259				964,575
Claims and judgements payable . . . . .	60,065								60,065
Deposits held and due to others . . . . .					210,406				210,406
Incurred but not reported claims . . . . .								82,356	82,356
General obligation bonds payable . . . . .								4,470,000	4,470,000
General obligation note payable . . . . .								130,000	130,000
Capital lease obligation . . . . .								232,341	232,341
<b>Total liabilities . . . . .</b>	<b>2,184,849</b>	<b>54,306</b>		<b>370,958</b>	<b>242,044</b>			<b>5,669,966</b>	<b>8,522,123</b>
<b>EQUITY AND OTHER CREDITS:</b>									
Investment in general fixed assets . . . . .						\$14,110,490			14,110,490
Fund balances:									
Reserved for encumbrances . . . . .	849,806	52,661		1,421,268					2,323,735
Reserved for materials and supplies inventory . . . . .	46,817	52,631							99,448
Reserved for prepayments . . . . .	65,908								65,908
Reserved for insurance contingency . . . . .					957,798				957,798
Reserved for debt service . . . . .			\$5,922	1,075,074					5,922
Unreserved-undesignated . . . . .	3,099,894	874,742			8,558				5,058,268
<b>Total equity and other credits . . . . .</b>	<b>4,062,425</b>	<b>980,034</b>	<b>5,922</b>	<b>2,496,342</b>	<b>966,356</b>	<b>14,110,490</b>			<b>22,621,569</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$6,247,274</b>	<b>\$1,034,340</b>	<b>\$5,922</b>	<b>\$2,867,300</b>	<b>\$1,208,400</b>	<b>\$14,110,490</b>		<b>\$5,669,966</b>	<b>\$31,143,692</b>

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

**CITY OF WHITEHALL, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Income taxes . . . . .	\$11,068,350					\$11,068,350
Property and other taxes . . . . .	405,177	\$127,324				532,501
Charges for services . . . . .	13,619					13,619
Licenses, permits and fees . . . . .	288,846					288,846
Fines and forfeitures . . . . .	210,873	58,353				269,226
Intergovernmental . . . . .	1,545,638	531,875		\$418,843		2,496,356
Investment income . . . . .	392,114	1,850		111,175	\$480	505,619
Rental income . . . . .	140,127					140,127
Other . . . . .	31,863					31,863
<b>Total revenues . . . . .</b>	<b>14,096,607</b>	<b>719,402</b>		<b>530,018</b>	<b>480</b>	<b>15,346,507</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government . . . . .	3,710,927					3,710,927
Security of persons and property . . . . .	6,928,520	117,626				7,046,146
Public health and welfare . . . . .	76,498					76,498
Transportation . . . . .	437,401	833,137				1,270,538
Community environment . . . . .	82,862	107,805				190,667
Leisure time activity . . . . .	660,038					660,038
Utility services . . . . .	986,723					986,723
Capital outlay . . . . .	689,501	76,239		2,345,945		3,111,685
<b>Debt service:</b>						
Principal retirement . . . . .	51,659		\$205,000			256,659
Interest and fiscal charges . . . . .	12,721		215,342			228,063
<b>Total expenditures . . . . .</b>	<b>13,636,850</b>	<b>1,134,807</b>	<b>420,342</b>	<b>2,345,945</b>		<b>17,537,944</b>
<b>Excess of revenues over/(under) expenditures . . . . .</b>	<b>459,757</b>	<b>(415,405)</b>	<b>(420,342)</b>	<b>(1,815,927)</b>	<b>480</b>	<b>(2,191,437)</b>
<b>Other financing sources (uses):</b>						
Proceeds from general obligation note . . . . .	130,000					130,000
Operating transfers in . . . . .		300,000	445,000	330,000	122,118	1,197,118
Operating transfers out . . . . .	(1,197,118)					(1,197,118)
Other financing sources . . . . .	186,746					186,746
<b>Total other financing sources (uses) . . . . .</b>	<b>(880,372)</b>	<b>300,000</b>	<b>445,000</b>	<b>330,000</b>	<b>122,118</b>	<b>316,746</b>
<b>Excess of revenues and other financing sources over/(under) expenditures and other uses . . . . .</b>	<b>(420,615)</b>	<b>(115,405)</b>	<b>24,658</b>	<b>(1,485,927)</b>	<b>122,598</b>	<b>(1,874,691)</b>
<b>Fund balances (deficit), January 1 . . . . .</b>	<b>4,478,093</b>	<b>1,047,444</b>	<b>(18,736)</b>	<b>3,982,269</b>	<b>843,758</b>	<b>10,332,828</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>4,947</b>	<b>47,995</b>				<b>52,942</b>
<b>Fund balances, December 31 . . . . .</b>	<b>\$4,062,425</b>	<b>\$980,034</b>	<b>\$5,922</b>	<b>\$2,496,342</b>	<b>\$966,356</b>	<b>\$8,511,079</b>

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

CITY OF WHITEHALL, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	General				Special Revenue				Debt Service				Capital Projects				Total (Memorandum Only)	
	Revised Budget	Actual	Variances: Favorable (Unfavorable)		Revised Budget	Actual	Variances: Favorable (Unfavorable)		Revised Budget	Actual	Variances: Favorable (Unfavorable)		Revised Budget	Actual	Variances: Favorable (Unfavorable)			
<b>Revenues:</b>																		
Income taxes	\$11,009,941	\$11,681,147	\$671,206		\$73,500	\$129,355	\$55,855							\$1,009,941	\$1,681,147	\$671,206		
Property and other taxes	380,910	404,132	23,222											454,410	533,487	79,077		
Charges for services	12,858	13,619	763											12,836	13,619	783		
Licenses, permits and fees	272,905	289,542	16,637											272,905	289,542	16,637		
Fines and forfeitures	201,161	213,425	12,264		68,943	58,479	(10,464)							270,104	271,904	1,800		
Intergovernmental	1,783,388	1,894,232	108,844		1,064,385	537,600	(526,985)							2,850,475	2,850,475	(386,386)		
Investment income	384,926	408,392	23,466		2,490	(640)								894,194	521,417	(372,777)		
Rental income	132,075	140,127	8,052											132,075	140,127	8,052		
Other	29,752	31,566	1,814											29,752	31,566	1,814		
<b>Total revenues</b>	<b>14,209,894</b>	<b>15,076,182</b>	<b>866,288</b>		<b>1,209,318</b>	<b>727,084</b>	<b>(482,234)</b>							<b>16,313,072</b>	<b>16,333,384</b>	<b>20,212</b>		
<b>Expenditures:</b>																		
Current:																		
General government	3,742,228	3,401,763	340,465		268,636	129,659	138,977							3,742,228	3,401,763	340,465		
Security of persons and property	7,615,029	7,124,018	491,411											7,381,065	7,253,677	630,388		
Public health and welfare	80,000	76,498	3,502											80,000	76,498	3,502		
Transportation	444,643	411,866	32,777		972,206	909,154	63,052							1,416,849	1,321,020	95,829		
Community environment	112,800	101,348	11,452		391,591	115,110	276,481							584,391	216,658	287,933		
Union time activity	800,185	707,514	92,671											800,185	707,514	92,671		
Utility services	1,662,664	951,423	711,241		159,460	143,072	16,388							1,082,654	951,423	111,231		
Capital outlay	2,466,872	1,675,554	791,318											5,095,042	4,226,826	868,216		
Debt service:																		
Principal retirement					\$205,000	\$205,000	\$0							205,000	205,000	0		
Interest and fiscal charges					240,000	235,788	4,212							240,000	235,788	4,212		
<b>Total expenditures</b>	<b>16,324,811</b>	<b>14,449,984</b>	<b>1,874,827</b>		<b>1,791,893</b>	<b>1,286,995</b>	<b>494,898</b>							<b>23,656,746</b>	<b>20,414,593</b>	<b>3,242,153</b>		
Excess of revenues over (under) expenditures	(2,114,917)	626,198	2,741,115		(582,575)	(569,911)	12,664							(7,343,674)	(4,081,209)	3,262,465		
Other financing sources (uses):																		
Proceeds from general obligation note	0	130,000	130,000											0	130,000	130,000		
Operating transfers in	(1,203,118)	(1,203,118)	0		395,337	300,000	(95,337)							1,099,598	1,075,000	(24,598)		
Operating transfers out	132,783	140,878	8,095											(1,203,118)	(1,203,118)	0		
Other financing sources	(1,070,335)	(933,240)	138,095		395,337	300,000	(95,337)							132,783	140,878	8,095		
<b>Total other financing sources (uses)</b>														<b>29,263</b>	<b>142,160</b>	<b>113,497</b>		
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(3,185,252)	(306,042)	2,879,210		(187,238)	(269,911)	(82,673)							(7,314,411)	(3,938,549)	3,375,862		
Fund balances, January 1	2,691,598	2,691,598	0		829,611	829,611	0							668,850	668,850	0		
Prior year encumbrances appropriated	1,108,602	1,108,602	0		235,595	235,595	0							3,773,152	3,773,152	0		
<b>Fund balances, December 31</b>	<b>\$614,948</b>	<b>\$3,494,158</b>	<b>\$2,879,210</b>		<b>\$877,968</b>	<b>\$795,295</b>	<b>(\$82,673)</b>							<b>\$1,994,707</b>	<b>\$5,370,669</b>	<b>\$3,375,862</b>		

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

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

#### NOTE 1 - DESCRIPTION OF THE CITY

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Reporting Entity

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

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

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

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

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

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

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

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

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

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

*GOVERNMENTAL FUNDS*

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

*General Fund*

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City and the laws of the State of Ohio.

*Special Revenue Funds*

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

*Debt Service Fund*

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

*Capital Projects Funds*

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

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

*FIDUCIARY FUNDS*

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

*Trust and Agency Funds*

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

*ACCOUNT GROUPS*

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

*General Fixed Assets Account Group*

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

*General Long-Term Obligations Accounts Group*

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

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

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

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

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

Revenues considered susceptible to accrual at year-end include: income taxes withheld by employers, interest on investments, estate taxes, and intergovernmental revenues (including motor vehicle license fees, gasoline tax, local government assistance, and fines and forfeitures). Other revenues including: licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue if they are deemed to be both measurable and available. Property taxes measurable as of December 31, 1999 and delinquent property taxes, whose availability is indeterminate and which are not intended to finance current year activities, have been recorded as deferred revenue.

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

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

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

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

#### **D. Budgets and Budgetary Accounting**

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

##### *TAX BUDGET*

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

##### *ESTIMATED RESOURCES*

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

On or about January 1, the Certificate is amended to include any unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts set forth as "revised budget" revenues and other financing sources in the combined statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types represent estimates from the final amended official Certificate issued during 1999.

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

*APPROPRIATIONS*

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

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

*BUDGETED LEVEL OF EXPENDITURE*

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For the General fund, Council appropriations are made by department to personal services, travel and education, contractual services, supplies and materials, and capital outlay. All other funds are approved at the fund level the appropriations set by Council must remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within Council's appropriated amount.

*LAPSING OF APPROPRIATIONS*

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

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

*ENCUMBRANCES*

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

**E. Cash and Investments**

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

During fiscal year 1999, investments were limited to U.S. Treasury Notes, Federal Agency Securities, nonnegotiable certificates of deposit, and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio).

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

The City has invested funds in STAR Ohio during fiscal 1999. 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 combine. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999.

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The following funds were credited with more interest revenue than would have been received based upon their share of the City's cash fund balances during 1999:

	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Cash Fund Balance</u>	<u>Interest Assigned by Other Funds</u>
<u>General</u>	\$392,114	\$212,241	\$179,873
<u>Capital Projects Fund:</u>			
Fire Station Construction	111,175	103,901	7,274
<u>Expendable Trust Fund:</u>			
Recreation Trust	480	425	55

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

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

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

**F. Materials and Supplies Inventory**

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

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

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

##### G. Prepayments

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

##### H. Fixed Assets and Depreciation

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

##### I. Interfund Transactions

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

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

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

CITY OF WHITEHALL, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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

**J. Compensated Absences**

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

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

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

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

Sick leave is earned at the rate of five hours for every eighty hours worked. Those employees who do not use any sick leave in a calendar year receive a maximum of three days additional pay. Upon death, retirement, or layoff from active service, an employee receives payment for one sixth of the first 480 hours of accumulated unused sick leave to his credit, and payment for one fourth of those hours in excess of 480. At December 31, 1999, the current portion (reported as a fund liability) was \$86,283 and the liability reported in the general long-term obligation account group was \$755,269.

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

**K. Intergovernmental Revenues**

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

**L. Fund Equity**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, debt service, insurance contingency and materials and supplies inventory. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**M. Estimates**

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

**N. Long-Term Obligations**

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

**O. Memorandum Only - Total Columns**

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

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Agency Funds**

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

Liabilities

Due to other governments	\$ 7,735
Accounts payable	\$10,836

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

Moneys held by the City are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the City treasury. Active moneys 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.

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

Moneys held by the City which are not considered active are classified as inactive. Inactive moneys 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

*Deposits:* At year end, the carrying amount of the City's deposits (which includes cash with fiscal escrow agents) was \$2,548,226 and the bank balance was \$2,722,649. These amounts include \$70,684 held in a money market account and \$1,596,102 in nonnegotiable certificates of deposits which the City considers "deposits" due to their nature and the fact that they may be redeemed without penalty. Of the bank balance:

1. \$244,920 was covered by federal depository insurance; and
2. \$2,477,729 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

*Investments:* The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Federal Agency Securities	\$1,608,488	\$1,608,488
U.S. Treasury Notes	197,313	197,313
	<b>\$1,805,801</b>	
Investment in Star Ohio		<b>5,156,428</b>
Total Investments		<b>\$6,962,229</b>

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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

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

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

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 6,108,552	\$ 3,401,903
Investments of the Cash Management Pool:		
Investment in STAR Ohio	(5,156,428)	5,156,428
Certificates of Deposit	<u>1,596,102</u>	<u>(1,596,102)</u>
GASB Statement No. 3	<u>\$ 2,548,226</u>	<u>\$ 6,962,229</u>

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

**NOTE 5 - INTERFUND TRANSACTIONS**

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 17,962	\$ ---
<u>Special Revenue Funds</u>		
OMVI Enforcement and Education	2,355	---
Mayor's Court Computer	210	---
<u>Agency Fund</u>		
Mayor's Court	---	<u>(20,527)</u>
Total	<u>\$ 20,527</u>	<u>\$ (20,527)</u>

B. The following is a summarized breakdown of the City's operating transfers for 1999:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$(1,197,118)
<u>Special Revenue Fund:</u>		
Street Maintenance and Repair	300,000	---
Debt Service Fund	445,000	---
<u>Capital Projects Funds:</u>		
Fire Department New Equipment	30,000	---
Community Development Trust	300,000	---
<u>Expendable Trust Fund:</u>		
Self-Funded Health Insurance	<u>122,118</u>	<u>---</u>
Total	<u>\$1,197,118</u>	<u>\$(1,197,118)</u>

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

#### NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Real property taxes and public utility taxes are levied after October 1 on the assessed value as of the prior January 1, the tax lien date. Assessed values are established by state law at 35 percent of appraised market value, as established by the County Auditor. All real property is required to be revalued every six years. The last revaluation was completed in 1994. Real property taxes are payable annually or semiannually. The first payment for 1999 was due January 1, with the remainder payable June 20.

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

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. The full rate for all City operations for the year ended December 31, 1999, was \$1.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property located in the City, upon which taxes for 1999 were collected, are as follows:

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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

<u>Category</u>	<u>Assessed Value</u>
Residential	\$130,233,580
Commercial	87,160,860
Industrial	<u>7,393,460</u>
Total real estate	<u>224,787,900</u>
Public utility - real	38,290
Public utility - personal	<u>15,415,340</u>
Total public utility	<u>15,453,630</u>
Tangible personal property	<u>42,473,478</u>
Grand total	<u>\$282,715,008</u>

Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, they are not "available" for current period expenses, since they are not intended to finance 1999 operations. A receivable for property taxes of \$420,075 at December 31, 1999 is offset by a credit to deferred revenue.

**NOTE 7 - INCOME TAXES**

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

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

**NOTE 7 - INCOME TAXES - (Continued)**

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax revenue was reported as revenue in the general fund to the extent that it was measurable and available to finance current operations at December 31. Income tax revenue for 1999 was \$11,068,350.

**NOTE 8 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at December 31, 1999, consisted of taxes and intergovernmental receivables arising from State levied, shared revenues. Intergovernmental receivables are reported on the combined balance sheet as "Due from other governments".

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

<u>Fund Type/Fund</u>	<u>Amounts</u>
<b><u>General Fund:</u></b>	
Estate tax	\$ 53,743
Local government state support	<u>110,846</u>
Total general fund	<u>164,589</u>
<b><u>Special Revenue Funds:</u></b>	
<i>Street Maintenance Fund</i>	
Gasoline tax	38,230
Motor vehicle license tax	13,178
<i>State Highway Improvement Fund</i>	
Gasoline tax	1,935
Motor vehicle license tax	<u>1,069</u>
Total special revenue funds	<u>54,412</u>
Grand total	<u>\$219,001</u>

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 9 - FIXED ASSETS**

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

	<u>Balance at</u> <u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/99</u>
Land	\$ 1,610,015	\$ 14,740	\$ ---	\$ 1,624,755
Buildings	5,437,571	---	---	5,437,571
Furniture, fixtures and equipment	2,598,521	510,490	(197,066)	2,911,945
Vehicles	1,813,291	384,838	(39,525)	2,158,604
Construction in progress	<u>473,443</u>	<u>1,504,172</u>	<u>---</u>	<u>1,977,615</u>
Totals	<u>\$11,932,841</u>	<u>\$2,414,240</u>	<u>\$(236,591)</u>	<u>\$14,110,490</u>

The construction in progress represents costs incurred and paid by December 31 for the construction of the new fire house. The project is estimated to cost \$2,800,000 and be completed by June 1, 2000.

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

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

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

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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

The following is an analysis of equipment leased under a capital lease as of December 31, 1999:

	General Fixed Assets
Equipment	\$284,000
Carrying value	\$284,000

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 1999:

General Long-Term Obligations

<u>Year Ending December 31</u>	<u>Equipment</u>
2000	\$ 64,380
2001	64,380
2002	64,380
2003	<u>64,380</u>
Total minimum lease payments	257,520
Less: amount representing interest	<u>(25,179)</u>
Present value of future minimum lease payment	<u>\$232,341</u>

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

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. Long-term obligations of the City as of December 31, 1999 are as follows:

	<u>Balance</u> <u>12/31/98</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/99</u>
Compensated absences	\$ 919,749	\$ ---	\$(164,480)	\$ 755,269
Incurred but not reported claims	74,597	7,759	---	82,356
General obligation bonds payable	4,675,000	---	(205,000)	4,470,000
General obligation note payable	0	130,000	---	130,000
Capital lease obligation	<u>284,000</u>	<u>---</u>	<u>(51,659)</u>	<u>232,341</u>
<b>Total</b>	<b><u>\$5,953,346</u></b>	<b><u>\$137,759</u></b>	<b><u>\$(421,139)</u></b>	<b><u>\$5,669,966</u></b>

B. On July 11, 1995, the City issued a general obligation bond for \$2,005,000 in order to fund waterline replacements. This bond is scheduled to mature on December 1, 2010. This bond is a liability of the general long-term obligations account group. Principal and interest payments are made out of the debt service fund. The following is a description of the general obligation bond payable as of December 31, 1999:

<u>Interest</u> <u>Rates</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Bond</u> <u>Outstanding</u> <u>12/31/98</u>	<u>Retired</u> <u>in 1999</u>	<u>Bond</u> <u>Outstanding</u> <u>12/31/99</u>
Variable 3.9% - 5.65% (Average = 5.278%)	07/11/95	12/01/2010	<u>\$ 1,705,000</u>	<u>\$(100,000)</u>	<u>\$1,605,000</u>

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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

C. On September 24, 1997, the City issued a general obligation bond for \$3,065,000 for the construction of a fire house and a senior citizen center. The bond is scheduled to mature December 1, 2017. This bond is a liability of the general long-term obligations account group. Principal and interest payments are made out of the debt service fund. The following is a description of the general obligation bond payable as of December 31, 1999.

<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bond Outstanding 12/31/98</u>	<u>Retired in 1999</u>	<u>Bond Outstanding 12/31/99</u>
5.179%	09/24/97	12/01/2017	<u>\$2,970,000</u>	<u>\$(105,000)</u>	<u>\$2,865,000</u>

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

<u>Year Ending December 31</u>	<u>Principal on Bonds</u>	<u>Interest on Bonds</u>	<u>Total</u>
2000	\$ 215,000	\$ 227,172	\$ 442,172
2001	230,000	217,922	447,922
2002	240,000	207,792	447,792
2003	250,000	196,982	446,982
2004	260,000	185,472	445,472
2005 - 2009	1,505,000	719,671	2,224,671
2010 - 2014	1,095,000	339,554	1,434,554
2015 - 2017	<u>675,000</u>	<u>73,980</u>	<u>748,980</u>
Total	<u>\$4,470,000</u>	<u>\$2,168,545</u>	<u>\$6,638,545</u>

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

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the City was insured through the BOA/General Insurance Agency for all property, general liability, auto, public official liability, errors and omissions and law enforcement liability. Real property contents are 90% coinsured. The City has transferred its risk of loss to the insurance carrier to the extent of the limits shown below.

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

**B. Health Insurance**

During a prior period, the City established a Risk Management program (within its general fund) to account for and finance its uninsured risks of loss. Under this program, the City provides coverage for up to a maximum of \$50,000 per person per year, to a group claims maximum of \$826,439 for 1999. The City purchases commercial insurance for claims in excess of coverage provided by the Plan and for all other risks of loss.

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

All funds of the City participate in the program. Payments are based on actuarial estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophe losses. That reserve was \$957,798 at December 31, 1999 and is reported as a reservation of the self-insurance trust fund balance. The claims liability of reported in the general fund and general long-term obligations account group at December 31, 1999 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Financing Omnibus," which requires that a liability for claims be reported at the estimated ultimate cost of settling the claims if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The changes in claims liability during the fiscal years ended December 31, 1999 and 1998 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>
1999	\$106,897	\$640,289	\$(604,765)	\$142,421
1998	\$108,306	\$631,064	\$(632,473)	\$106,897

Of the claims liability, \$60,065 will be liquidated using expendable available resources and, therefore, is reported as a liability of the general fund. The remaining claims liability of \$82,356 is reported in the general long-term obligations account group and is shown as "incurred but not reported claims" on the combined balance sheet.

**C. Workers' Compensation**

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

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

#### **NOTE 12 - RISK MANAGEMENT - (Continued)**

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The employer contribution rate for employees other than law enforcement was 13.55 percent of covered payroll; 9.35 percent was the portion used to fund pension obligations for 1999. The employer contribution rate for law enforcement employees was 16.7 percent of covered payroll; 12.5 percent was the portion used to fund pension obligations for 1999. The City's contributions for pension obligations to the PERS for the years ended December 31, 1999, 1998, and 1997 were \$490,550, \$451,380, and \$430,780, respectively; 77 percent has been contributed for 1999 and 100 percent for 1998 and 1997. \$112,827, representing the unpaid contribution for 1999, is recorded as a liability within the general fund.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

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

##### B. Police and Fireman's Disability Pension Fund

Full-time uniformed employees of the City participate in the Police and Fireman's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple employer defined benefit pension plan. The PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Ohio State Legislature and are codified by Ohio Revised Code Chapter 742. The PFDPF 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 Police and Fireman's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while the City is required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions for pension obligations to the PFDPF for the years ended December 31, 1999, 1998, and 1997 were \$1,277,487, \$1,174,174, and \$1,053,498, respectively; 54 percent has been contributed for 1999 and 100 percent for the years 1998 and 1997. \$587,644, representing the unpaid contributions for 1999, is recorded as a liability within the general fund.

#### NOTE 14 - POSTEMPLOYMENT BENEFITS

##### A. Public Employees Retirement System

Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local employers was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care. The law enforcement employer rate for 1999 was 16.7% of covered payroll; 4.2% was the portion used to fund health care.

**CITY OF WHITEHALL, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The City's contribution actually made to fund postemployment benefits was \$152,052.

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

Expenditures for OPEB during 1999 were \$523.599 million. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9.870 billion. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 1999, Comprehensive Annual Financial Report.

## CITY OF WHITEHALL, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

#### NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

##### **B. Police and Fireman's Disability Pension Fund**

The PFDPF provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the PFDPF shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.5 percent and 7.0 percent of covered payroll in 1998 and 1999, respectively. The allocation rate will be 7.25 percent in 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998 (the latest information available), is 11,424 for police officers and 9,186 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$212,915 and \$172,993, respectively. The PFDPF's total health care expenses for the year ending December 31, 1998 (the latest information available), was \$78.597 million which was net of member contributions of \$5.332 million.

#### NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

**CITY OF WHITEHALL, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	\$ (306,042)	\$(269,911)	\$ 4,212	\$(3,366,808)
Adjustments:				
Net adjustment for revenue accruals	(979,575)	(7,682)	---	---
Net adjustment for expenditure accruals	(208,993)	38,331	20,446	88,775
Net adjustment for other financing sources/ (uses) accruals	51,868	---	---	---
Encumbrances	<u>1,022,127</u>	<u>123,857</u>	<u>---</u>	<u>1,792,106</u>
GAAP basis	<u>\$ (420,615)</u>	<u>\$(115,405)</u>	<u>\$24,658</u>	<u>\$(1,485,927)</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The City receives financial assistance from various federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires the compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 1999.

**B. Litigation**

There are no claims or lawsuits pending against the City that would have a material effect on the GPFS.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the general purpose financial statements of the City of Whitehall as of and for the year ended December 31, 1999, and have issued our report thereon dated April 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

Members of Council and Mayor  
City of Whitehall  
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Whitehall's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Whitehall in a separate letter dated April 18, 2000.

This report is intended for the information of the Council and management of the City of Whitehall and is not intended to be and should not be used by anyone other than these specified parties.

*Trimble, Julian & Grube, Inc.*

Trimble, Julian & Grube, Inc.  
April 18, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF WHITEHALL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JULY 18, 2000