



**Auditor of State
Betty Montgomery**

VILLAGE OF WHITEHOUSE
LUCAS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Whitehouse
Lucas County
6555 Providence Street
P.O. Box 2476
Whitehouse, Ohio 43571-0476

To the Village Council:

We have audited the accompanying financial statements of the Village of Whitehouse, Lucas County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Whitehouse
Lucas County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 26, 2003

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Property Tax and Other Local Taxes	\$231,603				\$1,254,458	\$1,486,061
Special Assessments			\$107,196			107,196
Intergovernmental Receipts	369,573	\$750,654		\$339,017	22,911	1,482,155
Charges for Services	67,343	675				68,018
Fines, Licenses, and Permits	56,233	51				56,284
Earnings on Investments	65,876	7,835				73,711
Miscellaneous	53,001	2,379	20,931	204,269	197,946	478,526
Total Cash Receipts	843,629	761,594	128,127	543,286	1,475,315	3,751,951
Cash Disbursements:						
Current:						
Security of Persons and Property	753,099	683,736				1,436,835
Public Health Services	11,589					11,589
Leisure Time Activities	28,089			50,399		78,488
Community Environment	25,407					25,407
Basic Utility Services	143,643			44,865		188,508
Transportation		83,303		49,886		133,189
General Government	408,764			262,025	75,376	746,165
Debt Service:						
Principal Payments		16,363	391,047			407,410
Interest Payments			13,650			13,650
Capital Outlay	45,917	21,931		944,349	25	1,012,222
Total Cash Disbursements	1,416,508	805,333	404,697	1,351,524	75,401	4,053,463
Total Receipts Over/ (Under) Disbursements	(572,879)	(43,739)	(276,570)	(808,238)	1,399,914	(301,512)
Other Financing Receipts and (Disbursements):						
Sale of Bonds or Notes			313,828	2,200,000		2,513,828
Transfers-In	627,538	52,000		469,305	337,039	1,485,882
Transfers-Out	(53,890)			(347,039)	(1,153,467)	(1,554,396)
Total Other Financing Receipts and (Disbursements)	573,648	52,000	313,828	2,322,266	(816,428)	2,445,314
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements						
	769	8,261	37,258	1,514,028	583,486	2,143,802
Fund Cash Balances, January 1	67,658	511,713	17,607	1,459,036	873,638	2,929,652
Fund Cash Balances, December 31	\$68,427	\$519,974	\$54,865	\$2,973,064	\$1,457,124	\$5,073,454
Reserves for Encumbrances, December 31	\$50,653	\$1,807		\$1,708,831	\$1,288	\$1,762,579

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$629,914	\$1,439	\$631,353
Total Operating Cash Receipts	<u>629,914</u>	<u>1,439</u>	<u>631,353</u>
Operating Cash Disbursements:			
Personal Services	210,901		210,901
Travel Transportation	171		171
Contractual Services	171,896		171,896
Supplies and Materials	30,414		30,414
Capital Outlay	82,705		82,705
Total Operating Cash Disbursements	<u>496,087</u>		<u>496,087</u>
Operating Income	<u>133,827</u>	<u>1,439</u>	<u>135,266</u>
Non-Operating Cash Disbursements:			
Debt Service	94,877		94,877
Other Non-Operating Cash Disbursements	174	1,322	1,496
Total Non-Operating Cash Disbursements	<u>95,051</u>	<u>1,322</u>	<u>96,373</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	38,776	117	38,893
Transfers-In	68,810		68,810
Transfers-Out		(296)	(296)
Net Receipts Over/(Under) Disbursements	107,586	(179)	107,407
Fund Cash Balances, January 1	<u>495,197</u>	<u>222</u>	<u>495,419</u>
Fund Cash Balances, December 31	<u>\$602,783</u>	<u>\$43</u>	<u>\$602,826</u>
Reserve for Encumbrances, December 31	<u>\$3,527</u>		<u>\$3,527</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Expendable Trust</u>
Cash Receipts:						
Property Tax and Other Local Taxes	\$228,228				\$1,186,511	\$1,414,739
Special Assessments			\$48,670			48,670
Intergovernmental Receipts	387,720	\$749,138		\$505,159		1,642,017
Charges for Services	87,373	875				88,248
Fines, Licenses, and Permits	59,960					59,960
Earnings on Investments	123,862	17,941				141,803
Miscellaneous	49,540	10,832		11,410	41,175	112,957
Total Cash Receipts	936,683	778,786	48,670	516,569	1,227,686	3,508,394
Cash Disbursements:						
Current:						
Security of Persons and Property	672,212	666,526				1,338,738
Public Health Services	12,122					12,122
Leisure Time Activities	23,996			54,644		78,640
Community Environment	37,413					37,413
Basic Utility Services	132,253			84,250		216,503
Transportation		106,850		142,747		249,597
General Government	398,424			24,794	70,174	493,392
Debt Service:						
Principal Payments		11,440	178,189			189,629
Interest Payments			16,780			16,780
Capital Outlay	66,546	8,020		783,906	99,351	957,823
Total Cash Disbursements	1,342,966	792,836	194,969	1,090,341	169,525	3,590,637
Total Receipts Over/ (Under) Disbursements	(406,283)	(14,050)	(146,299)	(573,772)	1,058,161	(82,243)
Other Financing Receipts and (Disbursements):						
Sale of Bonds or Notes			43,304			43,304
Transfers-In	528,305	71,000	100,000	698,740	6,786	1,404,831
Transfers-Out	(116,000)			(6,786)	(1,350,855)	(1,473,641)
Total Other Financing Receipts and (Disbursements)	412,305	71,000	143,304	691,954	(1,344,069)	(25,506)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,022	56,950	(2,995)	118,182	(285,908)	(107,749)
Fund Cash Balances, January 1	61,636	454,763	20,602	1,340,854	1,159,546	3,037,401
Fund Cash Balances, December 31	\$67,658	\$511,713	\$17,607	\$1,459,036	\$873,638	\$2,929,652
Reserves for Encumbrances, December 31	\$55,473	\$6,122		\$336,326	\$1,114	\$399,035

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$464,628	\$1,146	\$465,774
Total Operating Cash Receipts	464,628	1,146	465,774
Operating Cash Disbursements:			
Personal Services	196,525		196,525
Travel Transportation	208		208
Contractual Services	159,304		159,304
Supplies and Materials	32,078		32,078
Capital Outlay	51,182		51,182
Total Operating Cash Disbursements	439,297		439,297
Operating Income	25,331	1,146	26,477
Non-Operating Cash Disbursements:			
Debt Service	94,877		94,877
Other Non-Operating Cash Disbursements	222	1,072	1,294
Total Non-Operating Cash Disbursements	95,099	1,072	96,171
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(69,768)	74	(69,694)
Transfers-In	68,810		68,810
Net Receipts Over/(Under) Disbursements	(958)	74	(884)
Fund Cash Balances, January 1	496,155	148	496,303
Fund Cash Balances, December 31	<u>\$495,197</u>	<u>\$222</u>	<u>\$495,419</u>
Reserve for Encumbrances, December 31	<u>\$21,240</u>		<u>\$21,240</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Whitehouse, Lucas County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets.

The investment in STAR Ohio is recorded at share values reported by the State Treasurer. The Village's investments in its own Special Assessment bonds and overnight repurchase agreements are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Life Squad Fund -This fund receives contract revenue from Lucas County, for life squad services provided by the Village.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Bond Retirement Special Assessment Fund – This fund receives tax assessments from property owners for the retirement of sewer improvement bonds.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Street Capital Project Fund - This fund receives state financial assistance for constructing, maintaining and repairing Village Streets.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Local Income Tax Expendable Trust Fund – This fund receives local income tax for general fund operations and capital projects.

E. Budgetary Process

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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$164,186	(\$108,357)
Total deposits	164,186	(108,357)
STAR Ohio	5,227,577	3,091,007
Repurchase agreement		243,000
Special Assessments Bonds	284,517	199,421
Total investments	5,512,094	3,533,428
Total deposits and investments	\$5,676,280	\$3,425,071

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Village's Special Assessment Bonds are held by the Village in its name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,650,000	\$1,471,167	(\$178,833)
Special Revenue	949,050	813,594	(135,456)
Debt Service	441,500	441,955	455
Capital Projects	3,945,415	3,212,591	(732,824)
Enterprise	543,810	698,724	154,914
Fiduciary	1,676,750	1,813,793	137,043
Total	\$9,206,525	\$8,451,824	(\$754,701)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,698,723	\$1,521,051	\$177,672
Special Revenue	1,458,378	807,140	651,238
Debt Service	458,600	404,697	53,903
Capital Projects	5,284,483	3,407,394	1,877,089
Enterprise	940,050	591,138	348,912
Fiduciary	2,089,634	1,230,452	859,182
Total	\$11,929,868	\$7,961,872	\$3,967,996

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,650,000	\$1,464,988	(\$185,012)
Special Revenue	876,300	849,786	(26,514)
Debt Service	303,000	191,974	(111,026)
Capital Projects	2,233,300	1,215,309	(1,017,991)
Enterprise	516,310	533,438	17,128
Fiduciary	1,401,250	1,235,618	(165,632)
Total	\$6,980,160	\$5,491,113	(\$1,489,047)

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,733,731	\$1,514,439	\$219,292
Special Revenue	1,199,597	798,958	400,639
Debt Service	304,100	194,969	109,131
Capital Projects	3,466,579	1,433,453	2,033,126
Enterprise	708,614	555,636	152,978
Fiduciary	2,205,317	1,522,566	682,751
Total	\$9,617,938	\$6,020,021	\$3,597,917

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$497,116	4.56%
General Obligation Bonds	2,200,000	4.75 to 5.0%
Special Assessment Bonds	284,517	3.5 to 7.0%
Ohio Public Works Commission Loans	117,505	
Maumee River Wastewater Treatment Plant	233,534	
Total	\$3,332,672	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer utility construction projects. The OWDA has approved up to \$715,478 in loans to the Village for these projects. The loans will be repaid in semiannual installments of \$34,404, including interest, over 25 years. The scheduled payment amount below assumes that \$715,478 will be borrowed. The scheduled payments will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village's Income Tax has been pledged to repay OWDA debt service requirements.

Outstanding General Obligation Bonds relate to bonds issued for the construction and equipping of a new municipal building.

Ohio Public Works Commission loans are for the Industrial Parkway facilities and a water main replacement project payable from the sewer fee assessments.

Outstanding Special Assessment Bonds consist of sewer improvement issues which are payable from the proceeds of tax assessments against individual property owners. The Village invested in its own bonds.

The Village has entered into an agreement with Lucas County to pay for a portion of the usage capacity of the Maumee River Wastewater Treatment Plant. Payments are to be made from the proceeds of tax assessments against individual property owners.

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

		General Obligation Bonds	Special Assessment Bonds	OPWC Loan	Maumee River Wastewater Treatment Plant
Year ending December 31:	OWDA Loan				
2003	\$36,352	\$165,188	\$33,447	\$15,321	\$16,714
2004	68,809	157,050	30,729	30,641	16,714
2005	68,809	154,550	29,814	30,641	16,714
2006	68,809	157,050	28,900	26,470	16,714
2007	68,809	154,300	26,492	22,300	16,714
2008 – 2012	344,044	781,000	118,820	64,887	83,571
2013 – 2017	137,619	785,250	85,374		83,571
2018 – 2022		774,000	49,012		83,571
2023 – 2027		779,750			83,571
Total	\$793,251	\$3,908,138	\$402,588	\$190,260	\$443,561

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.

The Village also provides health insurance and dental and vision coverage to full time employees through a private carrier.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Whitehouse
Lucas County
6555 Providence Street
P.O. Box 2476
Whitehouse, Ohio 43571-0476

To the Village Council:

We have audited the accompanying financial statements of the Village of Whitehouse, Lucas County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated June 26, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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.

Village of Whitehouse
Lucas County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 26, 2003



**Auditor of State
Betty Montgomery**

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VILLAGE OF WHITEHOUSE

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 12, 2003**