



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF WHITEHOUSE  
LUCAS COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Whitehouse  
Lucas County  
P.O. Box 2476  
6925 Providence Street  
Whitehouse, Ohio 43571-2476

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Whitehouse, Lucas County, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 for 2020 and Note 1 for 2019 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2 for 2020 and Note 1 for 2019.

***Emphasis of Matters***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

As discussed in Note 16 to the financial statements, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 8, 2021

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**Village of Whitehouse**  
*Lucas County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$391,596	\$25,015			\$416,611
Municipal Income Tax	2,307,205			\$988,802	3,296,007
Intergovernmental	298,172	804,547			1,102,719
Special Assessments			\$27,850		27,850
Charges for Services	449,282	804,972			1,254,254
Fines, Licenses and Permits	117,090				117,090
Earnings on Investments	52,228	32			52,260
Miscellaneous	198,193	36,126		35,311	269,630
<i>Total Cash Receipts</i>	<u>3,813,766</u>	<u>1,670,692</u>	<u>27,850</u>	<u>1,024,113</u>	<u>6,536,421</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	2,216,629	1,063,903			3,280,532
Public Health Services	21,210				21,210
Leisure Time Activities	97,898				97,898
Community Environment	165,655				165,655
Basic Utility Services	253,975				253,975
Transportation		190,943			190,943
General Government	466,488	422,802	8,627	180,168	1,078,085
Capital Outlay				458,795	458,795
Debt Service:					
Principal Retirement		26,937	235,192		262,129
Interest and Fiscal Charges			74,010		74,010
<i>Total Cash Disbursements</i>	<u>3,221,855</u>	<u>1,704,585</u>	<u>317,829</u>	<u>638,963</u>	<u>5,883,232</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>591,911</u>	<u>(33,893)</u>	<u>(289,979)</u>	<u>385,150</u>	<u>653,189</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds				4,152	4,152
Sale of Capital Assets				37,025	37,025
Transfers In	25,116	375,000	290,460	451,653	1,142,229
Transfers Out	(393,635)			(503,594)	(897,229)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(368,519)</u>	<u>375,000</u>	<u>290,460</u>	<u>(10,764)</u>	<u>286,177</u>
<i>Net Change in Fund Cash Balances</i>	223,392	341,107	481	374,386	939,366
<i>Fund Cash Balances, January 1</i>	<u>927,212</u>	<u>389,635</u>	<u>50,481</u>	<u>766,267</u>	<u>2,133,595</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,150,604</u>	<u>\$730,742</u>	<u>\$50,962</u>	<u>\$1,140,653</u>	<u>\$3,072,961</u>

*See accompanying notes to the basic financial statements*

**Village of Whitehouse**  
*Lucas County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,422,521
Miscellaneous	33,541
	2,456,062
<b>Operating Cash Disbursements</b>	
Personal Services	506,772
Employee Fringe Benefits	147,594
Contractual Services	1,207,358
Supplies and Materials	54,676
Other	1,281
	1,917,681
<i>Total Operating Cash Disbursements</i>	<i>1,917,681</i>
<i>Operating Income</i>	<i>538,381</i>
<b>Non-Operating Disbursements</b>	
Capital Outlay	(105,417)
Principal Retirement	(105,816)
Interest and Other Fiscal Charges	(52,426)
	(263,659)
<i>Total Non-Operating Disbursements</i>	<i>(263,659)</i>
<i>Income before Transfers</i>	<i>274,722</i>
Transfers In	8,936
Transfers Out	(253,936)
	29,722
<i>Net Change in Fund Cash Balances</i>	<i>29,722</i>
<i>Fund Cash Balances, January 1</i>	<i>2,729,261</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,758,983</i>

*See accompanying notes to the basic financial statements*

**Village of Whitehouse**  
*Lucas County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2020*

	Fiduciary Fund Type
	Other Custodial
<b>Additions</b>	
Property and Other Local Taxes Collected for Distribution	\$2,259,276
<b>Deductions</b>	
Distributions as Fiscal Agent	2,243,428
<i>Net Change in Fund Balances</i>	15,848
<i>Fund Cash Balances, January 1</i>	1,076,974
<i>Fund Cash Balances, December 31</i>	\$1,092,822

*See accompanying notes to the basic financial statements*

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

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

***Joint Ventures***

The Village participates in a joint venture with Monclova Township, Spencer Township, and Waterville Township. Also, the Village participates in a joint venture for Fallen Timbers Union Cemetery District with the City of Waterville and Waterville Township. Note 12 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable. Note 12 to the financial statements describes these assets.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**General Obligation Bond Fund** This fund receives Income Tax Fund proceeds to repay debt incurred for the construction and equipping of a new municipal building.

**Note Retirement Fund** This fund receives transfers from the Income Tax A Fund to repay debt incurred for the construction of the State Route 64/Finzel Road Roundabout.

**Fire Debt Retirement Fund** This fund receives transfers from the Income Tax A Fund to repay debt incurred for the lease of a new fire truck.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

**Income Tax A Fund** This fund receives local income tax revenue for capital projects.

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

**Water Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for income tax receipts collected by the Village and the related distributions for the Monclova Township-Village of Whitehouse JEDD and the Spencer Township-Village of Whitehouse JEDZ.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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 approve estimated resources.

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,622,504	\$3,838,882	\$216,378
Special Revenue	1,896,400	2,045,692	149,292
Debt Service	399,918	318,310	(81,608)
Capital Projects	3,760,000	1,516,943	(2,243,057)
Enterprise	2,323,296	2,464,998	141,702
<b>Total</b>	<b>\$12,002,118</b>	<b>\$10,184,825</b>	<b>(\$1,817,293)</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,040,596	\$3,627,044	\$413,552
Special Revenue	1,880,817	1,708,618	172,199
Debt Service	323,153	317,829	5,324
Capital Projects	1,715,948	1,294,713	421,235
Enterprise	2,786,857	2,435,276	351,581
<b>Total</b>	<b>\$10,747,371</b>	<b>\$9,383,480</b>	<b>\$1,363,891</b>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$3,642,144
U.S. Treasury Notes	2,539,641
STAR Ohio	701,905
Special Assessment Bonds	41,076
Total investments	3,282,622
Total Deposits and Investments	\$6,924,766

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

The Village also has accounts held outside of the deposit pool for retainage related to construction contracts and for monies held in accordance with debt agreements.



**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

A financial institution's trust department holds the Village's equity securities in book-entry form in the Village's name.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

***Income Taxes***

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.

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 6 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2013 General Obligation Bonds, Series	\$870,000	1.00%
Ohio Water Development Authority Loan, #5533	175,188	2.75%
Ohio Public Works Commission Loan #CT45N	234,584	0.00%
Ohio Public Works Commission Loan #CL06V	93,525	0.00%
Ohio Public Works Commission Loan #CT56P	17,624	0.00%
Ohio Public Works Commission Loan #CT23Q	24,386	0.00%
Ohio Public Works Commission Loan #CL17T	89,550	0.00%
Ohio Public Works Commission Loan #CL26V	80,965	0.00%
PNC Equipment Financing	621,777	2.94%
State Infrastructure Bank	763,048	3.00%
Republic First National Corp.	54,372	4.04%
Special Assessment Bond, North, West/Maumee	5,188	3.00%
Special Assessment Bond, S. Berkey-South Sewer	4,570	3.75%
Special Assessment Bond, S. Berkey-South Water	5,622	3.75%
Special Assessment Bond, South, Merritt, Gillett	5,657	3.00%
Special Assessment Bond, Swanton St. Recon	928	6.00%
Special Assessment Bond, Waterville St Recon	19,113	3.75%
Total	<u>\$3,066,097</u>	

The 2013 General Obligation Bonds relate to the refinancing of bonds originally issued in 2002 for the construction and equipping of a new municipal building. The refinanced bonds were issued for \$1,720,000 at a variable rate not to exceed 3.00 percent interest, payable semiannually over 15 years.

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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The Ohio Water Development Authority (OWDA) loan #5533 relates to a sewer utility construction project on Dutch Road. OWDA approved a \$273,544 loan to the Village for this project. The loan will be repaid in semiannual installments over 20 years, including interest of 2.75 percent. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan #CL06V relates to the Rupp Road and Technology Drive project. OPWC loaned the Village \$110,030. The Village will repay the loan in semiannual installments of \$11,003 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT45N relates to the Downtown Water and Storm Sewer project. OPWC loaned the Village \$390,974. The Village will repay the loan in semiannual installments of \$9,774 over 20 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT56P relates to the Texas Street Phase I reconstruction project. OPWC loaned money to the Village and Whitehouse's principal portion of the loan was \$44,059. The Village will repay the loan in semiannual installments of \$2,203 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT23Q relates to the resurfacing of parts of Texas Street, Weckerly Drive, and Cable Avenue. OPWC loaned money to the Village and Whitehouse's principal portion of the loan was \$54,191. The Village will repay the loan in semiannual installments of \$2,710 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL17T relates to the Regional Pump Station Improvements. OPWC loaned money to the Village and Whitehouse's principal portion of the loan was \$99,500. The Village will repay the loan in semiannual installments of \$2,486 over 20 years.

The Ohio Public Works Commission (OPWC) loan #CL26V relates to the Weckerly Road resurfacing. OPWC loaned money to the Village and Whitehouse's principal portion of the loan was \$85,226. The Village will repay the loan in semiannual installments of \$4,261.

The Fire Truck Lease/Purchase agreement was entered into on September 2, 2016, with PNC Equipment Finance. This leased a fire engine for the Village. The total lease amount was \$776,052, due in semiannual installments of \$32,166 for 15 years.

The State Infrastructure Bank (SIB) loan #150006 relates to the roundabout at Finzel Road and State Route 64 and the land around it. SIB loaned the Village \$1,386,910 for this project. The Village will repay the loan in semiannual installments of \$32,642 over 20 years including interest of three percent

The Republic First National Corporation lease was entered into on March 8, 2018 for fire turnout gear. The total lease was for \$110,871 payable in monthly installments of \$2,048 for five years.

The North, West/Maumee Streets Special Assessment Bonds were originally issued for \$51,881. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,297, including interest of 3.00 percent over 20 years. The Village purchased these bonds as an investment.

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

The S. Berkey-Southern Sewer Extension Special Assessment Bonds were originally issued for \$15,232. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$381, including interest of 3.75 percent over 20 years. The Village purchased these bonds as an investment.

The S. Berkey-Southern Water Extension Special Assessment Bonds were originally issued for \$18,739. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$468, including interest of 3.75 percent over 20 years. The Village purchased these bonds as an investment.

The South, Merritt, Gillett Street Special Assessment Bonds were originally issued for \$56,566. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,414, including interest of 3.00 percent over 20 years. The Village purchased these bonds as an investment.

The Swanton Street Reconstruction Special Assessment Bonds were originally issued for \$18,559. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$464, including interest of 6.00 percent over 20 years. The Village purchased these bonds as an investment.

The Waterville Street Reconstruction Special Assessment Bonds were originally issued for \$63,710. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,593, including interest of 3.75 percent over 20 years. The Village purchased these bonds as an investment.

***Amortization***

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

Year Ending December 31:	General				
	Obligation Bonds	OWDA Loan #5533	OPWC Loan #CL26V	OPWC Loan #CL06V	OPWC Loan #CT45N
2021	\$134,073	\$17,873	\$8,523	\$11,003	\$19,549
2022	141,378	17,873	8,523	11,003	19,549
2023	138,438	17,873	8,523	11,003	19,549
2024	140,138	17,873	8,523	11,003	19,549
2025	136,700	17,873	8,523	11,003	19,549
2026-2030	277,000	89,365	38,350	38,510	97,743
2031-2035		26,810			39,096
Total	<u>\$967,727</u>	<u>\$178,730</u>	<u>\$80,965</u>	<u>\$93,525</u>	<u>\$234,584</u>

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

Year Ending December 31:	OPWC Loan #CT56P	OPWC Loan #CT23Q	OPWC Loan #CL17T	PNC Equipment Finance	State Infrastructure Bank
2021	\$4,406	\$5,419	\$4,976	\$64,331	\$65,285
2022	4,406	5,419	4,976	64,331	65,285
2023	4,406	5,419	4,976	64,331	65,285
2024	4,406	5,419	4,976	64,331	65,285
2025		2,710	4,976	64,331	65,285
2026-2030			24,880	321,655	326,423
2031-2035			24,880	64,331	293,780
2036-2040			14,910		
Total	<u>\$17,624</u>	<u>\$24,386</u>	<u>\$89,550</u>	<u>\$707,641</u>	<u>\$946,628</u>

Year Ending December 31:	Republic First National Corp	North/West, Maumee Street	Southern Sewer Extension	Southern Water Extension	South, Merritt, Gillett Street
2021	\$24,572	\$2,711	\$919	\$1,130	\$2,955
2022	24,572	2,633	890	1,095	2,871
2023	8,191		862	1,060	
2024			833	1,025	
2025			805	990	
2026-2030			776	1,218	
Total	<u>\$57,335</u>	<u>\$5,344</u>	<u>\$5,085</u>	<u>\$6,518</u>	<u>\$5,826</u>

Year Ending December 31:	Swanton Street	Waterville Street
2021	\$956	\$3,842
2022		3,723
2023		3,603
2024		3,484
2025		3,364
2026-2030		3,245
Total	<u>\$956</u>	<u>\$21,261</u>

**Note 10 – Construction and Contractual Commitments**

**Maumee Wastewater Treatment Plant**

In 2003, the plant was expanded. The Village is to pay 8.00 percent of the improvement costs of the plant to Lucas County over a period of 25 years. As of December 31, 2020, the Village owed Lucas County approximately \$573,692 (OWDA #3956). In addition, a 20 year loan was taken out with Ohio Public Works Commission. As of December 31, 2020, the Village owed approximately \$31,594 (OPWC Loan #CL02F).

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

In 2010, the plant was expanded again. The Village is to pay a portion of the treatment plant's construction costs based on the quarterly consumption rates. The loan balance as of December 31, 2020 was \$459,230. Based on an average between quarterly consumption rates for 2020, the Village paid Lucas County approximately \$1,720 (OWDA #5113). Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

In 2010-2011, further upgrades were made to the wastewater treatment plant. Various debt issues began amortizing in 2012. Once again, the Village is to pay a portion of the treatment plant's construction costs based on their quarterly consumption rate.

The loan balance as of December 31, 2020 was \$65,157. Based on an average between quarterly consumption rates for 2020, the Village paid Lucas County approximately \$4,235 (OPWC #CL27M). Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

In 2015, capacity improvements were made. The Village is to pay a portion of the construction costs based on quarterly consumption rates. The Village paid approximately \$215 (OPWC #CL21Q). Since the amount owed by the Village is based on consumption, there is no amortization schedule available.

In 2019, more improvements were made. The Village is to pay 5.30 percent of the improvement costs of the plant to Lucas County over a period of 20 years. As of December 31, 2020, the Village owed Lucas County approximately \$587,801 (OWDA #7799).

The annual requirements to amortize the fixed commitments are as follows:

Year ending December 31:	OWDA Loan #3956	OPWC Loan #CL02F	OWDA Loan #7799
2021	\$76,076	\$7,777	\$41,238
2022	76,076	7,777	41,238
2023	76,076	7,777	41,238
2024	76,076		41,238
2025	76,076		41,238
2026-2030	228,275		206,190
2031-2035			206,190
2036-2040			103,095
Total	\$608,655	\$23,331	\$721,665

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 12 – Joint Ventures**

The Village of Whitehouse entered into two separate joint economic development districts (JEDD) agreements and one Joint Economic Development Zone (JEDZ) agreement. One of the JEDD agreements is the Monclova Township and another JEDD agreement is with Waterville Township. The JEDZ agreement is with Spencer Township. Each of the JEDDs and the JEDZ is wholly situated within their respective township. The purpose of these agreements is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD/JEDZ.

**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$11,554	\$4,033	\$152,156	\$167,743

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 16 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.



**Village of Whitehouse**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting beginning Fund Cash Balances of \$1,076,974. Also related to the implementation of GASB Statement No. 84, the Village will no longer be reporting agency funds. At December 31, 2019, agency funds reported fund cash balance of \$1,076,974.

**Note 17 – Miscellaneous Revenue**

Capital Project Funds miscellaneous revenue is primarily comprised of donations, rent payments, and Ohio BWC refunds.

**Note 18 – Compliance**

Contrary to Ohio Law, the Village recorded income tax receipts in the wrong fund.

**Village of Whitehouse**  
*Lucas County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$373,693	\$23,756		\$190,739	\$588,188
Municipal Income Tax	2,136,717			915,737	3,052,454
Intergovernmental	385,656	260,050		216,633	862,339
Special Assessments			\$20,762		20,762
Charges for Services	469,636	805,447			1,275,083
Fines, Licenses and Permits	126,900				126,900
Earnings on Investments	73,288	30			73,318
Miscellaneous	93,796	46,079		120,227	260,102
<i>Total Cash Receipts</i>	<u>3,659,686</u>	<u>1,135,362</u>	<u>20,762</u>	<u>1,443,336</u>	<u>6,259,146</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	2,244,943	973,834			3,218,777
Public Health Services	21,144				21,144
Leisure Time Activities	106,936				106,936
Community Environment	150,188				150,188
Basic Utility Services	260,854				260,854
Transportation		236,177			236,177
General Government	572,489			243,514	816,003
Capital Outlay				1,722,492	1,722,492
Debt Service:					
Principal Retirement		54,307	226,826		281,133
Interest and Fiscal Charges			80,231		80,231
<i>Total Cash Disbursements</i>	<u>3,356,554</u>	<u>1,264,318</u>	<u>307,057</u>	<u>1,966,006</u>	<u>6,893,935</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>303,132</u>	<u>(128,956)</u>	<u>(286,295)</u>	<u>(522,670)</u>	<u>(634,789)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued				81,074	81,074
Other Debt Proceeds				110,030	110,030
Sale of Capital Assets	4,722			4,498	9,220
Transfers In		286,390	287,561	1,025,489	1,599,440
Transfers Out	(581,198)			(1,051,379)	(1,632,577)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(576,476)</u>	<u>286,390</u>	<u>287,561</u>	<u>169,712</u>	<u>167,187</u>
<i>Net Change in Fund Cash Balances</i>	<u>(273,344)</u>	<u>157,434</u>	<u>1,266</u>	<u>(352,958)</u>	<u>(467,602)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,200,556</u>	<u>232,201</u>	<u>49,215</u>	<u>1,119,225</u>	<u>2,601,197</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		389,635	50,481	46,293	486,409
Committed				719,974	719,974
Assigned	11,044				11,044
Unassigned	916,168				916,168
<i>Fund Cash Balances, December 31</i>	<u>\$927,212</u>	<u>\$389,635</u>	<u>\$50,481</u>	<u>\$766,267</u>	<u>\$2,133,595</u>

*See accompanying notes to the basic financial statements*

**Village of Whitehouse**  
*Lucas County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2019*

	Proprietary Fund Types	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,369,879	\$4,482	\$2,374,361
Miscellaneous	4,366		4,366
<i>Total Operating Cash Receipts</i>	<u>2,374,245</u>	<u>4,482</u>	<u>2,378,727</u>
<b>Operating Cash Disbursements</b>			
Personal Services	476,903		476,903
Employee Fringe Benefits	147,049		147,049
Contractual Services	1,186,557	433,430	1,619,987
Supplies and Materials	61,853		61,853
Other	1,355	1,647,124	1,648,479
<i>Total Operating Cash Disbursements</i>	<u>1,873,717</u>	<u>2,080,554</u>	<u>3,954,271</u>
<i>Operating Income</i>	<u>500,528</u>	<u>(2,076,072)</u>	<u>(1,575,544)</u>
<b>Non-Operating Disbursements</b>			
Property and Other Local Taxes		2,184,207	2,184,207
Capital Outlay	(136,458)		(136,458)
Principal Retirement	(108,525)		(108,525)
Interest and Other Fiscal Charges	(59,580)		(59,580)
<i>Total Non-Operating Disbursements</i>	<u>(304,563)</u>	<u>2,184,207</u>	<u>1,879,644</u>
<i>Income before Transfers</i>	<u>195,965</u>	<u>108,135</u>	<u>304,100</u>
Transfers In	53,502		53,502
Transfers Out	(20,365)		(20,365)
<i>Net Change in Fund Cash Balances</i>	229,102	108,135	337,237
<i>Fund Cash Balances, January 1</i>	<u>2,500,159</u>	<u>968,839</u>	<u>3,468,998</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,729,261</u></u>	<u><u>\$1,076,974</u></u>	<u><u>\$3,806,235</u></u>

*See accompanying notes to the basic financial statements*

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**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Whitehouse, Lucas County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police, fire, and life squad services.

*Joint Ventures*

The Village participates in joint ventures with Monclova Township, Spencer Township, and Waterville Township. Also, the Village participates in a joint venture for Fallen Timbers Union Cemetery District with the City of Waterville and Waterville Township. Note 12 to the financial statements provides additional information for these entities.

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

**B. Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

**C. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**D. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and Federal Agency/Securities at cost. Money market mutual funds (including STAR Ohio) are recorded at share values based on the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**E. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**3. Debt Service Funds**

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

**General Obligation Bond Fund** - This fund receives transfers from the Income Tax A Fund to repay debt incurred for the construction and equipping of a new municipal building.

**Note Retirement Fund** - This fund receives transfers from the Income Tax A Fund to repay debt incurred for the construction of the State Route 64/Finzel Road Roundabout.

**Fire Debt Retirement Fund** - This fund receives Income Tax Fund proceeds to repay debt incurred for the lease of a new fire truck.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

**Income Tax A Fund** - This fund receives local income tax revenue for capital projects.

**Rupp Road Culvert Fund** - This fund primarily receives tax revenue to fund the Rupp Road Culvert Project.

**5. Enterprise Funds**

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

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Sewer Fund** - This fund receives charges for services from residents to cover sewer service costs.

**6. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government.

The Village's agency funds account for income tax receipts collected by the Village and the related distributions for the Monclova Township - Village of Whitehouse JEDD and the Spencer Township - Village of Whitehouse JEDZ.

**F. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2019 budgetary activity appears in Note 3.

**G. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**3. Committed**

Council members can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the members amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**H. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.



**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

Demand deposits	\$2,686,776
U.S. Treasury Notes and Federal Agency Securities	2,498,144
STAR Ohio	696,949
Special Assessment Bonds	57,961
Total investments	3,253,054
Total deposits and investments	\$5,939,830

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments:** The Federal Reserve holds the Village's U.S. Treasury Notes and Federal Agency/Instrumentality Securities in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Village Special Assessment Bonds are held by the Village in its name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2019 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,566,278	\$3,664,408	\$98,130
Special Revenue	1,600,516	1,421,752	(178,764)
Debt Service	341,000	308,323	(32,677)
Capital Projects	3,080,844	2,664,427	(416,417)
Enterprise	2,289,304	2,427,747	138,443
Total	\$10,877,942	\$10,486,657	(\$391,285)

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,235,994	\$3,948,796	\$287,198
Special Revenue	1,527,250	1,270,379	256,871
Debt Service	319,103	307,057	12,046
Capital Projects	4,206,603	3,253,906	952,697
Enterprise	2,440,877	2,201,160	239,717
Total	\$12,729,827	\$10,981,298	\$1,748,529

**4. PROPERTY TAX**

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

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

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.

The Regional Income Tax Agency administers the income taxes on behalf of the Village.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2019 was as follows:

<u>Type of Debt</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>
2013 General Obligation Bonds	\$980,000	1.00%
Ohio Water Development Authority Loan #5533	181,627	2.75%
Ohio Public Works Commission Loan #CT45N	244,360	0.00%
Ohio Public Works Commission Loan #CL06V	99,027	0.00%
Ohio Public Works Commission Loan #CT56P	19,827	0.00%
Ohio Public Works Commission Loan #CT23Q	27,096	0.00%
Ohio Public Works Commission Loan #CL17T	92,038	0.00%
Ohio Public Works Commission Loan #CL26V	81,074	0.00%
PNC Equipment Financing (Fire Truck Lease Purchase)	667,460	2.94%
State Infrastructure Bank	804,507	3.00%
Republic First National Corp	76,342	4.04%
Special Assessment Bond, Bucher Road Sanitary Sewer	3,427	6.25%
Special Assessment Bond, Eastview Drive Construction	2,222	6.25%
Special Assessment Bond, North and West Maumee Streets	7,782	3.00%
Special Assessment Bond, S. Berkey-Southern Sewer Extension	5,331	3.75%
Special Assessment Bond, S. Berkey-Southern Water Extension	6,559	3.75%
Special Assessment Bond, South, Merritt, Gillett Street	8,485	3.00%
Special Assessment Bond, Swanton Street Reconstruction	1,856	6.00%
Special Assessment Bond, Waterville Street Reconstruction	22,298	3.75%
Total	<u>\$3,331,318</u>	

The 2013 General Obligation Bonds relate to the refinancing of bonds originally issued in 2002 for the construction and equipping of a new municipal building. The refinanced bonds were issued for \$1,720,000 at a variable rate not to exceed 3.00 percent interest, payable semiannually over 15 years.

The Ohio Water Development Authority (OWDA) loan #5533 relates to a sewer utility construction project on Dutch Road. OWDA approved a \$273,544 loan to the Village for this project. The loan will be repaid in semiannual installments over 20 years, including interest of 2.75 percent. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan #CL06V relates to the Rupp Road and Technology Drive project. OPWC loaned the Village \$110,030. The Village will repay the loan in semiannual installments of \$11,003 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT45N relates to the Downtown Water and Storm Sewer project. OPWC loaned the Village \$390,974. The Village will repay the loan in semiannual installments of \$9,774 over 20 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT56P relates to the Texas Street Phase I reconstruction project. OPWC loaned money to the Village and Whitehouse's principal portion of the loan was \$44,059. The Village will repay the loan in semiannual installments of \$2,203 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CT23Q relates to the resurfacing of parts of Texas Street, Weckerly Drive, and Cable Avenue. OPWC loaned money to the Village and

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

Whitehouse's principal portion of the loan was \$54,191. The Village will repay the loan in semiannual installments of \$2,710 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL17T relates to the Regional Pump Station Improvements. OPWC loaned money to the Village and Whitehouse's principal portion of the loan was \$99,500. The Village will repay the loan in semiannual installments of \$2,486 over 20 years.

The Ohio Public Works Commission (OPWC) loan #CL26V relates to the Weckerly Road resurfacing. OPWC loaned money to the Village and Whitehouse's principal portion of the loan was \$81,074. The Village will repay the loan in semiannual installments of \$4,261 over 10 years when the full \$85,226 loan is received. No amortization schedule available at this time.

The Fire Truck Lease/Purchase agreement was entered into on September 2, 2016, with PNC Equipment Finance. This leased a fire engine for the Village. The total lease amount was \$776,052, due in semiannual installments of \$32,166 for 15 years.

The State Infrastructure Bank (SIB) loan #150006 relates to the roundabout at Finzel Road and State Route 64 and the land around it. SIB loaned the Village \$1,386,910 for this project. The Village will repay the loan in semiannual installments of \$32,642 over 20 years including interest of 3 percent.

The Republic First National Corporation lease was entered into on March 8, 2018 for fire turnout gear. The total lease was for \$110,871 payable in monthly installments of \$2,048 for five years.

The Bucher Road Sanitary Sewer Special Assessment Bonds were originally issued for \$68,547. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,714, including interest of 6.25 percent over 20 years. The Village purchased these bonds as an investment.

The Eastview Drive Reconstruction Special Assessment Bonds were originally issued for \$44,450. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,111, including interest of 6.25 percent over 20 years. The Village purchased these bonds as an investment.

The North and West Maumee Streets Special Assessment Bonds were originally issued for \$51,881. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,297, including interest of 3.00 percent over 20 years. The Village purchased these bonds as an investment.

The S. Berkey-Southern Sewer Extension Special Assessment Bonds were originally issued for \$15,232. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$381, including interest of 3.75 percent over 20 years. The Village purchased these bonds as an investment.

The S. Berkey-Southern Water Extension Special Assessment Bonds were originally issued for \$18,739. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$468, including interest of 3.75 percent over 20 years. The Village purchased these bonds as an investment.

The South, Merritt, Gillett Street Special Assessment Bonds were originally issued for \$56,566. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,414, including interest of 3.00 percent over 20 years. The Village purchased these bonds as an investment.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

The Swanton Street Reconstruction Special Assessment Bonds were originally issued for \$18,559. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$464, including interest of 6.00 percent over 20 years. The Village purchased these bonds as an investment.

The Waterville Street Reconstruction Special Assessment Bonds were originally issued for \$63,710. The bonds are payable from the proceeds of tax assessments against individual property owners in semiannual installments of \$1,593, including interest of 3.75 percent over 20 years. The Village purchased these bonds as an investment.

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

Year Ending December 31:	2013 General Obligation Bonds	OWDA Loan 5533	OPWC Loan #CT45N	OPWC Loan #CL06V
2020	\$136,273	\$17,873	\$19,549	\$11,003
2021	134,073	17,873	19,549	11,003
2022	141,378	17,873	19,549	11,003
2023	138,438	17,873	19,549	11,003
2024	140,138	17,873	19,549	11,003
2025-2029	413,700	89,365	97,743	44,012
2030-2034		44,678	48,872	
Total	<u>\$1,104,000</u>	<u>\$223,408</u>	<u>\$244,360</u>	<u>\$99,027</u>

Year Ending December 31:	OPWC Loan #CT56P	OPWC Loan #CT23Q	OPWC Loan #CL17T	PNC Equipment Financing	State Infrastructure Bank Loan
2020	\$4,406	\$5,419	\$4,976	\$64,331	\$65,285
2021	4,406	5,419	4,976	64,331	65,285
2022	4,406	5,419	4,976	64,331	65,285
2023	4,406	5,419	4,976	64,331	65,285
2024	2,203	5,420	4,976	64,331	65,285
2025-2029			24,880	321,655	326,423
2030-2034			24,880	128,672	326,423
2035-2039			17,398		32,642
Total	<u>\$19,827</u>	<u>\$27,096</u>	<u>\$92,038</u>	<u>\$771,982</u>	<u>\$1,011,913</u>

Year Ending December 31:	Republic First Nation Corp	Bucher Road Sanitary Sewer	Eastview Drive Reconstruction	North and West Maumee Streets	S. Berkey-Southern Sewer Extension
2020	\$24,572	\$3,535	\$2,292	\$2,789	\$947
2021	24,572			2,711	919
2022	24,572			2,633	890
2023	8,191				862
2024					833
2025-2029					1,580
Total	<u>\$81,907</u>	<u>\$3,535</u>	<u>\$2,292</u>	<u>\$8,133</u>	<u>\$6,031</u>

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

Year Ending December 31:	S. Berkey- Southern Water Extension	South, Merritt, Gillett Street	Swanton Street Reconstruction	Waterville Street Reconstruction
2020	\$1,165	\$3,040	\$1,011	\$3,962
2021	1,130	2,956	955	3,842
2022	1,095	2,871		3,723
2023	1,060			3,604
2024	1,025			3,484
2025-2029	1,944			6,610
Total	<u>\$7,419</u>	<u>\$8,867</u>	<u>\$1,966</u>	<u>\$25,225</u>

**7. CONTRACTUAL COMMITMENTS**

**Maumee Wastewater Treatment Plant**

In 2003, the plant was expanded again. The Village is to pay 8.00 percent of the improvement costs of the plant to Lucas County over a period of 25 years. As of December 31, 2019, the Village owed Lucas County approximately \$626,116 (OWDA #3956). In addition, a 20 year loan was taken out with Ohio Public Works Commission. As of December 31, 2019, the Village owed \$34,024 (OPWC Loan #CL02F).

In 2010, the plant was expanded again. The Village is to pay a portion of the treatment plant's construction costs based on the quarterly consumption rates. The loan balance as of December 31, 2019 was \$497,509. Based on an average between quarterly consumption rates for 2019, the Village paid Lucas County approximately \$1,975 (OWDA #5113). Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

In 2010-2011, further upgrades were made to the waste water treatment plant. Various debt issues began amortizing in 2012. Once again, The Village is to pay a portion of the treatment plant's construction costs based on their quarterly consumption rate.

The loan balance as of December 31, 2019 was \$71,080. Based on an average between quarterly consumption rates for 2019, the Village paid Lucas County approximately \$4,873 (OPWC #CL27M). Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

In 2015, capacity improvements were made. The Village is to pay a portion of the construction costs based on quarterly consumption rates. The Village paid \$148 (OPWC #CL21Q). Since the amount owed by the Village is based on consumption, there is no amortization schedule available.

In 2019, more improvements were made. The Village is to pay 8.00 percent of the improvement costs of the plan to Lucas County over a period of 20 years. As of December 31, 2019, the Village owed Lucas County approximately \$925,314 (OWDA #7799).

The annual requirements to amortize the fixed commitments are as follows:

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

Year ending December 31:	OWDA Loan #3956	OPWC Loan #CL02F	OWDA Loan #7799
2020	\$76,076	\$7,777	\$62,246
2021	76,076	7,777	62,246
2022	76,076	7,777	62,246
2023	76,076	7,777	62,246
2024	76,076		62,246
2025-2029	304,304		311,230
2030-2034			311,230
2035-2039			217,860
Total	\$684,684	\$31,108	\$1,151,550

**8. DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2019.

***Social Security***

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**10. COMMERCIAL INSURANCE**

The Village has obtained commercial insurance for the following risks:

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

**11. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**12. JOINT VENTURES**

The Village of Whitehouse entered into two separate joint economic development districts (JEDD) agreements and one Joint Economic Development Zone (JEDZ) agreement. One of the JEDD agreements is with Monclova Township and another JEDD agreement is with Waterville Township. The JEDZ agreement is with Spencer Township. Each of the JEDDs and the JEDZ is wholly situated within their respective township. The purpose of these agreements is to facilitate economic development by creating and preserving employment opportunities within the respective JEDD/JEDZ territories.

On January 7, 2019, The Village Council voted to approve the creation of a Union Cemetery District with the City of Waterville and Waterville Township. Operations began in 2019.



**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**13. MISCELLANEOUS REVENUE**

Capital Project Funds miscellaneous revenue is primarily comprised of donations, tower fees, rent payments, and Ohio BWC refunds.

**14. INTERFUND TRANSFERS**

During 2019, the Village had the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$581,198
Special Revenue Fund:		
Street Construction, Maint & Repair	\$55,000	
Permissive Motor Vehicle License Tax	61,390	
Life Squad	170,000	
Debt Service Funds:		
Bond Retirement	133,373	
Note Retirement	65,285	
Fire Debt Retirement Fund	64,331	
Fire Debt Turnout Gear	24,572	
Capital Project Funds:		
Income Tax A	154,023	800,336
Field Ave & Finzel Pump		2
Downtown Revitalization Grant		13,867
Streetscaping	711,198	
Industrial Park Sign	34,550	
SR 64 Corridor		3,423
TTHM Remediation		7,877
Traffic Signal - Weckerly & Finzel	70,000	
Park Capital Improvement	7,382	
Crack Seal	8,337	
STR Wayfinding Plan	12,507	
SEW Manhole Repair	2,292	1,271
OTH Land Purchase	25,000	
SEW Eval Collection System Zone	200	
Force Main Relocation		5,000
STR Gateways & Streetscape		11,995
SR64/Finzel Sanitary Sewer Repair		1,784
PRK Large Quarry Boardwalk		3,310
PRK Large Quarry Boardwalk		2,106
SEW Regional Pump Station Imp		27,752
State Restricted		172,656
Enterprise Funds:		
Water	7,877	17,873
Sewer	27,752	2,492
OWDA Fund - Sewer	17,873	
<b>Totals</b>	<u>\$1,652,942</u>	<u>\$1,652,942</u>

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

Transfers were made to move unrestricted balances from the General Fund and Income Tax A Funds to support programs and capital projects accounted for in other funds. Monies were moved from the Park Capital Improvement fund to pay for park trail resealing. Monies were moved from the Water Operating fund to capital improvements to fund the Finzel Road water main and TTHM Remediation. Monies moved from the Sewer Operating fund were to pay off applicable sewer debt and to fund regional pump station improvements.

**15. COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village's investment portfolio fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

# OHIO AUDITOR OF STATE KEITH FABER



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NorthwestRegion@ohioauditor.gov

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

Village of Whitehouse  
Lucas County  
P.O. Box 2476  
6925 Providence Street  
Whitehouse, Ohio 43571-2476

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Whitehouse, Lucas County, Ohio (the Village) and have issued our report thereon dated November 8, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. In addition, we noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2020-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 8, 2021

**VILLAGE OF WHITEHOUSE  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness - Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

For December 31, 2019, unassigned fund balance within the General Fund in the amount of \$252,701 was incorrectly classified as assigned.

This error was not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Members of Council to make misinformed decisions. The accompanying financial statements have been adjusted to reflect this change. In addition to the adjustment noted above, we also identified additional misstatements ranging from \$4 to \$40,200, which we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Mayor, Fiscal Officer and Members of Council to help identify and correct errors and omissions.

**FINDING NUMBER 2020-002**

**Significant Deficiency - Noncompliance**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In 2020, the Village inappropriately recorded \$56,330 of income tax revenue in the Capital Projects Fund. Given the source of the revenue, this should have been recorded in the General Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:**

We did not receive a response from Officials to these findings.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Finding was first issued in the 2010-2009 audit. Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2020-001 in this report	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements prior to filing the Village's annual report. The Village is implementing procedures to correct these errors for the future.

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whitehouseoh.gov**

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WHITEHOUSE**

**LUCAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/23/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)