



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF WHITEHOUSE
LUCAS COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Village of Whitehouse
Lucas County
6925 Providence Street
P.O. Box 2476
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 by fund type, and related notes of the Village of Whitehouse, Lucas County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

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 1 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, 2018 and 2017, 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 by fund type, and related notes of the Village of Whitehouse, Lucas County, Ohio as of December 31, 2018 and 2017, for the years then ended 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2019, 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

April 24, 2019

**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, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$331,874	\$24,314			\$356,188
Municipal Income Tax	2,017,629			\$864,699	2,882,328
Intergovernmental	213,113	211,493		217,235	641,841
Special Assessments			\$22,511		22,511
Charges for Services	536,170	805,195			1,341,365
Fines, Licenses and Permits	116,714				116,714
Earnings on Investments	46,884	19			46,903
Miscellaneous	112,157	12,148		937	125,242
<i>Total Cash Receipts</i>	<u>3,374,541</u>	<u>1,053,169</u>	<u>22,511</u>	<u>1,082,871</u>	<u>5,533,092</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,999,529	981,702			2,981,231
Public Health Services	22,144				22,144
Leisure Time Activities	89,391				89,391
Community Environment	179,521				179,521
Basic Utility Services	247,657				247,657
Transportation		189,747			189,747
General Government	443,917			423,037	866,954
Capital Outlay				1,335,327	1,335,327
Debt Service:					
Principal Retirement		40,817	218,274		259,091
Interest and Fiscal Charges			85,494		85,494
<i>Total Cash Disbursements</i>	<u>2,982,159</u>	<u>1,212,266</u>	<u>303,768</u>	<u>1,758,364</u>	<u>6,256,557</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>392,382</u>	<u>(159,097)</u>	<u>(281,257)</u>	<u>(675,493)</u>	<u>(723,465)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	5,102			35,695	40,797
Debt Proceeds				99,500	99,500
Transfers In		168,000	283,518	1,263,979	1,715,497
Transfers Out	(168,000)			(1,081,710)	(1,249,710)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(162,898)</u>	<u>168,000</u>	<u>283,518</u>	<u>317,464</u>	<u>606,084</u>
<i>Net Change in Fund Cash Balances</i>	229,484	8,903	2,261	(358,029)	(117,381)
<i>Fund Cash Balances, January 1</i>	<u>971,072</u>	<u>223,298</u>	<u>46,954</u>	<u>1,477,254</u>	<u>2,718,578</u>
Fund Cash Balances, December 31					
Restricted		232,201	49,215		281,416
Committed				1,119,225	1,119,225
Assigned	27,519				27,519
Unassigned	1,173,037				1,173,037
<i>Fund Cash Balances, December 31</i>	<u>\$1,200,556</u>	<u>\$232,201</u>	<u>\$49,215</u>	<u>\$1,119,225</u>	<u>\$2,601,197</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, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$2,213,543		\$2,213,543
Operating Cash Disbursements			
Personal Services	420,442		420,442
Employee Fringe Benefits	140,973		140,973
Contractual Services	1,150,964	\$431,060	1,582,024
Supplies and Materials	73,332		73,332
Other	1,865	1,868,359	1,870,224
<i>Total Operating Cash Disbursements</i>	<u>1,787,576</u>	<u>2,299,419</u>	<u>4,086,995</u>
<i>Operating Income (Loss)</i>	<u>425,967</u>	<u>(2,299,419)</u>	<u>(1,873,452)</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes		2,450,390	2,450,390
Capital Outlay	(56,550)		(56,550)
Principal Retirement	(70,890)		(70,890)
Interest and Other Fiscal Charges	(35,989)		(35,989)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(163,429)</u>	<u>2,450,390</u>	<u>2,286,961</u>
<i>Income before Transfers</i>	<u>262,538</u>	<u>150,971</u>	<u>413,509</u>
Transfers In	17,873		17,873
Transfers Out	(483,660)		(483,660)
<i>Net Change in Fund Cash Balances</i>	<u>(203,249)</u>	<u>150,971</u>	<u>(52,278)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,703,408</u>	<u>817,868</u>	<u>3,521,276</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,500,159</u>	<u>\$968,839</u>	<u>\$3,468,998</u>

See accompanying notes to the basic financial statements

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

The Village participates in joint ventures with Monclova Township, Spencer Township, and Waterville Township. Note 11 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type 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.

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:

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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.

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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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 2018 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:

1. Nonspendable

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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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.

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:

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Demand deposits	\$2,866,399
U.S. Treasury Notes and Federal Agency Securities	2,447,962
STAR Ohio	680,988
Special Assessment Bonds	74,846
Total investments	3,203,796
Total deposits and investments	\$6,070,195

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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 years ending December 31, 2018 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,277,225	\$3,379,643	(\$897,582)
Special Revenue	1,391,816	1,221,169	(170,647)
Debt Service	351,357	306,029	(45,328)
Capital Projects	3,080,844	2,482,045	(598,799)
Enterprise	2,615,800	2,231,416	(384,384)
Total	\$11,717,042	\$9,620,302	(\$2,096,740)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,503,318	\$3,177,678	\$325,640
Special Revenue	1,329,066	1,222,793	106,273
Debt Service	316,826	303,768	13,058
Capital Projects	3,263,386	3,192,187	71,199
Enterprise	2,542,970	2,437,180	105,790
Total	\$10,955,566	\$10,333,606	\$621,960

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.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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.

6. DEBT

Debt outstanding at December 31, 2018 was as follows:

Type of Debt	Principal Outstanding	Interest Rate
2013 General Obligation Bonds	\$1,085,000	1.00%
Ohio Water Development Authority Loan #5533	194,245	2.75%
Ohio Public Works Commission Loan #CL11L	5,791	0.00%
Ohio Public Works Commission Loan #CL07M	3,165	0.00%
Ohio Public Works Commission Loan #CT45N	263,907	0.00%
Ohio Public Works Commission Loan #CT56P	24,233	0.00%
Ohio Public Works Commission Loan #CT23Q	32,515	0.00%
Ohio Public Works Commission Loan #CL17T	97,013	0.00%
PNC Equipment Financing (Fire Truck Lease Purchase)	711,830	2.935%
State Infrastructure Bank	844,749	3.00%
Republic First National Cop	97,458	4.04%
Special Assessment Bond, Bucher Road Sanitary Sewer	6,855	6.25%
Special Assessment Bond, Eastview Drive Construction	4,445	6.25%
Special Assessment Bond, North and West Maumee Streets	10,376	3.00%
Special Assessment Bond, S. Berkey-Southern Sewer Extension	6,093	3.75%
Special Assessment Bond, S. Berkey-Southern Water Extension	7,496	3.75%
Special Assessment Bond, South, Merritt, Gillett Street	11,313	3.00%
Special Assessment Bond, Swanton Street Reconstruction	2,784	6.00%
Special Assessment Bond, Waterville Street Reconstruction	25,484	3.75%
Total	<u>\$3,434,752</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.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

The Ohio Public Works Commission (OPWC) loan #CL11L relates to the Village streets and Monclova Road project. OPWC loaned the Village \$57,908 for this project. The Village will repay the loan in semiannual installments of \$2,895 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL07M relates to the Finzel and Heller Mill resurfacing project. OPWC loaned the Village \$31,647. The Village will repay the loan in semiannual installments of \$1,582 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 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.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	2013 General				
	Obligation Bonds	OWDA Loan 5533	OPWC Loan #CL11L	OPWC Loan #CL07M	OPWC Loan #CT45N
2019	\$133,373	\$17,873	\$5,791	\$3,165	\$19,549
2020	136,273	17,873			19,549
2021	134,073	17,873			19,549
2022	141,378	17,873			19,549
2023	138,438	17,873			19,549
2024-2028	553,838	89,365			97,743
2029-2033		62,551			68,419
Total	<u>\$1,237,373</u>	<u>\$241,281</u>	<u>\$5,791</u>	<u>\$3,165</u>	<u>\$263,907</u>

Year Ending December 31:	OPWC Loan #CT56P	OPWC Loan #CT23Q	OPWC Loan #CL17T	PNC Equipment Financing	State
					Infrastructure Bank Loan
2019	\$4,406	\$5,419	\$4,976	\$64,331	\$65,285
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
2024-2028	2,203	5,420	24,880	321,655	326,423
2029-2033			24,880	193,003	326,423
2034-2038			22,373		97,927
Total	<u>\$24,233</u>	<u>\$32,515</u>	<u>\$97,013</u>	<u>\$836,313</u>	<u>\$1,077,198</u>

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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
2019	\$24,572	\$3,749	\$2,431	\$2,866	\$976
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
2024-2028					2,413
Total	<u>\$106,479</u>	<u>\$7,284</u>	<u>\$4,723</u>	<u>\$10,999</u>	<u>\$7,007</u>

Year Ending December 31:	S. Berkey- Southern Water Extension	South, Merritt, Gillett Street	Swanton Street Reconstruction	Waterville Street Reconstruction
2019	\$1,200	\$3,125	\$1,067	\$4,081
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
2024-2028	2,969			10,094
Total	<u>\$8,619</u>	<u>\$11,992</u>	<u>\$3,033</u>	<u>\$29,306</u>

7. CONTRACTUAL COMMITMENTS

Maumee Wastewater Treatment Plant

In 1994, the plant was expanded. 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, 2018 was \$0. Based on an average between quarterly consumption rates, the Village paid Lucas County approximately \$128.92 (OPWC #CL703). Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

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, 2018, the Village owed Lucas County approximately \$676,578 (OWDA #3956). In addition, a 20 year loan was taken out with Ohio Public Works Commission. As of December 31, 2018, the Village owed \$38,885 (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, 2018 was \$534,173. Based on an average between quarterly consumption rates for 2018, the Village paid Lucas County approximately \$2,065 (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, 2018 was \$77,004. Based on an average between quarterly

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

consumption rates for 2018, the Village paid Lucas County approximately \$5,106 (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 was not charged for this until 2018. The Village paid \$817 for years 2015-2018 (OPWC #CL21Q). Since the amount owed by the Village is based on consumption, there is no amortization schedule available.

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

Year ending December 31:	OWDA Loan #3956	OPWC Loan #CL02F
2019	\$76,076	\$7,777
2020	76,076	7,777
2021	76,076	7,777
2022	76,076	7,777
2023	76,076	7,777
2024-2028	380,380	
Total	<u>\$760,760</u>	<u>\$38,885</u>

8. RETIREMENT SYSTEMS

The Village's full-time Fire Fighters and full-time Law Enforcement Officer belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OP&F members contributed 12.25% of their wages, and the Village contributed an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. For 2018, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. 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.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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.

13. SUBSEQUENT EVENT

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 are to begin in 2019. On January 15, 2019, the Village Council voted to approve amending the 2019 budget to include a Union Cemetery District Fund with \$50,000.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

14. INTERFUND TRANSFERS

During 2018, the Village had the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$168,000
Special Revenue Fund:		
Life Squad	\$168,000	
Debt Service Funds:		
Bond Retirement	135,473	
Note Retirement	65,285	
Fire Debt Retirement Fund	64,331	
Fire Debt Turnout Gear	18,429	
Capital Project Funds:		
Income Tax A		1,065,445
Field Ave & Finzel Pump	19,100	
Streetscaping	89,315	
Industrial Park Sign	1,930	
SR 64 Corridor	30,000	
Finzel Road Water Main	41,828	
TTHM Remediation	348,179	
Trail Seal	16,265	
Playground Equipment	265	
Water Main Preserve Plat 2	9,425	
Park Capital Improvement		16,265
Crack Seal	8,164	
Land Purchase	81,144	
Village Event Sign	25,220	
New Toter 89 Gallon Refuse Carts	180,568	
Regional Pump Station Improvement	56,170	
Street Resurfacing Program	99,690	
Rupp Road Culvert	256,716	
Enterprise Funds:		
Water		417,305
Sewer		66,355
OWDA Fund - Sewer	17,873	
Totals	<u>\$1,733,370</u>	<u>\$1,733,370</u>

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.

**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, 2017**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$327,704	\$27,067			\$354,771
Municipal Income Tax	2,048,478			\$877,919	2,926,397
Intergovernmental	218,132	207,355		41,500	466,987
Special Assessments			\$23,932		23,932
Charges for Services	343,746	781,867			1,125,613
Fines, Licenses and Permits	100,742				100,742
Earnings on Investments	36,966	14			36,980
Miscellaneous	95,736	48,416		25,413	169,565
<i>Total Cash Receipts</i>	<u>3,171,504</u>	<u>1,064,719</u>	<u>23,932</u>	<u>944,832</u>	<u>5,204,987</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,777,518	950,851			2,728,369
Public Health Services	30,792				30,792
Leisure Time Activities	107,103				107,103
Community Environment	181,263				181,263
Basic Utility Services	263,450				263,450
Transportation		176,616			176,616
General Government	522,531			135,187	657,718
Capital Outlay				1,226,295	1,226,295
Debt Service:					
Principal Retirement		38,329	189,322		227,651
Interest and Fiscal Charges			73,284		73,284
<i>Total Cash Disbursements</i>	<u>2,882,657</u>	<u>1,165,796</u>	<u>262,606</u>	<u>1,361,482</u>	<u>5,672,541</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>288,847</u>	<u>(101,077)</u>	<u>(238,674)</u>	<u>(416,650)</u>	<u>(467,554)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets				6,100	6,100
Transfers In	75,000	200,000	239,646	1,603,258	2,117,904
Transfers Out	(200,000)	(686,070)		(1,049,707)	(1,935,777)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(125,000)</u>	<u>(486,070)</u>	<u>239,646</u>	<u>559,651</u>	<u>188,227</u>
<i>Net Change in Fund Cash Balances</i>	163,847	(587,147)	972	143,001	(279,327)
<i>Fund Cash Balances, January 1</i>	<u>807,225</u>	<u>810,445</u>	<u>45,982</u>	<u>1,334,253</u>	<u>2,997,905</u>
Fund Cash Balances, December 31					
Restricted		223,298	46,954		270,252
Committed				1,477,254	1,477,254
Assigned	15,003				15,003
Unassigned	956,069				956,069
<i>Fund Cash Balances, December 31</i>	<u>\$971,072</u>	<u>\$223,298</u>	<u>\$46,954</u>	<u>\$1,477,254</u>	<u>\$2,718,578</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, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$2,059,738	\$7,500	\$2,067,238
Miscellaneous	5,303		5,303
<i>Total Operating Cash Receipts</i>	<u>2,065,041</u>	<u>7,500</u>	<u>2,072,541</u>
Operating Cash Disbursements			
Personal Services	355,101		355,101
Employee Fringe Benefits	132,991		132,991
Contractual Services	935,042	19,869	954,911
Supplies and Materials	44,961		44,961
Other	1,329	2,060,254	2,061,583
<i>Total Operating Cash Disbursements</i>	<u>1,469,424</u>	<u>2,080,123</u>	<u>3,549,547</u>
<i>Operating Income (Loss)</i>	<u>595,617</u>	<u>(2,072,623)</u>	<u>(1,477,006)</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes		2,295,012	2,295,012
Capital Outlay	(61,682)		(61,682)
Principal Retirement	(67,516)		(67,516)
Interest and Other Fiscal Charges	(38,128)		(38,128)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(167,326)</u>	<u>2,295,012</u>	<u>2,127,686</u>
<i>Income before Transfers</i>	<u>428,291</u>	<u>222,389</u>	<u>650,680</u>
Transfers In	17,873		17,873
Transfers Out	(200,000)		(200,000)
<i>Net Change in Fund Cash Balances</i>	246,164	222,389	468,553
<i>Fund Cash Balances, January 1</i>	<u>2,457,244</u>	<u>595,479</u>	<u>3,052,723</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,703,408</u></u>	<u><u>\$817,868</u></u>	<u><u>\$3,521,276</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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.

The Village participates in joint ventures with Monclova Township, Spencer Township, and Waterville Township. Note 11 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type 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.

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:

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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 Income Tax Fund proceeds to repay debt incurred for the construction and equipping of a new municipal building.

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.

Streetscaping Phase 2 Fund - This fund receives Income Tax Fund Proceeds. The proceeds are being used for street related capital projects.

Regional Pump Station Fund - This fund receives capital fees assessed on sewer utility bills. The proceeds are being used for sewer related capital projects.

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.

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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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 2017 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:

1. Nonspendable

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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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.

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:

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Demand deposits	\$3,059,053
U.S. Treasury Notes and Federal Agency Securities	2,421,229
STAR Ohio	667,843
Special Assessment Bonds	91,729
Total investments	3,180,801
Total deposits and investments	\$6,239,854

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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 years ending December 31, 2017 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,107,166	\$3,246,504	(\$860,662)
Special Revenue	1,910,467	1,264,719	(645,748)
Debt Service	307,343	263,578	(43,765)
Capital Projects	3,056,870	2,554,190	(502,680)
Enterprise	2,330,524	2,082,914	(247,610)
Total	\$11,712,370	\$9,411,905	(\$2,300,465)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,643,961	\$3,097,660	\$546,301
Special Revenue	1,875,765	1,865,558	10,207
Debt Service	298,145	262,606	35,539
Capital Projects	2,871,743	2,595,985	275,758
Enterprise	2,092,924	1,897,530	195,394
Total	\$10,782,538	\$9,719,339	\$1,063,199

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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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.

6. DEBT

Debt outstanding at December 31, 2017 was as follows:

Type of Debt	Principal Outstanding	Interest Rate
2013 General Obligation Bonds	\$1,185,000	1.00%
Ohio Water Development Authority Loan #5533	206,522	2.75%
Ohio Public Works Commission Loan #CL11L	11,582	0.00%
Ohio Public Works Commission Loan #CL07M	6,329	0.00%
Ohio Public Works Commission Loan #CT45N	283,456	0.00%
Ohio Public Works Commission Loan #CT56P	28,939	0.00%
Ohio Public Works Commission Loan #CT23Q	37,934	0.00%
PNC Equipment Financing (Fire Truck Lease Purchase)	756,219	2.935%
State Infrastructure Bank	883,810	3.00%
Special Assessment Bond, Bucher Road Sanitary Sewer	10,282	6.25%
Special Assessment Bond, Eastview Drive Construction	6,667	6.25%
Special Assessment Bond, North & West Maumee Streets	12,970	3.00%
Special Assessment Bond, S. Berkey-Southern Sewer Extension	6,854	3.75%
Special Assessment Bond, S. Berkey-Southern Water Extension	8,433	3.75%
Special Assessment Bond, South, Merritt, Gillett Street	14,142	3.00%
Special Assessment Bond, Swanton Street Reconstruction	3,712	6.00%
Special Assessment Bond, Waterville Street Reconstruction	28,669	3.75%
Total	<u><u>\$3,491,520</u></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

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan #CL11L relates to the Village streets and Monclova Road project. OPWC loaned the Village \$57,908 for this project. The Village will repay the loan in semiannual installments of \$2,895 over 10 years. The loan is collateralized by undivided local government funds.

The Ohio Public Works Commission (OPWC) loan #CL07M relates to the Finzel and Heller Mill resurfacing project. OPWC loaned the Village \$31,647. The Village will repay the loan in semiannual installments of \$1,582 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, W eckerly 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 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 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, 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 OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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

Year Ending December 31:	2013 General				
	Obligation Bonds	OWDA Loan 5533	OPWC Loan #CL11L	OPWC Loan #CL07M	OPWC Loan #CT45N
2018	\$135,473	\$17,873	\$5,791	\$3,165	\$19,549
2019	133,373	17,873	5,791	3,164	19,549
2020	136,273	17,873			19,549
2021	134,073	17,873			19,549
2022	141,378	17,873			19,549
2023-2027	692,275	89,365			97,743
2028-2032		89,365			87,968
Total	<u>\$1,372,845</u>	<u>\$268,095</u>	<u>\$11,582</u>	<u>\$6,329</u>	<u>\$283,456</u>

Year Ending December 31:	State			
	OPWC Loan #CT56P	OPWC Loan #CT23Q	PNC Equipment Financing	Infrastructure Bank Loan
2018	\$4,406	\$5,419	\$64,331	\$65,285
2019	4,406	5,419	64,331	65,284
2020	4,406	5,419	64,331	65,285
2021	4,406	5,419	64,331	65,284
2022	4,406	5,419	64,331	65,285
2023-2027	6,909	10,839	321,665	326,423
2028-2032			257,334	326,423
2033-2035				163,212
Total	<u>\$28,939</u>	<u>\$37,934</u>	<u>\$900,654</u>	<u>\$1,142,481</u>

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Year Ending December 31:	Bucher Road Sanitary Sewer	Eastview Drive Reconstruction	North and West Maumee Streets	S. Berkey- Southern Sewer Extension	S. Berkey- Southern Water Extension
2018	\$3,963	\$2,570	\$2,944	\$1,004	\$1,236
2019	3,749	2,431	2,866	976	1,200
2020	3,535	2,292	2,789	947	1,165
2021			2,711	919	1,130
2022			2,633	890	1,095
2023-2027				3,275	4,029
Total	<u>\$11,247</u>	<u>\$7,293</u>	<u>\$13,943</u>	<u>\$8,011</u>	<u>\$9,855</u>

Year Ending December 31:	South, Merritt, Gillett Street	Swanton Street Reconstruction	Waterville Street Reconstruction
2018	\$3,210	\$1,123	\$4,201
2019	3,125	1,067	1,081
2020	3,040	1,011	3,962
2021	2,956	955	3,842
2022	2,871		3,723
2023-2027			13,698
Total	<u>\$15,202</u>	<u>\$4,156</u>	<u>\$30,507</u>

7. CONTRACTUAL COMMITMENTS

Maumee Wastewater Treatment Plant

In 1994, the plant was expanded. 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, 2017 was \$0. Based on an average between quarterly consumption rates for 2017, the Village paid Lucas County approximately \$465.00 (OPWC CL703). Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

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, 2017, the Village owed Lucas County approximately \$725,152 (OWDA #3956). In addition, a 20 year loan was taken out with Ohio Public Works Commission. As of December 31, 2017, the Village owed \$43,746 (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, 2017 was \$569,289. Based on an average between quarterly consumption rates for 2017, the Village paid Lucas County approximately \$1,946 (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, 2017 was \$82,927. Based on an average between quarterly consumption rates for 2017, the Village paid Lucas County approximately \$4,821 (OPWC #CL27M). Since the amount owed by the Village is variable, and based on consumption, there is no amortization schedule available.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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

Year ending December 31:	OWDA Loan #3956	OPWC Loan #CL02F
2018	\$76,076	\$7,291
2019	76,076	7,291
2020	76,076	7,291
2021	76,076	7,291
2022	76,076	7,291
2023-2027	380,380	7,291
2028-2032	76,076	
Total	\$836,836	\$43,746

8. RETIREMENT SYSTEMS

The Village's full-time Fire Fighters and full-time Law Enforcement Officer belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OP&F members contributed 12.25% of their wages, and the Village contributed an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. For 2017, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

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 1 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

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.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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.

13. SUBSEQUENT EVENT

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 are to begin in 2019. On January 15, 2019, the Village Council voted to approve amending the 2019 budget to include a Union Cemetery District Fund with \$50,000.

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

14. INTERFUND TRANSFERS

During 2017, the Village had the following interfund transfers:

Fund	Transfers In	Transfers Out
General Fund	\$75,000	\$200,000
Special Revenue Funds:		
Life Squad	200,000	75,000
State Highway		271,570
Permissive Motor Vehicle License		339,500
Debt Service Funds:		
Bond Retirement	142,673	
Note Retirement	32,642	
Fire Debt Retirement	64,331	
Capital Project Funds:		
Income Tax A	311,656	738,052
Street Lighting	39,500	
Streetscaping (Phase 2)	548,140	272,000
SR 64 Corridor	9,223	
Nona France Walking		39,423
Crack Seal	8,020	
Wayfinding Plan	15,000	
Park Pavillion		10
Regional Pump Station	236,500	
Street Resurfacing Program	176,454	
SR 64 Multiuse Trail		187
SR 295 Street Light	7,500	28
Nona France Entrance		7
Rupp Road Culvert	251,265	
Enterprise Funds:		
Sewer		200,000
OWDA Fund - Sewer	17,873	
Totals	<u>\$2,135,777</u>	<u>\$2,135,777</u>

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. A transfer was made out of the Life Squad fund to return surplus money transferred from the General Fund. Monies were transferred out of the State Highway and Permissive Motor Vehicle License funds to support capital road projects. Monies were moved from the Streetscaping Fund to return money to the State Highway Fund as the Village was able to use other funds to finance the capital project. Monies were transferred out of the Nona France Walking, Park Pavilion, SR 64 Multiuse Trail, SR 295 Street Light, and Nona France Entrance funds to close the funds and eliminate the fund balances. Monies moved from the Sewer Operating fund were to pay off applicable sewer debt.

OHIO AUDITOR OF STATE KEITH FABER



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
6925 Providence Street
P.O. Box 2476
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 by fund type of the Village of Whitehouse, Lucas County, Ohio, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2019, 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.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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 determination of financial statement amounts. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Entity'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

April 24, 2019

**VILLAGE OF WHITEHOUSE
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

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.

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

Actual disbursements disclosed in the budget vs. actual footnotes did not include encumbrances at year-end of \$352,113 in 2018 and \$184,796 in 2017 for capital projects funds.

These errors were a result of inadequate policies and procedures in reviewing budgetary footnotes prior to filing the draft report in the HINKLE system. The accompanying notes to the financial statements have been adjusted to correct these errors. Failure to properly include encumbrances with actual disbursements caused inaccurate budgetary information to be reported in the Village's draft report, and could lead to the Village Council or financial report user to make misinformed decisions. Additional errors in smaller relative amounts were also noted for the years ended December 31, 2018 and 2017.

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

Officials' Response:

We did not receive a response from Officials to this finding.



WHITEHOUSE · OHIO

OFFICE OF ADMINISTRATION

Jordan D. Daugherty
Administrator

VILLAGE OF WHITEHOUSE
LUCAS COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding was first issued in the 2009-2010 audit. Material weakness over monitoring of financial statements due to material audit adjustments.	Partially corrected and repeated as Finding 2018-001 in this report.	Most of the errors identified in the prior audit were corrected for the 2017-2018 audit. This finding partially reoccurred due to inadequate policies and procedures in reviewing footnotes and financial statements prior to filing the draft report in the HINKLE system. The Village is implementing procedures to correct these errors for the future.

MAYOR

DONALD L. ATKINSON

COUNCIL

LOUANN ARTIAGA
RICHARD BINGHAM
REBECCA CONKLIN KLEIBOEMER
MINDY CURRY
ROBERT KEOGH
WILLIAM MAY

OHIO AUDITOR OF STATE KEITH FABER



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
MAY 9, 2019**