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Tony K. Morgan, CPA/ABV  
Robert W. Peddy, CPA  
Barbara R. Bass, CPA  
Tommy J. Chambers, CPA  
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Joe Wylie, CPA

# GOLLOB MORGAN PEDDY & CO., P.C.

Certified Public Accountants

Members American Institute of Certified Public Accountants and Private Companies Practice Section

Harvey W. Jackson, CPA  
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Teresa J. Campbell, CPA  
Gary D. Davis, CPA  
Wesley R. Johnston, CPA  
Lori A. Bogan, CPA  
Kathryn Hesskew, CPA  
James Clinton Carroll, CPA

September 22, 2008

City Council  
City of Whitehouse  
Whitehouse, Texas

We are pleased to confirm our understanding of the services we are to provide the City of Whitehouse for the year ended September 30, 2008. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements, of the City of Whitehouse as of and for the year ended September 30, 2008. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the City of Whitehouse's basic financial statements. As part of our engagement, we will apply certain limited procedures to the City of Whitehouse's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

Management's discussion and analysis.

## Audit Objectives

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City of Whitehouse and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will each include a statement that the report is intended solely for the information and use of the audit committee, management, and specific

legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

### **Management Responsibilities**

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Whitehouse and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles. Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

You are responsible for management decisions and functions. As part of the audit, we will prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud, or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud, or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishment and maintenance of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, and the timing and format related thereto.

As part of the audit, we will prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about

whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

#### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Whitehouse's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Audit Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmation we request and will locate any invoices selected by us for testing.

We will provide copies of our reports to the City of Whitehouse; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Gollob, Morgan, Peddy & Co., P.C. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to federal agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by certain federal agencies. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit as soon as mutually convenient after September 30, 2008 and to issue our report within 30 days of completion of fieldwork.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, typing, postage, travel, copies, telephone, etc.) Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Based on our preliminary estimates, the fee should approximate \$35,500. This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. We will fully discuss all items of this nature with you and arrive at a solution appropriate for the situation if necessary. Our services will be invoiced monthly as the audit work progresses. Payment of our services will be due within 30 days of each invoice date. A finance charge of 1.50% per month will be assessed on any unpaid balance after deduction of current payments made within thirty days of the date of billing. This is an annual percentage rate of 18%.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2006 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City of Whitehouse and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

GOLLOB, MORGAN, PEDDY & CO., P.C.

A handwritten signature in black ink that reads "Tommy J. Chambers". The signature is written in a cursive, flowing style.

Tommy J. Chambers, CPA

RESPONSE:

This letter correctly sets for the understanding of the City of Whitehouse.

By: John D. Hogden, Jr.

Title: MAYOR

Date: 17 Nov 2008

December 5, 2006

To the Shareholders  
Gollob, Morgan, Peddy & Co., P.C.

We have reviewed the system of quality control for the accounting and auditing practice of Gollob, Morgan, Peddy & Co., P.C (the firm) in effect for the year ended June 30, 2006. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among other audits, audits of Employee Benefit Plans and engagements performed under Government Auditing Standards. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent

Gollob, Morgan, Peddy & Co., P.C.

Page 2

December 5, 2006

limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion the system of quality control for the accounting and auditing practice of Gollob, Morgan, Peddy & Co., P.C. in effect for the year ended June 30, 2006, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

*Fitts, Roberts & Co., P.C.*

Fitts, Roberts & Co., P.C

**CITY OF WHITEHOUSE, TEXAS**  
**BASIC FINANCIAL STATEMENTS and**  
**REQUIRED SUPPLEMENTARY and OTHER INFORMATION**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**GOLLOB MORGAN**  
**PEDDY & Co., P.C.**  
Certified Public Accountants

**CITY OF WHITEHOUSE, TEXAS**

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**INDEPENDENT AUDITORS' REPORT**

City Council  
City of Whitehouse, Texas  
Whitehouse, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Whitehouse, Texas as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Whitehouse, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Whitehouse, Texas as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009 on our consideration of the City of Whitehouse, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Whitehouse, Texas taken as a whole. The accompanying financial information listed as additional supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Whitehouse, Texas. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bolton Morgan Peddy & Co., P.C.*  
Certified Public Accountants

Tyler, Texas  
February 6, 2009

## Management's Discussion and Analysis

As management of the City of Whitehouse, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008.

### Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$ 7,669,449 (net assets). Of this amount \$543,239 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$631,604. Of this amount \$290,416 (45.98%) is available for spending at the government's discretion.
- The total net assets of \$7,669,449 are made up of \$5,976,489 in capital assets net of related debt and \$1,692,960 in other net assets.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements are prepared using Governmental Accounting Statement No. 34 *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*.

The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Whitehouse's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other nonfinancial factors must also be considered.

The *statement of activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City of Whitehouse that are principally supported by taxes and other governmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and streets and drainage. The business-type activities include water and sewer services.

The fund financial statements are presented using fund designations. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into these categories: governmental funds, proprietary funds, and capital project funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

*Proprietary funds.* The City of Whitehouse maintains only one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City used enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer.

*Capital Projects funds.* Capital projects funds are used for major undertakings that are beyond the scope of the regular annual operating budget, such as improvements and expansion of the City's water and wastewater systems, streets and drainage, and the construction of a major expansion of FM 346 that provides most of the traffic flow traveling east and west through the city.

*Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. As the end of the fiscal year, September 30, 2008 the City's assets exceeded liabilities by \$7,669,449.

By far the largest portion of the City's net assets (\$5,976,489) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related debt used to acquire these assets that are still outstanding. This amount increased \$682,454 during the current year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The amount of net assets that are unrestricted (\$543,239) decreased by \$496,203 during the year.

### City of Whitehouse's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 915,732	\$ 1,303,290	\$ 3,668,033	\$ 4,196,528	\$ 4,583,765	\$ 5,499,818
Capital assets	8,530,889	8,675,894	18,904,220	15,440,652	27,435,109	24,116,546
Total Assets	9,446,621	9,979,184	22,572,253	19,637,180	32,018,874	29,616,364
Current liabilities	250,941	214,807	684,901	464,463	935,842	679,270
Non current liabilities	5,212,583	5,690,291	18,201,000	15,437,000	23,413,583	21,127,291
Total Liabilities	5,463,524	5,905,098	18,885,901	15,901,463	24,349,425	21,806,561
Net invested in						
capital assets	3,705,503	3,355,093	2,270,986	1,938,942	5,976,489	5,294,035
Restricted	322,565	537,726	827,156	938,600	1,149,721	1,476,326
Unrestricted	(44,971)	181,267	588,210	858,175	543,239	1,039,442
Total Net Assets	\$ 3,983,097	\$ 4,074,086	\$ 3,686,352	\$ 3,735,717	\$ 7,669,449	\$ 7,809,803

*Governmental activities.* During the current year the governmental activities had an decrease in net assets of \$90,989 which represented a \$180,393 decrease from the previous year. The decrease came primarily from additional expenses in public safety and community development.

*Business-type activities.* The City had a \$49,365 decrease in net assets for its business-type activities during the year. This is \$216,534 less than the previous year. The decrease comes primarily from no grant revenues received in the current year and an increase in utility costs in operating new wells that were put on line.

### City of Whitehouse's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Charges for services	\$ 1,222,541	\$ 1,069,789	\$ 1,988,159	\$ 1,922,262	\$ 3,210,700	\$ 2,992,051
Capital grants and contributions	9,250	27,347	-	153,039	9,250	180,386
<b>General revenue:</b>						
Property taxes	1,414,236	1,511,903	579,446	475,879	1,993,682	1,987,782
Franchise taxes	266,514	270,428	-	-	266,514	270,428
Sales taxes	613,781	576,017	-	-	613,781	576,017
Gain (loss) on sale of assets	6,789	2,254	-	-	6,789	2,254
Interest income	51,350	102,195	108,344	162,624	159,694	264,819
<b>Total revenues</b>	<b>3,584,461</b>	<b>3,559,933</b>	<b>2,675,949</b>	<b>2,713,804</b>	<b>6,260,410</b>	<b>6,273,737</b>
<b>Expenses:</b>						
General government	511,565	493,997	-	-	511,565	493,997
Public safety	1,933,274	1,802,723	-	-	1,933,274	1,802,723
Community development	1,153,040	919,019	-	-	1,153,040	919,019
Parks and recreation	79,417	105,817	-	-	79,417	105,817
Interest	222,576	231,108	-	-	222,576	231,108
Water and sewer operations	-	-	2,500,892	2,464,490	2,500,892	2,464,490
<b>Total expenses</b>	<b>3,899,872</b>	<b>3,552,664</b>	<b>2,500,892</b>	<b>2,464,490</b>	<b>6,400,764</b>	<b>6,017,154</b>
Transfers	224,422	82,135	(224,422)	(82,135)	-	-
<b>Change in net assets</b>	<b>(90,989)</b>	<b>89,404</b>	<b>(49,365)</b>	<b>167,179</b>	<b>(140,354)</b>	<b>256,583</b>
Net assets beginning of year,	4,074,086	3,984,682	3,735,717	3,568,538	7,809,803	7,553,220
<b>Net Assets End of Year</b>	<b>\$ 3,983,097</b>	<b>\$ 4,074,086</b>	<b>\$ 3,686,352</b>	<b>\$ 3,735,717</b>	<b>\$ 7,669,449</b>	<b>\$ 7,809,803</b>

### Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported an ending fund balance of \$631,604 of which \$290,416 is unrestricted and available for spending at the City's discretion. The total fund balance for the governmental funds decreased by \$410,627 during the year which was mostly due to a \$150,717 transfer from the FM 346 project fund to help fund water well improvements and the fact that not all of the budgeted transfers to the debt service were made.

*Proprietary funds.* The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net assets of the proprietary fund amounted to \$588,210 at year end as compared to \$858,175 at the end of the prior year.

### **General Fund Budgetary Highlights**

Over the year, the City of Whitehouse made allocation amendments to its budget but did not change the total amount originally budgeted. Revenues were \$197,177 over budget while expenditures exceeded the budget by \$161,111. After considering operating transfers, proceeds from asset sales, and loan proceeds, the City had a favorable variance of \$154,337 when comparing excess revenues over expenditures for the year which reflected effective management and a conscientious effort to maximize resources.

### **Capital Assets and Debt Administration**

*Capital Assets.* The City of Whitehouse's investment in capital assets for the governmental and business-type activities as of September 30, 2008, amounts to \$5,976,489 net of accumulated depreciation and related debt. This investment in capital assets includes land, buildings, machinery and equipment, water and sewer systems, infrastructure and construction in progress. The biggest change during the current year was the City's construction of water wells on the south side of town. The total net increase in the City's investment in fixed assets for the current year (see Note 4C) was \$3,318,563.

### City of Whitehouse's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 128,782	\$ 128,782	\$ 25,000	\$ 25,000	\$ 153,782	\$ 153,782
Easements	-	-	7,800	7,800	7,800	7,800
Construction in progress	-	-	3,072,426	961,015	3,072,426	961,015
Buildings and improvements	2,061,881	2,121,559	148,918	131,281	2,210,799	2,252,840
Water and sewer system Infrastructure	-	-	15,383,898	14,139,593	15,383,898	14,139,593
Machinery and equipment	5,706,568	5,834,055	-	-	5,706,568	5,834,055
Total	\$ 8,530,889	\$ 8,675,894	\$ 18,904,220	\$ 15,440,652	\$ 27,435,109	\$ 24,116,546

Additional information on the City's capital assets can be found in the footnotes to this financial report.

*Long-term debt.* During the current year, the City received \$91,438 in loan proceeds for new police vehicles, a work truck, and a police motorcycle while issuing \$3,100,000 in certificates of obligation to fund the construction of two new water wells. After principal payments of \$905,147 were made against debt during the year, the City had total debt outstanding of \$23,413,583 at the end of the fiscal year.

### City of Whitehouse's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 4,885,000	\$ 5,275,000	\$ -	\$ -	\$ 4,885,000	\$ 5,275,000
Notes Payable	204,270	294,685	-	-	204,270	294,685
Compensated absences	123,313	120,607	-	-	123,313	120,607
Revenue bonds and Certificates of obligation	-	-	18,201,000	15,437,000	18,201,000	15,437,000
Total	\$ 5,212,583	\$ 5,690,292	\$ 18,201,000	\$ 15,437,000	\$ 23,413,583	\$ 21,127,292

Additional information on the City's long-term debt can be found in the footnotes to this financial report.

## **Economic Factors and Next Year's Budgets and Rates**

Economic trends in the City continue to reflect a favorable environment. New construction in both residential and commercial areas continued in 2008 and thus continued a steady increase in the City's tax base.

The City has adopted its 2009 budget and will strive to operate with maximum efficiency, controlling expenditures and finding ways to increase revenues.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year with the adoption of a tax rate of \$0.59999 per \$100 valuation.

## **Request for Information**

This financial report is designed to provide a general overview of the City of Whitehouse's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Whitehouse  
Attn: Jed Dillingham, Finance Director  
PO Box 776  
Whitehouse, TX 75791  
or call 903-839-4914.

**BASIC FINANCIAL STATEMENTS**

## EXHIBIT 1

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2008**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 133,184	\$ 113,973	\$ 247,157
Receivables (net of allowance for doubtful accounts)	270,774	383,019	653,793
Internal balances	153,052	(153,052)	-
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	290,899	2,700,953	2,991,852
Water rights - Lake Columbia	-	230,000	230,000
Water rights - Lake Striker	-	225,000	225,000
Bond issue costs (net)	67,823	168,140	235,963
Capital Assets (net of accumulated depreciation):			
Land	128,782	25,000	153,782
Easements	-	7,800	7,800
Construction in progress	-	3,072,426	3,072,426
Buildings and improvements	2,061,881	148,918	2,210,799
Infrastructure	5,706,568	-	5,706,568
Machinery and equipment	633,658	266,178	899,836
Water and sewer system	-	15,383,898	15,383,898
Total Assets	9,446,621	22,572,253	32,018,874
<b>LIABILITIES</b>			
Accounts payable	226,987	345,694	572,681
Deposits and other refundable balances	-	151,505	151,505
Deferred revenue	-	67,465	67,465
Accrued interest	23,954	120,237	144,191
Non-current liabilities:			
Due within one year	442,944	509,000	951,944
Due in more than one year	4,769,639	17,692,000	22,461,639
Total Liabilities	5,463,524	18,885,901	24,349,425
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	3,705,503	2,270,986	5,976,489
Restricted for:			
Debt service	322,565	-	322,565
Construction	-	827,156	827,156
Unrestricted	(44,971)	588,210	543,239
Total Net Assets	\$ 3,983,097	\$ 3,686,352	\$ 7,669,449

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

**CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2008**

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT		
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government	\$ 511,565	\$ 169,065	\$ -	\$ (342,500)	\$ -	\$ (342,500)
Public safety	1,933,274	444,170	9,250	(1,479,854)	-	(1,479,854)
Community development	1,153,040	609,306	-	(543,734)	-	(543,734)
Parks and recreation	79,417	-	-	(79,417)	-	(79,417)
Interest	222,576	-	-	(222,576)	-	(222,576)
Total governmental activities	<u>3,899,872</u>	<u>1,222,541</u>	<u>9,250</u>	<u>(2,668,081)</u>	<u>-</u>	<u>(2,668,081)</u>
Business-type activities:						
Water and sewer	<u>2,500,892</u>	<u>1,988,159</u>	<u>-</u>	<u>-</u>	<u>(512,733)</u>	<u>(512,733)</u>
Total business-type activities	<u>2,500,892</u>	<u>1,988,159</u>	<u>-</u>	<u>-</u>	<u>(512,733)</u>	<u>(512,733)</u>
Total primary government	<u>\$ 6,400,764</u>	<u>\$ 3,210,700</u>	<u>\$ 9,250</u>	<u>(2,668,081)</u>	<u>(512,733)</u>	<u>(3,180,814)</u>
General revenues:						
Property taxes				1,414,236	579,446	1,993,682
Franchise taxes				266,514	-	266,514
Sales and use taxes				613,781	-	613,781
Gain on sale of assets				6,789	-	6,789
Interest and rent				51,350	108,344	159,694
Transfers				224,422	(224,422)	-
Total general revenues and transfers				<u>2,577,092</u>	<u>463,368</u>	<u>3,040,460</u>
Change in net assets				(90,989)	(49,365)	(140,354)
Net assets - beginning of year				<u>4,074,086</u>	<u>3,735,717</u>	<u>7,809,803</u>
Net assets - end of year				<u>\$ 3,983,097</u>	<u>\$ 3,686,352</u>	<u>\$ 7,669,449</u>

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

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

	MAJOR FUNDS			ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS		
<b>ASSETS</b>					
Cash and investments	\$ 1,490	\$ -	\$ 131,694	\$ -	\$ 133,184
Receivables:					
Property taxes	50,330	-	-	-	50,330
Sales taxes	99,694	-	-	-	99,694
Street assessments	-	-	24,471	-	24,471
Charges for services	113,940	-	-	-	113,940
Restricted Assets:					
Temporarily restricted					
Cash and cash equivalents	-	290,899	-	-	290,899
Due from other funds	123,737	136,012	2,848	(104,346)	158,251
Bond issue costs (net)	-	-	67,823	-	67,823
Total Assets	<u>\$ 389,191</u>	<u>\$ 426,911</u>	<u>\$ 226,836</u>	<u>\$ (104,346)</u>	<u>\$ 938,592</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	226,988	-	-	-	226,988
Due to other funds	-	104,346	5,199	(104,346)	5,199
Deferred revenue	50,330	-	24,471	-	74,801
Total Liabilities	<u>277,318</u>	<u>104,346</u>	<u>29,670</u>	<u>(104,346)</u>	<u>306,988</u>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Debt Service	-	322,565	-	-	322,565
Construction	-	-	18,623	-	18,623
Total Reserved Fund Balances	<u>-</u>	<u>322,565</u>	<u>18,623</u>	<u>-</u>	<u>341,188</u>
<b>Unreserved</b>					
Undesignated	111,873	-	178,543	-	290,416
Total Undesignated Fund Balances	<u>111,873</u>	<u>-</u>	<u>178,543</u>	<u>-</u>	<u>290,416</u>
Total Fund Balances	<u>111,873</u>	<u>322,565</u>	<u>197,166</u>	<u>-</u>	<u>631,604</u>
Total Liabilities and Fund Balances	<u>\$ 389,191</u>	<u>\$ 426,911</u>	<u>\$ 226,836</u>	<u>\$ (104,346)</u>	

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

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets (Exhibit 1)

	Total Governmental Funds
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 631,604
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	8,530,889
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	57,141
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet	(23,954)
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(5,212,583)</u>
Net Assets of governmental activities	<u>\$ 3,983,097</u>

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE				
REVENUES						
Current and delinquent taxes	\$ 847,415	\$ 582,010	\$ -	\$ -	\$ 1,429,425	
Fines and forfeitures	444,170	-	-	-	444,170	
Licenses and permits	23,121	-	-	-	23,121	
Franchise taxes	266,514	-	-	-	266,514	
Sales taxes - regular	381,377	-	-	-	381,377	
Sales taxes - additional 1/2 cent	190,688	-	-	-	190,688	
Sales tax fees	41,716	-	-	-	41,716	
Donations	-	119,768	9,250	-	129,018	
Solid waste collections	609,306	-	-	-	609,306	
Zoning and platting fees	175	-	-	-	175	
Intergovernmental revenue	1,750	-	-	-	1,750	
Interest and rent	23,356	20,858	7,136	-	51,350	
Miscellaneous income	23,914	-	337	-	24,251	
Total Revenues	<u>2,853,502</u>	<u>722,636</u>	<u>16,723</u>	<u>-</u>	<u>3,592,861</u>	
EXPENDITURES						
Legislative	38,115	-	-	-	38,115	
General administration	251,287	-	11,670	-	262,957	
Treasury and financial	135,618	-	-	-	135,618	
Tax appraisal and collections	42,354	-	-	-	42,354	
Municipal court	273,200	-	-	-	273,200	
Library	37,000	-	-	-	37,000	
Parks/recreation	56,032	-	-	-	56,032	
Community development	188,524	-	-	-	188,524	
Street and ground maintenance	257,401	-	-	-	257,401	
Communication center	270,740	-	-	-	270,740	
Police	1,277,109	-	-	-	1,277,109	
Animal control	47,370	-	-	-	47,370	
Fire	109,958	-	-	-	109,958	
Sanitation	506,845	-	-	-	506,845	
Debt service:						
Bond principal	-	390,000	-	-	390,000	
Note principal	-	181,853	-	-	181,853	
Interest and fees	-	224,699	-	-	224,699	
Capital outlay	-	-	20,893	-	20,893	
Total Expenditures	<u>3,491,553</u>	<u>796,552</u>	<u>32,563</u>	<u>-</u>	<u>4,320,668</u>	
Revenues Over (Under) Expenditures	<u>(638,051)</u>	<u>(73,916)</u>	<u>(15,840)</u>	<u>-</u>	<u>(727,807)</u>	

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	MAJOR FUNDS		OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE			
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 516,384	\$ 373,000	\$ -	\$ -	\$ 889,384
Transfers out	-	(514,245)	(150,717)	-	(664,962)
Amortification	-	-	(8,067)	-	(8,067)
Loan proceeds	91,438	-	-	-	91,438
Sale of assets	9,387	-	-	-	9,387
Total Other Financing Sources (Uses)	617,209	(141,245)	(158,784)	-	317,180
Net Change in Fund Balances	(20,842)	(215,161)	(174,624)	-	(410,627)
Fund Balances, October 1, 2007	132,715	537,726	371,790	-	1,042,231
Fund Balances, September 30, 2008	\$ 111,873	\$ 322,565	\$ 197,166	\$ -	\$ 631,604

EXHIBIT 5

**CITY OF WHITEHOUSE, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	\$	(410,627)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(142,407)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.		(17,787)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>479,832</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(90,989)</u>

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

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent taxes	\$ 768,675	\$ 768,675	\$ 847,415	\$ 78,740
Fines and forfeitures	428,400	428,400	444,170	15,770
Licenses and permits	21,500	21,500	23,121	1,621
Franchise taxes	263,000	263,000	266,514	3,514
Sales taxes - regular	380,000	380,000	375,361	(4,639)
Sales taxes - additional 1/2 cent	190,000	190,000	187,680	(2,320)
Sales tax fees	37,000	37,000	41,716	4,716
Solid waste collections	530,000	530,000	608,180	78,180
Zoning and platting fees	500	500	175	(325)
Intergovernmental revenue	1,700	1,700	1,750	50
Interest and rent	25,400	25,400	23,356	(2,044)
Miscellaneous income	-	-	23,914	23,914
<b>Total Revenues</b>	<b>2,646,175</b>	<b>2,646,175</b>	<b>2,843,352</b>	<b>197,177</b>
<b>EXPENDITURES</b>				
Legislative	32,257	32,257	38,115	(5,858)
General administration	248,916	248,916	253,686	(4,770)
Treasury and financial	133,063	133,063	135,618	(2,555)
Tax appraisal and collections	38,000	38,000	42,354	(4,354)
Municipal court	281,599	281,599	288,763	(7,164)
Library	37,000	37,000	37,000	-
Parks/recreation	77,000	60,000	56,032	3,968
Fire Prevention	50,000	-	-	-
Community development	144,339	144,339	188,524	(44,185)
Street and ground maintenance	307,631	307,631	257,401	50,230
Communication center	211,101	276,601	270,740	5,861
Police	1,226,936	1,228,436	1,253,646	(25,210)
Animal control	45,761	45,761	47,370	(1,609)
Fire	117,379	117,379	109,958	7,421
Sanitation	369,700	369,700	502,586	(132,886)
<b>Total Expenditures</b>	<b>3,320,682</b>	<b>3,320,682</b>	<b>3,481,793</b>	<b>(161,111)</b>
Revenues Over (Under) Expenditures	(674,507)	(674,507)	(638,441)	36,066
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	400,000	400,000	516,384	116,384
Transfers out	-	-	-	-
Loan proceeds	61,500	61,500	61,500	-
Sale of assets	7,500	7,500	9,387	1,887
<b>Total Other Financing Sources (Uses)</b>	<b>469,000</b>	<b>469,000</b>	<b>587,271</b>	<b>118,271</b>
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(205,507)	(205,507)	(51,170)	154,337
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	30,328	30,328
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(205,507)	(205,507)	(20,842)	184,665

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
GENERAL FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
Fund Balance, October 1, 2007	\$ -	\$ -	\$ 132,715	\$ 132,715
Fund Balance, September 30, 2008	<u>\$ (205,507)</u>	<u>\$ (205,507)</u>	<u>\$ 111,873</u>	<u>\$ 317,380</u>

Note A - Explanation of Differences Between Budget Basis Presentation and GAAP Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Increase in accrued service revenues for services earned during the current year but billed in the following year

\$ 1,126

Loan proceeds received on financing agreement

14,938

Loan proceeds not budgeted but reclassified from Utility Fund to match with reporting at government wide level

15,000

Increase in revenues recognized for exchange transactions occurring during current year but received in following year

9,024

Uses/Outflows of Resources:

Differences - Budget to GAAP

Capital outlay acquired through financing agreement

(14,938)

Increase in accrued expenses for services rendered or goods provided during the current year but paid for in the following year

5,178

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ 30,328

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2008

	<u>UTILITY FUND</u>
ASSETS	
Current Assets:	
Cash and certificates of deposit	\$ 113,973
Due from other funds	325
Accounts receivable (Net)	<u>383,019</u>
Total Current Assets	<u>497,317</u>
Restricted current assets:	
Temporarily Restricted	
Customer deposits	<u>151,505</u>
Total restricted current assets	<u>151,505</u>
Noncurrent Assets:	
Restricted Assets:	
Temporarily Restricted	
Cash for construction	<u>2,549,448</u>
Total Restricted Assets	<u>2,549,448</u>
Water rights - Lake Columbia	230,000
Water rights - Lake Striker	225,000
Bond Issue Costs (Net)	168,140
Capital Assets:	
Land	25,000
Easements	7,800
Buildings	324,633
Water and sewer system	18,862,677
Machinery & equipment	928,316
Construction in progress	3,072,426
Less: Accumulated depreciation	<u>(4,316,632)</u>
Total Capital Assets Net Of Accumulated Depreciation	<u>18,904,220</u>
Total Noncurrent Assets:	<u>22,076,808</u>
Total Assets	<u>\$ 22,725,630</u>

(continued)

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2008

	<u>UTILITY FUND</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 345,694
Deferred revenue	67,465
Due to other funds	<u>153,377</u>
Total Current Liabilities	566,536
Current liabilities payable from restricted assets:	
Customer deposits	151,505
Accrued interest	120,237
Revenue bonds payable	<u>509,000</u>
Total current liabilities payable from restricted assets	780,742
Noncurrent Liabilities:	
Revenue bonds payable	<u>17,692,000</u>
Total Noncurrent Liabilities	<u>17,692,000</u>
Total Liabilities	<u>19,039,278</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,270,986
Restricted net assets:	
Restricted for construction	<u>827,156</u>
Total restricted net assets	827,156
Unrestricted	<u>588,210</u>
Total Net Assets	<u>\$ 3,686,352</u>

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

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>UTILITY FUND</u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 1,288,795
Sewer charges	558,700
Assessment revenue	43,332
Tax revenue	579,446
Charges for other services	<u>97,332</u>
Total Operating Revenues	<u>2,567,605</u>
<b>OPERATING EXPENSES</b>	
Utility administration	596,801
Customer service	132,906
Water operations	249,043
Sewer operations	238,937
Water supply	24,811
Depreciation	<u>489,737</u>
Total Operating Expenses	<u>1,732,235</u>
Operating Income (Loss)	<u>835,370</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and fiscal charge expense	(752,134)
Amortization of bond issue costs	(16,523)
Grant revenue	-
Interest income	<u>108,344</u>
Total non-operating revenue (expenses)	<u>(660,313)</u>
Income before transfers	175,057
Transfers in	664,962
Transfers out	<u>(889,384)</u>
Total Transfers	<u>(224,422)</u>
Change in Net Assets	(49,365)
Net Assets, October 1, 2007	<u>3,735,717</u>
Net Assets, September 30, 2008	<u>\$ 3,686,352</u>

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

**CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	<u>UTILITY FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers and users	\$ 2,641,731
Cash paid to suppliers for goods and services	(735,742)
Cash paid to employees for services	<u>(519,837)</u>
Net cash provided by operating activities	<u>1,386,152</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers in	664,962
Transfers out	<u>(889,384)</u>
Net cash provided by (used in) non-capital financing activities	<u>(224,422)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases or construction of capital assets	(3,674,775)
Interest paid	(757,692)
Deposit paid on Lake Striker project	(112,500)
Bond proceeds	3,100,000
Bond issue costs	(37,160)
Principal paid on bonds	<u>(336,000)</u>
Net cash (used in) capital and related financing activities	<u>(1,818,127)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest earned on investments	<u>108,344</u>
Net cash provided by investing activities	<u>108,344</u>
Net increase (decrease) in cash	(548,053)
Cash, beginning of period	<u>3,362,979</u>
Cash, end of period	<u>\$ 2,814,926</u>
<b>Reconciliation of cash to Exhibit 7:</b>	
Cash - current asset	\$ 113,973
Cash - restricted current asset	151,505
Cash - restricted non-current asset	<u>2,549,448</u>
Total cash, end of period	<u>\$ 2,814,926</u>

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

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>UTILITY FUND</u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>	
Operating income (loss)	\$ 835,370
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	489,737
Increase in accounts receivable	69,846
Decrease in accounts payable	(13,081)
Increase in customer deposits	<u>4,280</u>
Total adjustments	<u>550,782</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,386,152</u>

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

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2008**

**NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The City of Whitehouse, Texas operates under a Council-Manager form of government and provides the following services: general administration, police, fire, planning and zoning, street, solid waste, and water and sewer services.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

**B. The Reporting Entity**

These financial statements present all of the funds of the City.

The financial statements of the City of Whitehouse, Texas include all funds and account groups and other organizations for which the City is financially accountable. Financial accountability is determined on the basis of appointment of a voting majority of the respective governing board, imposition of will, financial benefit or burden and financial accountability as a result of fiscal dependency. In determining the financial reporting entity, the City complies with the provisions of Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Government Accounting Standards Board Statement No. 39 "Determining Whether Certain Organizations are Component Units – an amendment of GASB No. 14", and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and

available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the repayment of the City's general obligation debt.

The government reports the following major proprietary funds:

The Utility Fund is used to account for sale of water and wastewater treatment by the City to businesses and residential customers, as well as the construction of related construction projects and the payment of the debt on these projects.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided and (2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivery goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **E. Assets, Liabilities, and Net Assets or Equity**

1. Cash and cash equivalents – the City considers all cash in demand deposit accounts and petty cash accounts to be cash and cash equivalents, as well as certificates of deposit and funds maintained in external investment pools that can be readily converted to cash on a daily basis.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible.

The City provides an allowance for doubtful accounts based upon the anticipated collectibility of each specific account, as determined by experience.

Property taxes are levied October 1 on the assessed value of property at January 1 and are due by January 31 of the following year. Unpaid taxes attach as an enforceable lien on property as of January 31. Revenue from taxes assessed is recorded as deferred revenue on October 1. The deferred revenue from taxes is then recognized as revenue during the year as the taxes are actually received.

3. Due from Other Funds

Current portions of long-term interfund loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources".

4. Capital Assets – includes property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-40
Machinery and equipment	5-10
Infrastructure	40

5. Construction in progress – Expenditures on incomplete capital projects have been capitalized as construction in progress. The assets resulting from these projects will be transferred from the construction in progress accounts to the appropriate asset account as the projects are completed.

6. Bond issue costs – Bond issue costs are amortized over the life of the bonds under straight line or the effective interest method.

7. Fund equity – Reserves of fund balance are used to indicate that a portion of fund equity is not available for expenditure or is legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

8. Net Assets – Represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of the City's capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets. Net assets reported as restricted

are those amounts which have limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations.

9. Capitalized interest – The City has capitalized interest on construction projects when material.
10. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets - One element of that reconciliation states that “Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$8,530,889 difference are as follows:

Capital assets, October 1, 2007, net of accumulated depreciation	\$8,675,894
Capital asset additions, net of retirements	233,431
Depreciation of capital assets, current year	<u>(378,436)</u>
	<u>\$8,530,889</u>

Another element states that “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.” The details of this \$57,141 difference are as follows:

Allowance account for uncollectible taxes	\$ (17,661)
Deferred tax revenues	<u>74,801</u>
	<u>\$ 57,141</u>

Also, another element states that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$(5,212,583) difference are as follows:

Long-term liabilities, October 1, 2007	\$(5,690,291)
New debt issued during the year	(91,438)
Principal paid on debt for the year	571,853
Change in compensated absences	<u>(2,707)</u>
	<u>\$(5,212,583)</u>

- B. Explanation of certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balance and the government-wide statement of activities - One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated to their estimated useful lives and reported as depreciation expense.” The detail of this \$(142,407) difference are as follows:

Capital outlay, asset additions	\$ 236,029
Depreciation expense	<u>(378,436)</u>
	<u>\$ (142,407)</u>

Another element states "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements." The details of this \$(17,787) difference are as follows:

Change in allowance for uncollectible taxes	\$ (1,566)
Basis in vehicles sold	(2,598)
Change in deferred tax revenues	<u>(13,623)</u>
	<u>\$ (17,787)</u>

Also, another element states "The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$479,832 difference are as follows:

Principal payments on debt	\$ 571,853
Debt issued	(91,438)
Change in accrued interest	2,123
Change in compensated absences	<u>(2,706)</u>
	<u>\$ 479,832</u>

NOTE 3 — STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**A. Budgetary Information**

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

1. The budget for the General Fund and Water and Sewer Fund are adopted essentially on the cash basis. The budgetary comparisons for these funds are on this non-GAAP budgetary basis.
2. Appropriations lapse at year end.
3. Encumbrance accounting is not used.

NOTE 4 — DETAILED NOTES ON ALL FUNDS

**A. Deposits and Investments**

As of September 30, 2008, the City had the following deposits and investments:

	<u>BOOK BALANCE</u>	<u>BANK BALANCE</u>
Depository Accounts		
Insured	\$ 285,411	\$ 360,183
Collateral held by pledging bank's Trust Department in City's name	<u>671,535</u>	<u>712,396</u>
Total Depository Accounts	\$ 956,946	\$ 1,072,579
Certificates of Deposit - Collateral held by pledging bank's Trust Department in City's name	53,812	53,812
Intergovernmental investment pools:		
Logic	672,025	672,025
Texpool	921,231	921,231
MBIA	<u>633,505</u>	<u>633,505</u>
	3,237,519	3,353,152
Petty Cash on Hand	<u>1,490</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 3,239,009</u>	<u>\$ 3,353,152</u>

Credit Risk – The City’s investment policy allows for investments in intergovernmental investment pools. The City’s investments in Logic, Texpool, and MBIA are not evidenced by securities that exist in physical or book entry form and are not subject to credit risk categorization.

Interest Rate Risk – The City’s investment policy allows for investments to be made in order to achieve the highest return of interest on excess funds after consideration is given to safety and liquidity provisions of the policy.

## B. Receivables

Receivables as of year end for the government’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Utility Operating Fund</u>	<u>Enterprise Capital Projects Fund</u>	<u>Non Major Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 50,331	\$ -	-	\$ -	\$ 50,331
Assessments	-	-	67,465	24,471	91,936
Sales Tax	99,693	-	-	-	99,693
Accounts (services)	<u>113,940</u>	<u>315,554</u>	<u>-</u>	<u>-</u>	<u>429,494</u>
Gross receivables	263,964	315,554	67,465	24,471	671,454
Less: Allowance for Uncollectibles	<u>17,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,661</u>
Net Receivables	<u>\$246,303</u>	<u>\$ 315,554</u>	<u>\$ 67,465</u>	<u>\$ 24,471</u>	<u>\$653,793</u>

### C. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

PRIMARY GOVERNMENT	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 128,782	\$ -	\$ -	\$ 128,782
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>128,782</u>	<u>-</u>	<u>-</u>	<u>128,782</u>
<b>Capital Assets, Being Depreciated</b>				
Buildings and Improvements	2,423,021	-	-	2,423,021
Infrastructure	6,974,376	47,135	-	7,021,511
Machinery and Equipment	1,687,675	188,894	(49,208)	1,827,361
Total Capital Assets, Being Depreciated	<u>11,085,072</u>	<u>236,029</u>	<u>(49,208)</u>	<u>11,271,893</u>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	(301,462)	(59,678)	-	(361,140)
Infrastructure	(1,140,321)	(174,622)	-	(1,314,943)
Machinery and Equipment	(1,096,177)	(144,136)	46,610	(1,193,703)
Total Accumulated Depreciation	<u>(2,537,960)</u>	<u>(378,436)</u>	<u>46,610</u>	<u>(2,869,786)</u>
Net Total Assets Being Depreciated	<u>8,547,112</u>	<u>(142,407)</u>	<u>(2,598)</u>	<u>8,402,107</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>\$ 8,675,894</u></u>	<u><u>\$ (142,407)</u></u>	<u><u>\$ (2,598)</u></u>	<u><u>\$ 8,530,889</u></u>
<b>Business-Type Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Easements	7,800	-	-	7,800
Construction in Progress	961,015	3,862,811	(1,751,400)	3,072,426
Total Capital Assets, Not Being Depreciated	<u>993,815</u>	<u>3,862,811</u>	<u>(1,751,400)</u>	<u>3,105,226</u>
<b>Capital Assets, Being Depreciated</b>				
Water and Sewer System	17,197,399	1,665,278	-	18,862,677
Buildings	299,206	25,427	-	324,633
Machinery and Equipment	801,431	151,189	(24,304)	928,316
Total Capital Assets, Being Depreciated	<u>18,298,036</u>	<u>1,841,894</u>	<u>(24,304)</u>	<u>20,115,626</u>
<b>Less Accumulated Depreciation For:</b>				
Water and Sewer System	(3,057,806)	(420,973)	-	(3,478,779)
Buildings	(167,925)	(7,790)	-	(175,715)
Machinery and Equipment	(625,468)	(60,974)	24,304	(662,138)
Total Accumulated Depreciation	<u>(3,851,199)</u>	<u>(489,737)</u>	<u>24,304</u>	<u>(4,316,632)</u>
Net Total Assets Being Depreciated	<u>14,446,837</u>	<u>1,352,157</u>	<u>-</u>	<u>15,798,994</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u><u>\$ 15,440,652</u></u>	<u><u>\$ 5,214,968</u></u>	<u><u>\$ (1,751,400)</u></u>	<u><u>\$ 18,904,220</u></u>

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

Governmental Activities:	
General Government	\$ 41,487
Public Safety	105,620
Community Development	207,944
Parks and Recreation	<u>23,385</u>
Total depreciation expense, governmental activities	<u>\$378,436</u>
Business-Type Activities:	
Water and Sewer Operations	<u>\$489,737</u>

### Construction Commitments

The government has several active construction projects as of September 30, 2008. At year-end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Estimated Remaining</u>
Lilly Outfall	\$ 35,378	\$ 40,000
Bascom Road Lift Station	33,816	45,000
Willingham Outfall Improvements	30,808	25,000
Water Well – Mountain View Rd	<u>2,972,424</u>	<u>100,000</u>
	<u>\$ 3,072,426</u>	<u>\$ 210,000</u>

The commitments for these projects are being financed by certificates of obligation and local funds.

### D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	Utility Operating Fund	\$ 38,692
Debt Service	Enterprise Debt Service Fund	92,122
Debt Service	Street Construction Fund	2,150
General Fund	Utility Operating Fund	835
General Fund	Enterprise Debt Service Fund	<u>19,253</u>
		<u>\$ 153,052</u>

Interfund transfers:

	<u>Transfers In</u>				<u>Total</u>
	<u>Debt Service Fund</u>	<u>Utility Capital Projects Fund</u>	<u>Utility Debt Service Fund</u>	<u>General Fund</u>	
Transfers out:					
Debt Service Fund	\$ -	\$ -	\$ 514,245	\$ -	\$ 514,245
Utility Operating fund	325,000	-	-	516,384	841,384
Other Governmental Funds	-	150,717	-	-	150,717
Utility Capital Projects fund	<u>48,000</u>	-	-	-	<u>48,000</u>
Total transfers out/in	<u>\$373,000</u>	<u>\$ 150,717</u>	<u>\$ 514,245</u>	<u>\$ 516,384</u>	<u>\$1,554,346</u>

**E. Operating Leases**

During the year, the City leased out land for specified use under three operating leases. The City collected \$12,975 under these leases which are for one year periods and are renewable annually.

**F. Long-term debt**

The following is a summary of bond and certificates of obligation transactions of the City for the year ended September 30, 2008:

	<u>GENERAL OBLIGATION</u>	<u>REVENUE</u>	<u>TOTAL</u>
Bonds payable - October 1, 2007	\$ 5,275,000	\$ 15,437,000	\$ 20,712,000
Additions	-	3,100,000	3,100,000
Retirements	<u>(390,000)</u>	<u>(336,000)</u>	<u>(726,000)</u>
Bonds Payable - September 30, 2008	<u>\$ 4,885,000</u>	<u>\$ 18,201,000</u>	<u>\$ 23,086,000</u>

Outstanding bonds at September 30, 2008 are comprised of the following issues:

Governmental Activities:

\$400,000 Series 1970 Sewer System Bonds maturing serially in various amounts through 3-1-10 at 5% interest	\$ 50,000
\$3,140,000 Series 2006 Refunding Bonds; maturing serially in varying amounts through 2-15-26 at 4.80%	2,915,000
\$1,000,000 Series 1996 General Obligation Bonds; maturing serially in varying amounts through 9-30-12. Interest rates varying from 6.65% to 5.25%	375,000
\$529,000 Series 2003 Refunding Bonds; maturing serially in varying amounts through 9-30-10. Interest rates varying from 2.48% to 3.46%.	220,000
\$1,400,000 Series 2004 Certificates of Obligation Bonds; maturing serially in varying amounts through 2-15-23. Interest rates varying from 2.15% to 3.19%	<u>1,325,000</u>
<b>Total Governmental Bonded Debt</b>	<b><u>\$ 4,885,000</u></b>

Business-Type Activities:

\$760,000 1995 Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation; maturing serially in varying amounts through 8-15-10. Interest rates varying from 3.75% to 5.50%.	\$ 175,000
\$5,000,000 Series 2001 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts through 9-1-21; interest rates varying from 4.00% to 8.50%	5,000,000
\$2,800,000 Series 2006 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-07 through 2-15-06. Interest at 4.20%	2,650,000

\$3,100,000 Series 2008 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-09 through 2-15-28 at 3.70%	3,100,000
\$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52%	4,354,000
\$2,000,000 Series 2007 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-08 through 2-15-26 at 4.32%	1,950,000
\$4,575,000 Series 2003-A Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2/15/06 through 2/15/23. Interest rates varying from 2.03% to 3.46%.	<u>972,000</u>
<b>Total Business-Type Bonded Debt</b>	<b><u>\$ 18,201,000</u></b>

The funding requirements to amortize all bonds outstanding as of September 30, 2008, including interest, are as follows:

	<u>GOVERNMENTAL</u>		<u>BUSINESS-TYPE</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2009	\$ 353,000	\$ 192,300	\$ 509,000	\$ 888,330	\$ 1,942,630
2010	367,000	177,257	608,000	817,823	1,970,080
2011	240,000	164,068	670,000	916,775	1,990,843
2012	255,000	152,790	775,444	746,526	1,929,760
2013	205,000	142,775	979,957	693,361	2,021,093
2014-2018	1,160,000	582,322	5,870,948	2,711,170	10,324,440
2019-2023	1,655,000	317,707	6,359,651	1,227,441	9,559,799
2024-2028	<u>650,000</u>	<u>55,887</u>	<u>2,428,000</u>	<u>208,426</u>	<u>3,342,313</u>
	<u>\$ 4,885,000</u>	<u>\$ 1,785,106</u>	<u>\$18,201,000</u>	<u>\$8,209,852</u>	<u>\$33,080,958</u>

Each bond issue has a respective bond ordinance authorizing (a) creation of an interest and sinking fund for the bond issue and (b) establishment of a required minimum balance to be held by each issue in order to pay the next interest and sinking requirement due.

The bond ordinances also require that the following information concerning insurance coverage as of September 30, 2008 be disclosed.

<u>Insurer</u>	<u>Policy</u>	<u>Limit of Liability</u>		<u>Expiration Date</u>
		<u>Each Occurrence</u>	<u>Annual Aggregate</u>	
Texas Municipal League	General Liability	\$1,000,000	\$2,000,000	10/1/2009
	Law Enforcement	1,000,000	2,000,000	10/1/2009
	Errors & Omissions	1,000,000	2,000,000	10/1/2009
	Auto Liability	1,000,000	n/a	10/1/2009
	Auto Physical Damage	10,000	n/a	10/1/2009
	Uninsured/Underinsured Motorists	55,000	n/a	10/1/2009
Texas Municipal League	Real & Personal Property	13,559,200	n/a	10/1/2009
	Mobile Equipment	433,718	n/a	10/1/2009
	Boiler & Machinery	100,000	n/a	10/1/2009
Texas Municipal League	Workers Comp	500,000	n/a	10/1/2009

As of September 30, 2008, the City was not in compliance with the minimum cash requirement contained in its bond ordinances as follows:

Minimum required balance	\$ 406,563
Actual balance held at September 30, 2008	<u>290,895</u>
Shortage	\$ <u>115,668</u>

The City has covered the shortage at year end through collection of property taxes at time of issuance of this report.

The City also has the following notes payable at September 30, 2008:

GOVERNMENTAL ACTIVITIES

Note payable to Austin Bank at 3.5% payable in annual installments of \$27,328.26 including interest, secured by three vehicles.	\$ 76,500
Note payable to Austin Bank at 3.25% payable in five annual installments of \$3,735 plus accrued interest, secured by a motorcycle.	14,938
Note payable to Capital One Bank at 3.5% payable in annual installments of \$18,952.74 including interest, secured by police vehicles.	35,454
Note payable to Austin Bank at 4.95% payable in annual installments of \$11,745 including interest, secured by backhoe.	35,796
Note payable to Capital One Bank at 4.5% payable in annual installments of \$22,133 including interest, secured by two trucks.	<u>41,582</u>
Total General Obligation Notes	\$ 204,270
Less: Current portion	<u>77,613</u>
LONG-TERM PORTION	\$ <u>210,488</u>

The approximate maturities of notes payable for the next five years are as follows:

<u>YEAR ENDED</u> <u>SEPTEMBER 30,</u>	<u>NOTES</u> <u>PAYABLE</u>
2009	\$ 77,613
2010	80,473
2011	42,450
2012	<u>3,734</u>
Total	\$ <u>204,270</u>

**Changes in long-term liabilities**

Long term liability activity for the year ended September 30, 2008 was as follows:

	Beginning Balance <u>10/01/07</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>9/30/08</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 5,275,000	\$ -	\$390,000	\$ 4,885,000	\$ 353,000
Notes Payable	294,685	91,438	181,853	204,270	77,613
Compensated Absences	<u>120,607</u>	<u>2,706</u>	<u>-</u>	<u>123,313</u>	<u>12,331</u>
<b>Governmental Activity Long-Term Liabilities</b>	<b><u>\$ 5,690,292</u></b>	<b><u>\$ 94,144</u></b>	<b><u>\$ 571,853</u></b>	<b><u>\$ 5,212,583</u></b>	<b><u>\$ 442,944</u></b>
<b>Business-type Activities:</b>					
Revenue Bonds	<u>\$15,437,000</u>	<u>\$ 3,100,000</u>	<u>\$ 3,527,000</u>	<u>\$18,201,000</u>	<u>\$ 509,000</u>
<b>Business-type Activity Long-Term Liabilities</b>	<b><u>\$15,437,000</u></b>	<b><u>\$ 3,100,000</u></b>	<b><u>\$ 336,000</u></b>	<b><u>\$18,201,000</u></b>	<b><u>\$ 509,000</u></b>

**NOTE 5 — GROUP CONCENTRATIONS OF CREDIT RISK**

The City provides water, sewer and sanitation services to its residents. Residents are provided with these services and are billed each month for usage in the prior month. The credit granted by the City for usage of these services is all with residents of the City. As of September 30, 2008, the City had \$429,494 in net receivables from its residents for the usage of these services.

**NOTE 6 – EMPLOYEES’ PENSION PLAN OBLIGATIONS**

**1. Plan Description**

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system.

**2. Other**

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city’s unfunded actuarial accrued liability would have been \$79,049 and the funded ratio would have been 77.3%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

### 3. Benefits

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows (as of 04/04/07):

Deposit Rate:	5%
Matching Ratio (City to Employee):	1.5 to 1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the City.  
 The Service Retirement Eligibilities for the city (expressed as years of service/age) are:  
**5 yrs/age 60; 25 yrs/any age**

### 4. Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect, (i.e., December 31, 2007 valuation is effective for rates beginning January 2009).

5. Schedule of Funding Progress

Actuarial Valuation Date	<u>12/31/2007</u>	<u>12/31/2006</u>	<u>12/31/2005</u>
Actuarial Value of Assets	\$ 1,637,547	\$ 1,432,790	\$ 1,294,465
Actuarial Accrued Liability (AAL)	\$ 1,689,482	\$ 1,440,010	\$ 1,265,030
Unfunded (Over-Funded) Actuarial Accrued Liability (UAAL)	\$ 51,935	\$ 7,220	\$ (29,435)
Funded Ratio	96.9%	99.5%	102.3%
Annual Covered Payroll	\$ 1,557,972	\$ 1,454,820	\$ 1,322,263
UAAL as a Percentage of Covered Payroll	3.3%	.5%	-2.2%

6. Trend Information

Fiscal Year Ending	<u>09/30/2007</u>	<u>09/30/2006</u>	<u>09/30/2005</u>
Annual Pension Cost (APC)	\$ 62,752	\$ 58,942	\$ 55,770
Percentage of APC contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -

7. General System-wide Actuarial Assumptions (Effective for 12/31/2007 Valuation)

Actuarial Cost Method -	Projected Unit Credit
Amortization Method -	Level Percent of Payroll
Remaining Amortization Period -	25 Years – Closed
Asset Valuation Method -	Amortized Cost
Investment Rate of Return -	7%
Projected Salary Increases -	None
Includes Inflation At -	3.5%
Cost-of-Living Adjustments-	None

The City of Whitehouse is one of 827 municipalities having their benefit plan administered by TMRS. Each of the 827 municipalities has an annual, individual actuarial valuation performed. All assumptions for the 12-31-07 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

NOTE 7 – DEFICIT RETAINED EARNINGS

At September 30, 2008, the Enterprise Debt Service Fund, the Enterprise 2001 Series Capital Projects Fund, the Enterprise 2003 Series Capital Projects Fund, and the Enterprise 2006 Series Capital Projects Fund had deficit retained earnings of \$231,611, \$4,972,539, \$5,248,779 and \$2,543,889, respectively. The deficit in the Capital Projects Funds is a result of construction projects being completed and transferred to the City's Enterprise Utility Fund and the debt related to these projects being carried as a liability in the respective fund that originally received the bond proceeds. Upon completion of all construction projects, the debt will also be transferred to the Utility Fund.

## NOTE 8 – COMMITMENTS

Effective April 1, 2005 the City entered into a new contract with IESI for the collection and disposal of garbage for residents within the city limits. The service will be paid for in accordance with the rates set forth in the contract. The contract is for a five year period ending March 31, 2010.

During the previous year, the City entered into an option agreement for the purchase of untreated water from Lake Striker. The agreement is for a ten year period and calls for annual option payments in the amount of \$150,000. The City also has a participation agreement with the City of Troup during this period in the amount of \$37,500 which makes the annual net cost to the City \$112,500 during the option period.

Effective October 1, 2008, the City entered into a water delivery contract with the City of Tyler to purchase treated Water on an “as need” basis. The contract calls for a monthly demand fee of \$19,320 to be paid each month regardless of consumption and a volume rate per each 1,000 gallons consumed. The contract is for a 25 year period and calls for an increase in the demand rate and the volume rate equal to any increase in Tyler’s residential rate plus 1%. The contract contains termination clauses including Whitehouse taking delivery of untreated water from either Lake Striker or Lake Columbia.

During the previous year, the City issued \$2,800,000 in certificates of obligation to be used for various projects, mainly the completion of two water wells and a plant on Railroad Avenue. During the year, the City transferred \$146,168 of completed project costs into the Utility Fund.

The City also has a sewer improvements project that is being funded through a TCDP grant of \$250,000 and matching funds. During the year ended September 30, 2008, the City transferred \$371,457 of completed project costs to the Utility Fund.

During the year ended September 30, 2003, the City issued \$4,575,000 in certificates of obligation to be used for improvements in its wastewater distribution system. As of September 30, 2008, the City has incurred \$18,944 in project costs that were being carried as construction in progress.

During the prior year, the City issued some tax obligation notes for the purpose of drilling a water well. During the year, the City incurred \$1,233,774 in project costs that completed the well and were transferred into the Utility Fund.

Also, during the prior year, the City issued \$2,000,000 in certificates of obligation to develop two different sewer outfalls and construct a lift station. As of September 30, 2008, the City had incurred \$81,058 in project costs on these projects that is being carried as construction in progress.

During the current year, the City issued some certificates of obligation for the purpose of drilling a water well. During the year, the City incurred \$2,972,424 in project costs that are being carried as construction in progress.

The City has a contract with Smith County for use of its jail facility. Under this agreement, the city will pay \$35 per prisoner for each day of confinement in the jail. The agreement, which ended September 30, 2008, has been renewed for another year through September 30, 2009.

In 2001, the City entered into an agreement with the YMCA of Tyler, Inc. for the operation of the YMCA in Whitehouse. The City will provide \$40,000 annually for a period of fifteen years for operating expenses.

## NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance and insurance with TML Intergovernmental Risk Pool. As of September 30, 2008, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2008, there was no reduction in insurance coverage from the prior year. There were no settlements in the prior three fiscal years which exceeded insurance coverage carried by the City.

**ADDITIONAL SUPPLEMENTAL INFORMATION**

**CITY OF WHITEHOUSE, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008**

	SPECIAL REVENUE FUND	STREET CONSTRUCTION FUND	FM 346 FUND	MUNICIPAL BUILDING FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and investments	\$ 8,478	\$ -	\$ 123,216	\$ -	\$ 131,694
Receivables:					
Street assessments	-	24,471	-	-	24,471
Restricted Assets:					
Temporarily restricted					
Cash and cash equivalents	-	-	-	-	-
Due from other funds	-	2,848	-	-	2,848
Bond issue costs (net)	-	6,096	40,055	21,672	67,823
<b>Total Assets</b>	<b>\$ 8,478</b>	<b>\$ 33,415</b>	<b>\$ 163,271</b>	<b>\$ 21,672</b>	<b>\$ 226,836</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	\$ 2,150	\$ -	\$ 3,049	\$ 5,199
Deferred revenue	-	24,471	-	-	24,471
<b>Total Liabilities</b>	<b>-</b>	<b>26,621</b>	<b>-</b>	<b>3,049</b>	<b>29,670</b>
Fund Balances:					
Reserved for construction	-	-	-	18,623	18,623
Undesignated unreserved	8,478	6,794	163,271	-	178,543
<b>Total Fund Balances</b>	<b>8,478</b>	<b>6,794</b>	<b>163,271</b>	<b>18,623</b>	<b>197,166</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,478</b>	<b>\$ 33,415</b>	<b>\$ 163,271</b>	<b>\$ 21,672</b>	<b>\$ 226,836</b>

**CITY OF WHITEHOUSE, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2008**

	SPECIAL REVENUE FUND	STREET CONSTRUCTION FUND	FM 346 FUND	MUNICIPAL BUILDING FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Donations	\$ 9,250	\$ -	\$ -	\$ -	\$ 9,250
Contributions from property owners - street assessments	-	-	-	-	-
Miscellaneous	337	-	-	-	337
Interest	121	-	7,015	-	7,136
<b>Total Revenues</b>	<b>9,708</b>	<b>-</b>	<b>7,015</b>	<b>-</b>	<b>16,723</b>
<b>EXPENDITURES</b>					
General administration	11,096	-	574	-	11,670
Capital outlay	-	-	20,893	-	20,893
<b>Total Expenditures</b>	<b>11,096</b>	<b>-</b>	<b>21,467</b>	<b>-</b>	<b>32,563</b>
Excess (deficiency) of revenues over (under) expenditures	(1,388)	-	(14,452)	-	(15,840)
<b>Other Financing Sources (Uses):</b>					
Amortization	-	(2,031)	(4,276)	(1,760)	(8,067)
Transfers in	-	-	-	-	-
Transfers out	-	-	(150,717)	-	(150,717)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(2,031)</b>	<b>(154,993)</b>	<b>(1,760)</b>	<b>(158,784)</b>
Net change in fund balances	(1,388)	(2,031)	(169,445)	(1,760)	(174,624)
Fund Balance - October 1, 2007	9,866	8,825	332,716	20,383	371,790
Fund Balance - September 30, 2008	<u>\$ 8,478</u>	<u>\$ 6,794</u>	<u>\$ 163,271</u>	<u>\$ 18,623</u>	<u>\$ 197,166</u>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>LEGISLATIVE</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 10,291	\$ 10,291	\$ 10,381	\$ (90)
Workers compensation	33	33	49	(16)
Unemployment compensation	72	72	-	72
Employee retirement	387	387	468	(81)
Employee insurance	1,187	1,187	1,188	(1)
Payroll taxes	787	787	791	(4)
Total Personnel Services	12,757	12,757	12,877	(120)
<b>CONTRACTUAL SERVICES:</b>				
Insurance	-	-	3,654	(3,654)
Business and travel	1,000	1,000	371	629
Legal fees	6,000	6,000	6,450	(450)
Contractual and fee base services	6,500	6,500	7,412	(912)
Total Contractual Services	13,500	13,500	17,887	(4,387)
<b>CAPITAL OUTLAY</b>				
Office equipment	6,000	6,000	7,351	(1,351)
TOTAL LEGISLATIVE	\$ 32,257	\$ 32,257	\$ 38,115	\$ (5,858)
<b>GENERAL/ADMINISTRATION</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 35,489	\$ 35,489	\$ 35,151	\$ 338
Clerical	32,760	32,760	32,871	(111)
Overtime	500	500	225	275
Uniforms and clothing	500	500	334	166
Workers compensation	221	221	196	25
Unemployment compensation	486	486	189	297
Employee retirement	2,585	2,585	3,078	(493)
Employee insurance	12,183	12,183	12,179	4
Retiree insurance	2,203	2,203	2,424	(221)
Payroll taxes	5,259	5,259	5,048	211
Total Personnel Services	92,186	92,186	91,695	491
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	10,000	10,000	7,785	2,215
Data processing supplies	1,500	1,500	1,434	66
Photo/audio/video supplies	750	750	850	(100)
Postage and delivery	3,000	3,000	2,485	515
Motor vehicle supplies	15,000	15,000	15,000	-
Minor tool and apparatus	300	300	21	279
Janitorial supplies	300	300	128	172
Educational and training	1,000	1,000	485	515
Other supplies	2,500	2,500	2,776	(276)
Total Supplies and Materials	34,350	34,350	30,964	3,386
<b>MAINTENANCE OF BUILDING/GROUNDS:</b>				
Building and grounds	3,000	3,000	5,131	(2,131)
Total Maintenance of Building/Grounds	3,000	3,000	5,131	(2,131)

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	\$ 1,000	1,000	\$ 1,067	\$ (67)
HVAC equipment	1,000	1,000	730	270
Communication equipment	500	500	998	(498)
Total Maintenance of Equipment/ Machinery	2,500	2,500	2,795	(295)
<b>CONTRACTUAL SERVICES:</b>				
Communication services	8,000	8,000	9,596	(1,596)
Insurance	6,680	6,680	2,299	4,381
Advertising	2,000	2,000	1,142	858
Business and travel	1,500	1,500	426	1,074
Legal fees	5,000	5,000	600	4,400
Contractual and fee base services	10,000	10,000	20,028	(10,028)
Utility services	75,000	75,000	79,691	(4,691)
Data processing maintenance	1,000	1,000	1,000	-
Computer training	1,000	1,000	-	1,000
Memberships/subscriptions	3,200	3,200	3,512	(312)
Miscellaneous expense	500	500	2,688	(2,188)
Total Contractual Services	113,880	113,880	120,982	(7,102)
<b>CAPITAL OUTLAY</b>				
Library books and periodicals	2,000	2,000	1,119	881
Office equipment	1,000	1,000	1,000	-
Total Capital Outlay	3,000	3,000	2,119	881
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>\$ 248,916</b>	<b>\$ 248,916</b>	<b>\$ 253,686</b>	<b>\$ (4,770)</b>
<b>TREASURY AND FINANCIAL</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 80,978	\$ 80,978	\$ 82,353	\$ (1,375)
Workers compensation	259	259	245	14
Unemployment compensation	567	567	198	369
Employee retirement	3,045	3,045	3,682	(637)
Employee insurance	12,269	12,269	12,184	85
Payroll taxes	6,195	6,195	6,140	55
Total Personnel Services	103,313	103,313	104,802	(1,489)
<b>SUPPLIES AND MATERIALS:</b>				
Educational and training	1,000	1,000	250	750
Total Supplies and Materials	1,000	1,000	250	750
<b>CONTRACTUAL SERVICES:</b>				
Business and travel	750	750	2,066	(1,316)
Contractual/fee services	28,000	28,000	28,500	(500)
Total Contractual Services	28,750	28,750	30,566	(1,816)
<b>TOTAL TREASURY AND FINANCIAL</b>	<b>\$ 133,063</b>	<b>\$ 133,063</b>	<b>\$ 135,618</b>	<b>\$ (2,555)</b>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>TAX APPRAISAL AND COLLECTIONS</b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual/Fee Services	\$ 38,000	\$ 38,000	\$ 42,354	\$ (4,354)
Total Contractual Services	38,000	38,000	42,354	(4,354)
TOTAL TAX APPRAISAL AND COLLECTIONS	\$ 38,000	\$ 38,000	\$ 42,354	\$ (4,354)
<b>MUNICIPAL COURT</b>				
<b>PERSONNEL SERVICES:</b>				
Clerical	\$ 54,054	\$ 54,054	\$ 47,595	\$ 6,459
Overtime	1,000	1,000	662	338
Workers compensation	167	167	147	20
Unemployment compensation	385	385	189	196
Employee retirement	2,070	2,070	2,166	(96)
Employee insurance	16,761	16,761	16,747	14
Payroll taxes	4,212	4,212	3,542	670
Total Personnel Services	78,649	78,649	71,048	7,601
<b>SUPPLIES AND MATERIALS:</b>				
Educational and training	200	200	200	-
Total Supplies and Materials	200	200	200	-
<b>CONTRACTUAL SERVICES:</b>				
Business and travel	500	500	801	(301)
Legal fees	6,000	6,000	6,000	-
Contractual/fee services	24,000	24,000	23,988	12
Data processing maintenance	1,000	1,000	194	806
Regulatory inspection fees	160,000	160,000	175,090	(15,090)
Memberships/subscriptions	150	150	36	114
On Line / Credit Card Fees	4,600	4,600	5,064	(464)
Omni base fee	2,000	2,000	1,842	158
Total Contractual Services	198,250	198,250	213,015	(14,765)
<b>CAPITAL OUTLAY</b>				
Office equipment	4,500	4,500	4,500	-
Total Capital Outlay	4,500	4,500	4,500	-
TOTAL MUNICIPAL COURT	\$ 281,599	\$ 281,599	\$ 288,763	\$ (7,164)

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>LIBRARY SERVICES</u>				
PERSONNEL SERVICES:				
Part time	\$ 22,600	\$ 22,600	\$ 22,600	\$ -
Total Personnel Services	22,600	22,600	22,600	-
CONTRACTUAL SERVICES				
Contractual and fee basis services	14,400	14,400	14,400	-
Total Contractual Services	14,400	14,400	14,400	-
TOTAL LIBRARY SERVICES	\$ 37,000	\$ 37,000	\$ 37,000	\$ -
<u>PARKS/RECREATION SERVICES</u>				
MAINTENANCE OF BUILDINGS/LAND				
Building and grounds	\$ 5,000	\$ 5,000	\$ 4,471	\$ 529
Total Maintenance of Buildings/Land	5,000	5,000	4,471	529
MAINTENANCE OF EQUIPMENT/MACHINERY				
Playground equipment	1,000	1,000	141	859
Total Maintenance of Equipment/Machinery	1,000	1,000	141	859
CONTRACTUAL SERVICES				
Contractual and fee basis services	46,000	46,000	46,000	-
Total Contractual Services	46,000	46,000	46,000	-
CAPITAL OUTLAY				
Land Improvements	25,000	8,000	5,420	2,580
Total Capital Outlay	25,000	8,000	5,420	2,580
TOTAL PARKS/RECREATION SERVICES	\$ 77,000	\$ 60,000	\$ 56,032	\$ 3,968
<u>FIRE PREVENTION</u>				
PERSONNEL SERVICES:				
Administration	\$ 50,000	\$ -	\$ -	\$ -
Total Personnel Services	50,000	-	-	-
TOTAL FIRE PREVENTION	\$ 50,000	\$ -	\$ -	\$ -

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>COMMUNITY DEVELOPMENT</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	\$ 40,797	\$ 40,797	\$ 40,409	\$ 388
Overtime	500	500	-	500
Uniforms and clothing	300	300	188	112
Workers compensation	211	211	245	(34)
Unemployment compensation	289	289	99	190
Employee retirement	1,553	1,553	1,823	(270)
Employee insurance	9,731	9,731	9,667	64
Payroll taxes	3,159	3,159	2,947	212
<b>Total Personnel Services</b>	<b>56,540</b>	<b>56,540</b>	<b>55,378</b>	<b>1,162</b>
<b>SUPPLIES AND MATERIALS:</b>				
Minor tools and apparatus	100	100	70	30
Chemical and mechanical supplies	200	200	68	132
Tires and Tubes	300	300	-	300
Safety supplies	100	100	-	100
Botanical and agricultural supplies	100	100	-	100
Educational and training	1,500	1,500	360	1,140
<b>Total Supplies and Materials</b>	<b>2,300</b>	<b>2,300</b>	<b>498</b>	<b>1,802</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	1,000	1,000	1,136	(136)
Automotive equipment	500	500	-	500
Communication equipment	300	300	130	170
<b>Total Maintenance of Equipment/Machinery</b>	<b>1,800</b>	<b>1,800</b>	<b>1,266</b>	<b>534</b>
<b>CONTRACTUAL SERVICES:</b>				
Insurance	399	399	484	(85)
Business and travel	2,500	2,500	942	1,558
Contractual/fee services	74,000	74,000	123,840	(49,840)
Data processing maintenance	1,000	1,000	595	405
Memberships and subscriptions	600	600	321	279
Miscellaneous expense	1,200	1,200	1,200	-
<b>Total Contractual Services</b>	<b>79,699</b>	<b>79,699</b>	<b>127,382</b>	<b>(47,683)</b>
<b>CAPITAL OUTLAY</b>				
Office Equipment	4,000	4,000	4,000	-
<b>Total Capital Outlay</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>\$ 144,339</b>	<b>\$ 144,339</b>	<b>\$ 188,524</b>	<b>\$ (44,185)</b>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>STREET AND GROUNDS MAINTENANCE</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 12,824	\$ 12,824	\$ 12,703	\$ 121
Operations and maintenance	66,990	66,990	63,543	3,447
Overtime	7,250	7,250	5,768	1,482
Temporary	6,760	6,760	7,570	(810)
Uniforms and clothing	300	300	300	-
Workers compensation	7,187	7,187	8,147	(960)
Unemployment compensation	609	609	227	382
Employee retirement	3,274	3,274	3,693	(419)
Employee insurance	16,219	16,219	16,048	171
Payroll taxes	7,178	7,178	6,627	551
<b>Total Personnel Services</b>	<b>128,591</b>	<b>128,591</b>	<b>124,626</b>	<b>3,965</b>
<b>SUPPLIES AND MATERIALS:</b>				
Tires and tubes	2,000	2,000	297	1,703
Minor tools and apparatus	1,000	1,000	460	540
Chemical and mechanical	500	500	4	496
Safety supplies	250	250	163	87
Botanical and agricultural	500	500	642	(142)
Other supplies	250	250	-	250
<b>Total Supplies and Materials</b>	<b>4,500</b>	<b>4,500</b>	<b>1,566</b>	<b>2,934</b>
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Streets and alleys	75,000	75,000	70,928	4,072
Storm sewers and drainageways	75,000	75,000	48,672	26,328
<b>Total Maintenance of Buildings/Land</b>	<b>150,000</b>	<b>150,000</b>	<b>119,600</b>	<b>30,400</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	5,000	5,000	4,372	628
Automotive equipment	2,500	2,500	354	2,146
Shop equipment	1,000	1,000	-	1,000
Minor tools and equipment	1,000	1,000	37	963
Signal and sign system	5,000	5,000	3,944	1,056
Communication equipment	250	250	-	250
<b>Total Maintenance of Equipment/Machinery</b>	<b>14,750</b>	<b>14,750</b>	<b>8,707</b>	<b>6,043</b>
<b>CONTRACTUAL SERVICES</b>				
Leases and rentals	6,000	6,000	-	6,000
Insurance	2,790	2,790	2,902	(112)
Contractual/fee services	1,000	1,000	-	1,000
<b>Total Contractual Services</b>	<b>9,790</b>	<b>9,790</b>	<b>2,902</b>	<b>6,888</b>
<b>TOTAL STREET AND GROUNDS MAINTENANCE</b>	<b>\$ 307,631</b>	<b>\$ 307,631</b>	<b>\$ 257,401</b>	<b>\$ 50,230</b>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>COMMUNICATION CENTER</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	\$ 125,907	\$ 125,907	\$ 118,658	\$ 7,249
Overtime	21,000	21,000	29,254	(8,254)
Uniforms and clothing	600	600	597	3
Workers compensation	435	435	442	(7)
Unemployment compensation	986	986	456	530
Employee retirement	5,298	5,298	6,612	(1,314)
Employee insurance	28,721	28,721	27,962	759
Payroll taxes	10,779	10,779	11,027	(248)
<b>Total Personnel Services</b>	<b>193,726</b>	<b>193,726</b>	<b>195,008</b>	<b>(1,282)</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	3,000	1,500	1,449	51
Data processing supplies	400	400	197	203
Photo/audio/video	500	500	32	468
Emergency medical services	75	75	25	50
Janitorial supplies	350	350	268	82
Educational and training	700	700	-	700
<b>Total Supplies and Materials</b>	<b>5,025</b>	<b>3,525</b>	<b>1,971</b>	<b>1,554</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	1,000	1,000	471	529
Communication equipment	850	850	370	480
<b>Total Maintenance of Equipment/Machinery</b>	<b>1,850</b>	<b>1,850</b>	<b>841</b>	<b>1,009</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	2,500	2,500	2,159	341
Business and travel	650	650	34	616
Contractual and fee basis services	4,000	4,000	4,000	-
Data processing maintenance	850	850	264	586
Memberships and subscriptions	1,000	1,000	200	800
<b>Total Contractual Services</b>	<b>9,000</b>	<b>9,000</b>	<b>6,657</b>	<b>2,343</b>
<b>CAPITAL OUTLAY:</b>				
Data Processing Equip	1,500	1,500	1,602	(102)
Office equipment	-	67,000	64,661	2,339
<b>Total Capital Outlay</b>	<b>1,500</b>	<b>68,500</b>	<b>66,263</b>	<b>2,237</b>
<b>TOTAL COMMUNICATION CENTER</b>	<b>\$ 211,101</b>	<b>\$ 276,601</b>	<b>\$ 270,740</b>	<b>\$ 5,861</b>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>POLICE OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 53,866	\$ 53,866	\$ 53,353	\$ 513
Clerical	53,858	53,858	53,818	40
Operations and maintenance	548,168	548,168	563,696	(15,528)
Overtime	40,000	40,000	25,538	14,462
Part-time	750	750	188	562
Uniforms and clothing	5,000	5,000	4,288	712
Vehicle allowance	7,200	7,200	7,200	-
Workers compensation	22,496	22,496	27,239	(4,743)
Unemployment compensation	4,871	4,871	1,730	3,141
Employee retirement	26,436	26,436	32,662	(6,226)
Employee insurance	109,116	109,116	105,178	3,938
Payroll taxes	53,786	53,786	54,184	(398)
<b>Total Personnel Services</b>	<b>925,547</b>	<b>925,547</b>	<b>929,074</b>	<b>(3,527)</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	6,000	6,000	5,611	389
Data processing supplies	1,200	1,200	730	470
Photo/audio/video	2,000	2,000	1,495	505
Laboratory supplies	2,500	2,500	2,330	170
Postage and delivery	1,000	1,000	413	587
Tires and tubes	4,000	8,000	8,268	(268)
Motor vehicle supplies	50,000	50,000	55,300	(5,300)
Emergency medical supplies	1,500	1,500	708	792
Minor tools and apparatus	1,000	1,000	680	320
Janitorial supplies	1,200	1,200	1,206	(6)
Chemical and mechanical	400	400	-	400
Safety supplies	4,590	2,090	2,216	(126)
Educational and training	4,000	2,000	1,629	371
K-9 miscellaneous	2,500	2,500	980	1,520
Other supplies	10,000	10,000	18,584	(8,584)
Community resource supply	1,200	1,200	1,102	98
Evidence processing	1,500	1,500	376	1,124
Evidence supplies	1,000	1,000	902	98
CID supplies	300	300	-	300
<b>Total Supplies and Materials</b>	<b>95,890</b>	<b>95,390</b>	<b>102,530</b>	<b>(7,140)</b>
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Buildings and grounds	4,200	2,200	2,613	(413)
<b>Total Maintenance of Buildings/Land</b>	<b>4,200</b>	<b>2,200</b>	<b>2,613</b>	<b>(413)</b>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>POLICE OPERATIONS (cont'd.)</b>				
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	\$ 1,000	\$ 1,000	\$ 565	\$ 435
HVAC equipment	250	250	230	20
Automotive equipment	16,000	16,000	19,550	(3,550)
Safety and medical equipment	150	150	251	(101)
Minor tools and equipment	500	500	184	316
Communication equipment	2,500	2,000	1,013	987
Playground Equipment	-	-	126	(126)
Other maintenance	800	800	76	724
Total Maintenance of Equipment/Machinery	21,200	20,700	21,995	(1,295)
<b>CONTRACTUAL SERVICES:</b>				
Communication services	15,000	15,000	19,851	(4,851)
Insurance	14,913	14,913	15,502	(589)
Advertising	2,500	2,500	2,005	495
Business and travel	3,500	3,500	1,767	1,733
Custody support services	500	500	48	452
Legal Fees	-	-	2,500	(2,500)
Contractual/fee services	24,020	24,020	23,383	637
Utility services	15,000	12,000	10,221	1,779
Data processing maintenance	5,000	3,000	7,148	(4,148)
Memberships and subscriptions	750	750	844	(94)
Total Contractual Services	81,183	76,183	83,269	(7,086)
<b>CAPITAL OUTLAY:</b>				
Land improvements	-	9,500	7,473	2,027
Data processing equipment	13,000	13,000	14,427	(1,427)
Office Equipment	-	-	11	(11)
Machinery and Equipment	10,130	10,130	11,188	(1,058)
Other equipment	14,645	14,645	13,998	647
Motor vehicles	61,141	61,141	67,068	(5,927)
Total Capital Outlay	98,916	108,416	114,165	(5,749)
<b>TOTAL POLICE OPERATIONS</b>	<b>\$ 1,226,936</b>	<b>\$ 1,228,436</b>	<b>\$ 1,253,646</b>	<b>\$ (25,210)</b>
<b>ANIMAL CONTROL</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	\$ 24,592	\$ 24,592	\$ 24,586	\$ 6
Overtime	750	750	106	644
Uniforms and clothing	400	400	83	317
Workers compensation	545	545	598	(53)
Unemployment compensation	177	177	81	96
Employee retirement	953	953	1,114	(161)
Employee insurance	4,611	4,611	4,613	(2)
Payroll taxes	1,939	1,939	1,889	50
Total Personnel Services	33,967	33,967	33,070	897

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>ANIMAL CONTROL (cont'd)</b>				
<b>SUPPLIES AND MATERIALS:</b>				
Tires and tubes	\$ 400	\$ 400	\$ 100	\$ 300
Motor vehicle supplies	200	200	-	200
Minor tools and apparatus	500	500	203	297
Chemical and mechanical supplies	150	150	79	71
Safety supplies	150	150	11	139
Educational and training	150	150	75	75
<b>Total Supplies and Materials</b>	<u>1,550</u>	<u>1,550</u>	<u>468</u>	<u>1,082</u>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Automotive equipment	1,000	1,000	933	67
Minor tools and equipment	75	75	-	75
Communication equipment	120	120	-	120
<b>Total Maintenance of Equipment/Machinery</b>	<u>1,195</u>	<u>1,195</u>	<u>933</u>	<u>262</u>
<b>CONTRACTUAL SERVICES:</b>				
Insurance	399	399	484	(85)
Business and travel	150	150	-	150
Custody support services	350	350	128	222
Contractual and fee based services	8,100	8,100	12,287	(4,187)
Memberships and subscriptions	50	50	-	50
<b>Total Contractual Services</b>	<u>9,049</u>	<u>9,049</u>	<u>12,899</u>	<u>(3,850)</u>
<b>TOTAL ANIMAL CONTROL</b>	<u>\$ 45,761</u>	<u>\$ 45,761</u>	<u>\$ 47,370</u>	<u>\$ (1,609)</u>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>FIRE OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Part-time	\$ 66,000	\$ 66,000	\$ 68,163	\$ (2,163)
Uniforms and clothing	1,000	1,000	80	920
Workers compensation	1,562	1,562	1,620	(58)
Unemployment compensation	-	-	398	(398)
Payroll taxes	<u>4,177</u>	<u>4,177</u>	<u>5,215</u>	<u>(1,038)</u>
Total Personnel Services	<u>72,739</u>	<u>72,739</u>	<u>75,476</u>	<u>(2,737)</u>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	100	100	414	(314)
Photo, audio & video supplies	100	100	94	6
Motor vehicle supplies	4,000	4,000	6,111	(2,111)
Educational and training	<u>3,000</u>	<u>3,000</u>	<u>2,775</u>	<u>225</u>
Total Supplies and Materials	<u>7,200</u>	<u>7,200</u>	<u>9,394</u>	<u>(2,194)</u>
<b>MAINTENANCE OF BUILDINGS/GROUNDS</b>				
Buildings and grounds	<u>5,000</u>	<u>5,000</u>	<u>6,486</u>	<u>(1,486)</u>
Total Maintenance of Buildings/Grounds	<u>5,000</u>	<u>5,000</u>	<u>6,486</u>	<u>(1,486)</u>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Automotive equipment	5,000	5,000	1,675	3,325
Safety and medical equipment	<u>5,000</u>	<u>5,000</u>	<u>835</u>	<u>4,165</u>
Total Maintenance of Equipment/Machinery	<u>10,000</u>	<u>10,000</u>	<u>2,510</u>	<u>7,490</u>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	250	250	-	250
Leases and rentals	10,200	10,200	4,910	5,290
Insurance	490	490	766	(276)
Business and travel	2,500	2,500	2,652	(152)
Contractual/fee services	8,000	8,000	7,714	286
Memberships and subscriptions	<u>1,000</u>	<u>1,000</u>	<u>50</u>	<u>950</u>
Total Contractual Services	<u>22,440</u>	<u>22,440</u>	<u>16,092</u>	<u>6,348</u>
<b>TOTAL FIRE OPERATIONS</b>	<u>\$ 117,379</u>	<u>\$ 117,379</u>	<u>\$ 109,958</u>	<u>\$ 7,421</u>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>SANITATION</u>				
CONTRACTUAL SERVICES:				
Contractual/fee services	\$ 341,800	\$ 341,800	\$ 461,105	\$ (119,305)
Sales tax	<u>27,900</u>	<u>27,900</u>	<u>41,481</u>	<u>(13,581)</u>
Total Contractual Services	<u>369,700</u>	<u>369,700</u>	<u>502,586</u>	<u>(132,886)</u>
TOTAL SANITATION	<u>\$ 369,700</u>	<u>\$ 369,700</u>	<u>\$ 502,586</u>	<u>\$ (132,886)</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 3,320,682</u>	<u>\$ 3,320,682</u>	3,481,793	<u>\$ (161,111)</u>
Financial Statement Adjustments:				
Loan proceeds used for capital outlay			14,938	
Decrease in accrued expenses			<u>(5,178)</u>	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 3,491,553</u>	

CITY OF WHITEHOUSE, TEXAS

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

SEPTEMBER 30, 2008

	1970 SERIES GENERAL OBLIGATION SEWER BOND	GENERAL OBLIGATION NOTES	2004 SERIES CERTIFICATES OF OBLIGATION	2003 SERIES REFUNDING BOND	1994 SERIES REFUNDING FUND	2006 SERIES REFUNDING FUND	1996 SERIES GENERAL OBLIGATION BOND	TOTAL
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	\$ -	\$ 3,843	\$ 4,346	\$ 102,937	\$ 71,954	\$ 107,819	\$ 290,899
Receivables:								
Due from Utility Fund	38,209	481	-	-	-	-	-	38,690
Due from Capital Projects	-	-	3,050	-	-	-	-	3,050
Due from 1988 Street Construction Fund	-	2,150	-	-	-	-	-	2,150
Due from Interest and Sinking Fund - 1985 Certificate of Obligation	85,455	-	-	-	6,667	-	-	92,122
<b>TOTAL ASSETS</b>	<u>\$ 123,664</u>	<u>\$ 2,631</u>	<u>\$ 6,893</u>	<u>\$ 4,346</u>	<u>\$ 109,604</u>	<u>\$ 71,954</u>	<u>\$ 107,819</u>	<u>\$ 426,911</u>
<u>LIABILITIES AND FUND BALANCE</u>								
<u>LIABILITIES</u>								
Due to General Fund	\$ -	\$ 20,296	\$ -	\$ -	\$ 15,366	\$ -	\$ 68,684	\$ 104,346
Total Liabilities	-	20,296	-	-	15,366	-	68,684	104,346
<u>FUND BALANCE</u>								
Fund Balance	123,664	(17,665)	6,893	4,346	94,238	71,954	39,135	322,565
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 123,664</u>	<u>\$ 2,631</u>	<u>\$ 6,893</u>	<u>\$ 4,346</u>	<u>\$ 109,604</u>	<u>\$ 71,954</u>	<u>\$ 107,819</u>	<u>\$ 426,911</u>

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SCHEDULE "5"

CITY OF WHITEHOUSE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	1970 SERIES GENERAL OBLIGATION SEWER BOND	GENERAL OBLIGATION NOTES	2004 SERIES CERTIFICATES OF OBLIGATION	2003 SERIES REFUNDING BOND	1994 SERIES REFUNDING BOND	2006 SERIES REFUNDING FUND	1996 SERIES GENERAL OBLIGATION BOND	TOTAL
<u>REVENUES</u>								
Current and delinquent taxes	\$ -	\$ 68,812	\$ 62,683	\$ 105,100	\$ 46,396	\$ 211,354	\$ 87,665	\$ 582,010
Donations	-	119,768	-	-	-	-	-	119,768
Interest income	2,980	2,980	2,980	2,980	2,980	2,979	2,979	20,858
Total Revenues	2,980	191,560	65,663	108,080	49,376	214,333	90,644	722,636
<u>EXPENDITURES</u>								
Debt Service:								
Bond principal	23,000	-	25,000	107,000	50,000	105,000	80,000	390,000
Note principal	-	181,853	-	-	-	-	-	181,853
Interest and fees	3,075	14,586	44,506	9,539	1,893	128,350	22,750	224,699
Total Expenditures	26,075	196,439	69,506	116,539	51,893	233,350	102,750	796,552
Revenues Over (Under) Expenditures	(23,095)	(4,879)	(3,843)	(8,459)	(2,517)	(19,017)	(12,106)	(73,916)
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers in	26,075	300,983	3,843	8,459	2,517	19,017	12,106	373,000
Transfers out	(14,024)	(500,221)	-	-	-	-	-	(514,245)
Total Other Financing Sources (Uses)	12,051	(199,238)	3,843	8,459	2,517	19,017	12,106	(141,245)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(11,044)	(204,117)	-	-	-	-	-	(215,161)
Fund Balance (Deficit), October 1, 2007	134,708	186,452	6,893	4,346	94,238	71,954	39,135	537,726
FUND BALANCE (DEFICIT), SEPTEMBER 30, 2008	\$ 123,664	\$ (17,665)	\$ 6,893	\$ 4,346	\$ 94,238	\$ 71,954	\$ 39,135	\$ 322,565

**CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET ASSETS  
UTILITY FUND  
SEPTEMBER 30, 2008**

BUSINESS-TYPE ACTIVITIES

	OPERATING FUND	CAPITAL PROJECTS FUNDS						TCDP GRANT	DEBT SERVICE	TOTAL UTILITY FUND
		2001 SERIES	2003 SERIES	2006 SERIES	2007 SERIES	2007 SERIES	2008 SERIES			
<b>ASSETS</b>										
Current Assets:										
Cash and certificates of deposit	\$ 113,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,973
Due from other funds	325	-	-	-	-	-	-	-	-	325
Accounts receivable (Net)	315,554	67,465	-	-	-	-	-	-	-	383,019
<b>Total Current Assets</b>	<b>429,852</b>	<b>67,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>497,317</b>
Restricted Current Assets:										
Temporarily Restricted										
Customer deposits	151,505	-	-	-	-	-	-	-	-	151,505
<b>Total Restricted Current Assets</b>	<b>151,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,505</b>
Noncurrent Assets:										
Restricted Assets:										
Temporarily Restricted										
Cash for construction	-	5,261	6,378	77,953	2,001,156	564	458,136	-	-	2,549,448
<b>Total Restricted Assets</b>	<b>-</b>	<b>5,261</b>	<b>6,378</b>	<b>77,953</b>	<b>2,001,156</b>	<b>564</b>	<b>458,136</b>	<b>-</b>	<b>-</b>	<b>2,549,448</b>
Water rights - Lake Columbia	230,000	-	-	-	-	-	-	-	-	230,000
Water rights - Lake Striker	225,000	-	-	-	-	-	-	-	-	225,000
Bond Issue Costs (Net)	3,490	22,200	51,899	28,158	26,877	-	35,516	-	-	168,140
Capital Assets:										
Land	25,000	-	-	-	-	-	-	-	-	25,000
Easements	7,800	-	-	-	-	-	-	-	-	7,800
Buildings	324,633	-	-	-	-	-	-	-	-	324,633
Water and sewer system	18,862,677	-	-	-	-	-	-	-	-	18,862,677
Machinery & equipment	928,316	-	-	-	-	-	-	-	-	928,316
Construction in progress	-	-	18,944	-	81,058	-	2,972,424	-	-	3,072,426
Less: Accumulated depreciation	(4,316,632)	-	-	-	-	-	-	-	-	(4,316,632)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>15,831,794</b>	<b>-</b>	<b>18,944</b>	<b>-</b>	<b>81,058</b>	<b>-</b>	<b>2,972,424</b>	<b>-</b>	<b>-</b>	<b>18,904,220</b>
<b>Total Noncurrent Assets:</b>	<b>16,290,284</b>	<b>27,461</b>	<b>77,221</b>	<b>106,111</b>	<b>2,109,091</b>	<b>564</b>	<b>3,466,076</b>	<b>-</b>	<b>-</b>	<b>22,076,808</b>
<b>Total Assets</b>	<b>\$ 16,871,641</b>	<b>\$ 94,926</b>	<b>\$ 77,221</b>	<b>\$ 106,111</b>	<b>\$ 2,109,091</b>	<b>\$ 564</b>	<b>\$ 3,466,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,725,630</b>

(continued)

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CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET ASSETS  
UTILITY FUND  
SEPTEMBER 30, 2008

BUSINESS-TYPE ACTIVITIES

	OPERATING FUND	CAPITAL PROJECTS FUNDS					TCDP GRANT	DEBT SERVICE	TOTAL UTILITY FUND	
		2001 SERIES	2003 SERIES	2006 SERIES	2007 SERIES	2007 SERIES				2008 SERIES
<b>LIABILITIES</b>										
Current Liabilities:										
Accounts payable	\$ 26,518	\$ -	\$ -	\$ -	\$ 18,000	\$ -	\$ 301,176	\$ -	\$ -	\$ 345,694
Deferred revenue	-	67,465	-	-	-	-	-	-	-	67,465
Due to other funds	42,003	-	-	-	-	-	-	-	111,374	153,377
Total Current Liabilities	68,521	67,465	-	-	18,000	-	301,176	-	111,374	566,536
Current liabilities payable from restricted assets:										
Customer deposits	151,505	-	-	-	-	-	-	-	-	151,505
Accrued interest	-	-	-	-	-	-	-	-	120,237	120,237
Revenue bonds payable	85,000	-	198,000	100,000	65,000	-	61,000	-	-	509,000
Total current liabilities payable from restricted assets	236,505	-	198,000	100,000	65,000	-	61,000	-	120,237	780,742
Noncurrent Liabilities:										
Revenue bonds payable	90,000	5,000,000	5,128,000	2,550,000	1,885,000	-	3,039,000	-	-	17,692,000
Total Noncurrent Liabilities	90,000	5,000,000	5,128,000	2,550,000	1,885,000	-	3,039,000	-	-	17,692,000
Total Liabilities	395,026	5,067,465	5,326,000	2,650,000	1,968,000	-	3,401,176	-	231,611	19,039,278
<b>NET ASSETS</b>										
Invested in capital assets, net of related debt	15,656,794	(5,000,000)	(5,307,056)	(2,650,000)	-	-	(428,752)	-	-	2,270,986
Restricted net assets:										
Restricted for construction	-	27,461	58,277	106,111	141,091	564	493,652	-	-	827,156
Total restricted net assets	-	27,461	58,277	106,111	141,091	564	493,652	-	-	827,156
Unrestricted	819,821	-	-	-	-	-	-	-	(231,611)	588,210
Total Net Assets	\$ 16,476,615	\$ (4,972,539)	\$ (5,248,779)	\$ (2,543,889)	\$ 141,091	\$ 564	\$ 64,900	\$ -	\$ (231,611)	\$ 3,686,352

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CITY OF WHITEHOUSE, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 UTILITY FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUSINESS-TYPE ACTIVITIES										
	OPERATING FUND	CAPITAL PROJECTS FUNDS					TCDP GRANT	DEBT SERVICE	ELIMINATIONS	TOTAL UTILITY FUND	
	2001 SERIES	2003 SERIES	2006 SERIES	2007 SERIES	2007 SERIES	2008 SERIES					
<b>OPERATING REVENUES</b>											
Water sales	\$ 1,288,795	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,288,795
Sewer charges	558,700	-	-	-	-	-	-	-	-	-	558,700
Assessment revenue	-	43,332	-	-	-	-	-	-	-	-	43,332
Tax revenue	-	-	-	-	-	-	-	579,446	-	-	579,446
Charges for other services	97,332	-	-	-	-	-	-	-	-	-	97,332
<b>Total Operating Revenues</b>	<b>1,944,827</b>	<b>43,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>579,446</b>	<b>-</b>	<b>-</b>	<b>2,567,605</b>
<b>OPERATING EXPENSES</b>											
Utility administration	596,678	58	-	-	-	65	-	-	-	-	596,801
Customer service	132,906	-	-	-	-	-	-	-	-	-	132,906
Water operations	249,043	-	-	-	-	-	-	-	-	-	249,043
Sewer operations	238,937	-	-	-	-	-	-	-	-	-	238,937
Water supply	24,811	-	-	-	-	-	-	-	-	-	24,811
Depreciation	489,737	-	-	-	-	-	-	-	-	-	489,737
<b>Total Operating Expenses</b>	<b>1,732,112</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,732,235</b>
<b>Operating Income (Loss)</b>	<b>212,715</b>	<b>43,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(65)</b>	<b>-</b>	<b>579,446</b>	<b>-</b>	<b>-</b>	<b>835,370</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>											
Interest and fiscal charge expense	-	-	-	-	-	-	-	(752,134)	-	-	(752,134)
Amortization of bond issue costs	(1,437)	(1,830)	(6,403)	(2,752)	(2,437)	-	(1,644)	-	-	-	(16,523)
Grant revenue	-	-	-	-	-	-	-	-	-	-	-
Interest income	10,381	2,968	142	5,195	62,338	7,415	19,868	37	-	-	108,344
<b>Total Non-Operating Revenue (Expenses)</b>	<b>8,944</b>	<b>1,118</b>	<b>(6,261)</b>	<b>2,443</b>	<b>59,901</b>	<b>7,415</b>	<b>18,224</b>	<b>37</b>	<b>(752,134)</b>	<b>-</b>	<b>(660,313)</b>
<b>Income before transfers</b>	<b>221,659</b>	<b>44,392</b>	<b>(6,261)</b>	<b>2,443</b>	<b>59,901</b>	<b>7,415</b>	<b>18,159</b>	<b>37</b>	<b>(172,688)</b>	<b>-</b>	<b>175,057</b>
Transfers in	1,516,281	-	111,000	103,130	51,434	219,717	46,741	-	457,940	(1,841,281)	664,962
Transfers out	(525,000)	(117,000)	-	(146,169)	-	(1,233,774)	-	(372,722)	(336,000)	1,841,281	(889,384)
<b>Total Transfers</b>	<b>991,281</b>	<b>(117,000)</b>	<b>111,000</b>	<b>(43,039)</b>	<b>51,434</b>	<b>(1,014,057)</b>	<b>46,741</b>	<b>(372,722)</b>	<b>121,940</b>	<b>-</b>	<b>(224,422)</b>
<b>Change in Net Assets</b>	<b>1,212,940</b>	<b>(72,608)</b>	<b>104,739</b>	<b>(40,396)</b>	<b>111,335</b>	<b>(1,006,642)</b>	<b>64,900</b>	<b>(372,685)</b>	<b>(50,748)</b>	<b>-</b>	<b>(49,365)</b>
Net Assets, October 1, 2007	15,263,675	(4,899,931)	(5,353,518)	(2,503,293)	29,756	1,007,206	-	372,685	(180,863)	-	3,735,717
<b>Net Assets, September 30, 2008</b>	<b>\$ 16,476,613</b>	<b>\$ (4,972,539)</b>	<b>\$ (5,248,779)</b>	<b>\$ (2,543,889)</b>	<b>\$ 141,091</b>	<b>\$ 564</b>	<b>\$ 64,900</b>	<b>\$ -</b>	<b>\$ (231,611)</b>	<b>\$ -</b>	<b>\$ 3,686,352</b>

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CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
UTILITY FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

Increase (Decrease) in Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES										
	OPERATING FUND	CAPITAL PROJECTS FUNDS					TCDP GRANT	DEBT SERVICE	ELIMINATIONS	TOTAL UTILITY FUND	
	2001 SERIES	2003 SERIES	2006 SERIES	2007 SERIES	2007 SERIES	2008 SERIES					
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>											
Cash received from customers and users	\$ 2,018,953	\$ 43,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579,446	\$ -	\$ 2,641,731
Cash paid to suppliers for goods and services	(735,619)	(58)	-	-	-	(65)	-	-	-	-	(735,742)
Cash paid to employees for services	(519,837)	-	-	-	-	-	-	-	-	-	(519,837)
Net cash provided by (used in) operating activities	763,497	43,274	-	-	-	(65)	-	-	579,446	-	1,386,152
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>											
Transfers in	1,265	-	-	-	219,717	-	-	514,246	(70,266)	-	664,962
Transfers out	(841,385)	(117,000)	-	-	-	-	(1,265)	-	70,266	-	(889,384)
Net cash provided by (used in) non-capital financing activities	(840,120)	(117,000)	-	-	219,717	-	(1,265)	514,246	-	-	(224,422)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>											
Purchases or construction of capital assets	(90,493)	-	(193,580)	(33,200)	(732,995)	(2,624,507)	-	-	-	-	(3,674,775)
Interest paid	-	-	-	-	-	-	-	(757,692)	-	-	(757,692)
Deposit paid on Lake Striker project	(112,500)	-	-	-	-	-	-	-	-	-	(112,500)
Bond proceeds	-	-	-	-	-	3,100,000	-	-	-	-	3,100,000
Bond issue costs	-	-	-	-	-	(37,160)	-	-	-	-	(37,160)
Principal payment on bonds made by Debt Service Fund	80,000	-	111,000	95,000	50,000	-	-	(336,000)	-	-	-
Principal paid on bonds	(80,000)	-	(111,000)	(95,000)	(50,000)	-	-	-	-	-	(336,000)
Net cash used in capital and related financing activities	(202,993)	-	(193,580)	(33,200)	(732,995)	438,333	-	(1,093,692)	-	-	(1,818,127)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>											
Interest earned on investments	10,381	2,968	142	5,195	62,338	7,415	19,868	37	-	-	108,344
Net cash provided by investing activities	10,381	2,968	142	5,195	62,338	7,415	19,868	37	-	-	108,344
Net increase (decrease) in cash	(269,235)	(70,758)	142	(188,385)	29,138	(505,863)	458,136	(1,228)	-	-	(548,053)
Cash, beginning of period	534,713	76,019	6,236	266,338	1,972,018	506,427	-	1,228	-	-	3,362,979
Cash, end of period	\$ 265,478	\$ 5,261	\$ 6,378	\$ 77,953	\$ 2,001,156	\$ 564	\$ 458,136	\$ -	\$ -	\$ -	\$ 2,814,926
<b>Reconciliation of cash to Schedule 6:</b>											
Cash - current asset	\$ 113,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,973
Cash - restricted current asset	151,505	-	-	-	-	-	-	-	-	-	151,505
Cash - restricted non-current asset	-	5,261	6,378	77,953	2,001,156	564	458,136	-	-	-	2,549,448
Total cash, end of period	\$ 265,478	\$ 5,261	\$ 6,378	\$ 77,953	\$ 2,001,156	\$ 564	\$ 458,136	\$ -	\$ -	\$ -	\$ 2,814,926

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CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
UTILITY FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

Increase (Decrease) in Cash and Cash Equivalents

OPERATING FUND	CAPITAL PROJECTS FUNDS							TCDP GRANT	DEBT SERVICE	ELIMINATIONS	TOTAL UTILITY FUND
	2001 SERIES	2003 SERIES	2006 SERIES	2007 SERIES	2007 SERIES	2008 SERIES					
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>											
Operating income (loss)	\$ 212,715	\$ 43,274	\$ -	\$ -	\$ -	\$ -	\$ (65)	\$ -	\$ 579,446	\$ -	\$ 835,370
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:											
Depreciation expense	489,737	-	-	-	-	-	-	-	-	-	489,737
Decrease in accounts receivable	69,846	-	-	-	-	-	-	-	-	-	69,846
Decrease in accounts payable	(13,081)	-	-	-	-	-	-	-	-	-	(13,081)
Increase in customer deposits	4,280	-	-	-	-	-	-	-	-	-	4,280
Total adjustments	550,782	-	-	-	-	-	-	-	-	-	550,782
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 763,497</b>	<b>\$ 43,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (65)</b>	<b>\$ -</b>	<b>\$ 579,446</b>	<b>\$ -</b>	<b>\$ 1,386,152</b>

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CITY OF WHITEHOUSE, TEXAS

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>				
Charges for services:				
Water sales	\$ 1,481,000	\$ 1,481,000	\$ 1,303,873	\$ (177,127)
Sewer charges	575,000	575,000	565,535	(9,465)
Tap and connect fees	35,000	35,000	36,999	1,999
Penalties	65,000	65,000	60,143	(4,857)
Loan proceeds	15,000	15,000	15,000	-
Interest and rent	12,000	12,000	10,381	(1,619)
Intergovernmental Revenue	37,500	37,500	37,500	-
Miscellaneous revenue	-	-	190	190
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	\$ <u>2,220,500</u>	\$ <u>2,220,500</u>	2,029,621	\$ <u>(190,879)</u>
Financial Statement Adjustments:				
Debt Service Fund payment of principal on bonds			80,000	
Loan proceeds transferred to General Fund for reporting purposes			(15,000)	
Other transfers			1,436,281	
Capitalize receipt on Lake Striker option contract			(37,500)	
Water and sewer usage for September 2007 billed in subsequent month			(174,110)	
Water and sewer usage for September 2008 billed in subsequent month			<u>152,197</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			<u>\$ 3,471,489</u>	

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>UTILITY ADMINISTRATION</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 84,253	\$ 84,253	\$ 83,640	\$ 613
Uniforms and clothing	500	500	465	35
Vehicle allowance	7,200	7,200	7,200	-
Workers' compensation	326	326	393	(67)
Unemployment compensation	590	590	99	491
Employee retirement	3,439	3,439	4,097	(658)
Employee insurance	9,804	9,804	7,283	2,521
Payroll taxes	6,996	6,996	6,836	160
<b>Total Personnel Services</b>	<b>113,108</b>	<b>113,108</b>	<b>110,013</b>	<b>3,095</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	6,000	6,000	1,852	4,148
Data processing supplies	1,000	1,000	752	248
Photo, audio, & video supplies	100	100	-	100
Postage and delivery service	2,000	2,000	1,621	379
Tires and tubes	300	300	154	146
Motor vehicle supplies	15,000	15,000	21,807	(6,807)
Educational and training	500	500	105	395
Other supplies	2,000	2,000	1,911	89
<b>Total Supplies and Materials</b>	<b>26,900</b>	<b>26,900</b>	<b>28,202</b>	<b>(1,302)</b>
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Buildings and grounds	2,000	2,000	1,281	719
<b>Total Maintenance of Buildings/Land</b>	<b>2,000</b>	<b>2,000</b>	<b>1,281</b>	<b>719</b>
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Office equipment	1,000	1,000	972	28
HVAC equipment	2,000	2,000	2,000	-
Automotive equipment	1,200	1,200	-	1,200
Communication equipment	500	500	85	415
<b>Total Maintenance - Equipment/Machinery</b>	<b>4,700</b>	<b>4,700</b>	<b>3,057</b>	<b>1,643</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	7,500	7,500	4,804	2,696
Insurance	13,945	13,945	19,451	(5,506)
Advertising	1,000	1,000	524	476
Business and travel	500	500	648	(148)
Legal fees	15,000	15,000	2,175	12,825
Contractual and fee basis service	37,500	37,500	46,406	(8,906)
Utility services	150,000	150,000	320,811	(170,811)
Data processing maintenance	12,000	12,000	11,898	102
Utility billing - dataprose	22,000	22,000	29,199	(7,199)
On-Line / credit card fees	9,600	9,600	9,060	540
Document shredding	500	500	331	169
Memberships and subscriptions	800	800	1,210	(410)
<b>Total Contractual Services</b>	<b>270,345</b>	<b>270,345</b>	<b>446,517</b>	<b>(176,172)</b>
<b>CAPITAL OUTLAY:</b>				
Data Processing Equipment	6,000	6,000	6,000	-
Other Equipment	5,025	5,025	5,013	12
<b>Total Capital Outlay</b>	<b>11,025</b>	<b>11,025</b>	<b>11,013</b>	<b>12</b>
<b>TOTAL UTILITY ADMINISTRATION</b>	<b>\$ 428,078</b>	<b>\$ 428,078</b>	<b>\$ 600,083</b>	<b>\$ (172,005)</b>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CUSTOMER SERVICE</b>				
<b>PERSONNEL SERVICES:</b>				
Clerical	\$ 46,082	\$ 46,082	\$ 46,453	\$ (371)
Operations and maintenance	46,366	46,366	48,489	(2,123)
Overtime	5,000	5,000	3,961	1,039
Uniforms and clothing	300	300	300	-
Worker's compensation	3,340	3,340	2,307	1,033
Unemployment compensation	659	659	362	297
Employee retirement	3,542	3,542	4,462	(920)
Employee insurance	18,396	18,396	17,251	1,145
Payroll taxes	7,206	7,206	7,499	(293)
Total Personnel Services	130,891	130,891	131,084	(193)
<b>SUPPLIES AND MATERIALS</b>				
Other supplies	300	300	292	8
Total Supplies and Materials	300	300	292	8
<b>MAINTENANCE - BUILDING/LAND:</b>				
Buildings and grounds	\$ -	\$ -	\$ 16,427	\$ (16,427)
Total Maintenance - Building/Land	-	-	16,427	(16,427)
<b>CONTRACTUAL SERVICES</b>				
Leases and rentals	500	500	-	500
Insurance	1,196	1,196	1,450	(254)
Business and travel	500	500	81	419
Contractual and fee basis service	1,000	1,000	-	1,000
Total Contractual Services	3,196	3,196	1,531	1,665
<b>TOTAL CUSTOMER SERVICE</b>	<b>\$ 134,387</b>	<b>\$ 134,387</b>	<b>\$ 149,334</b>	<b>\$ (14,947)</b>
<b>WATER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	\$ 100,792	\$ 100,792	\$ 103,571	\$ (2,779)
Overtime	10,000	10,000	7,345	2,655
Uniforms and clothing	1,500	1,500	1,249	251
Workers' compensation	4,590	4,590	5,644	(1,054)
Unemployment compensation	776	776	358	418
Employee retirement	4,166	4,166	4,072	94
Employee insurance	28,144	28,144	27,959	185
Payroll taxes	8,476	8,476	6,600	1,876
Total Personnel Services	158,444	158,444	156,798	1,646
<b>SUPPLIES AND MATERIALS:</b>				
Tires and tubes	2,000	2,000	1,050	950
Water meter supplies	20,000	20,000	18,571	1,429
Minor tools and apparatus	1,500	1,500	1,520	(20)
Chemical and mechanical supplies	5,000	5,000	950	4,050
Botanical and agricultural supplies	500	500	-	500
Educational and training	1,500	1,500	-	1,500
Other supplies	750	750	44	706
Total Supplies and Materials	31,250	31,250	22,135	9,115

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>WATER OPERATIONS (cont'd.)</u>				
<u>MAINTENANCE - BUILDING/LAND:</u>				
Buildings and grounds	\$ 5,000	\$ 5,000	\$ 2,433	\$ 2,567
Chlorination facilities	5,000	5,000	4,110	890
Water system	25,000	25,000	26,599	(1,599)
Meters and settings	10,000	10,000	9,617	383
Other	20,000	20,000	28,727	(8,727)
Total Maintenance - Building/Land	65,000	65,000	71,486	(6,486)
<u>MAINTENANCE - EQUIPMENT/MACHINERY:</u>				
Machinery and heavy equipment	10,000	10,000	9,176	824
Auto equipment maintenance	1,500	1,500	1,054	446
Safety and medical equipment	300	300	10	290
Communication equipment	500	500	248	252
Total Maintenance - Equipment/Machinery	12,300	12,300	10,488	1,812
<u>CONTRACTUAL SERVICES:</u>				
Leases and rentals	2,500	2,500	-	2,500
Insurance	1,196	1,196	1,451	(255)
Business and travel	1,000	1,000	167	833
Contractual and fee basis service	5,000	5,000	6,020	(1,020)
Regulatory inspection fee	1,500	1,500	1,795	(295)
Total Contractual Services	11,196	11,196	9,433	1,763
<u>CAPITAL OUTLAY:</u>				
Motor Vehicles	15,000	22,500	30,062	(7,562)
Total Capital Outlay	15,000	22,500	30,062	(7,562)
TOTAL WATER OPERATIONS	\$ 293,190	\$ 300,690	\$ 300,402	\$ 288
<u>WASTEWATER OPERATIONS</u>				
<u>PERSONNEL SERVICES:</u>				
Operations and maintenance	\$ 76,222	\$ 76,222	\$ 79,722	\$ (3,500)
Overtime	7,000	7,000	7,016	(16)
Uniforms and clothing	1,000	1,000	758	242
Workers' compensation	2,071	2,071	1,816	255
Unemployment compensation	583	583	192	391
Employee retirement	2,497	2,497	3,901	(1,404)
Employee insurance	22,878	22,878	22,273	605
Payroll taxes	6,366	6,366	6,264	102
Total Personnel Services	118,617	118,617	121,942	(3,325)

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>WASTEWATER OPERATIONS (cont'd.)</u>				
SUPPLIES AND MATERIALS:				
Laboratory supplies	\$ 1,000	\$ 1,000	\$ 671	\$ 329
Tires and tubes	2,000	2,000	458	1,542
Minor tools and apparatus	2,000	2,000	1,990	10
Janitorial supplies	100	100	-	100
Chemical and mechanical supplies	20,000	20,000	31,491	(11,491)
Safety supplies	1,000	1,000	998	2
Botanical and agricultural supplies	500	500	100	400
Educational and training	1,500	1,500	-	1,500
Total Supplies and Materials	28,100	28,100	35,708	(7,608)
MAINTENANCE - BUILDING/LAND:				
Building and grounds	2,000	2,000	597	1,403
Sanitary sewers	15,000	15,000	13,854	1,146
Lift stations	20,000	20,000	19,332	668
Other	20,000	20,000	26,129	(6,129)
Total Maintenance - Building/Land	57,000	57,000	59,912	(2,912)
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	10,000	10,000	10,387	(387)
Automotive equipment	1,500	1,500	1,295	205
Shop equipment	1,000	1,000	185	815
Communication equipment	250	250	98	152
Total Maintenance - Equipment/Machinery	12,750	12,750	11,965	785
CONTRACTUAL SERVICES:				
Leases and rentals	1,000	1,000	-	1,000
Insurance	797	797	967	(170)
Business and travel	1,500	1,500	36	1,464
Contractual and fee basis service	25,000	25,000	17,290	7,710
Regulatory inspection fee	6,000	6,000	6,120	(120)
Total Contractual Services	34,297	34,297	24,413	9,884
TOTAL WASTEWATER OPERATIONS	\$ 250,764	\$ 250,764	\$ 253,940	\$ (3,176)
<u>WATER SUPPLY</u>				
CONTRACTUAL SERVICES:				
Contractual and fee basis service	\$ 152,500	\$ 152,500	\$ 203,407	\$ (50,907)
Total Contractual Services	152,500	152,500	203,407	(50,907)
CAPITAL OUTLAY:				
Water system	-	-	-	-
Total Capital Outlay	-	-	-	-
TOTAL WATER SUPPLY	\$ 152,500	\$ 152,500	\$ 203,407	\$ (50,907)

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>UTILITY DEBT SERVICE</u>				
DEBT SERVICE:				
G.O. bonds principal	\$ 23,000	\$ 23,000	\$ 23,000	\$ -
Revenue bonds principal	223,400	223,400	223,400	-
G.O. interest	3,075	3,075	3,075	-
Due to other funds	400,000	400,000	200,000	200,000
Revenue bonds interest	225,559	225,559	75,525	150,034
Total Debt Service	<u>875,034</u>	<u>875,034</u>	<u>525,000</u>	<u>350,034</u>
TOTAL UTILITY DEBT SERVICE	<u>\$ 875,034</u>	<u>\$ 875,034</u>	<u>\$ 525,000</u>	<u>\$ 350,034</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 2,133,953</u>	<u>\$ 2,141,453</u>	<u>\$ 2,032,166</u>	<u>\$ 109,287</u>
Financial Statement Adjustments:				
Amortization			1,437	
Depreciation			489,737	
Reclassify payment for water rights - Lake Striker			(150,000)	
Reclassify capital expenditures			(90,493)	
Decrease in accrued expenses			(24,298)	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			<u>\$ 2,258,549</u>	

CITY OF WHITEHOUSE, TEXAS

DETAILED SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)

ENTERPRISE DEBT SERVICE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Property taxes	\$ 639,751	\$ 579,446	\$ (60,305)
Transfers in	<u>448,960</u>	<u>514,246</u>	<u>65,286</u>
 TOTAL REVENUES - BUDGET BASIS	 <u>\$ 1,088,711</u>	 1,093,692	 <u>\$ 4,981</u>
 Transfer of interest costs on construction projects		 <u>(56,306)</u>	
 TOTAL REVENUES - GAAP BASIS		 <u>\$ 1,037,386</u>	
<b>EXPENSES</b>			
Bond principal:			
1995 Certificates of Obligation	\$ 80,000	\$ 80,000	\$ -
2003 Certificates of Obligation	106,000	106,000	-
2006 Certificates of Obligation	95,000	95,000	-
2007 Certificates of Obligation	50,000	50,000	-
2007 Refunding	5,000	5,000	-
Bond interest:			
1995 Certificates of Obligation	13,780	13,780	-
2001 Certificates of Obligation	300,822	300,822	-
2003 Certificates of Obligation	32,424	32,424	-
2006 Certificates of Obligation	113,295	113,295	-
2007 Certificates of Obligation	98,760	98,760	-
2007 Refunding	193,630	193,630	-
Administrative fees	<u>-</u>	<u>4,982</u>	<u>(4,982)</u>
 TOTAL EXPENSES - BUDGET BASIS	 <u>\$ 1,088,711</u>	 1,093,693	 <u>\$ (4,982)</u>
 Transfer of interest costs on construction projects		 <u>(56,306)</u>	
Change in accrued interest on bonds		<u>50,749</u>	
 TOTAL EXPENSES - GAAP BASIS		 <u>\$ 1,088,136</u>	

CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY &amp; EQUIPMENT</u>		<u>CONSTRUCTION</u>
					<u>AUTOS</u>	<u>OTHER EQUIPMENT</u>	<u>IN PROGRESS</u>
Governmental assets - October 1, 2007	\$ 11,213,854	\$ 128,782	\$ 2,423,021	\$ 6,974,376	\$ 795,940	\$ 891,735	\$ -
EXPENDITURES FROM GOVERNMENTAL FUNDS:							
<u>GENERAL FUND</u>							
Autos	176,254	-	-	-	89,406	86,848	-
Infrastructure	38,852	-	-	38,852	-	-	-
<u>FM 346 CONSTRUCTION FUND</u>							
Infrastructure	8,282	-	-	8,282	-	-	-
Equipment	12,640	-	-	-	-	12,640	-
<u>ASSET TRANSFERS</u>							
Completion of FM 346 project	-	-	-	-	-	-	-
<u>RETIREMENTS</u>							
Sale of vehicles	(49,208)	-	-	-	(49,208)	-	-
 GOVERNMENTAL ASSETS - SEPTEMBER 30, 2008	 <u>\$ 11,400,674</u>	 <u>\$ 128,782</u>	 <u>\$ 2,423,021</u>	 <u>\$ 7,021,510</u>	 <u>\$ 836,138</u>	 <u>\$ 991,223</u>	 <u>\$ -</u>

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CITY OF WHITEHOUSE, TEXAS  
 SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT  
 FISCAL YEAR ENDED SEPTEMBER 30, 2008

	TOTAL	NOTES PAYABLE	GENERAL OBLIGATION BOND PRINCIPAL					COMPENSATED ABSENCES	COMPENSATORY TIME PAYABLE	
			1970 SEWER	1994 SERIES	1996 SERIES	2003 SERIES	2006 SERIES			2004 SERIES
Governmental fund debt, October 1, 2007	\$ 5,690,291	\$ 294,685	\$ 73,000	\$ 50,000	\$ 455,000	\$ 327,000	\$ 3,020,000	\$ 1,350,000	\$ 100,552	\$ 20,054
<b>ADDITIONS</b>										
Austin Bank - vehicles	76,500	76,500	-	-	-	-	-	-	-	-
Austin Bank - motorcycle	14,938	14,938	-	-	-	-	-	-	-	-
Compensatory time payable	-	-	-	-	-	-	-	-	-	-
Compensated absences	4,848	-	-	-	-	-	-	-	4,848	-
Total Additions	96,286	91,438	-	-	-	-	-	-	4,848	-
<b>RETIREMENTS</b>										
Bond principal:										
1970 Sewer System General Obligation	23,000	-	23,000	-	-	-	-	-	-	-
1996 Street Construction General Obligation	80,000	-	-	-	80,000	-	-	-	-	-
2003 Refunding Bonds	107,000	-	-	-	-	107,000	-	-	-	-
2006 Limited Tax Refunding Bonds	105,000	-	-	-	-	-	105,000	-	-	-
2004 Certificates of Obligation	25,000	-	-	-	-	-	-	25,000	-	-
1994 Refunding General Obligation	50,000	-	-	50,000	-	-	-	-	-	-
Total Bond Retirements	390,000	-	23,000	50,000	80,000	107,000	105,000	25,000	-	-
Notes Payable:										
Capital One										
Police Vehicles	16,546	16,546	-	-	-	-	-	-	-	-
Trucks	19,138	19,138	-	-	-	-	-	-	-	-
Austin Bank										
Fire truck	20,000	20,000	-	-	-	-	-	-	-	-
Backhoe	11,745	11,745	-	-	-	-	-	-	-	-
Supertanker	114,424	114,424	-	-	-	-	-	-	-	-
Total Note Retirements	181,853	181,853	-	-	-	-	-	-	-	-
Other Retirements:										
Compensated comp-time	2,141	-	-	-	-	-	-	-	-	2,141
Total Other Retirements	2,141	-	-	-	-	-	-	-	-	2,141
<b>GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2008</b>	<b>\$ 5,212,583</b>	<b>\$ 204,270</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>\$ 375,000</b>	<b>\$ 220,000</b>	<b>\$ 2,915,000</b>	<b>\$ 1,325,000</b>	<b>\$ 105,400</b>	<b>\$ 17,913</b>

CITY OF WHITEHOUSE, TEXAS  
 SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE  
 FISCAL YEAR ENDED SEPTEMBER 30, 2008

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-08	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-09			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS
					BALANCE 10-1-07	ISSUED CURRENT YEAR	CURRENT YEAR RETIREMENTS		PRINCIPAL	INTEREST	TOTAL	
<b>BONDED INDEBTEDNESS:</b>												
<b>BUSINESS TYPE ACTIVITIES</b>												
2001 Combination Tax Revenue Certificates of Obligations	5/25/01	Payable serially in varying amounts to 5-15-21	5.2%	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -	\$ 300,000	\$ 300,000	\$ 2,306,945
2006-Water & Sewer Certificates of Obligation	4/1/06	Payable serially in varying amounts to 2-15-26	4.20%	2,800,000	2,745,000	-	95,000	2,650,000	100,000	109,200	209,200	1,015,980
2007 Tax Refunding Bonds	7/15/07	Payable serially in varying amounts to 2-15-27	4.52%	4,359,000	4,359,000	-	5,000	4,354,000	37,000	195,965	232,965	1,917,180
2007-Water & Sewer Certificates of Obligation	5/15/07	Payable serially in varying amounts to 2-15-26	4.32%	2,000,000	2,000,000	-	50,000	1,950,000	65,000	82,836	147,836	826,308
2008-Water & Sewer Certificates of Obligation	3/12/08	Payable serially in varying amounts to 2-15-28	3.70%	3,100,000	-	3,100,000	-	3,100,000	61,000	162,000	223,000	1,192,936
1995 Combination Tax, Waterworks, and Sewer System Revenue Bond	3/1/95	Payable serially in varying amounts from 8-15-96 to 8-16-2010;		760,000	255,000	-	80,000	175,000	85,000	9,540	94,540	4,950
		\$30,000	3.75%									
		\$30,000	4.05%									
		\$30,000	4.20%									
		\$35,000	4.30%									
		\$35,000	4.40%									
		\$35,000	4.55%									
		\$35,000	4.65%									
		\$40,000	4.60%									
		\$40,000	4.90%									
		\$45,000	5.00%									
		\$75,000	5.10%									
		\$80,000	5.30%									
		\$85,000	5.40%									
		\$90,000	5.50%									
2003-Water & Sewer Certificates of Obligation	2/15/03	Payable serially in varying amounts from 2-15-06 to 02-15-23		4,575,000	1,078,000	-	106,000	972,000	161,000	28,789	189,789	57,223
		100,000										
		109,000										
		106,000										
		161,000										
		167,000										
		209,000										
		213,000										
		222,000										
		230,000										
		238,000										
		245,000										
		253,000										
		262,000										
		270,000										
		279,000										
		288,000										
		601,000										
		622,000										
<b>Total Business Type Activities</b>				<b>22,594,000</b>	<b>15,437,000</b>	<b>3,100,000</b>	<b>336,000</b>	<b>18,201,000</b>	<b>509,000</b>	<b>888,330</b>	<b>1,397,330</b>	<b>7,321,522</b>

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CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-08	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-09			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS
					BALANCE 10-1-07	ISSUED CURRENT YEAR	CURRENT YEAR RETIREMENTS		PRINCIPAL	INTEREST	TOTAL	
GOVERNMENTAL FUND DEBT:												
BONDED DEBT												
1970 General Obligation Sewer System Bonds	6/1/70	Payable serially in varying amounts to 3-1-10	5%	\$ 400,000	\$ 73,000	\$ -	\$ 23,000	\$ 50,000	\$ 25,000	\$ 1,875	\$ 26,875	625
1994 General Obligation Refunding Bonds	2/1/94			2,225,000	50,000	-	50,000	-	-	-	-	-
		\$ 55,000	2.75%									
		\$ 55,000	3.00%									
		\$105,000	3.25%									
		\$110,000	3.50%									
		\$140,000	3.70%									
		\$ 80,000	3.85%									
		\$275,000	3.90%									
		\$295,000	4.10%									
		\$310,000	4.20%									
		\$320,000	4.30%									
		\$340,000	4.45%									
		\$ 45,000	4.65%									
		\$ 45,000	4.80%									
		\$ 50,000	4.90%									
1996 General Obligation Bonds	11/15/96	Payable serially in varying amounts to 9-30-12		1,000,000	455,000	-	80,000	375,000	85,000	17,456	102,456	23,625
		\$45,000	6.65%									
		\$50,000	6.65%									
		\$55,000	6.65%									
		\$55,000	6.65%									
		\$60,000	6.65%									
		\$65,000	6.65%									
		\$70,000	6.65%									
		\$70,000	6.13%									
		\$75,000	5.15%									
		\$80,000	5.25%									
		\$85,000	5.25%									
		\$90,000	5.25%									
		\$95,000	5.25%									
		\$105,000	5.25%									
2004 Certificates of Obligation	3/15/04	Payable serially in varying amounts to 2-15-23	4.80%	1,400,000	1,350,000	-	25,000	1,325,000	25,000	43,445	68,445	374,281
2006 Limited Tax Refunding Bonds	10/15/06	Payable serially in varying amounts to 2-15-26	4.80%	3,140,000	3,020,000	-	105,000	2,915,000	110,000	123,887	233,887	1,192,338
2003 Texas Limited Refunding Bonds	3/19/03	Payable serially in varying amounts to 9-30-10		529,000	327,000	-	107,000	220,000	108,000	5,636	113,636	1,938
		\$100,000	2.48%									
		\$102,000	2.80%									
		\$107,000	3.07%									
		\$108,000	3.26%									
		\$112,000	3.46%									
Total General Fund Bonded Debt				8,694,000	5,275,000	-	390,000	4,885,000	353,000	192,299	545,299	1,592,807
Total Bonded Indebtedness				31,288,000	20,712,000	3,100,000	726,000	23,086,000	862,000	1,080,629	1,942,629	8,914,329

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CITY OF WHITEHOUSE, TEXAS  
 SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE

SCHEDULE "14"  
 Page 3 of 3

FISCAL YEAR ENDED SEPTEMBER 30, 2008

ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-08	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-09			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS	
				BALANCE 10-1-07	ISSUED CURRENT YEAR	CURRENT YEAR RETIREMENTS		PRINCIPAL	INTEREST	TOTAL		
<b>NOTES PAYABLE:</b>												
Austin Bank:												
Backhoe	3/16/06			47,541	-	11,745	35,796	11,745	1,744	13,489	1,744	
Fire Truck	9/4/03			20,000	-	20,000	-	-	-	-	-	
Supertanker	12/27/04			114,424	-	114,424	-	-	-	-	-	
Vehicles	7/8/2008			-	76,500	-	76,500	24,607	2,721	27,328	2,785	
Motorcycle	7/18/2008			-	14,938	-	14,938	3,735	531	4,266	797	
Capital One:												
Police vehicles	6/12/07			52,000	-	16,546	35,454	17,312	1,641	18,953	840	
Trucks	1/3/07			60,720	-	19,138	41,582	20,214	1,919	22,133	982	
Total Notes Payable - Governmental Fund Debt				294,685	91,438	181,853	204,270	77,613	8,556	86,169	7,148	
<b>TOTAL DEBT</b>				<b>\$ 31,288,000</b>	<b>\$ 21,006,685</b>	<b>\$ 3,191,438</b>	<b>\$ 907,853</b>	<b>\$ 23,290,270</b>	<b>\$ 939,613</b>	<b>\$ 1,089,185</b>	<b>\$ 2,028,798</b>	<b>\$ 8,921,477</b>

**OTHER REPORTS**

Michael Gollob, CPA-Retired  
Tony K. Morgan, CPA/ABV  
Robert W. Peddy, CPA  
Barbara R. Bass, CPA  
Tommy J. Chambers, CPA  
Lisa G. Robinson, CPA  
Joe Wylie, CPA

**GOLLOB MORGAN  
PEDDY & CO., P.C.**  
Certified Public Accountants

Members American Institute of Certified Public Accountants and Private Companies Practice Section

Harvey W. Jackson, CPA  
Kevin R. Cashion, CPA  
Brenda G. Watson, CPA  
Dianne C. Johnston, CPA  
Jeanne C. Lewis, CPA  
Kristen L. Gusa, CPA  
Patricia L. Kinnaird, CPA  
Michael W. Stevens, CPA/ABV  
Robert Shane Rohrbach, CPA  
Raymond C. McKinney, CPA  
Teresa J. Campbell, CPA  
Gary D. Davis, CPA  
Wesley R. Johnston, CPA  
Lori A. Bogan, CPA  
Kathryn Hesskew, CPA  
James Clinton Carroll, CPA

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

To the City Council  
City of Whitehouse, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Whitehouse, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City of Whitehouse, Texas' basic financial statements and have issued our report thereon dated February 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Whitehouse, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following to be a significant deficiency in internal control over financial reporting:

**Budget Preparation and Monitoring**

During the current fiscal year, the City did not budget for appropriations for utility costs to operate additional wells coming on line during the year leading to an unfavorable variance. Rather than amend the budget for the year for these additional costs, the City chose to offset the amount against prior year reserves.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

### **Compliance and Other Matters**

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

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



Certified Public Accountants

Tyler, Texas  
February 6, 2009