

To the Honorable Mayor and City Council  
City of Whitehouse, Texas

We have audited the financial statements of City of Whitehouse, Texas as of and for the year ended September 30, 2015, and have issued our report thereon dated March 22, 2016. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 27, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Whitehouse, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

#### **Qualitative Aspects of the Entity's Significant Accounting Practices**

##### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Whitehouse, Texas is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is management's estimation of the collectability of uncollected property taxes and fine revenue.

Management's estimate of the collectability of the uncollected property taxes and fine revenue is based on management's current judgment and past history of collections. We evaluated the key factors and assumptions used to develop the accounting estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Whitehouse, Texas' financial statements relate to Note 7 – Defined Pension Benefit Plan.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. All material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Whitehouse, Texas' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated March 22, 2016.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

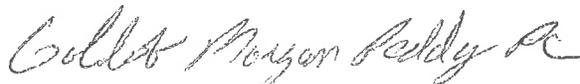
In the normal course of our professional association with City of Whitehouse, Texas , we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Whitehouse, Texas' auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Whitehouse, Texas' audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have, with respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Mayor, City Council and 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  
March 22, 2016

**CITY OF WHITEHOUSE, TEXAS**

**BASIC FINANCIAL STATEMENTS and  
REQUIRED SUPPLEMENTARY and OTHER  
INFORMATION**

**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**Gollob Morgan Peddy PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**CITY OF WHITEHOUSE, TEXAS**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
City of Whitehouse, Texas

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

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 City of Whitehouse, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Whitehouse, Texas' basic financial statements as listed in the table of contents.

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

City of Whitehouse, Texas' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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 City of Whitehouse, Texas, as of September 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 and 12, the City implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions, as well as Statement 71, Pension Transition for

Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. These standards significantly changed the accounting for the City’s net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3-8; the Schedule of Changes in the City’s Net Pension Liability and Related Ratios on page 42; the budgetary comparison information contained in Schedules 3 on pages 45-53, and Schedules 9, 10, and 11 on pages 60-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Whitehouse, Texas’ basic financial statements. The additional supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016 on our consideration of City of Whitehouse, Texas’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Whitehouse, Texas’ internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas  
March 22, 2016

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## 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, 2015.

### Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$11,188,449 (net position). Of this amount \$1,874,235 (unrestricted net position) 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 \$340,997.
- The total net position of \$11,188,449 is made up of \$9,223,467 in capital assets net of related debt and \$1,964,982 in other net position.

### 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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, and streets and drainage.

*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 position may serve over time as a useful indicator of the City's financial position. As the end of the fiscal year, September 30, 2015 the City's assets exceeded liabilities by \$11,188,449.

By far the largest portion of the City's net position, \$9,223,467, 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 \$831,146 during the current year primarily due to street improvements and vehicle purchases. 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 position that is unrestricted, \$1,874,235, decreased by \$347,018 during the year.

### City of Whitehouse's Net position

|                                      | Governmental Activities |              | Business-type Activities |              | Total         |               |
|--------------------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
|                                      | 2015                    | 2014         | 2015                     | 2014         | 2015          | 2014          |
| Current and other assets             | \$ 562,159              | \$ 530,019   | \$ 1,249,507             | \$ 1,530,646 | \$ 1,811,666  | \$ 2,060,665  |
| Capital assets                       | 10,467,658              | 10,422,047   | 17,631,971               | 17,973,284   | 28,099,629    | 28,395,331    |
| Total Assets                         | 11,029,817              | 10,952,066   | 18,881,478               | 19,503,930   | 29,911,295    | 30,455,996    |
| Deferred outflows of resources       | 85,084                  | 52,764       | 656,661                  | 720,737      | 741,745       | 773,501       |
| Total Deferred Outflows of Resources | 85,084                  | 52,764       | 656,661                  | 720,737      | 741,745       | 773,501       |
| Current liabilities                  | 129,580                 | 560,791      | 372,844                  | 1,257,235    | 502,424       | 1,818,026     |
| Non current liabilities              | 3,785,931               | 3,551,663    | 15,176,236               | 15,166,536   | 18,962,167    | 18,718,199    |
| Total Liabilities                    | 3,915,511               | 4,112,454    | 15,549,080               | 16,423,771   | 19,464,591    | 20,536,225    |
| Net invested in capital assets       | 6,744,496               | 6,457,037    | 2,478,971                | 1,935,284    | 9,223,467     | 8,392,321     |
| Restricted                           | 90,747                  | 79,698       | -                        | -            | 90,747        | 79,698        |
| Unrestricted                         | 364,147                 | 355,641      | 1,510,088                | 1,865,612    | 1,874,235     | 2,221,253     |
| Total Net Position                   | \$ 7,199,390            | \$ 6,892,376 | \$ 3,989,059             | \$ 3,800,896 | \$ 11,188,449 | \$ 10,693,272 |

*Governmental activities.* During the current year the governmental activities had an increase in net position of \$307,014 which represented a \$443,117 decrease from the previous year. The decrease from the prior year came primarily from transfers to the business-type activities.

*Business-type activities.* The City had a \$188,163 increase in net position for its business-type activities during the year. This is up by \$709,814 from the previous year. The increase is primarily due to the capitalization of street improvement expenditures.

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

|                                | Governmental Activities |              | Business-type Activities |              | Total         |               |
|--------------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
|                                | 2015                    | 2014         | 2015                     | 2014         | 2015          | 2014          |
| Revenues:                      |                         |              |                          |              |               |               |
| Charges for services           | \$ 1,476,636            | \$ 1,017,154 | \$ 2,765,672             | \$ 2,743,321 | \$ 4,242,308  | \$ 3,760,475  |
| General revenue:               |                         |              |                          |              |               |               |
| Property taxes                 | 2,517,020               | 2,453,825    | -                        | -            | 2,517,020     | 2,453,825     |
| Franchise taxes                | 298,479                 | 306,273      | -                        | -            | 298,479       | 306,273       |
| Sales taxes                    | 811,163                 | 713,991      | -                        | -            | 811,163       | 713,991       |
| Gain (loss) on sale of assets  | 2,171                   | -            | -                        | -            | 2,171         | -             |
| Interest income                | 21,171                  | 23,018       | 1,047                    | 2,049        | 22,218        | 25,067        |
| Total revenues                 | 5,126,640               | 4,514,261    | 2,766,719                | 2,745,370    | 7,893,359     | 7,259,631     |
| Expenses:                      |                         |              |                          |              |               |               |
| General government             | 494,984                 | 456,655      | -                        | -            | 494,984       | 456,655       |
| Public safety                  | 2,351,325               | 2,322,441    | -                        | -            | 2,351,325     | 2,322,441     |
| Community development          | 1,032,035               | 987,959      | -                        | -            | 1,032,035     | 987,959       |
| Parks and recreation           | 468,998                 | 289,887      | -                        | -            | 468,998       | 289,887       |
| Interest                       | 121,594                 | 137,759      | 580,421                  | -            | 702,015       | 137,759       |
| Water and sewer operations     | -                       | -            | 2,348,825                | 2,836,450    | 2,348,825     | 2,836,450     |
| Total expenses                 | 4,468,936               | 4,194,701    | 2,929,246                | 2,836,450    | 7,398,182     | 7,031,151     |
| Transfers                      | (350,690)               | 430,571      | 350,690                  | (430,571)    | -             | -             |
| Change in net position         | 307,014                 | 750,131      | 188,163                  | (521,651)    | 495,177       | 228,480       |
| Prior Period Adjustment        | 62,098                  | -            | 20,144                   | -            | 82,242        | -             |
| Net position beginning of year | 6,830,278               | 6,080,147    | 3,780,752                | 4,302,403    | 10,611,030    | 10,382,550    |
| Net position end of year       | \$ 7,199,390            | \$ 6,830,278 | \$ 3,989,059             | \$ 3,780,752 | \$ 11,188,449 | \$ 10,611,030 |

## Current Year Reporting Changes

For the year ended September 30, 2015, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The fiduciary net position of the Texas Municipal Retirement System of Texas (TMRS) has been determined based on the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets and liabilities and additions to /deductions from TMRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value. In connection with the implementation of GASB Statement 68, as amended by GASB Statement 71, a restatement to beginning net position has been made for the recording of the beginning net pension liability and for the recording of deferred outflows of resources for contributions made after the measurement date of the beginning net pension liability and the beginning of the reporting entity's fiscal year. Beginning net position as of October 1, 2014 has been restated as follows:

|  |                      |
|--|----------------------|
| Beginning net position                                     | \$ 10,611,030        |
| Prior period adjustment implementation of GASB 68:         |                      |
| Net pension liability (measurement date as of 12/31/2013)  | 12,362               |
| Deferred outflows - City contributions made during FY 2014 | 69,880               |
| Beginning net position as restated                         | <u>\$ 10,693,272</u> |

More detailed information regarding GASB 68 and its implementation can be found with Note 7, Defined Benefit Pension Plan, in the note disclosures.

## 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 \$340,997. The total fund balance for the governmental funds increased by \$22,368 during the year, which was mostly due to transfers from the proprietary fund.

*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 position of the proprietary fund amounted to \$1,510,088 at year end as compared to \$1,865,612 at the end of the prior year.

## General Fund Budgetary Highlights

Over the year, the City of Whitehouse did make minor budget amendments to its original budget. Revenues were \$204,598 over budget while expenditures were over budget by \$107,515. After considering operating transfers and loan proceeds, the City had a favorable variance of \$779,504 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, 2015, amounts to \$9,223,467 net of accumulated depreciation and related debt. This investment in capital assets includes land, buildings, parks, machinery and equipment, water and sewer systems and infrastructure. The biggest change during the current year was the City's street improvement project. The total net increase in the City's investment in fixed assets for the current year (see Note 4C) was \$831,146.

### City of Whitehouse's Capital Assets

|                            | Governmental Activities |                      | Business-type Activities |                      | Total                |                      |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                            | 2015                    | 2014                 | 2015                     | 2014                 | 2015                 | 2014                 |
| Land                       | \$ 190,184              | \$ 190,184           | \$ 25,000                | \$ 25,000            | \$ 215,184           | \$ 215,184           |
| Easements                  | -                       | -                    | 7,800                    | 7,800                | 7,800                | 7,800                |
| Buildings and improvements | 2,045,091               | 2,105,692            | 95,008                   | 104,023              | 2,140,099            | 2,209,715            |
| Parks                      | 2,277,532               | 2,336,539            | -                        | -                    | 2,277,532            | -                    |
| Water and sewer system     | -                       | -                    | 17,399,645               | 17,704,379           | 17,399,645           | 17,704,379           |
| Infrastructure             | 5,221,008               | 4,937,854            | -                        | -                    | 5,221,008            | 4,937,854            |
| Machinery and equipment    | 733,843                 | 851,778              | 104,518                  | 132,082              | 838,361              | 983,860              |
| <b>Total</b>               | <b>\$ 10,467,658</b>    | <b>\$ 10,422,047</b> | <b>\$ 17,631,971</b>     | <b>\$ 17,973,284</b> | <b>\$ 28,099,629</b> | <b>\$ 26,058,792</b> |

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 borrowed \$400,000 in notes payable. The proceeds of the notes were used for street improvements. After principal payments of \$1,526,848 were made against debt during the year, the City had total debt outstanding of \$18,962,167 at the end of the fiscal year.

### City of Whitehouse's Outstanding Debt

|  | Governmental Activities |                     | Business-type Activities |                      | Total                |                      |
|--|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2015                    | 2014                | 2015                     | 2014                 | 2015                 | 2014                 |
| General obligation bonds                     | \$ 3,198,000            | \$ 3,565,000        | \$ -                     | \$ -                 | \$ 3,198,000         | \$ 3,565,000         |
| Notes Payable                                | 525,162                 | 400,010             | -                        | -                    | 525,162              | 400,010              |
| Compensated absences                         | 49,523                  | 41,958              | 18,940                   | 18,404               | 68,463               | 60,362               |
| Net Pension Liability                        | 13,246                  | -                   | 4,296                    | -                    | 17,542               | -                    |
| Revenue bonds and Certificates of obligation | -                       | -                   | 15,153,000               | 16,038,000           | 15,153,000           | 16,038,000           |
| <b>Total</b>                                 | <b>\$ 3,785,931</b>     | <b>\$ 4,006,968</b> | <b>\$ 15,176,236</b>     | <b>\$ 16,056,404</b> | <b>\$ 18,962,167</b> | <b>\$ 20,063,372</b> |

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 more favorable outlook than the national average. New residential construction continues to recover and this year's outlook is expected to continue on a steady climb, the same as last year. A 6,750 square foot strip center housing 3 different business should be complete and four affordable housing developments are being proposed with the opportunity of this area getting two of the four proposed with 60-80 units per development. The current commercial and proposed residential construction, as they are completed, will provide increases in property tax and sales tax revenue as well as creating a significant number of new jobs.

Proposed construction and development factors were not considered in the preparation of the City's budget and tax rate of \$ 0.672110 per \$100.00 property valuation for the 2015/2016 fiscal year.

**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: Stefani Wright, City Secretary  
PO Box 776  
Whitehouse, TX 75791

Or call 903-839-4914.

## **BASIC FINANCIAL STATEMENTS**

## EXHIBIT 1

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

|  | PRIMARY GOVERNMENT         |                                 |                      |
|--|----------------------------|---------------------------------|----------------------|
|  | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-<br>TYPE<br>ACTIVITIES | TOTAL                |
| <b>ASSETS</b>  |                            |                                 |                      |
| Cash and cash equivalents                            | \$ 73,853                  | \$ 334,631                      | \$ 408,484           |
| Receivables (net of allowance for doubtful accounts) | 356,425                    | 396,207                         | 752,632              |
| Internal balances                                    | 28,287                     | (28,287)                        | -                    |
| Restricted Assets:                                   |                            |                                 |                      |
| Temporarily restricted                               |                            |                                 |                      |
| Cash and cash equivalents                            | 103,594                    | 251,570                         | 355,164              |
| Water rights - Lake Columbia                         | -                          | 230,000                         | 230,000              |
| Other receivables                                    | -                          | 65,386                          | 65,386               |
| Capital Assets (net of accumulated depreciation):    |                            |                                 |                      |
| Land   | 190,184                    | 25,000                          | 215,184              |
| Easements  | -                          | 7,800                           | 7,800                |
| Buildings and improvements                           | 2,045,091                  | 95,008                          | 2,140,099            |
| Parks  | 2,277,532                  | -                               | 2,277,532            |
| Infrastructure                                       | 5,221,008                  | -                               | 5,221,008            |
| Machinery and equipment                              | 733,843                    | 104,518                         | 838,361              |
| Water and sewer system                               | -                          | 17,399,645                      | 17,399,645           |
| Total Assets   | <u>11,029,817</u>          | <u>18,881,478</u>               | <u>29,911,295</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                            |                                 |                      |
| Deferred charge on refunding (net of amortization)   | -                          | 629,061                         | 629,061              |
| Deferred charge on TMRS pension                      | 85,084                     | 27,600                          | 112,684              |
| Total Deferred Outflows of Resources                 | <u>85,084</u>              | <u>656,661</u>                  | <u>741,745</u>       |
| <b>LIABILITIES</b>                                   |                            |                                 |                      |
| Accounts payable                                     | 106,234                    | 70,616                          | 176,850              |
| Deposits and other refundable balances               | -                          | 251,570                         | 251,570              |
| Accrued interest                                     | 23,346                     | 50,658                          | 74,004               |
| Non-current liabilities:                             |                            |                                 |                      |
| Due within one year                                  | 581,840                    | 913,894                         | 1,495,734            |
| Due in more than one year                            | 3,204,091                  | 14,262,342                      | 17,466,433           |
| Total Liabilities                                    | <u>3,915,511</u>           | <u>15,549,080</u>               | <u>19,464,591</u>    |
| <b>NET POSITION</b>                                  |                            |                                 |                      |
| Investment in capital assets, net of related debt    | 6,744,496                  | 2,478,971                       | 9,223,467            |
| Restricted for:                                      |                            |                                 |                      |
| Police forfeitures                                   | 13,126                     | -                               | 13,126               |
| PEG Channel  | 73,153                     | -                               | 73,153               |
| Debt service   | (86,698)                   | -                               | (86,698)             |
| Construction   | 91,166                     | -                               | 91,166               |
| Unrestricted   | 364,147                    | 1,510,088                       | 1,874,235            |
| Total Net Position                                   | <u>\$ 7,199,390</u>        | <u>\$ 3,989,059</u>             | <u>\$ 11,188,449</u> |

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, 2015**

| PROGRAM ACTIVITIES                                     | EXPENSES            | PROGRAM REVENUES     |                                  | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |   |                      |
|--|---------------------|----------------------|----------------------------------|---|---|----------------------|
|  |                     | CHARGES FOR SERVICES | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES                           | PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES | TOTAL                |
| <b>PRIMARY GOVERNMENT:</b>                             |                     |                      |                                  |   |   |                      |
| Governmental activities:                               |                     |                      |                                  |   |   |                      |
| General government                                     | \$ 494,984          | \$ 197,767           | \$ -                             | \$ (297,217)                                      | \$ -  | \$ (297,217)         |
| Public safety  | 2,351,325           | 257,023              | -                                | (2,094,302)                                       | -   | (2,094,302)          |
| Community development                                  | 1,032,035           | 862,798              | -                                | (169,237)   | -   | (169,237)            |
| Parks and recreation                                   | 468,998             | 159,048              | -                                | (309,950)   | -   | (309,950)            |
| Interest   | 121,594             | -                    | -                                | (121,594)   | -   | (121,594)            |
| <b>Total governmental activities</b>                   | <b>4,468,936</b>    | <b>1,476,636</b>     | <b>-</b>                         | <b>(2,992,300)</b>                                | <b>-</b>                                    | <b>(2,992,300)</b>   |
| Business-type activities:                              |                     |                      |                                  |   |   |                      |
| Water and sewer  | 2,348,825           | 2,765,672            | -                                | -   | 416,847                                     | 416,847              |
| Interest   | 580,421             | -                    | -                                | -   | (580,421)                                   | (580,421)            |
| <b>Total business-type activities</b>                  | <b>2,929,246</b>    | <b>2,765,672</b>     | <b>-</b>                         | <b>-</b>  | <b>(163,574)</b>                            | <b>(163,574)</b>     |
| <b>Total primary government</b>                        | <b>\$ 7,398,182</b> | <b>\$ 4,242,308</b>  | <b>\$ -</b>                      | <b>(2,992,300)</b>                                | <b>(163,574)</b>                            | <b>(3,155,874)</b>   |
| General revenues:                                      |                     |                      |                                  |   |   |                      |
| Property taxes   |                     |                      |                                  | 2,517,020   | -   | 2,517,020            |
| Franchise taxes  |                     |                      |                                  | 298,479   | -   | 298,479              |
| Sales and use taxes                                    |                     |                      |                                  | 811,163   | -   | 811,163              |
| Gain on sale of assets                                 |                     |                      |                                  | 2,171   | -   | 2,171                |
| Interest and rent                                      |                     |                      |                                  | 21,171  | 1,047                                       | 22,218               |
| Transfers  |                     |                      |                                  | (350,690)   | 350,690                                     | -                    |
| <b>Total general revenues and transfers</b>            |                     |                      |                                  | <b>3,299,314</b>                                  | <b>351,737</b>                              | <b>3,651,051</b>     |
| Change in net position                                 |                     |                      |                                  | 307,014   | 188,163                                     | 495,177              |
| Net position - beginning of year, as originally stated |                     |                      |                                  | 6,830,278   | 3,780,752                                   | 10,611,030           |
| Prior period adjustment for the effects of GASB 68     |                     |                      |                                  | 62,098  | 20,144                                      | 82,242               |
| Net position - beginning of year, as restated          |                     |                      |                                  | 6,892,376   | 3,800,896                                   | 10,693,272           |
| Net position - end of year                             |                     |                      |                                  | <b>\$ 7,199,390</b>                               | <b>\$ 3,989,059</b>                         | <b>\$ 11,188,449</b> |

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

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

|   | MAJOR FUNDS       |                   |                                  |                                | ELIMINATIONS       | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|---|-------------------|-------------------|----------------------------------|--------------------------------|--------------------|--------------------------------|
|   | GENERAL           | DEBT<br>SERVICE   | STREET<br>MAINTENANCE<br>PROJECT | OTHER<br>GOVERNMENTAL<br>FUNDS |                    |                                |
| <b>ASSETS</b>   |                   |                   |                                  |                                |                    |                                |
| Cash and investments  | \$ 700            | \$ -              | \$ -                             | \$ 73,153                      | \$ -               | \$ 73,853                      |
| Receivables:  |                   |                   |                                  |                                |                    |                                |
| Property taxes  | 17,299            | 35,870            | -                                | -                              | -                  | 53,169                         |
| Sales taxes   | 132,308           | -                 | -                                | -                              | -                  | 132,308                        |
| Street assessments  | -                 | -                 | -                                | 22,508                         | -                  | 22,508                         |
| Charges for services  | 173,676           | -                 | -                                | -                              | -                  | 173,676                        |
| Restricted Assets:  |                   |                   |                                  |                                |                    |                                |
| Temporarily restricted  |                   |                   |                                  |                                |                    |                                |
| Cash and cash equivalents   | -                 | -                 | 90,468                           | 13,126                         | -                  | 103,594                        |
| Due from other funds  | 115,139           | 346,234           | -                                | 2,848                          | (97,897)           | 366,324                        |
| <b>Total Assets</b>   | <b>439,122</b>    | <b>382,104</b>    | <b>90,468</b>                    | <b>111,635</b>                 | <b>(97,897)</b>    | <b>925,432</b>                 |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b>       |                   |                   |                                  |                                |                    |                                |
| <b>LIABILITIES:</b>   |                   |                   |                                  |                                |                    |                                |
| Accounts payable and accrued expenses   | 106,234           | -                 | -                                | -                              | -                  | 106,234                        |
| Due to other funds  | 853               | 432,932           | -                                | 2,150                          | (97,897)           | 338,038                        |
| <b>Total Liabilities</b>  | <b>107,087</b>    | <b>432,932</b>    | <b>-</b>                         | <b>2,150</b>                   | <b>(97,897)</b>    | <b>444,272</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                   |                   |                                  |                                |                    |                                |
| Unavailable revenue - property taxes  | 17,299            | 35,870            | -                                | -                              | -                  | 53,169                         |
| Unavailable revenue - street assessments                                      | -                 | -                 | -                                | 22,508                         | -                  | 22,508                         |
| Unavailable revenue - fines   | 64,486            | -                 | -                                | -                              | -                  | 64,486                         |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>81,785</b>     | <b>35,870</b>     | <b>-</b>                         | <b>22,508</b>                  | <b>-</b>           | <b>140,163</b>                 |
| <b>Fund Balances:</b>   |                   |                   |                                  |                                |                    |                                |
| Restricted:   |                   |                   |                                  |                                |                    |                                |
| Police forfeitures  | -                 | -                 | -                                | 13,126                         | -                  | 13,126                         |
| PEG channel   | -                 | -                 | -                                | 73,153                         | -                  | 73,153                         |
| Debt Service  | -                 | (86,698)          | -                                | -                              | -                  | (86,698)                       |
| <b>Total Restricted</b>   | <b>-</b>          | <b>(86,698)</b>   | <b>-</b>                         | <b>86,279</b>                  | <b>-</b>           | <b>(419)</b>                   |
| Assigned:   |                   |                   |                                  |                                |                    |                                |
| Capital Projects  | -                 | -                 | 90,468                           | 698                            | -                  | 91,166                         |
| Unassigned  | 250,250           | -                 | -                                | -                              | -                  | 250,250                        |
| <b>Total Fund Balances</b>  | <b>250,250</b>    | <b>(86,698)</b>   | <b>90,468</b>                    | <b>86,977</b>                  | <b>-</b>           | <b>340,997</b>                 |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <b>\$ 439,122</b> | <b>\$ 382,104</b> | <b>\$ 90,468</b>                 | <b>\$ 111,635</b>              | <b>\$ (97,897)</b> |                                |

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

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

|   | Total<br>Governmental<br>Funds |
|---|--------------------------------|
| Total fund balances governmental funds (Exhibit 3 page 1)   | \$ 340,997                     |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.                    | 10,467,658                     |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.  | 114,927                        |
| Deferred outflows represent the consumption of net position that are applicable to a future reporting period.   | 85,084                         |
| 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 | (23,345)                       |
| 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>(3,785,931)</u>             |
| Net position of governmental activities   | <u>\$ 7,199,390</u>            |

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | MAJOR FUNDS         |                   |                                  | OTHER<br>GOVERNMENTAL<br>FUNDS | ELIMINATIONS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|---|---------------------|-------------------|----------------------------------|--------------------------------|--------------|--------------------------------|
|   | GENERAL             | DEBT<br>SERVICE   | STREET<br>MAINTENANCE<br>PROJECT |                                |              |                                |
| <b>REVENUES</b>                           |                     |                   |                                  |                                |              |                                |
| Current and delinquent taxes              | \$ 825,480          | \$ 1,697,462      | \$ -                             | \$ -                           | \$ -         | \$ 2,522,942                   |
| Fines and forfeitures                     | 186,342             | -                 | -                                | -                              | -            | 186,342                        |
| Licenses and permits                      | 5,660               | -                 | -                                | -                              | -            | 5,660                          |
| Franchise taxes                           | 280,889             | -                 | -                                | 17,590                         | -            | 298,479                        |
| Sales taxes - regular                     | 507,733             | -                 | -                                | -                              | -            | 507,733                        |
| Sales taxes - additional 1/2 cent         | 253,867             | -                 | -                                | -                              | -            | 253,867                        |
| Sales tax fees                            | 49,563              | -                 | -                                | -                              | -            | 49,563                         |
| Solid waste collections                   | 698,565             | -                 | -                                | -                              | -            | 698,565                        |
| Zoning and platting fees                  | 170                 | -                 | -                                | -                              | -            | 170                            |
| Splash Pad                                | 43,983              | -                 | -                                | -                              | -            | 43,983                         |
| Sports Complex                            | 115,065             | -                 | -                                | -                              | -            | 115,065                        |
| Intergovernmental revenue                 | 73,237              | -                 | -                                | -                              | -            | 73,237                         |
| Street maintenance fee                    | -                   | -                 | 164,233                          | -                              | -            | 164,233                        |
| Interest and rent                         | 19,343              | 1,586             | 103                              | 139                            | -            | 21,171                         |
| Miscellaneous income                      | 187,777             | -                 | 100                              | 4,060                          | -            | 191,937                        |
| <b>Total Revenues</b>                     | <b>3,247,674</b>    | <b>1,699,048</b>  | <b>164,436</b>                   | <b>21,789</b>                  | <b>-</b>     | <b>5,132,947</b>               |
| <b>EXPENDITURES</b>                       |                     |                   |                                  |                                |              |                                |
| Legislative                               | 252                 | -                 | -                                | -                              | -            | 252                            |
| General administration                    | 262,390             | -                 | -                                | 2,684                          | -            | 265,074                        |
| Treasury and financial                    | 77,852              | -                 | -                                | -                              | -            | 77,852                         |
| Tax appraisal and collections             | 43,707              | -                 | -                                | -                              | -            | 43,707                         |
| Municipal court                           | 271,880             | -                 | -                                | -                              | -            | 271,880                        |
| Library                                   | 48,000              | -                 | -                                | -                              | -            | 48,000                         |
| Parks/recreation                          | 134,071             | -                 | -                                | -                              | -            | 134,071                        |
| Sports complex                            | 264,340             | -                 | -                                | -                              | -            | 264,340                        |
| Community development                     | 45,789              | -                 | -                                | -                              | -            | 45,789                         |
| Street and ground maintenance             | 166,173             | -                 | 5,591                            | -                              | -            | 171,764                        |
| Communication center                      | 30,000              | -                 | -                                | -                              | -            | 30,000                         |
| Police                                    | 1,300,464           | -                 | -                                | -                              | -            | 1,300,464                      |
| Animal control                            | 74,319              | -                 | -                                | -                              | -            | 74,319                         |
| Fire                                      | 497,860             | -                 | -                                | -                              | -            | 497,860                        |
| Sanitation                                | 629,541             | -                 | -                                | -                              | -            | 629,541                        |
| Debt service:                             |                     |                   |                                  |                                |              |                                |
| Bond principal                            | -                   | 145,000           | -                                | -                              | -            | 145,000                        |
| Note principal                            | -                   | 496,848           | -                                | -                              | -            | 496,848                        |
| Interest and fees                         | -                   | 125,084           | -                                | -                              | -            | 125,084                        |
| Capital outlay                            | 71,838              | -                 | 468,377                          | -                              | -            | 540,215                        |
| <b>Total Expenditures</b>                 | <b>3,918,476</b>    | <b>766,932</b>    | <b>473,968</b>                   | <b>2,684</b>                   | <b>-</b>     | <b>5,162,060</b>               |
| <b>Revenues Over (Under) Expenditures</b> | <b>\$ (670,802)</b> | <b>\$ 932,116</b> | <b>\$ (309,532)</b>              | <b>\$ 19,105</b>               | <b>\$ -</b>  | <b>\$ (29,113)</b>             |

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|                                      | MAJOR FUNDS       |                    |                                  | OTHER<br>GOVERNMENTAL<br>FUNDS | ELIMINATIONS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--------------------------------------|-------------------|--------------------|----------------------------------|--------------------------------|--------------|--------------------------------|
|                                      | GENERAL           | DEBT<br>SERVICE    | STREET<br>MAINTENANCE<br>PROJECT |                                |              |                                |
| OTHER FINANCING SOURCES (USES)       |                   |                    |                                  |                                |              |                                |
| Transfers in                         | \$ 680,250        | \$ -               | \$ -                             | \$ -                           | \$ -         | \$ 680,250                     |
| Transfers out                        | -                 | (1,030,940)        | -                                | -                              | -            | (1,030,940)                    |
| Sale of assets                       | 2,171             | -                  | -                                | -                              | -            | 2,171                          |
| Loan proceeds                        | -                 | -                  | 400,000                          | -                              | -            | 400,000                        |
| Total Other Financing Sources (Uses) | <u>682,421</u>    | <u>(1,030,940)</u> | <u>400,000</u>                   | <u>-</u>                       | <u>-</u>     | <u>51,481</u>                  |
| Net Change in Fund Balances          | <u>11,619</u>     | <u>(98,824)</u>    | <u>90,468</u>                    | <u>19,105</u>                  | <u>-</u>     | <u>22,368</u>                  |
| Fund Balance, October 1, 2014        | <u>238,631</u>    | <u>12,126</u>      | <u>-</u>                         | <u>67,872</u>                  | <u>-</u>     | <u>318,629</u>                 |
| Fund Balance, September 30, 2015     | <u>\$ 250,250</u> | <u>\$ (86,698)</u> | <u>\$ 90,468</u>                 | <u>\$ 86,977</u>               | <u>\$ -</u>  | <u>\$ 340,997</u>              |

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, 2015**

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

|  |    |         |
|--|----|---------|
| Net change in fund balances - total governmental funds   | \$ | 22,368  |
| 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 capital outlay exceeded depreciation in the current period.   |    | 45,611  |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.  |    | (8,478) |
| 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 position. Also, governmental funds report the effect of 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. |    | 237,773 |
| Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds   |    | 9,740   |
| Change in net position of governmental activities  | \$ | 307,014 |

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, 2015**

|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|---|--------------------|------------------|------------------|--|
| <b>REVENUES</b>                                 |                    |                  |                  |  |
| Current and delinquent taxes                    | \$ 721,608         | \$ 721,608       | \$ 825,480       | \$ 103,872   |
| Fines and forfeitures                           | 171,250            | 171,250          | 186,342          | 15,092   |
| Licenses and permits                            | 12,500             | 12,500           | 5,660            | (6,840)  |
| Franchise taxes                                 | 289,000            | 289,000          | 280,889          | (8,111)  |
| Sales taxes - regular                           | 423,425            | 423,425          | 501,650          | 78,225   |
| Sales taxes - additional 1/2 cent               | 211,712            | 211,712          | 250,825          | 39,113   |
| Sales tax fees                                  | 53,835             | 53,835           | 49,563           | (4,272)  |
| Solid waste collections                         | 690,969            | 690,969          | 701,555          | 10,586   |
| Zoning and platting fees                        | 250                | 250              | 170              | (80)   |
| Administrative processing fees                  | 1,000              | 1,000            | -                | (1,000)  |
| Splash Park                                     | 54,200             | 54,200           | 43,983           | (10,217)   |
| Sports Complex                                  | 204,500            | 204,500          | 115,065          | (89,435)   |
| Intergovernmental revenue                       | 87,825             | 87,825           | 73,237           | (14,588)   |
| Interest and rent                               | 19,900             | 19,900           | 19,343           | (557)  |
| Miscellaneous income                            | 94,967             | 94,967           | 187,777          | 92,810   |
| <b>Total Revenues</b>                           | <b>3,036,941</b>   | <b>3,036,941</b> | <b>3,241,539</b> | <b>204,598</b>                                       |
| <b>EXPENDITURES</b>                             |                    |                  |                  |  |
| Legislative                                     | 5,000              | 5,000            | 252              | 4,748  |
| General administration                          | 243,304            | 243,304          | 255,063          | (11,759)   |
| Treasury and financial                          | 77,627             | 77,627           | 77,718           | (91)   |
| Tax appraisal and collections                   | 44,289             | 44,289           | 43,707           | 582  |
| Municipal court                                 | 257,371            | 257,371          | 266,351          | (8,980)  |
| Library   | 48,000             | 48,000           | 48,000           | -  |
| Parks/recreation                                | 134,534            | 134,534          | 134,371          | 163  |
| Sports Complex                                  | 245,514            | 288,514          | 264,053          | 24,461   |
| Community development                           | 32,000             | 32,000           | 45,789           | (13,789)   |
| Street and ground maintenance                   | 141,995            | 179,995          | 165,927          | 14,068   |
| Communication center                            | 30,000             | 30,000           | 30,000           | -  |
| Police  | 1,232,557          | 1,276,957        | 1,367,137        | (90,180)   |
| Animal control                                  | 76,132             | 76,132           | 74,177           | 1,955  |
| Fire  | 491,665            | 491,665          | 507,571          | (15,906)   |
| Sanitation                                      | 606,842            | 606,842          | 619,629          | (12,787)   |
| <b>Total Expenditures</b>                       | <b>3,666,830</b>   | <b>3,792,230</b> | <b>3,899,745</b> | <b>(107,515)</b>                                     |
| Revenues Over (Under) Expenditures              | (629,889)          | (755,289)        | (658,206)        | 97,083   |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                    |                  |                  |  |
| Transfers in                                    | -                  | -                | 680,250          | 680,250  |
| Sale of assets                                  | -                  | -                | 2,171            | 2,171  |
| <b>Total Other Financing Sources (Uses)</b>     | <b>-</b>           | <b>-</b>         | <b>682,421</b>   | <b>682,421</b>                                       |
| Revenues and Other Sources Over (Under)         |                    |                  |                  |  |
| Expenditures and Other Uses - Budget Basis      | (629,889)          | (755,289)        | 24,215           | 779,504  |
| Budget Basis to GAAP Basis Adjustments (Note A) | -                  | -                | (12,596)         | (12,596)   |
| Revenues and Other Sources Over (Under)         |                    |                  |                  |  |
| Expenditures and Other Uses - GAAP Basis        | \$ (629,889)       | \$ (755,289)     | \$ 11,619        | \$ 766,908   |

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, 2015**

|                                  | ORIGINAL<br>BUDGET  | FINAL<br>BUDGET     | ACTUAL            | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE/(NEGATIVE) |
|----------------------------------|---------------------|---------------------|-------------------|--|
| Fund Balance, October 1, 2014    | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 238,631</u> | <u>\$ 238,631</u>                                    |
| Fund Balance, September 30, 2015 | <u>\$ (629,889)</u> | <u>\$ (755,289)</u> | <u>\$ 250,250</u> | <u>\$ 1,005,539</u>                                  |

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

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Decrease in accrued service revenues for services earned during the current year  
but billed in the following year \$ (2,990)

Increase in revenues recognized for non-exchange transactions occurring during current year  
but received in following year 9,125

Uses/Outflows of Resources:

Differences - Budget to GAAP

Increase in accrued expenses for services rendered or goods provided during the current  
year but paid for in the following year (18,731)

Net Change in Budget Basis Presentation and GAAP Basis Presentation \$ (12,596)

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015

|  | <u>UTILITY<br/>FUND</u> |
|--|-------------------------|
| <b>ASSETS</b>  |                         |
| Current Assets:                                      |                         |
| Cash and certificates of deposit                     | \$ 334,631              |
| Due from other funds                                 | 452,145                 |
| Accounts receivable (Net)                            | <u>396,207</u>          |
| Total Current Assets                                 | <u>1,182,983</u>        |
| Restricted Current Assets:                           |                         |
| Temporarily Restricted                               |                         |
| Customer deposits                                    | <u>251,570</u>          |
| Total Restricted Current Assets                      | <u>251,570</u>          |
| Noncurrent Assets:                                   |                         |
| Water rights - Lake Columbia                         | 230,000                 |
| Other receivables                                    | 65,386                  |
| Capital Assets:                                      |                         |
| Land   | 25,000                  |
| Easements  | 7,800                   |
| Buildings  | 331,708                 |
| Water and sewer system                               | 24,512,101              |
| Machinery & equipment                                | 856,666                 |
| Less: Accumulated depreciation                       | <u>(8,101,304)</u>      |
| Total Capital Assets Net of Accumulated Depreciation | <u>17,631,971</u>       |
| Total Noncurrent Assets:                             | <u>17,927,357</u>       |
| Total Assets   | <u>19,361,910</u>       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                         |
| Deferred charge on refunding (net of amortization)   | 629,061                 |
| Deferred charge on TMRS pension                      | <u>27,600</u>           |
| Total Deferred Outflows of Resources                 | <u>\$ 656,661</u>       |

(continued)

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2015

|  | <u>UTILITY<br/>FUND</u> |
|--|-------------------------|
| <b>LIABILITIES</b>                                       |                         |
| Current Liabilities:                                     |                         |
| Accounts payable   | \$ 70,616               |
| Compensated absences                                     | 1,894                   |
| Due to other funds                                       | <u>480,432</u>          |
| Total Current Liabilities                                | 552,942                 |
| Current liabilities payable from restricted assets:      |                         |
| Customer deposits  | 251,570                 |
| Accrued interest   | 50,658                  |
| Revenue bonds payable                                    | <u>912,000</u>          |
| Total current liabilities payable from restricted assets | 1,214,228               |
| Noncurrent Liabilities:                                  |                         |
| Revenue bonds payable                                    | 14,241,000              |
| Compensated absences                                     | 17,046                  |
| Net pension liability                                    | <u>4,296</u>            |
| Total Noncurrent Liabilities                             | <u>14,262,342</u>       |
| Total Liabilities  | <u>16,029,512</u>       |
| <b>NET POSITION</b>                                      |                         |
| Invested in capital assets, net of related debt          | 2,478,971               |
| Unrestricted   | <u>1,510,088</u>        |
| Total Net Position                                       | <u>\$ 3,989,059</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 POSITION**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|  | <u>UTILITY<br/>FUND</u>    |
|--|----------------------------|
| <b>OPERATING REVENUES</b>                                  |                            |
| Water sales  | \$ 1,906,370               |
| Sewer charges  | 724,402                    |
| Charges for other services                                 | <u>134,900</u>             |
| <b>Total Operating Revenues</b>                            | <u>2,765,672</u>           |
| <b>OPERATING EXPENSES</b>                                  |                            |
| Utility administration                                     | 372,842                    |
| Customer service   | 153,393                    |
| Water operations   | 498,453                    |
| Sewer operations   | 386,858                    |
| Water supply   | 348,564                    |
| Depreciation   | <u>588,715</u>             |
| <b>Total Operating Expenses</b>                            | <u>2,348,825</u>           |
| <b>Operating Income (Loss)</b>                             | <u>416,847</u>             |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                   |                            |
| Interest and fiscal charge expense                         | (580,421)                  |
| Interest income  | <u>1,047</u>               |
| <b>Total non-operating revenue (expenses)</b>              | <u>(579,374)</u>           |
| Income before transfers                                    | (162,527)                  |
| Transfers in   | 1,030,940                  |
| Transfers out  | <u>(680,250)</u>           |
| <b>Total Transfers</b>                                     | <u>350,690</u>             |
| <b>Change in Net Position</b>                              | 188,163                    |
| <b>Net Position, October 1, 2014, as originally stated</b> | 3,780,752                  |
| <b>Prior period adjustment for the effects of GASB 68</b>  | <u>20,144</u>              |
| <b>Net Position, October 1, 2014 as restated</b>           | <u>3,800,896</u>           |
| <b>Net Position, September 30, 2015</b>                    | <u><u>\$ 3,989,059</u></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, 2015

|  | <u>UTILITY<br/>FUND</u> |
|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:                        |                         |
| Cash received from customers and users                       | \$ 2,784,530            |
| Cash paid to suppliers for goods and services                | (1,209,684)             |
| Cash paid to employees for services                          | <u>(546,844)</u>        |
| Net cash provided by operating activities                    | <u>1,028,002</u>        |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES             |                         |
| Transfers in   | 956,380                 |
| Transfers out  | <u>(605,690)</u>        |
| Net cash provided by non-capital financing activities        | <u>350,690</u>          |
| CASH FLOWS FROM CAPITAL AND RELATED<br>FINANCING ACTIVITIES: |                         |
| Purchases or construction of capital assets                  | (247,402)               |
| Interest paid  | (607,796)               |
| Principal paid on bonds                                      | <u>(885,000)</u>        |
| Net cash used in capital and related financing activities    | <u>(1,740,198)</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES:                        |                         |
| Interest earned on investments                               | <u>1,047</u>            |
| Net cash provided by investing activities                    | <u>1,047</u>            |
| Net decrease in cash   | (360,459)               |
| Cash, beginning of period                                    | <u>946,660</u>          |
| Cash, end of period  | <u>\$ 586,201</u>       |
| Reconciliation of cash to Exhibit 7:                         |                         |
| Cash - current asset   | \$ 334,631              |
| Cash - restricted current asset                              | 251,570                 |
| Total cash, end of period                                    | <u>\$ 586,201</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, 2015

|  | <u>UTILITY<br/>FUND</u>    |
|--|----------------------------|
| <b>Reconciliation of Operating Income (Loss) To Net Cash<br/>Provided By (Used In) Operating Activities:</b> |                            |
| Operating income   | \$ 416,847                 |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities:                   |                            |
| Depreciation expense   | 588,715                    |
| Decrease in accounts receivable  | 19,503                     |
| Increase in deferred outflows of resources   | (10,484)                   |
| Increase in accounts payable   | 6,742                      |
| Increase in net pension liability  | 7,324                      |
| Increase in customer deposits  | <u>(645)</u>               |
| Total adjustments  | <u>611,155</u>             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <b><u>\$ 1,028,002</u></b> |

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

CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

NOTE 1: — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. General Statement**

The City of Whitehouse, Texas (City) 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 position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by the taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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 City 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 Street Maintenance Project fund accounts for various street improvement projects.

The City 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 non-operating 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 non-operating revenues and expenses.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Assets, Liabilities, and Net position 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”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balance between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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 collectability 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 – The City has implemented GASB Statement No. 65. Under GASB Statement No. 65, bond issue costs are expensed when incurred.
7. Compensated Absences - A liability for unused vacation and sick time for all full time employees is calculated and reported in the proprietary fund and government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:
  - Leave or compensation is attributable to services already rendered
  - Leave or compensation is not contingent on a specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e., are due for payment). Compensated absences are accrued in the proprietary fund and government-wide statements.

Vacation time is earned based on years of service. Regular full-time employees up to four years of service earn ten days of vacation, regular full-time employees with five to nine years of service earn fifteen days of vacation, and regular full-time employees with ten or more years of service earn twenty days of vacation. The maximum amount an employee may accumulate is thirty days.

The regular workweek is based on 40 hours actually worked. Overtime, unless required to be paid by Federal statutes, is accumulated as compensatory (comp) time and earned at time and a half for non-exempt employees and at straight time for exempt employees. Comp time is accumulated and may be taken off with approval.

8. Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.
9. Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is a deferred charge on the TMRS pension. The TMRS pension expense and net pension liability are reported as of the date of the last actuarial study, which was December 31, 2014. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2014 and September 30, 2015.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Fund Balance Classification – In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes any budgeted reserve account.

Assigned – Amounts that are designated by City Council for a specific purpose but are not spendable until a budget ordinance is passed.

Unassigned – All amounts not included in other spendable classifications.

When more than one classification of fund balance is available for use, it is the City’s policy to use the most restricted resources first.

11. Net Position – The City has adopted GASB Statement No. 63, which redefines how net assets are presented in the financial statements. The Statement of Net Assets is now the Statement of Net Position. Net position represents the difference between assets and liabilities, and is divided into three components.

Net investment in capital assets - This component 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 and adjusted for any deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted – This component consist of 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, reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component consist of the net amount of the assets, deferred outflows and inflows of resources, and liabilities not included in net investment in capital assets or restricted components of net position.

12. Capitalized interest – The City has capitalized interest on construction projects when material.
13. 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.
14. Pension Cost – During the year, the City implemented GASB Statement No. 68 “*Accounting and Financial Reporting for Pensions*”. The effect of this new statement was the recording of a net pension liability for the unfunded amount of the City’s retirement plan. For further information, see Note 7 and Note 12.

**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 position - 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 \$10,467,658 difference are as follows:

|  |    |                   |
|--|----|-------------------|
| Capital assets, October 1, 2014, net of accumulated depreciation | \$ | 10,422,047        |
| Capital asset additions, net of retirements                      |    | 540,215           |
| Depreciation of capital assets, net of retirements               |    | <u>(494,604)</u>  |
|  | \$ | <u>10,467,658</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 \$114,927 difference are as follows:

|  |                   |
|--|-------------------|
| Allowance account for uncollectible property taxes | \$ (25,236)       |
| Unavailable revenue - property taxes               | 53,169            |
| Unavailable revenue - fines                        | 64,486            |
| Unavailable revenue - street assessments           | <u>22,508</u>     |
|  | <u>\$ 114,927</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 \$(3,785,931) difference are as follows:

|  |                       |
|--|-----------------------|
| Long-term liabilities, October 1, 2014 | \$ (4,006,968)        |
| Debt incurred in current year          | (400,000)             |
| Principal paid on debt in current year | 641,848               |
| Net pension liability                  | (13,246)              |
| Change in compensated absences         | <u>(7,565)</u>        |
|  | <u>\$ (3,785,931)</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 \$45,611 difference are as follows:

|                                 |                  |
|---------------------------------|------------------|
| Capital outlay, asset additions | \$ 540,215       |
| Depreciation expense            | <u>(494,604)</u> |
|                                 | <u>\$ 45,611</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 \$(8,478) difference are as follows:

|   |                   |
|---|-------------------|
| Change in allowance for uncollectible taxes | \$ (1,482)        |
| Change in deferred inflows                  | <u>(6,996)</u>    |
|   | <u>\$ (8,478)</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 position. 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 \$237,773 difference are as follows:

|                                   |    |                |
|-----------------------------------|----|----------------|
| Principal payments on debt        | \$ | 641,848        |
| Debt incurred during current year |    | (400,000)      |
| Change in accrued interest        |    | 3,490          |
| Change in compensated absences    |    | <u>(7,565)</u> |
|                                   | \$ | <u>237,773</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

Cash and investments as of September 30, 2015 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

|  |                          |
|--|--------------------------|
| Primary Government                     |                          |
| Cash and cash equivalents              | \$ 408,484               |
| Restricted cash and cash equivalents   | <u>355,164</u>           |
| <b>Total Cash and cash equivalents</b> | <b>\$ <u>763,648</u></b> |
|  |                          |
| Cash on hand                           | \$ 900                   |
| Savings and checking accounts          | 756,185                  |
| External investment pools              | <u>6,563</u>             |
| <b>Total Cash and Investments</b>      | <b>\$ <u>763,648</u></b> |

| <u>External Investment Pool</u> | <u>Fair Value</u> | <u>Weighted Average<br/>Maturity (Years)</u> | <u>Credit Risk</u> |
|---------------------------------|-------------------|--|--------------------|
| Logic                           | \$ 6,518          | 0.16   | AAAm               |
| Texpool                         | 22                | 0.14   | AAAm               |
| MBIA                            | <u>23</u>         | 0.15   | AAAm               |
|                                 | <u>\$ 6,563</u>   |  |                    |

Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. 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.

At September 30, 2015, the carrying value of the City’s bank deposits was \$757,085 while the bank balance was \$939,692. All bank balances not covered by federal depository insurance, were covered by collateral held in the pledging financial institutions’ trust department in the City’s name.

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:

|                                       | General<br>Fund   | Debt<br>Service<br>Fund | Other<br>Governmental<br>Funds | Utility<br>Operating<br>Fund | Total             |
|---------------------------------------|-------------------|-------------------------|--------------------------------|------------------------------|-------------------|
| Receivables:                          |                   |                         |                                |                              |                   |
| Taxes                                 | \$ 17,299         | \$ 35,870               | \$ -                           | \$ -                         | \$ 53,169         |
| Assessments                           | -                 | -                       | 22,508                         | -                            | 22,508            |
| Sales Tax                             | 132,308           | -                       | -                              | -                            | 132,308           |
| Accounts (services)                   | 270,405           | -                       | -                              | 461,593                      | 731,998           |
| Gross receivables                     | <u>420,012</u>    | <u>35,870</u>           | <u>22,508</u>                  | <u>461,593</u>               | <u>939,983</u>    |
| Less: Allowance for<br>Uncollectibles | <u>(104,940)</u>  | <u>(17,025)</u>         | <u>-</u>                       | <u>-</u>                     | <u>(121,965)</u>  |
| Net Receivables                       | <u>\$ 315,072</u> | <u>\$ 18,845</u>        | <u>\$ 22,508</u>               | <u>\$ 461,593</u>            | <u>\$ 818,018</u> |

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2015 was as follows:

| PRIMARY GOVERNMENT                                  | BEGINNING<br>BALANCE | INCREASES           | DECREASES   | ENDING<br>BALANCE    |
|---|----------------------|---------------------|-------------|----------------------|
| <b>Governmental Activities:</b>                     |                      |                     |             |                      |
| <b>Capital Assets, Not Being Depreciated:</b>       |                      |                     |             |                      |
| Land  | \$ 190,184           | \$ -                | \$ -        | \$ 190,184           |
| Construction in Process                             | -                    | -                   | -           | -                    |
| Total Capital Assets, Not Being Depreciated         | 190,184              | -                   | -           | 190,184              |
| <b>Capital Assets, Being Depreciated</b>            |                      |                     |             |                      |
| Buildings and Improvements                          | 2,853,634            | 10,800              | -           | 2,864,434            |
| Parks   | 2,336,864            | -                   | -           | 2,336,864            |
| Infrastructure                                      | 7,334,035            | 468,377             | -           | 7,802,412            |
| Machinery and Equipment                             | 2,315,360            | 61,038              | (30,017)    | 2,346,381            |
| Total Capital Assets, Being Depreciated             | 14,839,893           | 540,215             | (30,017)    | 15,350,091           |
| <b>Less Accumulated Depreciation For:</b>           |                      |                     |             |                      |
| Buildings and Improvements                          | (747,942)            | (71,401)            | -           | (819,343)            |
| Parks   | (325)                | (59,007)            | -           | (59,332)             |
| Infrastructure                                      | (2,396,181)          | (185,223)           | -           | (2,581,404)          |
| Machinery and Equipment                             | (1,463,582)          | (178,973)           | 30,017      | (1,612,538)          |
| Total Accumulated Depreciation                      | (4,608,030)          | (494,604)           | 30,017      | (5,072,617)          |
| Net Total Assets Being Depreciated                  | 10,231,863           | 45,611              | -           | 10,277,474           |
| <b>Governmental Activities Capital Assets, Net</b>  | <b>\$ 10,422,047</b> | <b>\$ 45,611</b>    | <b>\$ -</b> | <b>\$ 10,467,658</b> |
| <b>Business-Type Activities:</b>                    |                      |                     |             |                      |
| <b>Capital Assets, Not Being Depreciated:</b>       |                      |                     |             |                      |
| Land  | \$ 25,000            | \$ -                | \$ -        | \$ 25,000            |
| Easements   | 7,800                | -                   | -           | 7,800                |
| Total Capital Assets, Not Being Depreciated         | 32,800               | -                   | -           | 32,800               |
| <b>Capital Assets, Being Depreciated</b>            |                      |                     |             |                      |
| Water and Sewer System                              | 24,264,699           | 247,402             | -           | 24,512,101           |
| Buildings   | 331,708              | -                   | -           | 331,708              |
| Machinery and Equipment                             | 856,666              | -                   | -           | 856,666              |
| Total Capital Assets, Being Depreciated             | 25,453,073           | 247,402             | -           | 25,700,475           |
| <b>Less Accumulated Depreciation For:</b>           |                      |                     |             |                      |
| Water and Sewer System                              | (6,560,320)          | (552,136)           | -           | (7,112,456)          |
| Buildings   | (227,685)            | (9,015)             | -           | (236,700)            |
| Machinery and Equipment                             | (724,584)            | (27,564)            | -           | (752,148)            |
| Total Accumulated Depreciation                      | (7,512,589)          | (588,715)           | -           | (8,101,304)          |
| Net Total Assets Being Depreciated                  | 17,940,484           | (341,313)           | -           | 17,599,171           |
| <b>Business-Type Activities Capital Assets, Net</b> | <b>\$ 17,973,284</b> | <b>\$ (341,313)</b> | <b>\$ -</b> | <b>\$ 17,631,971</b> |

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

|   |                   |
|---|-------------------|
| <b>Governmental Activities:</b>                     |                   |
| General Government                                  | \$ 58,989         |
| Public Safety                                       | 178,462           |
| Community Development                               | 185,523           |
| Parks and Recreation                                | 71,630            |
| Total depreciation expense, governmental activities | <u>\$ 494,604</u> |
| <br><b>Business-Type Activities:</b>                |                   |
| Water and Sewer Operations                          | <u>\$ 588,715</u> |

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

The composition of interfund balances as of September 30, 2015 is as follows:

| <u>Receivable Fund</u>   | <u>Payable Fund</u>       | <u>Amount</u>     |
|--------------------------|---------------------------|-------------------|
| General Fund             | Utility Operating fund    | \$ 992            |
| General Fund             | Utility Debt Service Fund | 19,253            |
| Debt Service Fund        | Utility Operating fund    | 38,692            |
| Debt Service Fund        | Utility Debt Service Fund | 305,392           |
| Street Construction Fund | Utility Operating fund    | <u>1,995</u>      |
|                          |                           | <u>\$ 366,324</u> |

Interfund transfers are made in accordance with the City's adopted budget or through approvals to meet unexpected operating needs.

The composition of interfund transfers as of September 30, 2015, is as follows:

|                         | <u>Transfers In</u>                   |  |                         | <u>Total</u>        |
|-------------------------|---------------------------------------|--|-------------------------|---------------------|
|                         | <u>Utility<br/>Operating<br/>Fund</u> | <u>Utility<br/>Debt Service<br/>Fund</u> | <u>General<br/>Fund</u> |                     |
| <u>Transfers Out:</u>   |                                       |  |                         |                     |
| Utility Operating Fund  | \$ -                                  | \$ -                                     | \$ 680,250              | \$ 680,250          |
| Debt Service Fund       | <u>665,000</u>                        | <u>365,940</u>                           | <u>-</u>                | <u>1,030,940</u>    |
| Total transfers out /in | <u>\$ 665,000</u>                     | <u>\$ 365,940</u>                        | <u>\$ 680,250</u>       | <u>\$ 1,711,190</u> |

**E. Long-term debt**

The following is a summary of bond and certificates of obligation transactions of the City for the year ended September 30, 2015:

|                                    | <u>GENERAL<br/>OBLIGATION</u> | <u>REVENUE</u>       | <u>TOTAL</u>         |
|------------------------------------|-------------------------------|----------------------|----------------------|
| Bonds payable - October 1, 2014    | \$ 3,565,000                  | \$ 16,038,000        | \$ 19,603,000        |
| Additions                          | -                             | -                    | -                    |
| Retirements                        | (367,000)                     | (885,000)            | (1,252,000)          |
| Bonds payable - September 30, 2015 | <u>\$ 3,198,000</u>           | <u>\$ 15,153,000</u> | <u>\$ 18,351,000</u> |

Outstanding bonds at September 30, 2015 are comprised of the following issues:

Governmental Activities:

|   |                            |
|---|----------------------------|
| \$3,140,000 Series 2006 Refunding Bonds; maturing serially in varying amounts through 2-15-26 at 4.80%. | \$ 2,035,000               |
| \$1,800,000 series 2013 Tax Note; maturing serially in varying amounts through 9-30-2020 at 1.60%       | <u>1,163,000</u>           |
| <b>Total Governmental Bonded Debt</b>   | <b><u>\$ 3,198,000</u></b> |

Business-Type Activities:

|   |                             |
|---|-----------------------------|
| \$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 4.2%. | \$ 1,845,000                |
| \$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52%  | 3,553,000                   |
| \$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%           | 1,410,000                   |
| \$9,730,000 Series 2012 Limited Tax Refunding Bonds; maturing annually in varying amounts beginning 2-15-13 through 2-15-28. Interest rates varying from 0.06% to 2.75%.  | <u>8,345,000</u>            |
| <b>Total Business-Type Bonded Debt</b>  | <b><u>\$ 15,153,000</u></b> |

The funding requirements to amortize all bonds outstanding as of September 30, 2015, including interest, are as follows:

|           | GOVERNMENTAL        |                   | BUSINESS-TYPE        |                     | TOTAL                |
|-----------|---------------------|-------------------|----------------------|---------------------|----------------------|
|           | PRINCIPAL           | INTEREST          | PRINCIPAL            | INTEREST            |                      |
| 2016      | \$ 375,000          | \$ 103,296        | \$ 912,000           | \$ 481,461          | \$ 1,871,757         |
| 2017      | 384,000             | 93,289            | 944,000              | 451,916             | 1,873,205            |
| 2018      | 393,000             | 83,005            | 979,000              | 420,274             | 1,875,279            |
| 2019      | 406,000             | 72,453            | 1,005,000            | 387,490             | 1,870,943            |
| 2020      | 415,000             | 61,420            | 1,043,000            | 353,535             | 1,872,955            |
| 2021-2025 | 1,000,000           | 178,713           | 5,814,000            | 1,158,866           | 8,151,579            |
| 2026-2028 | 225,000             | 9,563             | 4,456,000            | 199,031             | 4,889,594            |
|           | <u>\$ 3,198,000</u> | <u>\$ 601,739</u> | <u>\$ 15,153,000</u> | <u>\$ 3,452,573</u> | <u>\$ 22,405,312</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, 2015 be disclosed.

| Insurer                | Policy                           | Limit of Liability |                  | Expiration Date |
|------------------------|----------------------------------|--------------------|------------------|-----------------|
|                        |                                  | Each Occurrence    | Annual Aggregate |                 |
| Texas Municipal League | General Liability                | \$1,000,000        | \$2,000,000      | 10/1/2016       |
|                        | Law Enforcement                  | 1,000,000          | 2,000,000        | 10/1/2016       |
|                        | Errors & Omissions               | 1,000,000          | 2,000,000        | 10/1/2016       |
|                        | Auto Liability                   | 1,000,000          | n/a              | 10/1/2016       |
|                        | Auto Physical Damage             | per schedule       | n/a              | 10/1/2016       |
|                        | Uninsured/Underinsured Motorists | 55,000             | n/a              | 10/1/2016       |
| Texas Municipal League | Real & Personal Property         | 19,399,267         | n/a              | 10/1/2016       |
|                        | Mobile Equipment                 | 416,976            | n/a              | 10/1/2016       |
|                        | Boiler & Machinery               | 100,000            | n/a              | 10/1/2016       |
|                        | Uninsured motorist               | 15,500             | n/a              | 10/1/2016       |
| Texas Municipal League | Workers Comp                     | n/a                | n/a              | 10/1/2016       |

As of September 30, 2015, the City was not in compliance with the minimum cash requirement contained in its bond ordinances as follows:

|   |                   |
|---|-------------------|
| Minimum required balance                  | \$ 388,026        |
| Actual balance held at September 30, 2015 | <u>11,956</u>     |
| Shortage                                  | <u>\$ 376,070</u> |

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

#### Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2015 was as follows:

|   | Beginning<br>Balance<br>10/1/14 | Additions         | Reductions        | Ending<br>Balance<br>9/30/15 | Due Within<br>One Year |
|---|---------------------------------|-------------------|-------------------|------------------------------|------------------------|
| <b>Governmental Activities:</b>                         |                                 |                   |                   |                              |                        |
| General Obligation Bonds                                | \$ 3,565,000                    | \$ -              | \$ 367,000        | \$ 3,198,000                 | \$ 375,000             |
| Notes Payable   | 400,010                         | 400,000           | 274,848           | 525,162                      | 201,888                |
| Net Pension Liability                                   | (9,334)                         | 22,580            | -                 | 13,246                       | -                      |
| Compensated Absences                                    | 41,958                          | 7,565             | -                 | 49,523                       | 4,952                  |
| <b>Governmental Activity<br/>Long-Term Liabilities</b>  | <b>\$ 3,997,634</b>             | <b>\$ 430,145</b> | <b>\$ 641,848</b> | <b>\$ 3,785,931</b>          | <b>\$ 581,840</b>      |
| <b>Business-type Activities:</b>                        |                                 |                   |                   |                              |                        |
| Revenue Bonds   | \$ 16,038,000                   | \$ -              | \$ 885,000        | \$ 15,153,000                | \$ 912,000             |
| Net Pension Liability                                   | (3,028)                         | 7,324             | -                 | 4,296                        | -                      |
| Compensated Absences                                    | 18,404                          | 536               | -                 | 18,940                       | 1,894                  |
| <b>Business-type Activity<br/>Long-Term Liabilities</b> | <b>\$ 16,053,376</b>            | <b>\$ 7,860</b>   | <b>\$ 885,000</b> | <b>\$ 15,176,236</b>         | <b>\$ 913,894</b>      |

The liabilities listed above for compensated absences will be liquidated by the City's General and Proprietary Funds.

#### NOTE 5 — DEFEASED BONDS OUTSTANDING

The City has defeased certain bonds by placing the proceeds of new bond issues in an irrevocable trust for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2015, \$4,701,555 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

| <u>Bond Issue</u>                      | <u>Year Refunded</u> | <u>Outstanding</u> |
|--|----------------------|--------------------|
| Series 2001 Certificates of Obligation | 2012                 | \$4,701,555        |
| <b>Total Bonds Defeased (Refunded)</b> |                      | <b>\$4,701,555</b> |

#### NOTE 6 — 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, 2015, the City had \$522,997 in net receivables from its residents for the usage of these services.

#### NOTE 7 — DEFINED BENEFIT PENSION PLAN

##### **Plan Description**

The City of Whitehouse participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section

401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the city are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

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:

|   | <u>Plan Year 2013</u> | <u>Plan Year 2014</u> |
|---|-----------------------|-----------------------|
| Employee deposit rate   | 5.0%                  | 5.0%                  |
| Matching ratio (city to employee)                                     | 1.5 to 1              | 1.5 to 1              |
| Year required for vesting   | 5                     | 5                     |
| Service retirement eligibility<br>(expressed as age/years of service) | 60/5, 0/20            | 60/5, 0/20            |
| Updated Service Credit  | 100% Repeating        | 100% Repeating        |
| Annuity Increase (to retirees)  | 70% of CPI            | 70% of CPI            |

**Employees covered by benefit terms.**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

|  | <u>12/31/2013</u> | <u>12/31/2014</u> |
|--|-------------------|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 14                | 15                |
| Inactive employees entitled to but not yet receiving benefits    | 27                | 28                |
| Active employees   | <u>38</u>         | <u>37</u>         |
|  | <u>79</u>         | <u>80</u>         |

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, The contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary

to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Whitehouse were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Whitehouse were 5.56% and 5.19% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$90,900, and were equal to the required contributions.

### **Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### **Actuarial assumptions:**

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

|                           |  |
|---------------------------|--|
| Inflation                 | 3.00% per year   |
| Overall payroll growth    | 3.50% to 12.00% per year   |
| Investment Rate of Return | 7.00%, net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actual assumptions used in the December 31, 2014 valuation were based in the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by The TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class           | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|-------------------|---|
| Domestic Equity       | 17.50%            | 4.80%   |
| International Equity  | 17.50%            | 6.05%   |
| Core Fixed Income     | 30.00%            | 1.50%   |
| Non-Core Fixed Income | 10.00%            | 3.50%   |
| Real Return           | 5.00%             | 1.75%   |
| Real Estate           | 10.00%            | 5.25%   |
| Absolute Return       | 5.00%             | 4.25%   |
| Private Equity        | 5.00%             | 8.50%   |
| Total                 | 100.00%           |   |

### Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### Changes in the Net Pension Liability

|   | Increase (Decrease)         |                                 |                               |
|---|-----------------------------|---------------------------------|-------------------------------|
|   | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance at 12/31/2013   | \$ 3,519,212                | \$ 3,531,574                    | \$ (12,362)                   |
| Changes for the year:   |                             |                                 |                               |
| Service cost  | 148,502                     | -                               | 148,502                       |
| Interest  | 246,432                     | -                               | 246,432                       |
| Change of benefit terms                                       | -                           | -                               | -                             |
| Difference between expected and actual experience             | 10,962                      | -                               | 10,962                        |
| Changes of assumptions  | -                           | -                               | -                             |
| Contributions - employer                                      | -                           | 92,799                          | (92,799)                      |
| Contributions - employee                                      | -                           | 83,453                          | (83,453)                      |
| Net investment income   | -                           | 202,022                         | (202,022)                     |
| Benefit payments, including refunds of employee contributions | (146,013)                   | (146,013)                       | -                             |
| Administrative expense  | -                           | (2,109)                         | 2,109                         |
| Other changes   | -                           | (173)                           | 173                           |
| Net changes   | 259,883                     | 229,979                         | 29,904                        |
| Balance at 12/31/2014   | \$ 3,779,095                | \$ 3,761,553                    | \$ 17,542                     |

### Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

|                              | 1% Decrease in<br>Discount Rate (6.0%) | Discount Rate (7.0%) | 1% Increase in<br>Discount Rate (8.0%) |
|------------------------------|--|----------------------|--|
| City's net pension liability | \$ 672,453                             | \$ 17,542            | \$ (504,594)                           |

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$78,000.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 8,553                          | \$ -                             |
| Changes in actuarial assumptions                            | -                                 | -                                |
| Difference between projected and actual investment earnings | 36,150                            | -                                |
| Contributions subsequent to the measurement Date            | 67,981                            | -                                |
| <b>Total</b>  | <b>\$ 112,684</b>                 | <b>\$ -</b>                      |

\$67,981 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31 |                  |
|------------------------|------------------|
| 2015                   | \$ 11,447        |
| 2016                   | 11,447           |
| 2017                   | 11,447           |
| 2018                   | 10,362           |
| 2019                   | -                |
| Thereafter             | -                |
|                        | <b>\$ 44,703</b> |

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired

employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employee's are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employee's entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014, and 2013 were \$3,051, \$3,224 and \$2,985 respectively, which equaled the required contributions each year.

#### NOTE 8 – DEFICIT NET POSITION OR FUND BALANCE

At September 30, 2015, the Enterprise Debt Service Fund had a deficit net position of \$31,817, and the Governmental Debt Service Fund had a deficit net position of \$86,698.

#### NOTE 9 – COMMITMENTS

Effective May 1, 2015 the City signed a contract with Republic Services 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 September 30, 2020.

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 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%. During the fiscal year ended September 30, 2015, the City paid a demand fee of \$24,150 per month as outlined in the agreement and notified by Tyler. The contract contains termination clauses including Whitehouse taking delivery of untreated water from either Lake Striker or Lake Columbia.

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, 2015, has been renewed for another year through September 30, 2016.

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. As of September 30, 2015, this agreement has expired and has been suspended pending renegotiation.

#### NOTE 10 – 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, 2015, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2015, 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.

#### NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2015, expenditures exceeded appropriations in the following departments of the General Fund: General Administration, Treasury and Financial, Municipal Court, Community Development, Police,

Fire and Sanitation. These over expenditures were funded by lower expenditures in other categories and higher than expected revenues.

Expenditures exceeded appropriations in the following departments of the Utility Fund: Utility Administration, and Water Operations. These over expenditures were funded by excess fund balance.

**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

As noted in Note 1, the City adopted GASB Statement No. 68 during the year. As a result of recording the liability for net pension expense, GASB 68 required a prior period adjustment in order to record the beginning net pension liability and the related beginning deferred outflow of resources. The following chart shows the effect of the prior period adjustment:

|   | Governmental<br>Activities | Business-Type<br>Activities | TOTAL    |
|---|----------------------------|-----------------------------|----------|
| Increase in Beginning Net Position          | 62,098                     | 20,144                      | 82,242   |
| Increase in Deferred Outflow                | 52,764                     | 17,116                      | 69,880   |
| Decrease in Beginning Net Pension Liability | (9,334)                    | (3,028)                     | (12,362) |

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 22, 2016, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WHITEHOUSE, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|  | <u>2014</u>         |
|--|---------------------|
| <b>Total pension liability</b>   |                     |
| Service Cost   | \$ 148,502          |
| Interest (on the Total Pension Liability)                              | 246,432             |
| Changes in benefit terms   | -                   |
| Difference between expected and actual results                         | 10,962              |
| Change of assumptions  | -                   |
| Benefit payments, including refunds of employee contributions          | <u>(146,013)</u>    |
| Net Change in Total Pension Liability                                  | 259,883             |
| Total Pension Liability - Beginning                                    | <u>3,519,212</u>    |
| Total Pension Liability - Ending (a)                                   | <u>\$ 3,779,095</u> |
| <b>Plan Fiduciary Net Position</b>                                     |                     |
| Contributions - Employer   | \$ 92,799           |
| Contributions - Employee   | 83,453              |
| Net Investment Income  | 202,022             |
| Benefit payments, including refunds of employee contributions          | (146,013)           |
| Administrative Expense   | (2,109)             |
| Other  | <u>(173)</u>        |
| Net Change in Plan Fiduciary Net Position                              | 229,979             |
| Plan Fiduciary Net Position - Beginning                                | <u>3,531,574</u>    |
| Plan Fiduciary Net Position - Ending (b)                               | <u>\$ 3,761,553</u> |
| Net Pension Liability - Ending (a)-(b)                                 | 17,542              |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 99.54%              |
| Covered Employee Payroll   | \$ 1,669,056        |
| Net Pension Liability as a Percentage of Covered Employee Payroll      | 1.05%               |

**CITY OF WHITEHOUSE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|   | 2014         | 2015         |
|---|--------------|--------------|
| Actuarially Determined Contribution                                   | \$ 92,260    | \$ 90,900    |
| Contributions in relation to the actuarially determined contributions | 92,260       | 90,900       |
| Contribution deficiency   | \$ -         | \$ -         |
| Covered employee payroll  | \$ 1,651,541 | \$ 1,722,060 |
| Contributions as a percentage of covered employee payroll             | 5.59%        | 5.28%        |

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Entry Age Normal   |
| Amortization Method           | Level Percentage of Payroll, Closed  |
| Remaining Amortization Period | 21 years   |
| Asset Valuation Method        | 10 Year smoothed market; 15% soft corridor   |
| Inflation                     | 3.0%   |
| Salary Increases              | 3.50% to 12.00% including inflation  |
| Investment Rate of Return     | 7.00%  |
| Retirement Age                | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009                |
| Mortality                     | RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB |

**Other Information:** There were no benefit changes during the year.

**ADDITIONAL SUPPLEMENTAL INFORMATION**

**CITY OF WHITEHOUSE, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

|  | SPECIAL<br>REVENUE<br>FUND | STREET<br>CONSTRUCTION<br>FUND | PEG CHANNEL<br>FUND | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|--|----------------------------|--------------------------------|---------------------|--|
| <b>ASSETS</b>                              |                            |                                |                     |  |
| Cash and investments                       | \$ -                       | \$ -                           | \$ 73,153           | \$ 73,153                                  |
| Receivables:                               |                            |                                |                     |  |
| Street assessments                         | -                          | 22,508                         | -                   | 22,508                                     |
| Restricted Assets:                         |                            |                                |                     |  |
| Temporarily restricted                     |                            |                                |                     |  |
| Cash and cash equivalents                  | 13,126                     | -                              | -                   | 13,126                                     |
| Due from other funds                       | -                          | 2,848                          | -                   | 2,848                                      |
| <b>Total Assets</b>                        | <b>\$ 13,126</b>           | <b>\$ 25,356</b>               | <b>\$ 73,153</b>    | <b>\$ 111,635</b>                          |
| <b>LIABILITIES AND FUND BALANCES</b>       |                            |                                |                     |  |
| Liabilities:                               |                            |                                |                     |  |
| Unearned revenue                           | \$ -                       | \$ 22,508                      | \$ -                | \$ 22,508                                  |
| Due to other funds                         | -                          | 2,150                          | -                   | 2,150                                      |
| <b>Total Liabilities</b>                   | <b>-</b>                   | <b>24,658</b>                  | <b>-</b>            | <b>24,658</b>                              |
| Fund Balances:                             |                            |                                |                     |  |
| Restricted:                                |                            |                                |                     |  |
| Police forfeitures                         | 13,126                     | -                              | -                   | 13,126                                     |
| PEG Channel                                | -                          | -                              | 73,153              | 73,153                                     |
| Assigned:                                  |                            |                                |                     |  |
| Capital Projects                           | -                          | 698                            | -                   | 698  |
| <b>Total Fund Balances</b>                 | <b>13,126</b>              | <b>698</b>                     | <b>73,153</b>       | <b>86,977</b>                              |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 13,126</b>           | <b>\$ 25,356</b>               | <b>\$ 73,153</b>    | <b>\$ 111,635</b>                          |

**CITY OF WHITEHOUSE, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|  | SPECIAL<br>REVENUE<br>FUND | STREET<br>CONSTRUCTION<br>FUND | PEG CHANNEL<br>FUND | TOTAL<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|--|----------------------------|--------------------------------|---------------------|--|
| <b>REVENUES</b>  |                            |                                |                     |  |
| Franchise Fee  | \$ -                       | \$ -                           | \$ 17,590           | \$ 17,590                                  |
| Miscellaneous  | 4,060                      | -                              | -                   | 4,060                                      |
| Interest   | 9                          | -                              | 130                 | 139  |
| Total Revenues   | <u>4,069</u>               | <u>-</u>                       | <u>17,720</u>       | <u>21,789</u>                              |
| <b>EXPENDITURES</b>  |                            |                                |                     |  |
| General administration                                       | <u>2,684</u>               | <u>-</u>                       | <u>-</u>            | <u>2,684</u>                               |
| Total Expenditures   | <u>2,684</u>               | <u>-</u>                       | <u>-</u>            | <u>2,684</u>                               |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>1,385</u>               | <u>-</u>                       | <u>17,720</u>       | <u>19,105</u>                              |
| Net change in fund balances                                  | <u>1,385</u>               | <u>-</u>                       | <u>17,720</u>       | <u>19,105</u>                              |
| Fund Balance - October 1, 2014                               | <u>11,741</u>              | <u>698</u>                     | <u>55,433</u>       | <u>67,872</u>                              |
| Fund Balance - September 30, 2015                            | <u>\$ 13,126</u>           | <u>\$ 698</u>                  | <u>\$ 73,153</u>    | <u>\$ 86,977</u>                           |

CITY OF WHITEHOUSE, TEXAS

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL | ACTUAL    | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-----------------|-----------|--|
| <b>LEGISLATIVE</b>                         |                    |                 |           |  |
| <b>CONTRACTUAL SERVICES:</b>               |                    |                 |           |  |
| Contractual and fee base services          | \$ 5,000           | \$ 5,000        | \$ 252    | \$ 4,748                               |
| Total Contractual Services                 | 5,000              | 5,000           | 252       | 4,748                                  |
| TOTAL LEGISLATIVE                          | \$ 5,000           | \$ 5,000        | \$ 252    | \$ 4,748                               |
| <b>GENERAL/ADMINISTRATION</b>              |                    |                 |           |  |
| <b>PERSONNEL SERVICES:</b>                 |                    |                 |           |  |
| Administration                             | \$ 41,000          | \$ 41,000       | \$ 41,000 | \$ -                                   |
| Clerical                                   | 48,797             | 48,797          | 48,854    | (57)                                   |
| Overtime                                   | 100                | 100             | 105       | (5)                                    |
| Certificate pay                            | 300                | 300             | 300       | -                                      |
| Uniforms and clothing                      | 500                | 500             | 371       | 129                                    |
| One time pay adjustments                   | 4,100              | 4,100           | 4,100     | -                                      |
| Workers compensation                       | 161                | 161             | 161       | -                                      |
| Unemployment compensation                  | 203                | 203             | 18        | 185                                    |
| Employee retirement                        | 5,054              | 5,054           | 5,159     | (105)                                  |
| Employee insurance                         | 13,071             | 13,071          | 13,190    | (119)                                  |
| Retiree insurance                          | 600                | 600             | 600       | -                                      |
| Payroll taxes                              | 7,214              | 7,214           | 6,778     | 436                                    |
| Total Personnel Services                   | 121,100            | 121,100         | 120,636   | 464                                    |
| <b>SUPPLIES AND MATERIALS:</b>             |                    |                 |           |  |
| Office supplies                            | 4,000              | 4,000           | 4,180     | (180)                                  |
| Data processing supplies                   | 750                | 750             | 516       | 234                                    |
| Tire Repair                                | 500                | 500             | -         | 500                                    |
| Photo/audio/video supplies                 | 2,100              | 2,100           | 10,015    | (7,915)                                |
| Postage and delivery                       | 1,800              | 1,800           | 654       | 1,146                                  |
| Minor Tools                                | -                  | -               | 172       | (172)                                  |
| Motor vehicle supplies                     | 2,500              | 2,500           | 2,200     | 300                                    |
| Educational and training                   | 500                | 500             | 450       | 50                                     |
| Other supplies                             | 3,000              | 3,000           | 6,654     | (3,654)                                |
| Total Supplies and Materials               | 15,150             | 15,150          | 24,841    | (9,691)                                |
| <b>MAINTENANCE OF BUILDING/GROUNDS:</b>    |                    |                 |           |  |
| Building and grounds                       | 1,500              | 1,500           | 3,941     | (2,441)                                |
| Total Maintenance of Building/Grounds      | 1,500              | 1,500           | 3,941     | (2,441)                                |
| <b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b> |                    |                 |           |  |
| Office equipment                           | 159                | 159             | 1,022     | (863)                                  |
| HVAC equipment                             | 1,000              | 1,000           | -         | 1,000                                  |
| Automotive equipment                       | 500                | 500             | 861       | (361)                                  |
| Communication equipment                    | 400                | 400             | -         | 400                                    |
| Total Maintenance of Equipment/ Machinery  | 2,059              | 2,059           | 1,883     | 176                                    |

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-------------------|-------------------|--|
| <b>CONTRACTUAL SERVICES:</b>               |                    |                   |                   |  |
| Communication services                     | 8,000              | 8,000             | 8,126             | (126)                                  |
| Insurance                                  | 2,795              | 2,795             | 3,495             | (700)                                  |
| Advertising                                | 500                | 500               | 470               | 30                                     |
| Business and travel                        | 3,000              | 3,000             | 5,250             | (2,250)                                |
| Legal fees                                 | 1,000              | 1,000             | 3,303             | (2,303)                                |
| Contractual and fee base services          | 5,550              | 5,550             | 3,467             | 2,083                                  |
| Utility services                           | 70,100             | 70,100            | 70,908            | (808)                                  |
| Data processing maintenance                | 2,000              | 2,000             | -                 | 2,000                                  |
| Memberships/subscriptions                  | 2,550              | 2,550             | 2,816             | (266)                                  |
| <b>Total Contractual Services</b>          | <b>95,495</b>      | <b>95,495</b>     | <b>97,835</b>     | <b>(2,340)</b>                         |
| <b>CAPITAL OUTLAY</b>                      |                    |                   |                   |  |
| Contingency                                | 5,000              | 5,000             | 3,628             | 1,372                                  |
| Library books and periodicals              | 3,000              | 3,000             | 2,299             | 701                                    |
| <b>Total Capital Outlay</b>                | <b>8,000</b>       | <b>8,000</b>      | <b>5,927</b>      | <b>2,073</b>                           |
| <b>TOTAL GENERAL ADMINISTRATION</b>        | <b>\$ 243,304</b>  | <b>\$ 243,304</b> | <b>\$ 255,063</b> | <b>\$ (11,759)</b>                     |
| <b>TREASURY AND FINANCIAL</b>              |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                 |                    |                   |                   |  |
| Administration                             | \$ 32,975          | \$ 32,975         | \$ 34,243         | \$ (1,268)                             |
| One time pay adjustments                   | 3,298              | 3,298             | 3,298             | -                                      |
| Workers compensation                       | 54                 | 54                | 54                | -                                      |
| Unemployment compensation                  | 135                | 135               | 9                 | 126                                    |
| Employee retirement                        | 1,944              | 1,944             | 2,057             | (113)                                  |
| Employee insurance                         | 5,146              | 5,146             | 5,241             | (95)                                   |
| Payroll taxes                              | 2,775              | 2,775             | 2,670             | 105                                    |
| <b>Total Personnel Services</b>            | <b>46,327</b>      | <b>46,327</b>     | <b>47,572</b>     | <b>(1,245)</b>                         |
| <b>SUPPLIES AND MATERIALS:</b>             |                    |                   |                   |  |
| Educational and training                   | 500                | 500               | 305               | 195                                    |
| <b>Total Supplies and Materials</b>        | <b>500</b>         | <b>500</b>        | <b>305</b>        | <b>195</b>                             |
| <b>CONTRACTUAL SERVICES:</b>               |                    |                   |                   |  |
| Business and Travel                        | 800                | 800               | 1,091             | (291)                                  |
| Contractual/fee services                   | 30,000             | 30,000            | 28,750            | 1,250                                  |
| <b>Total Contractual Services</b>          | <b>30,800</b>      | <b>30,800</b>     | <b>29,841</b>     | <b>959</b>                             |
| <b>TOTAL TREASURY AND FINANCIAL</b>        | <b>\$ 77,627</b>   | <b>\$ 77,627</b>  | <b>\$ 77,718</b>  | <b>\$ (91)</b>                         |
| <b>TAX APPRAISAL AND COLLECTIONS</b>       |                    |                   |                   |  |
| <b>CONTRACTUAL SERVICES:</b>               |                    |                   |                   |  |
| Contractual/Fee Services                   | \$ 44,289          | \$ 44,289         | \$ 43,707         | \$ 582                                 |
| <b>Total Contractual Services</b>          | <b>44,289</b>      | <b>44,289</b>     | <b>43,707</b>     | <b>582</b>                             |
| <b>TOTAL TAX APPRAISAL AND COLLECTIONS</b> | <b>\$ 44,289</b>   | <b>\$ 44,289</b>  | <b>\$ 43,707</b>  | <b>\$ 582</b>                          |
| <b>MUNICIPAL COURT</b>                     |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                 |                    |                   |                   |  |
| Clerical                                   | \$ 61,873          | \$ 61,873         | \$ 61,036         | \$ 837                                 |
| Overtime                                   | 100                | 100               | -                 | 100                                    |
| Uniforms and clothing                      | 350                | 350               | 625               | (275)                                  |
| Workers compensation                       | 215                | 215               | 215               | -                                      |
| Unemployment compensation                  | 270                | 270               | 18                | 252                                    |
| Employee retirement                        | 3,322              | 3,322             | 3,328             | (6)                                    |
| Employee insurance                         | 17,920             | 17,920            | 17,905            | 15                                     |
| Payroll taxes                              | 4,741              | 4,741             | 4,132             | 609                                    |
| <b>Total Personnel Services</b>            | <b>88,791</b>      | <b>88,791</b>     | <b>87,259</b>     | <b>1,532</b>                           |

CITY OF WHITEHOUSE, TEXAS

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-------------------|-------------------|--|
| <b>SUPPLIES AND MATERIALS:</b>               |                    |                   |                   |  |
| Office supplies                              | 800                | 800               | 81                | 719                                    |
| Photo, audio & video supp                    | 500                | 500               | -                 | 500                                    |
| Postage and delivery                         | 600                | 600               | 382               | 218                                    |
| Minor tools & apparatus                      | 350                | 350               | -                 | 350                                    |
| Educational and training                     | 500                | 500               | 100               | 400                                    |
| Other Supplies                               | 200                | 200               | -                 | 200                                    |
| <b>Total Supplies and Materials</b>          | <b>2,950</b>       | <b>2,950</b>      | <b>563</b>        | <b>2,387</b>                           |
| <b>MAINTENANCE OF BUILDING</b>               |                    |                   |                   |  |
| Building and grounds                         | 500                | 500               | 6,345             | (5,845)                                |
| <b>Total Maintenance of Building/Grounds</b> | <b>500</b>         | <b>500</b>        | <b>6,345</b>      | <b>(5,845)</b>                         |
| <b>MAINTENANCE OF EQUIPMENT</b>              |                    |                   |                   |  |
| Office equipment                             | 876                | 876               | 1,176             | (300)                                  |
| HVAC Equipment                               | 1,000              | 1,000             | 180               | 820                                    |
| <b>Total Maintenance of Equipment</b>        | <b>1,876</b>       | <b>1,876</b>      | <b>1,356</b>      | <b>520</b>                             |
| <b>CONTRACTUAL SERVICES:</b>                 |                    |                   |                   |  |
| Communication services                       | 360                | 360               | 165               | 195                                    |
| Insurance                                    | 384                | 384               | 559               | (175)                                  |
| Advertising                                  | 150                | 150               | -                 | 150                                    |
| Business and travel                          | 1,000              | 1,000             | 256               | 744                                    |
| Legal fees                                   | 4,000              | 4,000             | 793               | 3,207                                  |
| Contractual/fee services                     | 9,000              | 9,000             | 9,000             | -                                      |
| Utility services                             | 3,500              | 3,500             | 3,873             | (373)                                  |
| Collection agency fees                       | -                  | -                 | 4,501             | (4,501)                                |
| State Fee                                    | 70,000             | 70,000            | 55,396            | 14,604                                 |
| Omni base fee                                | 2,000              | 2,000             | 1,194             | 806                                    |
| On Line / Credit Card Fees                   | 1,500              | 1,500             | 1,745             | (245)                                  |
| School Truancy fee                           | -                  | -                 | 112               | (112)                                  |
| Vehicle registration                         | 70,000             | 70,000            | 93,018            | (23,018)                               |
| Memberships/subscriptions                    | 1,360              | 1,360             | 216               | 1,144                                  |
| <b>Total Contractual Services</b>            | <b>163,254</b>     | <b>163,254</b>    | <b>170,828</b>    | <b>(7,574)</b>                         |
| <b>TOTAL MUNICIPAL COURT</b>                 | <b>\$ 257,371</b>  | <b>\$ 257,371</b> | <b>\$ 266,351</b> | <b>\$ (8,980)</b>                      |
| <b>LIBRARY SERVICES</b>                      |                    |                   |                   |  |
| <b>CONTRACTUAL SERVICES</b>                  |                    |                   |                   |  |
| Contractual and fee basis services           | \$ 48,000          | \$ 48,000         | \$ 48,000         | \$ -                                   |
| <b>Total Contractual Services</b>            | <b>48,000</b>      | <b>48,000</b>     | <b>48,000</b>     | <b>-</b>                               |
| <b>TOTAL LIBRARY SERVICES</b>                | <b>\$ 48,000</b>   | <b>\$ 48,000</b>  | <b>\$ 48,000</b>  | <b>\$ -</b>                            |
| <b>PARKS/RECREATION SERVICES</b>             |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                   |                    |                   |                   |  |
| Administration                               | \$ 36,000          | \$ 36,000         | \$ 36,000         | \$ -                                   |
| Overtime                                     | -                  | -                 | 114               | (114)                                  |
| Part-Time                                    | 17,280             | 17,280            | 9,970             | 7,310                                  |
| Uniforms and clothing                        | 1,000              | 1,000             | 228               | 772                                    |
| One time pay adjustments                     | 1,800              | 1,800             | 1,800             | -                                      |
| Workers compensation                         | 3,207              | 3,207             | 3,207             | -                                      |
| Unemployment compensation                    | 405                | 405               | 19                | 386                                    |
| Employee retirement                          | 1,930              | 1,930             | 2,086             | (156)                                  |
| Employee insurance                           | 5,591              | 5,591             | 5,173             | 418                                    |
| Payroll taxes                                | 4,214              | 4,214             | 3,650             | 564                                    |
| <b>Total Personnel Services</b>              | <b>71,427</b>      | <b>71,427</b>     | <b>62,247</b>     | <b>9,180</b>                           |

CITY OF WHITEHOUSE, TEXAS

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|---|--------------------|-------------------|-------------------|--|
| <b>SUPPLIES AND MATERIALS:</b>                  |                    |                   |                   |  |
| Office supplies                                 | 1,000              | 1,000             | 714               | 286                                    |
| Laboratory supplies                             | 500                | 500               | 120               | 380                                    |
| Motor vehicle supplies                          | 1,500              | 1,500             | 1,746             | (246)                                  |
| Postage and Delivery                            | -                  | -                 | 217               | (217)                                  |
| Tires Repairs                                   | 500                | 500               | 600               | (100)                                  |
| Minor tools                                     | 500                | 500               | 240               | 260                                    |
| Educational and training                        | 300                | 300               | 3,109             | (2,809)                                |
| Other supplies                                  | -                  | -                 | 3,173             | (3,173)                                |
| Concession - Splash park                        | 5,000              | 5,000             | 5,966             | (966)                                  |
| <b>Total Supplies and Materials</b>             | <b>9,300</b>       | <b>9,300</b>      | <b>15,885</b>     | <b>(6,585)</b>                         |
| <b>MAINTENANCE OF BUILDINGS/LAND</b>            |                    |                   |                   |  |
| Maintenance - parks                             | 3,000              | 3,000             | 2,973             | 27                                     |
| <b>Total Maintenance of Buildings/Land</b>      | <b>3,000</b>       | <b>3,000</b>      | <b>2,973</b>      | <b>27</b>                              |
| <b>MAINTENANCE OF EQUIPMENT/MACHINERY</b>       |                    |                   |                   |  |
| HVAC equipment                                  | -                  | -                 | 1,711             | (1,711)                                |
| Automotive equipment                            | 1,500              | 1,500             | 1,898             | (398)                                  |
| Playground equipment                            | 2,500              | 2,500             | 932               | 1,568                                  |
| <b>Total Maintenance of Equipment/Machinery</b> | <b>4,000</b>       | <b>4,000</b>      | <b>4,541</b>      | <b>(541)</b>                           |
| <b>CONTRACTUAL SERVICES</b>                     |                    |                   |                   |  |
| Communication Services                          | 1,487              | 1,487             | 1,535             | (48)                                   |
| Insurance                                       | -                  | -                 | 2,420             | (2,420)                                |
| Business & travel                               | -                  | -                 | 54                | (54)                                   |
| Utility Services                                | 1,500              | 1,500             | 2,202             | (702)                                  |
| Contractual and fee basis services              | 40,000             | 40,000            | 40,247            | (247)                                  |
| Data Processing Maint                           | 1,470              | 1,470             | -                 | 1,470                                  |
| Online/Credit card fees                         | 500                | 500               | 718               | (218)                                  |
| Memberships and subscriptions                   | 1,850              | 1,850             | 1,549             | 301                                    |
| <b>Total Contractual Services</b>               | <b>46,807</b>      | <b>46,807</b>     | <b>48,725</b>     | <b>(1,918)</b>                         |
| <b>TOTAL PARKS/RECREATION SERVICES</b>          | <b>\$ 134,534</b>  | <b>\$ 134,534</b> | <b>\$ 134,371</b> | <b>\$ 163</b>                          |
| <b>SPORTS COMPLEX</b>                           |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                      |                    |                   |                   |  |
| Clerical  | \$ 45,000          | \$ 45,000         | \$ 45,000         | \$ -                                   |
| Operations and Maintenance                      | 47,736             | 47,736            | 55,263            | (7,527)                                |
| Overtime  | -                  | -                 | 1,015             | (1,015)                                |
| Seasonal  | 17,280             | 17,280            | 3,200             | 14,080                                 |
| Uniforms and Clothing                           | 1,000              | 1,000             | 469               | 531                                    |
| Unemployment compensation                       | 675                | 675               | 340               | 335                                    |
| Employee retirement                             | 4,971              | 4,971             | 5,511             | (540)                                  |
| Employee insurance                              | 26,184             | 26,184            | 11,140            | 15,044                                 |
| Payroll taxes                                   | 8,416              | 8,416             | 7,768             | 648                                    |
| <b>Total Personnel Services</b>                 | <b>151,262</b>     | <b>151,262</b>    | <b>129,706</b>    | <b>21,556</b>                          |
| <b>SUPPLIES AND MATERIALS:</b>                  |                    |                   |                   |  |
| Office supplies                                 | 1,000              | 1,000             | 1,159             | (159)                                  |
| Photo, Audio, and Video Support                 | -                  | -                 | 1,758             | (1,758)                                |
| Laboratory supplies                             | 500                | 500               | 200               | 300                                    |
| Tires Repairs                                   | 1,000              | 1,000             | 370               | 630                                    |
| Fuel  | 1,500              | 1,500             | 655               | 845                                    |
| Minor tools                                     | 1,000              | 1,000             | 880               | 120                                    |
| Botanical and Agri. Supplies                    | -                  | -                 | 135               | (135)                                  |
| Concession Stand                                | 10,000             | 10,000            | 16,793            | (6,793)                                |
| Other supplies                                  | -                  | -                 | 10,480            | (10,480)                               |
| <b>Total Supplies and Materials</b>             | <b>15,000</b>      | <b>15,000</b>     | <b>32,430</b>     | <b>(17,430)</b>                        |
| <b>MAINTENANCE OF BUILDINGS/LAND</b>            |                    |                   |                   |  |
| Buildings and Grounds                           | 5,000              | 5,000             | 10,568            | (5,568)                                |
| <b>Total Maintenance of Buildings/Land</b>      | <b>5,000</b>       | <b>5,000</b>      | <b>10,568</b>     | <b>(5,568)</b>                         |

CITY OF WHITEHOUSE, TEXAS

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL | ACTUAL     | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-----------------|------------|--|
| <b>MAINTENANCE OF EQUIPMENT/MACHINERY</b>  |                    |                 |            |  |
| Vehicle Maintenance                        | 1,000              | 1,000           | 862        | 138                                    |
| Tools                                      | 2,000              | 2,000           | 1,202      | 798                                    |
| Total Maintenance of Equipment/Machinery   | 3,000              | 3,000           | 2,064      | 936                                    |
| <b>CONTRACTUAL SERVICES</b>                |                    |                 |            |  |
| Communication Services                     | 1,319              | 1,319           | 2,153      | (834)                                  |
| Contractual and fee basis services         | 36,000             | 36,000          | 49,297     | (13,297)                               |
| Utility Services                           | 13,200             | 13,200          | 8,676      | 4,524                                  |
| Data Processing Maint                      | 1,470              | 1,470           | -          | 1,470                                  |
| Online/Credit card fees                    | 2,000              | 2,000           | 2,379      | (379)                                  |
| Memberships and subscriptions              | -                  | -               | 53         | (53)                                   |
| Total Contractual Services                 | 53,989             | 53,989          | 62,558     | (8,569)                                |
| <b>CAPITAL OUTLAY</b>                      |                    |                 |            |  |
| Buildings                                  | 5,000              | 5,000           | 5,006      | (6)                                    |
| Land improvements                          | -                  | 43,000          | 1,850      | 41,150                                 |
| Machinery and equipment                    | 2,263              | 2,263           | 2,281      | (18)                                   |
| Other Equipment                            | 10,000             | 10,000          | 17,590     | (7,590)                                |
| Total Capital Outlay                       | 17,263             | 60,263          | 26,727     | 33,536                                 |
| TOTAL PARKS/RECREATION SERVICES            | \$ 245,514         | \$ 288,514      | \$ 264,053 | \$ 24,461                              |
| <b>COMMUNITY DEVELOPMENT</b>               |                    |                 |            |  |
| <b>CONTRACTUAL SERVICES:</b>               |                    |                 |            |  |
| Contractual/fee services                   | \$ 24,000          | \$ 24,000       | \$ 37,255  | \$ (13,255)                            |
| Economic Development                       | 5,000              | 5,000           | 5,499      | (499)                                  |
| Miscellaneous expense                      | 3,000              | 3,000           | 3,035      | (35)                                   |
| Total Contractual Services                 | 32,000             | 32,000          | 45,789     | (13,789)                               |
| TOTAL COMMUNITY DEVELOPMENT                | \$ 32,000          | \$ 32,000       | \$ 45,789  | \$ (13,789)                            |
| <b>STREET AND GROUNDS MAINTENANCE</b>      |                    |                 |            |  |
| <b>PERSONNEL SERVICES:</b>                 |                    |                 |            |  |
| Operations and maintenance                 | \$ 81,712          | \$ 81,712       | \$ 83,325  | \$ (1,613)                             |
| Overtime                                   | 5,000              | 5,000           | 1,686      | 3,314                                  |
| Uniforms and clothing                      | 500                | 500             | 989        | (489)                                  |
| Workers compensation                       | 4,659              | 4,659           | 4,659      | -                                      |
| Unemployment compensation                  | 270                | 270             | 18         | 252                                    |
| Employee retirement                        | 4,646              | 4,646           | 4,636      | 10                                     |
| Employee insurance                         | 16,536             | 16,536          | 14,287     | 2,249                                  |
| Payroll taxes                              | 6,631              | 6,631           | 6,213      | 418                                    |
| Total Personnel Services                   | 119,954            | 119,954         | 115,813    | 4,141                                  |
| <b>SUPPLIES AND MATERIALS:</b>             |                    |                 |            |  |
| Tires and tubes                            | 1,500              | 1,500           | 310        | 1,190                                  |
| Motor vehicle supplies                     | 3,500              | 3,500           | 1,420      | 2,080                                  |
| Minor tools and apparatus                  | 750                | 750             | (1,436)    | 2,186                                  |
| Chemical and mechanical                    | 250                | 250             | 178        | 72                                     |
| Safety supplies                            | 150                | 150             | -          | 150                                    |
| Other supplies                             | 100                | 100             | 156        | (56)                                   |
| Total Supplies and Materials               | 6,250              | 6,250           | 628        | 5,622                                  |
| <b>MAINTENANCE OF BUILDINGS/LAND:</b>      |                    |                 |            |  |
| Streets and alleys                         | -                  | -               | 4,230      | (4,230)                                |
| Total Maintenance of Buildings/Land        | -                  | -               | 4,230      | (4,230)                                |
| <b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b> |                    |                 |            |  |
| Machinery and heavy equipment              | 6,000              | 6,000           | 1,498      | 4,502                                  |
| Automotive equipment                       | 2,500              | 2,500           | 994        | 1,506                                  |
| Shop equipment                             | 500                | 500             | 521        | (21)                                   |
| Minor tools and equipment                  | 400                | 400             | -          | 400                                    |

CITY OF WHITEHOUSE, TEXAS

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL | ACTUAL     | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-----------------|------------|--|
| Signal and sign system                   | 2,000              | 2,000           | 158        | 1,842                                  |
| Communication equipment                  | 150                | 150             | -          | 150                                    |
| Total Maintenance of Equipment/Machinery | 11,550             | 11,550          | 3,171      | 8,379                                  |
| <b>CONTRACTUAL SERVICES</b>              |                    |                 |            |  |
| Communication services                   | 500                | 500             | 742        | (242)                                  |
| Leases and rentals                       | 1,000              | 1,000           | 482        | 518                                    |
| Insurance                                | 2,741              | 2,741           | 2,741      | -                                      |
| Business and Travel                      | -                  | -               | 120        | (120)                                  |
| Total Contractual Services               | 4,241              | 4,241           | 4,085      | 156                                    |
| <b>CAPITAL OUTLAY</b>                    |                    |                 |            |  |
| Motor Vehicles                           | -                  | 38,000          | 38,000     | -                                      |
| Total Capital Outlay                     | -                  | 38,000          | 38,000     | -                                      |
| TOTAL STREET AND GROUNDS<br>MAINTENANCE  | \$ 141,995         | \$ 179,995      | \$ 165,927 | \$ 14,068                              |
| <b>COMMUNICATION CENTER</b>              |                    |                 |            |  |
| <b>CONTRACTUAL SERVICES:</b>             |                    |                 |            |  |
| Contractual services                     | \$ 30,000          | \$ 30,000       | \$ 30,000  | \$ -                                   |
| Total Contractual Services               | 30,000             | 30,000          | 30,000     | -                                      |
| TOTAL COMMUNICATION CENTER               | \$ 30,000          | \$ 30,000       | \$ 30,000  | \$ -                                   |
| <b>POLICE OPERATIONS</b>                 |                    |                 |            |  |
| <b>PERSONNEL SERVICES:</b>               |                    |                 |            |  |
| Administration                           | \$ 216,000         | \$ 216,000      | \$ 216,973 | \$ (973)                               |
| Clerical                                 | 65,770             | 65,770          | 65,770     | -                                      |
| Operations and maintenance               | 445,171            | 445,171         | 471,217    | (26,046)                               |
| Overtime                                 | 6,000              | 6,000           | 5,207      | 793                                    |
| Certificate pay                          | 3,900              | 3,900           | 2,100      | 1,800                                  |
| Merit pay                                | 9,500              | 9,500           | 8,370      | 1,130                                  |
| Uniforms and clothing                    | 10,000             | 10,000          | 9,364      | 636                                    |
| One time pay adjustments                 | 10,800             | 10,800          | 10,800     | -                                      |
| Workers compensation                     | 16,991             | 16,991          | 16,991     | -                                      |
| Unemployment compensation                | 2,430              | 2,430           | 169        | 2,261                                  |
| Employee retirement                      | 40,588             | 40,588          | 42,604     | (2,016)                                |
| Employee insurance                       | 143,743            | 143,743         | 132,021    | 11,722                                 |
| Payroll taxes                            | 55,227             | 55,227          | 55,713     | (486)                                  |
| Total Personnel Services                 | 1,026,120          | 1,026,120       | 1,037,299  | (11,179)                               |

CITY OF WHITEHOUSE, TEXAS

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | BUDGET<br>ORIGINAL  | BUDGET<br>FINAL     | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|---|---------------------|---------------------|---------------------|--|
| <b>SUPPLIES AND MATERIALS:</b>                  |                     |                     |                     |  |
| Office supplies                                 | 4,000               | 4,000               | 2,865               | 1,135                                  |
| Data processing supplies                        | 1,500               | 1,500               | 6,887               | (5,387)                                |
| Photo/audio/video                               | 2,600               | 2,600               | 3,680               | (1,080)                                |
| Laboratory supplies                             | 4,000               | 4,000               | 4,037               | (37)                                   |
| Postage and delivery                            | 850                 | 850                 | 444                 | 406                                    |
| Tires and tubes                                 | 3,000               | 3,000               | 4,604               | (1,604)                                |
| Motor vehicle supplies                          | 40,000              | 40,000              | 44,733              | (4,733)                                |
| Emergency medical supplies                      | 1,800               | 1,800               | 1,030               | 770                                    |
| Minor tools and apparatus                       | 800                 | 800                 | 215                 | 585                                    |
| Janitorial supplies                             | 1,500               | 1,500               | 97                  | 1,403                                  |
| Safety supplies                                 | 3,000               | 3,000               | 963                 | 2,037                                  |
| Educational and training                        | 14,000              | 14,000              | 10,978              | 3,022                                  |
| K-9 misc  | 6,500               | 6,500               | 7,399               | (899)                                  |
| Other supplies                                  | 5,000               | 5,000               | 6,143               | (1,143)                                |
| Community resource supply                       | 1,500               | 1,500               | 1,339               | 161                                    |
| Evidence processing                             | 500                 | 500                 | -                   | 500                                    |
| Evidence supplies                               | 800                 | 800                 | 1,867               | (1,067)                                |
| CID supplies                                    | 350                 | 350                 | -                   | 350                                    |
| Police Explorer Program                         | 1,500               | 1,500               | 615                 | 885                                    |
| <b>Total Supplies and Materials</b>             | <b>93,200</b>       | <b>93,200</b>       | <b>97,896</b>       | <b>(4,696)</b>                         |
| <b>MAINTENANCE OF BUILDINGS/LAND:</b>           |                     |                     |                     |  |
| Buildings and grounds                           | 6,000               | 6,000               | 6,479               | (479)                                  |
| Gun Range                                       | 10,000              | 10,000              | 9,243               | 757                                    |
| <b>Total Maintenance of Buildings/Land</b>      | <b>16,000</b>       | <b>16,000</b>       | <b>15,722</b>       | <b>278</b>                             |
| <b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>      |                     |                     |                     |  |
| Office equipment                                | 1,500               | 1,500               | 990                 | 510                                    |
| HVAC equipment                                  | 500                 | 500                 | 625                 | (125)                                  |
| Automotive equipment                            | 15,000              | 15,000              | 22,893              | (7,893)                                |
| Communication equipment                         | 1,000               | 1,000               | 2,032               | (1,032)                                |
| Outdoor warning system                          | 5,000               | 5,000               | 5,014               | (14)                                   |
| <b>Total Maintenance of Equipment/Machinery</b> | <b>23,000</b>       | <b>23,000</b>       | <b>31,554</b>       | <b>(8,554)</b>                         |
| <b>CONTRACTUAL SERVICES:</b>                    |                     |                     |                     |  |
| Communication services                          | 11,000              | 11,000              | 11,671              | (671)                                  |
| Insurance                                       | 16,991              | 16,991              | 21,913              | (4,922)                                |
| Advertising                                     | -                   | -                   | 51                  | (51)                                   |
| Business and travel                             | 4,750               | 4,750               | 2,793               | 1,957                                  |
| Legal Fees                                      | 500                 | 500                 | 29,557              | (29,057)                               |
| Contractual/fee services                        | 12,654              | 12,654              | 6,851               | 5,803                                  |
| Utility services                                | 8,100               | 8,100               | 10,502              | (2,402)                                |
| Data processing maintenance                     | 9,403               | 9,403               | 23,008              | (13,605)                               |
| Memberships and subscriptions                   | 800                 | 800                 | 647                 | 153                                    |
| <b>Total Contractual Services</b>               | <b>64,198</b>       | <b>64,198</b>       | <b>106,993</b>      | <b>(42,795)</b>                        |
| <b>CAPITAL OUTLAY:</b>                          |                     |                     |                     |  |
| Other equipment                                 | 10,039              | 10,039              | 10,059              | (20)                                   |
| Motor vehicles                                  | -                   | 44,400              | 67,614              | (23,214)                               |
| <b>Total Capital Outlay</b>                     | <b>10,039</b>       | <b>54,439</b>       | <b>77,673</b>       | <b>(23,234)</b>                        |
| <b>TOTAL POLICE OPERATIONS</b>                  | <b>\$ 1,232,557</b> | <b>\$ 1,276,957</b> | <b>\$ 1,367,137</b> | <b>\$ (90,180)</b>                     |

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | BUDGET<br>ORIGINAL | BUDGET<br>FINAL  | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|---|--------------------|------------------|------------------|--|
| <b>ANIMAL CONTROL</b>                           |                    |                  |                  |  |
| <b>PERSONNEL SERVICES:</b>                      |                    |                  |                  |  |
| Operations and maintenance                      | \$ 43,085          | \$ 43,085        | \$ 43,429        | \$ (344)                               |
| Overtime  | 500                | 500              | 190              | 310                                    |
| Certificate pay                                 | 600                | 600              | 600              | -                                      |
| Uniforms and clothing                           | 700                | 700              | 657              | 43                                     |
| Workers compensation                            | 646                | 646              | 646              | -                                      |
| Unemployment compensation                       | 135                | 135              | 9                | 126                                    |
| Employee retirement                             | 2,309              | 2,309            | 2,411            | (102)                                  |
| Employee insurance                              | 5,708              | 5,708            | 5,700            | 8                                      |
| Payroll taxes                                   | 3,380              | 3,380            | 3,359            | 21                                     |
| <b>Total Personnel Services</b>                 | <b>57,063</b>      | <b>57,063</b>    | <b>57,001</b>    | <b>62</b>                              |
| <b>SUPPLIES AND MATERIALS:</b>                  |                    |                  |                  |  |
| Office supplies                                 | -                  | -                | 154              | (154)                                  |
| Laboratory Supplies                             | -                  | -                | 30               | (30)                                   |
| Postage and delivery service                    | 500                | 500              | 1,955            | (1,455)                                |
| Tires and tubes                                 | 700                | 700              | 480              | 220                                    |
| Motor vehicle supplies                          | 3,000              | 3,000            | 565              | 2,435                                  |
| Minor tools and apparatus                       | 700                | 700              | 238              | 462                                    |
| Chemical and mechanical supplies                | 100                | 100              | -                | 100                                    |
| Safety supplies                                 | 300                | 300              | -                | 300                                    |
| Educational and training                        | 500                | 500              | 1,397            | (897)                                  |
| Animal supplies                                 | 500                | 500              | 1,291            | (791)                                  |
| Other supplies                                  | 500                | 500              | 230              | 270                                    |
| <b>Total Supplies and Materials</b>             | <b>6,800</b>       | <b>6,800</b>     | <b>6,340</b>     | <b>460</b>                             |
| <b>MAINTENANCE OF BUILDING:</b>                 |                    |                  |                  |  |
| Building and grounds                            | 800                | 800              | -                | 800                                    |
| <b>Total Maintenance of Equipment/Machinery</b> | <b>800</b>         | <b>800</b>       | <b>-</b>         | <b>800</b>                             |
| <b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>      |                    |                  |                  |  |
| Office equipment                                | 159                | 159              | 159              | -                                      |
| Automotive equipment                            | 4,000              | 4,000            | 6,126            | (2,126)                                |
| <b>Total Maintenance of Equipment/Machinery</b> | <b>4,159</b>       | <b>4,159</b>     | <b>6,285</b>     | <b>(2,126)</b>                         |
| <b>CONTRACTUAL SERVICES:</b>                    |                    |                  |                  |  |
| Communication services                          | 600                | 600              | 471              | 129                                    |
| Insurance                                       | 110                | 110              | 110              | -                                      |
| Business and travel                             | 500                | 500              | 920              | (420)                                  |
| Legal Fees                                      | -                  | -                | 368              | (368)                                  |
| Contractual and fee based services              | 6,000              | 6,000            | 1,775            | 4,225                                  |
| Memberships and subscriptions                   | 100                | 100              | 907              | (807)                                  |
| <b>Total Contractual Services</b>               | <b>7,310</b>       | <b>7,310</b>     | <b>4,551</b>     | <b>2,759</b>                           |
| <b>TOTAL ANIMAL CONTROL</b>                     | <b>\$ 76,132</b>   | <b>\$ 76,132</b> | <b>\$ 74,177</b> | <b>\$ 1,955</b>                        |
| <b>FIRE OPERATIONS</b>                          |                    |                  |                  |  |
| <b>PERSONNEL SERVICES:</b>                      |                    |                  |                  |  |
| Administration                                  | \$ 54,500          | \$ 54,500        | \$ 54,500        | \$ -                                   |
| Operations maintenance                          | 300,312            | 300,312          | 306,885          | (6,573)                                |
| Uniforms and clothing                           | 3,000              | 3,000            | 4,411            | (1,411)                                |
| One Time Pay Adjustments                        | 2,725              | 2,725            | 2,725            | -                                      |
| Workers compensation                            | 6,135              | 6,135            | 6,135            | -                                      |
| Unemployment compensation                       | 3,375              | 3,375            | 943              | 2,432                                  |
| Employee retirement                             | 3,067              | 3,067            | 3,149            | (82)                                   |
| Employee insurance                              | 10,236             | 10,236           | 10,228           | 8                                      |
| Payroll taxes                                   | 27,352             | 27,352           | 27,492           | (140)                                  |
| <b>Total Personnel Services</b>                 | <b>410,702</b>     | <b>410,702</b>   | <b>416,468</b>   | <b>(5,766)</b>                         |

CITY OF WHITEHOUSE, TEXAS

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

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | BUDGET<br>ORIGINAL  | BUDGET<br>FINAL     | ACTUAL              | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|---|---------------------|---------------------|---------------------|--|
| <b>SUPPLIES AND MATERIALS:</b>                  |                     |                     |                     |  |
| Office supplies                                 | 300                 | 300                 | 503                 | (203)                                  |
| Laboratory services                             | 320                 | 320                 | 230                 | 90                                     |
| Postage & delivery supplies                     | 50                  | 50                  | 57                  | (7)                                    |
| Tires & tubes                                   | 3,000               | 3,000               | 2,838               | 162                                    |
| Motor vehicle supplies                          | 8,000               | 8,000               | 4,404               | 3,596                                  |
| Emergency medical supplies                      | 500                 | 500                 | 125                 | 375                                    |
| Minor tools and apparatus                       | 400                 | 400                 | 449                 | (49)                                   |
| Janitorial supplies                             | 1,000               | 1,000               | 867                 | 133                                    |
| Safety supplies                                 | 1,500               | 1,500               | 1,420               | 80                                     |
| Educational and training                        | 4,000               | 4,000               | 4,225               | (225)                                  |
| Other supplies                                  | 2,000               | 2,000               | 2,070               | (70)                                   |
| <b>Total Supplies and Materials</b>             | <b>21,070</b>       | <b>21,070</b>       | <b>17,188</b>       | <b>3,882</b>                           |
| <b>MAINTENANCE OF BUILDING:</b>                 |                     |                     |                     |  |
| Building and grounds                            | 3,500               | 3,500               | 16,470              | (12,970)                               |
| <b>Total Maintenance of Equipment/Machinery</b> | <b>3,500</b>        | <b>3,500</b>        | <b>16,470</b>       | <b>(12,970)</b>                        |
| <b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>      |                     |                     |                     |  |
| Office equipment                                | 2,028               | 2,028               | 2,098               | (70)                                   |
| Automotive equipment                            | 5,000               | 5,000               | 11,740              | (6,740)                                |
| Shop equipment                                  | 300                 | 300                 | 324                 | (24)                                   |
| Safety and medical equipment                    | 9,000               | 9,000               | 9,610               | (610)                                  |
| Tools   | 3,000               | 3,000               | 4,069               | (1,069)                                |
| Communication equipment                         | 3,500               | 3,500               | 2,840               | 660                                    |
| <b>Total Maintenance of Equipment/Machinery</b> | <b>22,828</b>       | <b>22,828</b>       | <b>30,681</b>       | <b>(7,853)</b>                         |
| <b>CONTRACTUAL SERVICES:</b>                    |                     |                     |                     |  |
| Communication services                          | 5,988               | 5,988               | 4,498               | 1,490                                  |
| Insurance                                       | 6,577               | 6,577               | 6,577               | -                                      |
| Advertising                                     | -                   | -                   | 51                  | (51)                                   |
| Business and travel                             | 2,500               | 2,500               | 2,506               | (6)                                    |
| Utility service                                 | 5,500               | 5,500               | 5,844               | (344)                                  |
| Memberships and subscriptions                   | 1,500               | 1,500               | 868                 | 632                                    |
| Miscellaneous expense                           | 1,500               | 1,500               | 1,710               | (210)                                  |
| <b>Total Contractual Services</b>               | <b>23,565</b>       | <b>23,565</b>       | <b>22,054</b>       | <b>1,511</b>                           |
| <b>CAPITAL OUTLAY:</b>                          |                     |                     |                     |  |
| Motor vehicles                                  | 10,000              | 10,000              | 4,710               | 5,290                                  |
| <b>Total Capital Outlay</b>                     | <b>10,000</b>       | <b>10,000</b>       | <b>4,710</b>        | <b>5,290</b>                           |
| <b>TOTAL FIRE OPERATIONS</b>                    | <b>\$ 491,665</b>   | <b>\$ 491,665</b>   | <b>\$ 507,571</b>   | <b>\$ (15,906)</b>                     |
| <b>SANITATION</b>                               |                     |                     |                     |  |
| <b>CONTRACTUAL SERVICES:</b>                    |                     |                     |                     |  |
| Contractual/fee services                        | \$ 561,742          | \$ 561,742          | \$ 571,044          | \$ (9,302)                             |
| Sales tax                                       | 45,100              | 45,100              | 48,585              | (3,485)                                |
| <b>Total Contractual Services</b>               | <b>606,842</b>      | <b>606,842</b>      | <b>619,629</b>      | <b>(12,787)</b>                        |
| <b>TOTAL SANITATION</b>                         | <b>\$ 606,842</b>   | <b>\$ 606,842</b>   | <b>\$ 619,629</b>   | <b>\$ (12,787)</b>                     |
| <b>TOTAL EXPENDITURES -<br/>BUDGET BASIS</b>    | <b>\$ 3,666,830</b> | <b>\$ 3,792,230</b> | <b>3,899,745</b>    | <b>\$ (107,515)</b>                    |
| <b>Financial Statement Adjustments:</b>         |                     |                     |                     |  |
| Increase in accrued expenses                    |                     |                     | 18,731              |  |
| <b>TOTAL EXPENDITURES -<br/>GAAP BASIS</b>      |                     |                     | <b>\$ 3,918,476</b> |  |

SCHEDULE "4"

CITY OF WHITEHOUSE, TEXAS

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

SEPTEMBER 30, 2015

|   | <u>GENERAL<br/>OBLIGATION<br/>NOTES</u> | <u>2006 SERIES<br/>REFUNDING<br/>FUND</u> | <u>TOTAL</u>      |
|---|---|---|-------------------|
| <b>ASSETS</b>   |   |   |                   |
| Receivables:  | \$ 35,870                               | \$ -                                      | \$ 35,870         |
| Due from other funds  |   |   |                   |
| Due from Utility Fund   | 38,692                                  | -   | 38,692            |
| Due from Street Construction Fund   | 2,150                                   | -   | 2,150             |
| Due from Utility Debt Service Fund  | <u>305,392</u>                          | <u>-</u>                                  | <u>305,392</u>    |
| <br>  |   |   |                   |
| TOTAL ASSETS  | <u>\$ 382,104</u>                       | <u>\$ -</u>                               | <u>\$ 382,104</u> |
| <br>  |   |   |                   |
| <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCE</u></b> |   |   |                   |
| <b><u>LIABILITIES</u></b>   |   |   |                   |
| Due to General Fund   | \$ 94,894                               | \$ -                                      | \$ 94,894         |
| Due to Utility Debt Service Fund  | <u>338,038</u>                          | <u>-</u>                                  | <u>338,038</u>    |
| <br>  |   |   |                   |
| Total Liabilities   | <u>432,932</u>                          | <u>-</u>                                  | <u>432,932</u>    |
| <br>  |   |   |                   |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                                   |   |   |                   |
| Unavailable revenue - property taxes  | 35,870                                  | -   | 35,870            |
| <br>  |   |   |                   |
| <b><u>FUND BALANCE</u></b>  |   |   |                   |
| Restricted:   |   |   |                   |
| Debt Service  | <u>(86,698)</u>                         | <u>-</u>                                  | <u>(86,698)</u>   |
| <br>  |   |   |                   |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF<br>RESOURCES AND FUND BALANCE          | <u>\$ 382,104</u>                       | <u>\$ -</u>                               | <u>\$ 382,104</u> |

SCHEDULE "5"

CITY OF WHITEHOUSE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | GENERAL<br>OBLIGATION<br>NOTES | 2006 SERIES<br>REFUNDING<br>FUND | TOTAL                  |
|--|--------------------------------|----------------------------------|------------------------|
| <b>REVENUES</b>  |                                |                                  |                        |
| Current and delinquent taxes   | \$ 1,459,812                   | \$ 237,650                       | \$ 1,697,462           |
| Interest income  | <u>1,586</u>                   | <u>-</u>                         | <u>1,586</u>           |
| <br>Total Revenues   | <br><u>1,461,398</u>           | <br><u>237,650</u>               | <br><u>1,699,048</u>   |
| <b>EXPENDITURES</b>  |                                |                                  |                        |
| Debt Service:  |                                |                                  |                        |
| Bond principal   | -                              | 145,000                          | 145,000                |
| Note principal   | 496,848                        | -                                | 496,848                |
| Interest and fees  | <u>31,434</u>                  | <u>92,650</u>                    | <u>124,084</u>         |
| <br>Total Expenditures   | <br><u>528,282</u>             | <br><u>237,650</u>               | <br><u>765,932</u>     |
| <br>Revenues Over (Under) Expenditures                                     | <br>933,116                    | <br>-                            | <br>933,116            |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                                |                                  |                        |
| Other Expense  | (1,000)                        | -                                | (1,000)                |
| Transfers out  | <u>(1,030,940)</u>             | <u>-</u>                         | <u>(1,030,940)</u>     |
| <br>Total Other Financing Sources (Uses)                                   | <br><u>(1,031,940)</u>         | <br><u>-</u>                     | <br><u>(1,031,940)</u> |
| <br>Revenues and Other Sources Over (Under)<br>Expenditures and Other Uses | <br>(98,824)                   | <br>-                            | <br>(98,824)           |
| <br>Fund Balance (Deficit), October 1, 2014                                | <br><u>12,126</u>              | <br><u>-</u>                     | <br><u>12,126</u>      |
| <br>FUND BALANCE (DEFICIT),<br>SEPTEMBER 30, 2015                          | <br><u>\$ (86,698)</u>         | <br><u>\$ -</u>                  | <br><u>\$ (86,698)</u> |

**CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2015**

|  | <u>BUSINESS-TYPE ACTIVITIES</u> |                         |                                   |
|--|---------------------------------|-------------------------|-----------------------------------|
|  | <u>OPERATING<br/>FUND</u>       | <u>DEBT<br/>SERVICE</u> | <u>TOTAL<br/>UTILITY<br/>FUND</u> |
| <b>ASSETS</b>  |                                 |                         |                                   |
| Current Assets:  |                                 |                         |                                   |
| Cash and certificates of deposit                       | \$ 329,182                      | \$ 5,449                | \$ 334,631                        |
| Due from other funds                                   | -                               | 452,145                 | 452,145                           |
| Accounts receivable (Net)                              | <u>396,207</u>                  | <u>-</u>                | <u>396,207</u>                    |
| Total Current Assets                                   | <u>725,389</u>                  | <u>457,594</u>          | <u>1,182,983</u>                  |
| Restricted Current Assets:                             |                                 |                         |                                   |
| Temporarily Restricted                                 |                                 |                         |                                   |
| Customer deposits                                      | <u>251,570</u>                  | <u>-</u>                | <u>251,570</u>                    |
| Total Restricted Current Assets                        | <u>251,570</u>                  | <u>-</u>                | <u>251,570</u>                    |
| Noncurrent Assets:                                     |                                 |                         |                                   |
| Water rights - Lake Columbia                           | 230,000                         | -                       | 230,000                           |
| Other receivable                                       | 65,386                          | -                       | 65,386                            |
| Capital Assets:  |                                 |                         |                                   |
| Land   | 25,000                          | -                       | 25,000                            |
| Easements  | 7,800                           | -                       | 7,800                             |
| Buildings  | 331,708                         | -                       | 331,708                           |
| Water and sewer system                                 | 24,512,101                      | -                       | 24,512,101                        |
| Machinery & equipment                                  | 856,666                         | -                       | 856,666                           |
| Less: Accumulated depreciation                         | <u>(8,101,304)</u>              | <u>-</u>                | <u>(8,101,304)</u>                |
| Total Capital Assets (net of accumulated depreciation) | <u>17,631,971</u>               | <u>-</u>                | <u>17,631,971</u>                 |
| Total Noncurrent Assets:                               | <u>17,927,357</u>               | <u>-</u>                | <u>17,927,357</u>                 |
| Total Assets   | <u>18,904,316</u>               | <u>457,594</u>          | <u>19,361,910</u>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                                 |                         |                                   |
| Deferred charge on refunding (net of amortization)     | 629,061                         | -                       | 629,061                           |
| Deferred charge on TMRS pension                        | <u>27,600</u>                   | <u>-</u>                | <u>27,600</u>                     |
| Total Deferred Outflows of Resources                   | <u>\$ 656,661</u>               | <u>\$ -</u>             | <u>\$ 656,661</u>                 |

(continued)

**CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2015**

|  | <u>BUSINESS-TYPE ACTIVITIES</u> |                         |                                   |
|--|---------------------------------|-------------------------|-----------------------------------|
|  | <u>OPERATING<br/>FUND</u>       | <u>DEBT<br/>SERVICE</u> | <u>TOTAL<br/>UTILITY<br/>FUND</u> |
| <b>LIABILITIES</b>                                       |                                 |                         |                                   |
| Current Liabilities:                                     |                                 |                         |                                   |
| Accounts payable   | \$ 70,616                       | \$ -                    | \$ 70,616                         |
| Compensated absences                                     | 1,894                           | -                       | 1,894                             |
| Due to other funds                                       | 41,679                          | 438,753                 | 480,432                           |
| Total Current Liabilities                                | <u>114,189</u>                  | <u>438,753</u>          | <u>552,942</u>                    |
| Current liabilities payable from restricted assets:      |                                 |                         |                                   |
| Customer deposits  | 251,570                         | -                       | 251,570                           |
| Accrued interest   | -                               | 50,658                  | 50,658                            |
| Revenue bonds payable                                    | 912,000                         | -                       | 912,000                           |
| Total current liabilities payable from restricted assets | <u>1,163,570</u>                | <u>50,658</u>           | <u>1,214,228</u>                  |
| Noncurrent Liabilities:                                  |                                 |                         |                                   |
| Revenue bonds payable                                    | 14,241,000                      | -                       | 14,241,000                        |
| Compensated absences                                     | 17,046                          | -                       | 17,046                            |
| Net pension liability                                    | 4,296                           | -                       | 4,296                             |
| Total Noncurrent Liabilities                             | <u>14,262,342</u>               | <u>-</u>                | <u>14,262,342</u>                 |
| <b>Total Liabilities</b>                                 | <u>15,540,101</u>               | <u>489,411</u>          | <u>16,029,512</u>                 |
| <b>NET POSITION</b>                                      |                                 |                         |                                   |
| Invested in capital assets, net of related debt          | 2,478,971                       | -                       | 2,478,971                         |
| Unrestricted   | <u>1,541,905</u>                | <u>(31,817)</u>         | <u>1,510,088</u>                  |
| <b>Total Net Position</b>                                | <u>\$ 4,020,876</u>             | <u>\$ (31,817)</u>      | <u>\$ 3,989,059</u>               |

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**UTILITY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

|  | BUSINESS-TYPE ACTIVITIES |                    |              | TOTAL<br>UTILITY<br>FUND |
|--|--------------------------|--------------------|--------------|--------------------------|
|  | OPERATING<br>FUND        | DEBT<br>SERVICE    | ELIMINATIONS |                          |
| <b>OPERATING REVENUES</b>                                  |                          |                    |              |                          |
| Water sales  | \$ 1,906,370             | \$ -               | \$ -         | \$ 1,906,370             |
| Sewer charges  | 724,402                  | -                  | -            | 724,402                  |
| Charges for other services                                 | 134,900                  | -                  | -            | 134,900                  |
| <b>Total Operating Revenues</b>                            | <u>2,765,672</u>         | <u>-</u>           | <u>-</u>     | <u>2,765,672</u>         |
| <b>OPERATING EXPENSES</b>                                  |                          |                    |              |                          |
| Utility administration                                     | 372,842                  | -                  | -            | 372,842                  |
| Customer service   | 153,393                  | -                  | -            | 153,393                  |
| Water operations   | 498,453                  | -                  | -            | 498,453                  |
| Sewer operations   | 386,858                  | -                  | -            | 386,858                  |
| Water supply   | 348,564                  | -                  | -            | 348,564                  |
| Depreciation   | 588,715                  | -                  | -            | 588,715                  |
| <b>Total Operating Expenses</b>                            | <u>2,348,825</u>         | <u>-</u>           | <u>-</u>     | <u>2,348,825</u>         |
| <b>Operating Income (Loss)</b>                             | <u>416,847</u>           | <u>-</u>           | <u>-</u>     | <u>416,847</u>           |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                   |                          |                    |              |                          |
| Interest and fiscal charge expense                         | -                        | (580,421)          | -            | (580,421)                |
| Interest income  | 1,047                    | -                  | -            | 1,047                    |
| <b>Total Non-Operating Revenue (Expenses)</b>              | <u>1,047</u>             | <u>(580,421)</u>   | <u>-</u>     | <u>(579,374)</u>         |
| <b>Income before transfers</b>                             | 417,894                  | (580,421)          | -            | (162,527)                |
| Transfers in   | 885,000                  | 814,351            | (668,411)    | 1,030,940                |
| Transfers out  | (1,128,661)              | (220,000)          | 668,411      | (680,250)                |
| <b>Total Transfers</b>                                     | <u>(243,661)</u>         | <u>594,351</u>     | <u>-</u>     | <u>350,690</u>           |
| <b>Change in Net Position</b>                              | 174,233                  | 13,930             | -            | 188,163                  |
| <b>Net Position, October 1, 2014, as originally stated</b> | 3,826,499                | (45,747)           | -            | 3,780,752                |
| <b>Prior period adjustment for the effects of GASB 68</b>  | 20,144                   | -                  | -            | 20,144                   |
| <b>Net Position, October 1, 2014 as restated</b>           | <u>3,846,643</u>         | <u>(45,747)</u>    | <u>-</u>     | <u>3,800,896</u>         |
| <b>Net Position, September 30, 2015</b>                    | <u>\$ 4,020,876</u>      | <u>\$ (31,817)</u> | <u>\$ -</u>  | <u>\$ 3,989,059</u>      |

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**UTILITY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**Increase (Decrease) in Cash and Cash Equivalents**

|  | BUSINESS-TYPE ACTIVITIES |                  |              | TOTAL<br>UTILITY<br>FUND |
|--|--------------------------|------------------|--------------|--------------------------|
|  | OPERATING<br>FUND        | DEBT<br>SERVICE  | ELIMINATIONS |                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                          |                  |              |                          |
| Cash received from customers and users   | \$ 2,784,530             | \$ -             | \$ -         | \$ 2,784,530             |
| Cash paid to suppliers for goods and services  | (1,209,684)              | -                | -            | (1,209,684)              |
| Cash paid to employees for services  | (546,844)                | -                | -            | (546,844)                |
| Net cash provided by operating activities  | <u>1,028,002</u>         | <u>-</u>         | <u>-</u>     | <u>1,028,002</u>         |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>  |                          |                  |              |                          |
| Transfers in   | 885,000                  | 739,791          | (668,411)    | 956,380                  |
| Transfers out  | (1,054,101)              | (220,000)        | 668,411      | (605,690)                |
| Net cash provided by (used in) non-capital financing activities  | <u>(169,101)</u>         | <u>519,791</u>   | <u>-</u>     | <u>350,690</u>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>   |                          |                  |              |                          |
| Purchases or construction of capital assets  | (247,402)                | -                | -            | (247,402)                |
| Interest paid  | -                        | (607,796)        | -            | (607,796)                |
| Principal paid on bonds  | (885,000)                | -                | -            | (885,000)                |
| Net cash used in capital and related financing activities  | <u>(1,132,402)</u>       | <u>(607,796)</u> | <u>-</u>     | <u>(1,740,198)</u>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                          |                  |              |                          |
| Interest earned on investments   | 1,047                    | -                | -            | 1,047                    |
| Net cash provided by investing activities  | <u>1,047</u>             | <u>-</u>         | <u>-</u>     | <u>1,047</u>             |
| Net decrease in cash   | (272,454)                | (88,005)         | -            | (360,459)                |
| Cash, beginning of period  | 853,206                  | 93,454           | -            | 946,660                  |
| Cash, end of period  | <u>\$ 580,752</u>        | <u>\$ 5,449</u>  | <u>\$ -</u>  | <u>\$ 586,201</u>        |
| <b>Reconciliation of cash to Schedule 6:</b>   |                          |                  |              |                          |
| Cash - current asset   | \$ 329,182               | \$ 5,449         | \$ -         | \$ 334,631               |
| Cash - restricted current asset  | 251,570                  | -                | -            | 251,570                  |
| Total cash, end of period  | <u>\$ 580,752</u>        | <u>\$ 5,449</u>  | <u>\$ -</u>  | <u>\$ 586,201</u>        |
| <b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b> |                          |                  |              |                          |
| Operating income   | \$ 416,847               | \$ -             | \$ -         | \$ 416,847               |
| Adjustments to reconcile net income to net cash provided by operating activities:                        |                          |                  |              |                          |
| Depreciation expense   | 588,715                  | -                | -            | 588,715                  |
| Decrease in accounts receivable  | 19,503                   | -                | -            | 19,503                   |
| Increase in deferred outflows of resources   | (10,484)                 | -                | -            | (10,484)                 |
| Increase in accounts payable   | 6,742                    | -                | -            | 6,742                    |
| Increase in net pension liability  | 7,324                    | -                | -            | 7,324                    |
| Decrease in customer deposits  | (645)                    | -                | -            | (645)                    |
| Total adjustments  | <u>611,155</u>           | <u>-</u>         | <u>-</u>     | <u>611,155</u>           |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <u>\$ 1,028,002</u>      | <u>\$ -</u>      | <u>\$ -</u>  | <u>\$ 1,028,002</u>      |

CITY OF WHITEHOUSE, TEXAS

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | <u>ORIGINAL<br/>BUDGET</u> | <u>FINAL<br/>BUDGET</u> | <u>ACTUAL</u>       | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>REVENUES</b>  |                            |                         |                     |   |
| Charges for services:  |                            |                         |                     |   |
| Water sales  | \$ 2,031,780               | \$ 2,031,780            | \$ 1,919,397        | \$ (112,383)                                    |
| Sewer charges  | 750,282                    | 750,282                 | 729,037             | (21,245)  |
| Tap and connect fees   | 45,000                     | 45,000                  | 30,700              | (14,300)  |
| Penalties  | 92,000                     | 92,000                  | 104,200             | 12,200  |
| Interest and rent  | <u>1,000</u>               | <u>1,000</u>            | <u>1,047</u>        | <u>47</u>                                       |
|  |                            |                         |                     |   |
| TOTAL REVENUES AND OTHER<br>FINANCING SOURCES -<br>BUDGET BASIS      | <u>\$ 2,920,062</u>        | <u>\$ 2,920,062</u>     | 2,784,381           | <u>\$ (135,681)</u>                             |
|  |                            |                         |                     |   |
| Financial Statement Adjustments:                                     |                            |                         |                     |   |
| Debt Service Fund payment of<br>principal and fees on bonds and note |                            |                         | 885,000             |   |
| Water and sewer usage for September 2015 billed in subsequent month  |                            |                         | <u>(17,662)</u>     |   |
|  |                            |                         |                     |   |
| TOTAL REVENUES AND OTHER<br>FINANCING SOURCES - GAAP BASIS           |                            |                         | <u>\$ 3,651,719</u> |   |

## CITY OF WHITEHOUSE, TEXAS

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

## UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-------------------|-------------------|--|
| <b>UTILITY ADMINISTRATION</b>                  |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                     |                    |                   |                   |  |
| Administration                                 | \$ 137,361         | \$ 137,361        | \$ 138,630        | \$ (1,269)                             |
| Uniforms and clothing                          | 1,000              | 1,000             | 260               | 740                                    |
| One time pay adjustment                        | 3,169              | 3,169             | 3,169             | -                                      |
| Workers' compensation                          | 1,044              | 1,044             | 1,044             | -                                      |
| Unemployment compensation                      | 270                | 270               | 9                 | 261                                    |
| Employee retirement                            | 7,532              | 7,532             | 7,744             | (212)                                  |
| Employee insurance                             | 16,138             | 16,138            | 15,898            | 240                                    |
| Payroll taxes                                  | 10,751             | 10,751            | 10,429            | 322                                    |
| <b>Total Personnel Services</b>                | <b>177,265</b>     | <b>177,265</b>    | <b>177,183</b>    | <b>82</b>                              |
| <b>SUPPLIES AND MATERIALS:</b>                 |                    |                   |                   |  |
| Office supplies                                | 1,500              | 1,500             | 2,113             | (613)                                  |
| Data processing supplies                       | 500                | 500               | 392               | 108                                    |
| Postage and delivery service                   | 17,000             | 17,000            | 15,537            | 1,463                                  |
| Motor vehicle supplies                         | 600                | 600               | 78                | 522                                    |
| Educational and training                       | 300                | 300               | 361               | (61)                                   |
| Other supplies                                 | 500                | 500               | 274               | 226                                    |
| <b>Total Supplies and Materials</b>            | <b>20,400</b>      | <b>20,400</b>     | <b>18,755</b>     | <b>1,645</b>                           |
| <b>MAINTENANCE OF BUILDINGS/LAND:</b>          |                    |                   |                   |  |
| Buildings and grounds                          | 1,000              | 1,000             | 1,693             | (693)                                  |
| <b>Total Maintenance of Buildings/Land</b>     | <b>1,000</b>       | <b>1,000</b>      | <b>1,693</b>      | <b>(693)</b>                           |
| <b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>      |                    |                   |                   |  |
| Office equipment                               | 1,431              | 1,431             | 1,686             | (255)                                  |
| Automotive equipment                           | 500                | 500               | 143               | 357                                    |
| HVAC equipment                                 | 500                | 500               | -                 | 500                                    |
| <b>Total Maintenance - Equipment/Machinery</b> | <b>2,431</b>       | <b>2,431</b>      | <b>1,829</b>      | <b>602</b>                             |
| <b>CONTRACTUAL SERVICES:</b>                   |                    |                   |                   |  |
| Communication services                         | 2,100              | 2,100             | 1,593             | 507                                    |
| Leases and Rentals                             | 494                | 494               | 741               | (247)                                  |
| Insurance                                      | 22,472             | 22,472            | 22,472            | -                                      |
| Advertising                                    | 500                | 500               | 154               | 346                                    |
| Business and travel                            | 500                | 500               | 1,239             | (739)                                  |
| Legal fees                                     | 2,500              | 2,500             | 2,188             | 312                                    |
| Contractual and fee basis service              | 16,586             | 16,586            | 14,934            | 1,652                                  |
| Utility services                               | 22,200             | 22,200            | 18,778            | 3,422                                  |
| Data processing maintenance                    | 30,000             | 30,000            | 34,478            | (4,478)                                |
| Utility billing - dataprose                    | 9,420              | 9,420             | 8,232             | 1,188                                  |
| Computer leasing services                      | 12,180             | 12,180            | 10,000            | 2,180                                  |
| On-Line / credit card fees                     | 13,000             | 13,000            | 17,849            | (4,849)                                |
| IT support                                     | 35,000             | 35,000            | 40,056            | (5,056)                                |
| Document shredding                             | 500                | 500               | 442               | 58                                     |
| Memberships and subscriptions                  | 400                | 400               | 520               | (120)                                  |
| <b>Total Contractual Services</b>              | <b>167,852</b>     | <b>167,852</b>    | <b>173,676</b>    | <b>(5,824)</b>                         |
| <b>CAPITAL OUTLAY:</b>                         |                    |                   |                   |  |
| Buildings                                      | 3,000              | 3,000             | 2,200             | 800                                    |
| <b>Total Capital Outlay</b>                    | <b>3,000</b>       | <b>3,000</b>      | <b>2,200</b>      | <b>800</b>                             |
| <b>TOTAL UTILITY ADMINISTRATION</b>            | <b>\$ 371,948</b>  | <b>\$ 371,948</b> | <b>\$ 375,336</b> | <b>\$ (3,388)</b>                      |

CITY OF WHITEHOUSE, TEXAS

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-------------------|-------------------|--|
| <b>CUSTOMER SERVICE</b>                        |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                     |                    |                   |                   |  |
| Clerical                                       | \$ 69,952          | \$ 69,952         | \$ 70,472         | \$ (520)                               |
| Overtime                                       | 500                | 500               | 1,243             | (743)                                  |
| Certificate pay                                | 1,200              | 1,200             | 1,200             | -                                      |
| Uniforms and clothing                          | -                  | -                 | 122               | (122)                                  |
| Worker's compensation                          | 1,151              | 1,151             | 1,151             | -                                      |
| Unemployment compensation                      | 270                | 270               | 18                | 252                                    |
| Employee retirement                            | 3,776              | 3,776             | 3,975             | (199)                                  |
| Employee insurance                             | 11,337             | 11,337            | 11,313            | 24                                     |
| Payroll taxes                                  | 5,390              | 5,390             | 5,541             | (151)                                  |
| <b>Total Personnel Services</b>                | <b>93,576</b>      | <b>93,576</b>     | <b>95,035</b>     | <b>(1,459)</b>                         |
| <b>SUPPLIES AND MATERIALS</b>                  |                    |                   |                   |  |
| Tires & tubes                                  | 500                | 500               | -                 | 500                                    |
| Motor vehicle supplies                         | 2,700              | 2,700             | 727               | 1,973                                  |
| Minor tools and apparatus                      | 100                | 100               | 50                | 50                                     |
| Other supplies                                 | 400                | 400               | 132               | 268                                    |
| <b>Total Supplies and Materials</b>            | <b>3,700</b>       | <b>3,700</b>      | <b>909</b>        | <b>2,791</b>                           |
| <b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>      |                    |                   |                   |  |
| Machinery and heavy equipment                  | 4,000              | 4,000             | -                 | 4,000                                  |
| Automotive equipment                           | 1,000              | 1,000             | 8                 | 992                                    |
| Communication equipment                        | 150                | 150               | -                 | 150                                    |
| <b>Total Maintenance - Equipment/Machinery</b> | <b>5,150</b>       | <b>5,150</b>      | <b>8</b>          | <b>5,142</b>                           |
| <b>CONTRACTUAL SERVICES</b>                    |                    |                   |                   |  |
| Communication services                         | 225                | 225               | 29                | 196                                    |
| Insurance                                      | 1,096              | 1,096             | 1,096             | -                                      |
| Contractual & fee basis                        | 65,000             | 65,000            | 53,076            | 11,924                                 |
| Memberships and Subscriptions                  | -                  | -                 | 219               | (219)                                  |
| Utility services                               | 250                | 250               | -                 | 250                                    |
| <b>Total Contractual Services</b>              | <b>66,571</b>      | <b>66,571</b>     | <b>54,420</b>     | <b>12,151</b>                          |
| <b>CAPITAL OUTLAY:</b>                         |                    |                   |                   |  |
| Machinery & equipment                          | 2,268              | 2,268             | 2,281             | (13)                                   |
| <b>Total Capital Outlay</b>                    | <b>2,268</b>       | <b>2,268</b>      | <b>2,281</b>      | <b>(13)</b>                            |
| <b>TOTAL CUSTOMER SERVICE</b>                  | <b>\$ 171,265</b>  | <b>\$ 171,265</b> | <b>\$ 152,653</b> | <b>\$ 18,612</b>                       |
| <b>WATER OPERATIONS</b>                        |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                     |                    |                   |                   |  |
| Operations and maintenance                     | \$ 115,627         | \$ 115,627        | \$ 114,814        | \$ 813                                 |
| Overtime                                       | 7,000              | 7,000             | 9,556             | (2,556)                                |
| Certificate Pay                                | 600                | 600               | 162               | 438                                    |
| Uniforms and clothing                          | 800                | 800               | 1,442             | (642)                                  |
| Workers' compensation                          | 3,745              | 3,745             | 3,745             | -                                      |
| Unemployment compensation                      | 540                | 540               | 210               | 330                                    |
| Employee retirement                            | 14,988             | 14,988            | 6,790             | 8,198                                  |
| Employee insurance                             | 21,732             | 21,732            | 23,481            | (1,749)                                |
| Payroll taxes                                  | 21,437             | 21,437            | 8,961             | 12,476                                 |
| <b>Total Personnel Services</b>                | <b>186,469</b>     | <b>186,469</b>    | <b>169,161</b>    | <b>17,308</b>                          |
| <b>SUPPLIES AND MATERIALS:</b>                 |                    |                   |                   |  |
| Laboratory supplies                            | 300                | 300               | 218               | 82                                     |
| Tires and tubes                                | 1,500              | 1,500             | 1,604             | (104)                                  |
| Motor vehicle supplies                         | 10,000             | 10,000            | 8,313             | 1,687                                  |

## CITY OF WHITEHOUSE, TEXAS

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

## UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-------------------|-------------------|--|
| Water meter supplies                           | 15,000             | 15,000            | 16,457            | (1,457)                                |
| Minor tools and apparatus                      | 1,000              | 1,000             | 1,678             | (678)                                  |
| Chemical and mechanical supplies               | 24,000             | 24,000            | 21,333            | 2,667                                  |
| Educational and training                       | 1,500              | 1,500             | 1,503             | (3)                                    |
| Other supplies                                 | 400                | 400               | 348               | 52                                     |
| <b>Total Supplies and Materials</b>            | <b>53,700</b>      | <b>53,700</b>     | <b>51,454</b>     | <b>2,246</b>                           |
| <b>MAINTENANCE - BUILDING/LAND:</b>            |                    |                   |                   |  |
| Buildings and grounds                          | 4,000              | 4,000             | 4,658             | (658)                                  |
| Chlorination facilities                        | 10,000             | 10,000            | 6,106             | 3,894                                  |
| Water system                                   | 18,000             | 18,000            | 18,319            | (319)                                  |
| Water tower & tanks                            | -                  | -                 | 1,214             | (1,214)                                |
| Meters and settings                            | 30,000             | 30,000            | 40,068            | (10,068)                               |
| <b>Total Maintenance - Building/Land</b>       | <b>62,000</b>      | <b>62,000</b>     | <b>70,365</b>     | <b>(8,365)</b>                         |
| <b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>      |                    |                   |                   |  |
| Machinery and heavy equipment                  | 10,000             | 10,000            | 8,035             | 1,965                                  |
| Auto equipment maintenance                     | 1,500              | 1,500             | 2,426             | (926)                                  |
| Safety and medical equipment                   | 250                | 250               | 25                | 225                                    |
| Communication equipment                        | 2,600              | 2,600             | 3,225             | (625)                                  |
| <b>Total Maintenance - Equipment/Machinery</b> | <b>14,350</b>      | <b>14,350</b>     | <b>13,711</b>     | <b>1,264</b>                           |
| <b>CONTRACTUAL SERVICES:</b>                   |                    |                   |                   |  |
| Leases and rentals                             | 1,500              | 1,500             | 1,634             | (134)                                  |
| Insurance                                      | 1,096              | 1,096             | 1,096             | -                                      |
| Business and travel                            | 500                | 500               | 1,469             | (969)                                  |
| Contractual and fee basis service              | 12,000             | 12,000            | 8,573             | 3,427                                  |
| Utility services                               | 138,000            | 138,000           | 154,775           | (16,775)                               |
| Memberships and Subscriptions                  | -                  | -                 | 291               | (291)                                  |
| Regulatory inspection fee                      | 6,500              | 6,500             | 6,285             | 215                                    |
| <b>Total Contractual Services</b>              | <b>159,596</b>     | <b>159,596</b>    | <b>174,123</b>    | <b>(14,527)</b>                        |
| <b>CAPITAL OUTLAY:</b>                         |                    |                   |                   |  |
| Water System Improvements                      | -                  | -                 | 247,402           | (247,402)                              |
| Contingency                                    | 25,000             | 25,000            | 22,851            | 2,149                                  |
| <b>Total Capital Outlay</b>                    | <b>25,000</b>      | <b>25,000</b>     | <b>270,253</b>    | <b>(245,253)</b>                       |
| <b>TOTAL WATER OPERATIONS</b>                  | <b>\$ 501,115</b>  | <b>\$ 501,115</b> | <b>\$ 749,067</b> | <b>\$ (247,327)</b>                    |
| <b>WASTEWATER OPERATIONS</b>                   |                    |                   |                   |  |
| <b>PERSONNEL SERVICES:</b>                     |                    |                   |                   |  |
| Operations and maintenance                     | \$ 72,134          | \$ 72,134         | \$ 76,150         | \$ (4,016)                             |
| Overtime                                       | 5,000              | 5,000             | 6,447             | (1,447)                                |
| Certificate Pay                                | 600                | 600               | -                 | 600                                    |
| Uniforms and clothing                          | 500                | 500               | 981               | (481)                                  |
| Workers' compensation                          | 1,308              | 1,308             | 1,308             | -                                      |
| Unemployment compensation                      | 270                | 270               | 18                | 252                                    |
| Employee retirement                            | 4,242              | 4,242             | 4,503             | (261)                                  |
| Employee insurance                             | 14,340             | 14,340            | 11,347            | 2,993                                  |
| Payroll taxes                                  | 6,100              | 6,100             | 6,278             | (178)                                  |
| <b>Total Personnel Services</b>                | <b>104,494</b>     | <b>104,494</b>    | <b>107,032</b>    | <b>(2,538)</b>                         |

CITY OF WHITEHOUSE, TEXAS

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|  | BUDGET<br>ORIGINAL | BUDGET<br>FINAL   | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
|--|--------------------|-------------------|-------------------|--|
| <b>SUPPLIES AND MATERIALS:</b>                 |                    |                   |                   |  |
| Laboratory supplies                            | 100                | 100               | -                 | 100                                    |
| Tires and tubes                                | 1,500              | 1,500             | 700               | 800                                    |
| Motor vehicle supplies                         | 4,200              | 4,200             | 2,631             | 1,569                                  |
| Minor tools and apparatus                      | 1,000              | 1,000             | 372               | 628                                    |
| Chemical and mechanical supplies               | 34,000             | 34,000            | 33,079            | 921                                    |
| Safety supplies                                | 1,000              | 1,000             | 1,027             | (27)                                   |
| Educational and training                       | 1,000              | 1,000             | 961               | 39                                     |
| <b>Total Supplies and Materials</b>            | <b>42,800</b>      | <b>42,800</b>     | <b>38,770</b>     | <b>4,030</b>                           |
| <b>MAINTENANCE - BUILDING/LAND:</b>            |                    |                   |                   |  |
| Building and grounds                           | 15,000             | 15,000            | 18,727            | (3,727)                                |
| Sanitary sewers                                | 25,000             | 25,000            | 20,016            | 4,984                                  |
| Lift stations                                  | 30,000             | 30,000            | 27,779            | 2,221                                  |
| <b>Total Maintenance - Building/Land</b>       | <b>70,000</b>      | <b>70,000</b>     | <b>66,522</b>     | <b>3,478</b>                           |
| <b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>      |                    |                   |                   |  |
| Machinery and heavy equipment                  | 10,000             | 10,000            | 10,019            | (19)                                   |
| Automotive equipment                           | 1,500              | 1,500             | 1,423             | 77                                     |
| Shop equipment                                 | 500                | 500               | -                 | 500                                    |
| Communication equipment                        | 200                | 200               | -                 | 200                                    |
| <b>Total Maintenance - Equipment/Machinery</b> | <b>12,200</b>      | <b>12,200</b>     | <b>11,442</b>     | <b>758</b>                             |
| <b>CONTRACTUAL SERVICES:</b>                   |                    |                   |                   |  |
| Communication services                         | 950                | 950               | 1,488             | (538)                                  |
| Leases and rentals                             | 200                | 200               | -                 | 200                                    |
| Insurance                                      | 548                | 548               | 548               | -                                      |
| Business and travel                            | 400                | 400               | 78                | 322                                    |
| Contractual and fee basis service              | 30,000             | 30,000            | 26,495            | 3,505                                  |
| Utility services                               | 105,000            | 105,000           | 94,254            | 10,746                                 |
| Membership and Subscriptions                   | -                  | -                 | 120               | (120)                                  |
| Regulatory inspection fee                      | 8,000              | 8,000             | 10,014            | (2,014)                                |
| <b>Total Contractual Services</b>              | <b>145,098</b>     | <b>145,098</b>    | <b>132,997</b>    | <b>12,101</b>                          |
| <b>CAPITAL OUTLAY:</b>                         |                    |                   |                   |  |
| Contingency                                    | 25,000             | 25,000            | 32,581            | (7,581)                                |
| <b>Total Capital Outlay</b>                    | <b>25,000</b>      | <b>25,000</b>     | <b>32,581</b>     | <b>(7,581)</b>                         |
| <b>TOTAL WASTEWATER OPERATIONS</b>             | <b>\$ 399,592</b>  | <b>\$ 399,592</b> | <b>\$ 389,344</b> | <b>\$ 10,248</b>                       |
| <b>WATER SUPPLY</b>                            |                    |                   |                   |  |
| <b>CONTRACTUAL SERVICES:</b>                   |                    |                   |                   |  |
| Contractual and fee basis service              | \$ 350,883         | \$ 350,883        | \$ 339,143        | \$ 11,740                              |
| <b>Total Contractual Services</b>              | <b>350,883</b>     | <b>350,883</b>    | <b>339,143</b>    | <b>11,740</b>                          |
| <b>TOTAL WATER SUPPLY</b>                      | <b>\$ 350,883</b>  | <b>\$ 350,883</b> | <b>\$ 339,143</b> | <b>\$ 11,740</b>                       |

CITY OF WHITEHOUSE, TEXAS

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>       | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <b><u>UTILITY DEBT SERVICE</u></b>        |                            |                         |                     |   |
| <b>DEBT SERVICE:</b>                      |                            |                         |                     |   |
| Revenue bonds principal                   | \$ 220,000                 | \$ 220,000              | \$ 220,000          | \$ -  |
| Revenue bonds interest                    | <u>143,076</u>             | <u>143,076</u>          | <u>143,076</u>      | <u>-</u>  |
| <br>                                      |                            |                         |                     |   |
| Total Debt Service                        | <u>363,076</u>             | <u>363,076</u>          | <u>363,076</u>      | <u>-</u>  |
| <br>                                      |                            |                         |                     |   |
| TOTAL UTILITY DEBT SERVICE                | <u>\$ 363,076</u>          | <u>\$ 363,076</u>       | <u>\$ 363,076</u>   | <u>\$ -</u>                                     |
| <br>                                      |                            |                         |                     |   |
| TOTAL EXPENSES - BUDGET BASIS             | <u>\$ 2,157,879</u>        | <u>\$ 2,157,879</u>     | \$ 2,368,619        | <u>\$ (210,115)</u>                             |
| <br>                                      |                            |                         |                     |   |
| Financial Statement Adjustments:          |                            |                         |                     |   |
| Depreciation                              |                            |                         | 588,715             |   |
| Record transfers to other funds           |                            |                         | 765,585             |   |
| GASB 68 adjustment                        |                            |                         | (3,160)             |   |
| Decrease in accrued expenses              |                            |                         | 5,129               |   |
| Reclassify capital expenditures           |                            |                         | <u>(247,402)</u>    |   |
| <br>                                      |                            |                         |                     |   |
| TOTAL EXPENSES AND TRANSFERS - GAAP BASIS |                            |                         | <u>\$ 3,477,486</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, 2015

|                                     | <u>BUDGET<br/>ORIGINAL</u> | <u>BUDGET<br/>FINAL</u> | <u>ACTUAL</u>     | <u>VARIANCE<br/>FAVORABLE<br/>(UNFAVORABLE)</u> |
|-------------------------------------|----------------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>                     |                            |                         |                   |   |
| Transfers in                        | \$ 363,076                 | \$ 363,076              | \$ 814,351        | \$ 451,275                                      |
| TOTAL REVENUES - BUDGET BASIS       | <u>\$ 363,076</u>          | <u>\$ 363,076</u>       | 814,351           | <u>\$ 451,275</u>                               |
| TOTAL REVENUES - GAAP BASIS         |                            |                         | <u>\$ 814,351</u> |   |
| <b>EXPENSES</b>                     |                            |                         |                   |   |
| Bond principal:                     |                            |                         |                   |   |
| 2006 Certificates of Obligation     | \$ 130,000                 | \$ 130,000              | \$ 130,000        | \$ -  |
| 2007 Certificates of Obligation     | 90,000                     | 90,000                  | 90,000            | -   |
| Bond interest:                      |                            |                         |                   |   |
| 2006 Certificates of Obligation     | 80,220                     | 80,220                  | 80,175            | 45  |
| 2007 Certificates of Obligation     | 62,856                     | 62,856                  | 62,856            | -   |
| 2007 Refunding                      | 167,263                    | 167,263                 | 167,263           | -   |
| 2012 Refunding                      | <u>198,674</u>             | <u>198,674</u>          | <u>198,677</u>    | <u>(3)</u>                                      |
| TOTAL EXPENSES - BUDGET BASIS       | <u>\$ 729,013</u>          | <u>\$ 729,013</u>       | 728,971           | <u>\$ 42</u>                                    |
| Change in accrued interest on bonds |                            |                         | <u>71,450</u>     |   |
| TOTAL EXPENSES - GAAP BASIS         |                            |                         | <u>\$ 800,421</u> |   |

CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | <u>TOTAL</u>             | <u>LAND</u>           | <u>BUILDINGS &amp;<br/>IMPROVEMENTS</u> | <u>PARKS</u>            | <u>INFRASTRUCTURE</u>   | <u>MACHINERY &amp; EQUIPMENT</u> |                            |
|---|--------------------------|-----------------------|---|-------------------------|-------------------------|----------------------------------|----------------------------|
|   |                          |                       |   |                         |                         | <u>AUTOS</u>                     | <u>OTHER<br/>EQUIPMENT</u> |
| Governmental assets - October 1, 2014           | \$ 15,030,077            | \$ 190,184            | \$ 2,853,634                            | \$ 2,336,864            | \$ 7,334,035            | \$ 1,065,396                     | \$ 1,249,964               |
| EXPENDITURES FROM GOVERNMENTAL FUNDS:           |                          |                       |   |                         |                         |                                  |                            |
| <u>GENERAL FUND</u>                             |                          |                       |   |                         |                         |                                  |                            |
| Street Improvements                             | 468,377                  | -                     | -                                       | -                       | 468,377                 | -                                | -                          |
| Building Improvements                           | 10,800                   | -                     | 10,800                                  | -                       | -                       | -                                | -                          |
| Police Vehicles                                 | 61,038                   | -                     | -                                       | -                       | -                       | 61,038                           | -                          |
| RETIREMENTS FROM GOVERNMENTAL FUNDS:            |                          |                       |   |                         |                         |                                  |                            |
| <u>GENERAL FUND</u>                             |                          |                       |   |                         |                         |                                  |                            |
| Police Vehicles                                 | (30,017)                 | -                     | -                                       | -                       | -                       | (30,017)                         | -                          |
| <br>GOVERNMENTAL ASSETS -<br>SEPTEMBER 30, 2015 | <br>\$ <u>15,540,275</u> | <br>\$ <u>190,184</u> | <br>\$ <u>2,864,434</u>                 | <br>\$ <u>2,336,864</u> | <br>\$ <u>7,802,412</u> | <br>\$ <u>1,096,417</u>          | <br>\$ <u>1,249,964</u>    |

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CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

|   | <u>TOTAL</u>               | <u>2006<br/>SERIES</u>     | <u>2013<br/>SERIES</u>     | <u>NOTES<br/>PAYABLE</u> | <u>COMPENSATED<br/>ABSENCES</u> | <u>NET PENSION<br/>LIABILITY</u> |
|---|----------------------------|----------------------------|----------------------------|--------------------------|---------------------------------|----------------------------------|
| Governmental fund debt, October 1, 2014               | \$ 3,997,634               | \$ 2,180,000               | \$ 1,385,000               | \$ 400,010               | \$ 41,958                       | \$ (9,334)                       |
| <b><u>ADDITIONS</u></b>                               |                            |                            |                            |                          |                                 |                                  |
| Compensated absences and compensatory time            | 7,565                      | -                          | -                          | -                        | 7,565                           | -                                |
| Note Payable - Austin Bank - Street Maintenance       | 400,000                    | -                          | -                          | 400,000                  | -                               | -                                |
| Total Additions                                       | <u>407,565</u>             | <u>-</u>                   | <u>-</u>                   | <u>400,000</u>           | <u>7,565</u>                    | <u>-</u>                         |
| <b><u>RETIREMENTS</u></b>                             |                            |                            |                            |                          |                                 |                                  |
| Bond principal:                                       |                            |                            |                            |                          |                                 |                                  |
| 2006 Limited Tax Refunding Bonds                      | 145,000                    | 145,000                    | -                          | -                        | -                               | -                                |
| 2013 Series Tax Notes                                 | 222,000                    | -                          | 222,000                    | -                        | -                               | -                                |
| Total Bond Retirements                                | <u>367,000</u>             | <u>145,000</u>             | <u>222,000</u>             | <u>-</u>                 | <u>-</u>                        | <u>-</u>                         |
| Notes Payable:  |                            |                            |                            |                          |                                 |                                  |
| Austin Bank   |                            |                            |                            |                          |                                 |                                  |
| 2014 Fire Engine                                      | 274,848                    | -                          | -                          | 274,848                  | -                               | -                                |
| Total Note Retirements                                | <u>274,848</u>             | <u>-</u>                   | <u>-</u>                   | <u>274,848</u>           | <u>-</u>                        | <u>-</u>                         |
| Other Items:  |                            |                            |                            |                          |                                 |                                  |
| Change in net pension liability                       | 22,580                     | -                          | -                          | -                        | -                               | 22,580                           |
| Total Other Items                                     | <u>22,580</u>              | <u>-</u>                   | <u>-</u>                   | <u>-</u>                 | <u>-</u>                        | <u>22,580</u>                    |
| <b>GOVERNMENTAL FUND DEBT,<br/>SEPTEMBER 30, 2015</b> | <b><u>\$ 3,785,931</u></b> | <b><u>\$ 2,035,000</u></b> | <b><u>\$ 1,163,000</u></b> | <b><u>\$ 525,162</u></b> | <b><u>\$ 49,523</u></b>         | <b><u>\$ 13,246</u></b>          |

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CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE

FISCAL YEAR ENDED SEPTEMBER 30, 2015

| ISSUE DATE                                    | MATURITY | BOND NUMBERS AND INTEREST RATE                 | BONDS AND NOTES ISSUED | BOND/NOTE PRINCIPAL |                     |                          | OUTSTANDING 9-30-15 | BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-16 |              |            | BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS |               |
|---|----------|--|------------------------|---------------------|---------------------|--------------------------|---------------------|---|--------------|------------|---|---------------|
|   |          |  |                        | BALANCE 10-1-14     | ISSUED CURRENT YEAR | CURRENT YEAR RETIREMENTS |                     | PRINCIPAL   | INTEREST     | TOTAL      |   |               |
| <b>BONDED INDEBTEDNESS:</b>                   |          |  |                        |                     |                     |                          |                     |   |              |            |   |               |
| <b>BUSINESS TYPE ACTIVITIES</b>               |          |  |                        |                     |                     |                          |                     |   |              |            |   |               |
| 2006-Water & Sewer Certificates of Obligation | 4/1/06   | Payable serially in varying amounts to 2-15-26 | 4.20%                  | \$ 2,800,000        | \$ 1,975,000        | \$ -                     | \$ 130,000          | \$ 1,845,000  | \$ 135,000   | \$ 74,655  | \$ 209,655  | \$ 2,093,880  |
| 2007 Tax Refunding Bonds                      | 7/15/07  | Payable serially in varying amounts to 2-15-27 | 4.52%                  | 4,359,000           | 3,848,000           | -                        | 295,000             | 3,553,000   | 312,000      | 153,544    | 465,544   | 3,898,411     |
| 2007-Water & Sewer Certificates of Obligation | 5/15/07  | Payable serially in varying amounts to 2-15-26 | 4.32%                  | 2,000,000           | 1,500,000           | -                        | 90,000              | 1,410,000   | 90,000       | 58,968     | 148,968   | 1,657,392     |
| 2012-Limited Tax Refunding Bonds              | 9/5/12   | Payable serially in varying amounts to 2-15-28 | Variable 0.6%-2.75%    | 9,730,000           | 8,715,000           | -                        | 370,000             | 8,345,000   | 375,000      | 194,294    | 569,294   | 9,562,428     |
| Total Business Type Activities                |          |  |                        | 18,889,000          | 16,038,000          | -                        | 885,000             | 15,153,000  | 912,000      | 481,461    | 1,393,461   | 17,212,111    |
| <b>GOVERNMENTAL FUND DEBT:</b>                |          |  |                        |                     |                     |                          |                     |   |              |            |   |               |
| <b>BONDED DEBT</b>                            |          |  |                        |                     |                     |                          |                     |   |              |            |   |               |
| 2006 Limited Tax Refunding Bonds              | 10/15/06 | Payable serially in varying amounts to 2-15-26 | 4.80%                  | 3,140,000           | 2,180,000           | -                        | 145,000             | 2,035,000   | 150,000      | 86,488     | 236,488   | 2,353,138     |
| 2013 Tax Note                                 | 06/20/13 | Payable serially in varying amounts to 2-15-26 | 1.60%                  | 1,800,000           | 1,385,000           | -                        | 222,000             | 1,163,000   | 225,000      | 16,808     | 241,808   | 968,304       |
| Total Governmental Fund Bonded Debt           |          |  |                        | 4,940,000           | 3,565,000           | -                        | 367,000             | 3,198,000   | 375,000      | 103,296    | 478,296   | 3,321,442     |
| Total Bonded Indebtedness                     |          |  |                        | \$ 23,829,000       | \$ 19,603,000       | \$ -                     | \$ 1,252,000        | \$ 18,351,000   | \$ 1,287,000 | \$ 584,757 | \$ 1,871,757                                      | \$ 20,533,553 |
| <b>GOVERNMENTAL FUND:</b>                     |          |  |                        |                     |                     |                          |                     |   |              |            |   |               |
| <b>NOTES PAYABLE</b>                          |          |  |                        |                     |                     |                          |                     |   |              |            |   |               |
| Note Payable - Austin Bank                    |          | Maturing 03-05-2019                            | 2.20%                  | \$ 400,010          | \$ 400,010          | \$ -                     | \$ 274,848          | \$ 125,162  | \$ 125,162   | \$ 2,754   | \$ 127,916  | \$ -          |
| Note Payable - Austin Bank                    |          | Maturing 02-15-2020                            | 2.20%                  | 400,000             | -                   | 400,000                  | -                   | 400,000   | 76,727       | 8,653      | 85,380  | 341,520       |
| Total Governmental Fund Notes Payable         |          |  |                        | \$ 800,010          | \$ 400,010          | \$ 400,000               | \$ 274,848          | \$ 525,162  | \$ 201,889   | \$ 11,407  | \$ 213,296  | \$ 341,520    |

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**OTHER REPORTS**

**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***

*Independent Auditor's Report*

The Governing Body  
City of Whitehouse, Texas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Whitehouse, Texas as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Whitehouse, Texas' basic financial statements, and have issued our report thereon dated March 22, 2016.

*Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered City of Whitehouse, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Whitehouse, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Whitehouse, Texas' internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether City of Whitehouse, Texas' financial statements are free from 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.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Tyler, Texas  
March 22, 2016