

CITY OF WHITEHOUSE, TEXAS

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

FISCAL YEAR ENDED SEPTEMBER 30, 2016

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, 2016, 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, 2016 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.

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 3-7; the Schedule of Changes in the City's Net Pension Liability and Related Ratios on pages 41-42; 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 February 3, 2017 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
February 3, 2017

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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, 2016.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$12,202,179 (net position). Of this amount \$2,010,106 (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 unrestricted fund balance of \$365,999.
- The total net position of \$12,202,179 is made up of \$9,745,025 in capital assets net of related debt and \$2,457,154 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, 2016 the City's assets exceeded liabilities by \$12,202,179.

By far the largest portion of the City's net position, \$9,745,025, 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 \$521,558 during the current year primarily due to street improvements, new water meters, and the payoff of certain notes. 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, \$2,010,106, increased by \$135,871 during the year.

City of Whitehouse's Net position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 968,665	\$ 562,159	\$ 1,500,966	\$ 1,249,507	\$ 2,469,631	\$ 1,811,666
Capital assets	10,015,300	10,467,658	17,816,998	17,631,971	27,832,298	28,099,629
Total Assets	10,983,965	11,029,817	19,317,964	18,881,478	30,301,929	29,911,295
Deferred outflows of resources	235,177	85,084	649,981	656,661	885,158	741,745
Total Deferred Outflows of Resources	235,177	85,084	649,981	656,661	885,158	741,745
Current liabilities	593,743	129,580	1,475,304	372,844	2,069,047	502,424
Non current liabilities	2,943,325	3,785,931	13,972,536	15,176,236	16,915,861	18,962,167
Total Liabilities	3,537,068	3,915,511	15,447,840	15,549,080	18,984,908	19,464,591
Net invested in capital assets	6,869,027	6,744,496	2,875,998	2,478,971	9,745,025	9,223,467
Restricted	447,048	90,747	-	-	447,048	90,747
Unrestricted	365,999	364,147	1,644,107	1,510,088	2,010,106	1,874,235
Total Net Position	\$ 7,682,074	\$ 7,199,390	\$ 4,520,105	\$ 3,989,059	\$ 12,202,179	\$ 11,188,449

Governmental activities. During the current year the governmental activities had an increase in net position of \$482,684 which represented a \$175,670 increase from the previous year. The increase from the prior year came primarily from an increase in charges for services and taxes.

Business-type activities. The City had a \$531,046 increase in net position for its business-type activities during the year. This is up by \$342,883 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Charges for services	\$ 1,644,255	\$ 1,476,636	\$ 2,884,627	\$ 2,765,672	\$ 4,528,882	\$ 4,242,308
General revenue:						
Property taxes	2,601,730	2,517,020	-	-	2,601,730	2,517,020
Franchise taxes	291,033	298,479	-	-	291,033	298,479
Sales taxes	850,713	811,163	-	-	850,713	811,163
Gain (loss) on sale of assets	20,040	2,171	1,727	-	21,767	2,171
Interest income	23,995	21,171	2,425	1,047	26,420	22,218
Total revenues	5,431,766	5,126,640	2,888,779	2,766,719	8,320,545	7,893,359
Expenses:						
General government	622,483	494,984	-	-	622,483	494,984
Public safety	2,120,779	2,351,325	-	-	2,120,779	2,351,325
Community development	1,090,339	1,032,035	-	-	1,090,339	1,032,035
Parks and recreation	356,656	468,998	-	-	356,656	468,998
Interest	112,984	121,594	571,747	580,421	684,731	702,015
Water and sewer operations	-	-	2,431,827	2,348,825	2,431,827	2,348,825
Total expenses	4,303,241	4,468,936	3,003,574	2,929,246	7,306,815	7,398,182
Transfers	(645,841)	(350,690)	645,841	350,690	-	-
Change in net position	482,684	307,014	531,046	188,163	1,013,730	495,177
Prior Period Adjustment	-	62,098	-	20,144	-	82,242
Net position beginning of year	7,199,390	6,830,278	3,989,059	3,780,752	11,188,449	10,611,030
Net position end of year	\$ 7,682,074	\$ 7,199,390	\$ 4,520,105	\$ 3,989,059	\$ 12,202,179	\$ 11,188,449

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 unrestricted fund balance of \$365,999. The total unrestricted fund balance for the governmental funds increased by \$1,852 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 \$1,644,107 at year end as compared to \$1,510,088 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 \$72,404 over budget while expenditures were over budget by \$41,687. After considering operating transfers and loan proceeds, the City had a favorable variance of \$438,699 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, 2016, amounts to \$9,745,025 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 purchase of new water meters. The total net decrease in the City's investment in fixed assets for the current year (see Note 4C) was \$267,331.

City of Whitehouse's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
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	1,973,387	2,045,091	85,279	95,008	2,058,666	2,140,099
Parks	2,218,525	2,277,532	-	-	2,218,525	-
Water and sewer system	-	-	17,510,795	17,399,645	17,510,795	17,399,645
Infrastructure	5,025,051	5,221,008	-	-	5,025,051	5,221,008
Machinery and equipment	608,153	733,843	188,124	104,518	796,277	838,361
Total	\$ 10,015,300	\$ 10,467,658	\$ 17,816,998	\$ 17,631,971	\$ 27,832,298	\$ 25,822,097

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 issued a new tax note in the amount of \$700,000. The proceeds of the debt were used for the purchase of water meters. After principal payments of \$1,491,943 were made against debt during the year, the City had total debt outstanding of \$18,459,241 at the end of the fiscal year.

City of Whitehouse's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 2,823,000	\$ 3,198,000	\$ -	\$ -	\$ 2,823,000	\$ 3,198,000
Notes Payable	323,273	525,162	-	-	323,273	525,162
Compensated absences	49,104	49,523	16,305	18,940	65,409	68,463
Net Pension Liability	215,007	13,246	91,552	4,296	306,559	17,542
Revenue bonds and Certificates of obligation	-	-	14,941,000	15,153,000	14,941,000	15,153,000
Total	\$ 3,410,384	\$ 3,785,931	\$ 15,048,857	\$ 15,176,236	\$ 18,459,241	\$ 18,962,167

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.

Proposed construction and development factors were not considered in the preparation of the City's budget and tax rate of \$ 0.6500000 per \$100.00 property valuation for the 2016/2017 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: Jennifer Lusk, Finance Director
 PO Box 776
 Whitehouse, TX 75791

Or call 903-839-4914.

BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 91,497	\$ 813,156	\$ 904,653
Receivables (net of allowance for doubtful accounts)	406,232	354,068	760,300
Internal balances	217,292	(217,292)	-
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	253,644	264,190	517,834
Water rights - Lake Columbia	-	230,000	230,000
Other receivables	-	56,844	56,844
Capital Assets (net of accumulated depreciation):			
Land	190,184	25,000	215,184
Easements	-	7,800	7,800
Buildings and improvements	1,973,387	85,279	2,058,666
Parks	2,218,525	-	2,218,525
Infrastructure	5,025,051	-	5,025,051
Machinery and equipment	608,153	188,124	796,277
Water and sewer system	-	17,510,795	17,510,795
Total Assets	10,983,965	19,317,964	30,301,929
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (net of amortization)	-	557,471	557,471
Deferred charge on TMRS pension	235,177	92,510	327,687
Total Deferred Outflows of Resources	235,177	649,981	885,158
LIABILITIES			
Accounts payable	110,378	65,389	175,767
Deposits and other refundable balances	-	264,190	264,190
Accrued interest	16,306	69,404	85,710
Non-current liabilities:			
Due within one year	467,059	1,076,321	1,543,380
Due in more than one year	2,943,325	13,972,536	16,915,861
Total Liabilities	3,537,068	15,447,840	18,984,908
NET POSITION			
Investment in capital assets, net of related debt	6,869,027	2,875,998	9,745,025
Restricted for:			
Police forfeitures	4,368	-	4,368
PEG Channel	90,397	-	90,397
Debt service	102,309	-	102,309
Construction	249,974	-	249,974
Unrestricted	365,999	1,644,107	2,010,106
Total Net Position	\$ 7,682,074	\$ 4,520,105	\$ 12,202,179

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, 2016**

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
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 622,483	\$ 238,934	\$ -	\$ (383,549)	\$ -	\$ (383,549)
Public safety	2,120,779	305,178	-	(1,815,601)	-	(1,815,601)
Community development	1,090,339	934,635	-	(155,704)	-	(155,704)
Parks and recreation	356,656	165,508	-	(191,148)	-	(191,148)
Interest	112,984	-	-	(112,984)	-	(112,984)
Total governmental activities	4,303,241	1,644,255	-	(2,658,986)	-	(2,658,986)
Business-type activities:						
Water and sewer	2,431,827	2,884,627	-	-	452,800	452,800
Interest	571,747	-	-	-	(571,747)	(571,747)
Total business-type activities	3,003,574	2,884,627	-	-	(118,947)	(118,947)
Total primary government	\$ 7,306,815	\$ 4,528,882	\$ -	(2,658,986)	(118,947)	(2,777,933)
General revenues:						
Property taxes				2,601,730	-	2,601,730
Franchise taxes				291,033	-	291,033
Sales and use taxes				850,713	-	850,713
Gain on sale of assets				20,040	1,727	21,767
Interest and rent				23,995	2,425	26,420
Transfers				(645,841)	645,841	-
Total general revenues and transfers				3,141,670	649,993	3,791,663
Change in net position				482,684	531,046	1,013,730
Net position - beginning of year				7,199,390	3,989,059	11,188,449
Net position - end of year				\$ 7,682,074	\$ 4,520,105	\$ 12,202,179

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

CITY OF WHITEHOUSE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	GENERAL	DEBT SERVICE	STREET MAINTENANCE PROJECT	OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and investments	\$ 1,100	\$ -	\$ -	\$ 90,397	\$ -	\$ 91,497
Receivables:						
Property taxes	16,219	45,817	-	-	-	62,036
Sales taxes	132,308	-	-	-	-	132,308
Street assessments	-	-	-	22,508	-	22,508
Charges for services (net)	219,842	-	-	-	-	219,842
Restricted Assets:						
Temporarily restricted						
Cash and cash equivalents	-	-	249,276	4,368	-	253,644
Due from other funds	115,138	346,234	-	2,848	-	464,220
Total Assets	<u>484,607</u>	<u>392,051</u>	<u>249,276</u>	<u>120,121</u>	<u>-</u>	<u>1,246,055</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and accrued expenses	110,376	-	-	-	-	110,376
Due to other funds	853	243,925	-	2,150	-	246,928
Operations and Maintenance						
Total Liabilities	<u>111,229</u>	<u>243,925</u>	<u>-</u>	<u>2,150</u>	<u>-</u>	<u>357,304</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	16,219	45,817	-	-	-	62,036
Unavailable revenue - street assessments	-	-	-	22,508	-	22,508
Unavailable revenue - fines	108,899	-	-	-	-	108,899
Total Deferred Inflows of Resources	<u>125,118</u>	<u>45,817</u>	<u>-</u>	<u>22,508</u>	<u>-</u>	<u>193,443</u>
Fund Balances:						
Restricted:						
Police forfeitures	-	-	-	4,368	-	4,368
PEG channel	-	-	-	90,397	-	90,397
Debt Service	-	102,309	-	-	-	102,309
Total Restricted	-	102,309	-	94,765	-	197,074
Assigned:						
Capital Projects	-	-	249,276	698	-	249,974
Unassigned	248,260	-	-	-	-	248,260
Total Fund Balances	<u>248,260</u>	<u>102,309</u>	<u>249,276</u>	<u>95,463</u>	<u>-</u>	<u>695,308</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 484,607</u>	<u>\$ 392,051</u>	<u>\$ 249,276</u>	<u>\$ 120,121</u>	<u>\$ -</u>	

CITY OF WHITEHOUSE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

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

	Total Governmental Funds
Total fund balances governmental funds (Exhibit 3 page 1)	\$ 695,308
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	10,015,298
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	162,981
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	235,177
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	(16,306)
Long term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(3,410,384)</u>
Net position of governmental activities	<u>\$ 7,682,074</u>

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	STREET MAINTENANCE PROJECT		
REVENUES					
Current and delinquent taxes	\$ 680,996	\$ 1,917,093	\$ -	\$ -	\$ 2,598,089
Fines and forfeitures	195,658	-	-	-	195,658
Licenses and permits	13,378	-	-	-	13,378
Franchise taxes	273,986	-	-	17,047	291,033
Sales taxes - regular	531,088	-	-	-	531,088
Sales taxes - additional 1/2 cent	265,544	-	-	-	265,544
Sales tax fees	54,081	-	-	-	54,081
Donations	-	-	-	-	-
Solid waste collections	775,480	-	-	-	775,480
Zoning and platting fees	790	-	-	-	790
Splash Pad	43,039	-	-	-	43,039
Sports Complex	122,469	-	-	-	122,469
Intergovernmental revenue	65,107	-	-	-	65,107
Street maintenance fee	-	-	159,155	-	159,155
Interest and rent	20,027	1,572	103	205	21,907
Miscellaneous income	216,742	-	-	8,024	224,766
Operations and Maintenance					
Total Revenues	3,258,385	1,918,665	159,258	25,276	5,361,584
EXPENDITURES					
Legislative	8,099	-	-	-	8,099
General administration	338,891	-	-	16,790	355,681
Treasury and financial	87,206	-	-	-	87,206
Tax appraisal and collections	41,000	-	-	-	41,000
Municipal court	304,144	-	-	-	304,144
Library	48,000	-	-	-	48,000
Parks/recreation	92,650	-	-	-	92,650
Sports complex	188,246	-	-	-	188,246
Community development	47,219	-	-	-	47,219
Street and ground maintenance	137,445	-	450	-	137,895
Communication center	30,000	-	-	-	30,000
Police	1,008,164	-	-	-	1,008,164
Animal control	68,889	-	-	-	68,889
Fire	558,424	-	-	-	558,424
Sanitation	693,115	-	-	-	693,115
Debt service:					
Bond principal	-	375,000	-	-	375,000
Note principal	-	201,889	-	-	201,889
Interest and fees	-	117,935	-	-	117,935
Capital outlay	17,917	-	-	-	17,917
Total Expenditures	3,669,409	694,824	450	16,790	4,381,473
Revenues Over (Under) Expenditures	\$ (411,024)	\$ 1,223,841	\$ 158,808	\$ 8,486	\$ 980,111

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	STREET MAINTENANCE PROJECT		
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 388,994	\$ -	\$ -	\$ -	\$ 388,994
Transfers out	-	(1,034,835)	-	-	(1,034,835)
Sale of assets	20,040	-	-	-	20,040
Total Other Financing Sources (Uses)	409,034	(1,034,835)	-	-	(625,801)
Net Change in Fund Balances	(1,990)	189,006	158,808	8,486	354,310
Fund Balance, October 1, 2015	250,250	(86,697)	90,468	86,977	340,998
Fund Balance, September 30, 2016	<u>\$ 248,260</u>	<u>\$ 102,309</u>	<u>\$ 249,276</u>	<u>\$ 95,463</u>	<u>\$ 695,308</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, 2016

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

Net change in fund balances - total governmental funds	\$	354,310
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(452,358)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.		48,054
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.		584,347
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		<u>(51,669)</u>
Change in net position of governmental activities	\$	<u><u>482,684</u></u>

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

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent taxes	\$ 785,802	\$ 785,802	\$ 680,996	\$ (104,806)
Fines and forfeitures	185,795	185,795	195,658	9,863
Licenses and permits	5,500	5,500	13,378	7,878
Franchise taxes	292,000	292,000	273,986	(18,014)
Sales taxes - regular	500,000	500,000	531,088	31,088
Sales taxes - additional 1/2 cent	250,000	250,000	265,544	15,544
Sales tax fees	54,000	54,000	54,081	81
Solid waste collections	680,000	680,000	775,480	95,480
Zoning and platting fees	250	250	790	540
Administrative processing fees	100	100	-	(100)
Splash Park	42,750	42,750	43,039	289
Sports Complex	197,250	197,250	122,469	(74,781)
Intergovernmental revenue	69,575	69,575	65,107	(4,468)
Interest and rent	19,800	19,800	20,027	227
Miscellaneous income	103,159	103,159	216,742	113,583
Total Revenues	3,185,981	3,185,981	3,258,385	72,404
EXPENDITURES				
Legislative	12,000	12,000	8,099	3,901
General administration	281,268	281,268	340,947	(59,679)
Treasury and financial	79,873	79,873	89,150	(9,277)
Tax appraisal and collections	45,289	45,289	41,000	4,289
Municipal court	256,330	256,330	294,988	(38,658)
Library	48,000	48,000	48,000	-
Parks/recreation	91,532	91,532	93,553	(2,021)
Sports Complex	191,297	191,297	187,567	3,730
Community development	40,700	40,700	47,219	(6,519)
Street and ground maintenance	152,439	152,439	137,684	14,755
Communication center	30,000	30,000	30,000	-
Police	1,058,373	1,058,373	1,030,093	28,280
Animal control	80,567	80,567	69,691	10,876
Fire	571,347	571,347	560,048	11,299
Sanitation	687,655	687,655	690,318	(2,663)
Total Expenditures	3,626,670	3,626,670	3,668,357	(41,687)
Revenues Over (Under) Expenditures	(440,689)	(440,689)	(409,972)	30,717
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	388,994	388,994
Sale of assets	-	-	20,040	20,040
Total Other Financing Sources (Uses)	-	-	409,034	409,034
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(440,689)	(440,689)	(938)	439,751
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	(1,052)	(1,052)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	\$ (440,689)	\$ (440,689)	\$ (1,990)	\$ 438,699

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
Fund Balance, October 1, 2015	\$ -	\$ -	\$ 250,250	\$ 250,250
Fund Balance, September 30, 2016	<u>\$ (440,689)</u>	<u>\$ (440,689)</u>	<u>\$ 248,260</u>	<u>\$ 688,949</u>

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

Basis Presentation:

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

(1,052)

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ (1,052)

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	UTILITY FUND
Current Assets:	
Cash and certificates of deposit	\$ 813,156
Accounts receivable (Net)	<u>354,068</u>
Total Current Assets	<u>1,167,224</u>
Restricted Current Assets:	
Temporarily Restricted	
Customer deposits	<u>264,190</u>
Total Restricted Current Assets	<u>264,190</u>
Noncurrent Assets:	
Water rights - Lake Columbia	230,000
Other receivables	56,844
Capital Assets:	
Land	25,000
Easements	7,800
Water and sewer system	25,210,824
Machinery & equipment	917,021
Construction in progress	-
Less: Accumulated depreciation	<u>(8,675,355)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>17,816,998</u>
Total Noncurrent Assets:	<u>18,103,842</u>
Total Assets	<u>19,535,256</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding (net of amortization)	557,471
Deferred charge on TMRS pension	<u>92,510</u>
Total Deferred Outflows of Resources	<u>649,981</u>
	(continued)

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 65,389
Compensated absences	1,631
Due to other funds	217,292
Total Current Liabilities	<u>284,312</u>
Current liabilities payable from restricted assets:	
Customer deposits	264,190
Accrued interest	69,404
Revenue bonds payable	1,074,690
Total current liabilities payable from restricted assets	<u>1,408,284</u>
Noncurrent Liabilities:	
Revenue bonds payable	13,866,310
Compensated absences	14,675
Net pension liability	91,551
Total Noncurrent Liabilities	<u>13,972,536</u>
Total Liabilities	<u>15,665,132</u>
NET POSITION	
Invested in capital assets, net of related debt	2,875,998
Unrestricted	1,644,107
Total Net Position	<u>\$ 4,520,105</u>

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>UTILITY FUND</u>
OPERATING REVENUES	
Water sales	\$ 2,004,144
Sewer charges	735,074
Charges for other services	<u>145,409</u>
Total Operating Revenues	<u>2,884,627</u>
OPERATING EXPENSES	
Utility administration	392,391
Customer service	295,372
Water operations	450,222
Sewer operations	373,146
Water supply	312,765
Depreciation	<u>607,931</u>
Total Operating Expenses	<u>2,431,827</u>
Operating Income (Loss)	<u>452,800</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charge expense	(571,747)
Other income	1,727
Interest income	<u>2,425</u>
Total non-operating revenue (expenses)	<u>(567,595)</u>
Income before transfers	(114,795)
Transfers in	1,265,952
Transfers out	<u>(620,111)</u>
Total Transfers	<u>645,841</u>
Change in Net Position	531,046
Net Position, October 1, 2015	<u>3,989,059</u>
Net Position, September 30, 2016	<u>\$ 4,520,105</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, 2016**

	<u>UTILITY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,947,928
Cash paid to suppliers for goods and services	(1,118,292)
Cash paid to employees for services	<u>(691,122)</u>
Net cash provided by operating activities	<u>1,138,514</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	1,194,362
Transfers out	<u>(548,521)</u>
Net cash provided by non-capital financing activities	<u>645,841</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases or construction of capital assets	(792,958)
Interest paid	(292,404)
Principal paid on bonds	<u>(912,000)</u>
Net cash used in capital and related financing activities	<u>(1,297,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Gain on sale of capital asset	2,425
Interest earned on investments	<u>1,727</u>
Net cash provided by investing activities	<u>4,152</u>
Net decrease in cash	491,145
Cash, beginning of period	<u>586,201</u>
Cash, end of period	<u>\$ 1,077,346</u>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 813,156
Cash - restricted current asset	264,190
Total cash, end of period	<u>\$ 1,077,346</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, 2016

	<u>UTILITY FUND</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:	
Operating income	\$ 452,800
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	607,931
Decrease in accounts receivable	50,681
Increase in deferred outflows of resources	(64,910)
Increase in accounts payable	(7,863)
Increase in net pension liability	87,255
Increase in customer deposits	<u>12,620</u>
Total adjustments	<u>685,714</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,138,514</u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

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.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

E. Assets, Liabilities, and Net Position or Equity - Continued

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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

E. Assets, Liabilities, and Net Position or Equity - Continued

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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

An 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 \$10,015,298 difference are as follows:

Capital assets, October 1, 2015, net of accumulated depreciation	\$	10,467,656
Capital asset additions, net of retirements		-
Depreciation of capital assets, net of retirements		<u>(452,358)</u>
	\$	<u><u>10,015,298</u></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 \$162,981 difference are as follows:

Allowance account for uncollectible property taxes	\$	(30,462)
Unavailable revenue - property taxes		62,036
Unavailable revenue - fines		108,899
Unavailable revenue - street assessments		<u>22,508</u>
	\$	<u><u>162,981</u></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 \$(3,410,384) difference are as follows:

Long-term liabilities, October 1, 2015	\$	(3,785,931)
Principal paid on debt in current year		576,889
Increase in net pension liability		(201,761)
Change in compensated absences		<u>419</u>
	\$	<u><u>(3,410,384)</u></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

An 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 difference of \$(452,358) was related to depreciation expense.

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 difference of \$(5,226) was related to changes in allowance for uncollectible taxes.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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 – Continued

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 \$584,347 difference are as follows:

Principal payments on debt	\$	576,889
Change in accrued interest		7,039
Change in compensated absences		419
	\$	584,347

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, 2016 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:		
Primary Government		
Cash and cash equivalents	\$	904,653
Restricted cash and cash equivalents		517,834
Total Cash and cash equivalents		1,422,487
Cash on hand	\$	1,100
Savings and checking accounts		1,163,915
External investment pools		257,472
Total Cash and Investments	\$	1,422,487

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

A. Deposits and Investments – Continued

<u>External Investment Pool</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Logic	\$ 6,548	0.16	AAAm
Texpool	24	0.13	AAAm
MBIA	<u>250,900</u>	0.15	AAAm
	<u>\$ 257,472</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, 2016, the carrying value of the City’s bank deposits was \$ 1,422,487 while the bank balance was \$1,521,950. 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 at year end for the government’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Utility Operating Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 16,219	\$ 45,817	\$ -	\$ -	\$ 62,036
Assessments	-	-	22,508	56,844	79,352
Sales Tax	132,308	-	-	-	132,308
Accounts (services)	<u>391,154</u>	<u>-</u>	<u>-</u>	<u>354,068</u>	<u>745,222</u>
Gross receivables	539,681	45,817	22,508	410,912	1,018,918
Less: Allowance for Uncollectibles	<u>(201,774)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(201,774)</u>
Net Receivables	<u>\$ 337,907</u>	<u>\$ 45,817</u>	<u>\$ 22,508</u>	<u>\$ 410,912</u>	<u>\$ 817,144</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

C. Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

<u>PRIMARY GOVERNMENT</u>	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 190,184	\$ -	\$ -	\$ 190,184
Total Capital Assets, Not Being Depreciated	190,184	-	-	190,184
Capital Assets, Being Depreciated				
Buildings and Improvements	2,864,434	-	-	2,864,434
Parks	2,336,864	-	-	2,336,864
Infrastructure	7,802,412	-	-	7,802,412
Machinery and Equipment	2,346,381	-	(19,505)	2,326,876
Total Capital Assets, Being Depreciated	15,350,091	-	(19,505)	15,330,586
Less Accumulated Depreciation For:				
Buildings and Improvements	(819,343)	(71,704)	-	(891,047)
Parks	(59,332)	(59,007)	-	(118,339)
Infrastructure	(2,581,404)	(195,957)	-	(2,777,361)
Machinery and Equipment	(1,612,538)	(125,690)	19,505	(1,718,723)
Total Accumulated Depreciation	(5,072,617)	(452,358)	19,505	(5,505,470)
Net Total Assets Being Depreciated	10,277,474	(452,358)	-	9,825,116
Governmental Activities Capital Assets, Net	<u>\$ 10,467,658</u>	<u>\$ (452,358)</u>	<u>\$ -</u>	<u>\$ 10,015,300</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Easements	7,800	-	-	7,800
Total Capital Assets, Not Being Depreciated	32,800	-	-	32,800
Capital Assets, Being Depreciated				
Water and Sewer System	24,512,101	698,723	-	25,210,824
Buildings	331,708	-	-	331,708
Machinery and Equipment	856,666	94,235	(33,880)	917,021
Total Capital Assets, Being Depreciated	25,700,475	792,958	(33,880)	26,459,553
Less Accumulated Depreciation For:				
Water and Sewer System	(7,112,456)	(587,573)	-	(7,700,029)
Buildings	(236,700)	(9,729)	-	(246,429)
Machinery and Equipment	(752,148)	(10,629)	33,880	(728,897)
Total Accumulated Depreciation	(8,101,304)	(607,931)	33,880	(8,675,355)
Net Total Assets Being Depreciated	17,599,171	185,027	-	17,784,198
Business-Type Activities Capital Assets, Net	<u>\$ 17,631,971</u>	<u>\$ 185,027</u>	<u>\$ -</u>	<u>\$ 17,816,998</u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

C. Capital Assets - Continued

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

Governmental Activities:	
General Government	\$ 54,206
Public Safety	130,263
Community Development	196,257
Parks and Recreation	71,632
Total depreciation expense, governmental activities	\$ <u>452,358</u>
Business-Type Activities:	
Water and Sewer Operations	\$ <u>607,931</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2016 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	19,252
Debt Service Fund	Utility Operating fund	38,692
Debt Service Fund	Utility Debt Service Fund	156,361
Street Construction Fund	Utility Operating fund	1,995
		<u>\$ 217,292</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, 2016, is as follows:

	<u>Transfers In</u>			<u>Total</u>
	<u>Utility Operating Fund</u>	<u>Utility Debt Service Fund</u>	<u>General Fund</u>	
<u>Transfers Out:</u>				
Utility Operating Fund	\$ -	\$ -	\$ 388,994	\$ 388,994
Debt Service Fund	131,587	125,260	-	256,847
Total transfers out /in	<u>\$ 131,587</u>	<u>\$ 125,260</u>	<u>\$ 388,994</u>	<u>\$ 645,841</u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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, 2016:

	<u>GENERAL OBLIGATION</u>	<u>REVENUE</u>	<u>TOTAL</u>
Bonds payable - October 1, 2015	\$ 3,198,000	\$ 15,153,000	\$ 18,351,000
Additions	-	700,000	700,000
Retirements	(375,000)	(912,000)	(1,287,000)
Bonds payable - September 30, 2016	<u>\$ 2,823,000</u>	<u>\$ 14,941,000</u>	<u>\$ 17,764,000</u>

Outstanding bonds at September 30, 2016 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%.	\$ 1,885,000
\$1,800,000 series 2013 Tax Note; maturing serially in varying amounts through 9-30-2020 at 1.60%	<u>938,000</u>
Total Governmental Bonded Debt	<u>\$ 2,823,000</u>

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 2-15-26. Interest at 4.2%.	\$ 1,710,000
\$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52%	3,241,000
\$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%	1,320,000
\$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%.	7,970,000
\$700,000 series 2016 Tax Note; maturing serially in varying amounts through 2-15-2021 at 2.12%	<u>700,000</u>
Total Business-Type Bonded Debt	<u>\$ 14,941,000</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

E. Long-term debt - Continued

The funding requirements to amortize all bonds outstanding as of September 30, 2016, including interest, are as follows:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2017	\$ 384,000	\$ 93,289	\$ 1,074,690	\$ 471,176	\$ 2,023,155
2018	393,000	83,005	1,116,880	432,343	2,025,228
2019	406,000	72,453	1,145,804	396,636	2,020,893
2020	415,000	61,420	1,186,789	359,696	2,022,905
2021	185,000	52,063	1,224,837	320,579	1,782,479
2022-2026	1,040,000	136,213	6,020,000	951,303	8,147,516
2027-2028	-	-	3,172,000	89,127	3,261,127
	<u>\$ 2,823,000</u>	<u>\$ 498,443</u>	<u>\$ 14,941,000</u>	<u>\$ 3,020,860</u>	<u>\$ 21,283,303</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, 2016 be disclosed.

Limit of Liability

<u>INSURER</u>	<u>POLICY</u>	<u>Each Occurrence</u>	<u>Annual Aggregate</u>	<u>Deductible</u>	<u>COVERAGE DATE</u>
Texas Municipal League	General Liability	1,000,000	2,000,000	\$ -	10/1/2016 to 10/1/2017
	Law Enforcement	1,000,000	2,000,000	\$ 2,500	10/1/2016 to 10/1/2017
	Errors & Omissions	1,000,000	2,000,000	\$ 5,000	10/1/2016 to 10/1/2017
	Auto Liability	1,000,000	n/a	\$ -	10/1/2016 to 10/1/2017
	Auto Physical Damage	n/a	n/a	\$500/\$10,000	10/1/2016 to 10/1/2017
	Uninsured/Underinsured Motorist		55,000	n/a	
Texas Municipal League	Real & Personal Property	19,399,267	n/a	\$1000;\$25,000	10/1/2016 to 10/1/2017
	Mobile Equipment	416,976	n/a	\$ 500	10/1/2016 to 10/1/2017
	Boiler & Machinery	100,000	n/a	\$ 1,000	10/1/2016 to 10/1/2017
	Animal Mortality & Theft	15,500	n/a	\$ -	10/1/2016 to 10/1/2017
Texas Municipal League	Workers Comp	n/a	n/a		10/1/2016 to 10/1/2017
	TOTAL	<u>23,986,743</u>			

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

E. Long-term debt - Continued

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2016 was as follows:

	Beginning Balance 10/1/15	Additions	Reductions	Ending Balance 9/30/16	Due Within One Year
Governmental Activities:					
General Obligation Bonds	3,198,000	-	375,000	2,823,000	384,000
Notes Payable	525,162	-	201,889	323,273	78,149
Net Pension Liability	13,246	201,761	-	215,007	-
Compensated Absences	49,523	-	419	49,104	4,910
Governmental Activity Long-Term Liabilities	<u>3,785,931</u>	<u>201,761</u>	<u>577,308</u>	<u>3,410,384</u>	<u>467,059</u>
Business-type Activities:					
Revenue Bonds	15,153,000	700,000	912,000	14,941,000	1,074,690
Net Pension Liability	4,296	87,256	-	91,552	-
Compensated Absences	18,940	-	2,635	16,305	1,631
Business-type Activity Long-Term Liabilities	<u>15,176,236</u>	<u>787,256</u>	<u>914,635</u>	<u>15,048,857</u>	<u>1,076,321</u>

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, 2016, \$2,873,608 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	<u>\$2,873,608</u>
Total Bonds Defeased (Refunded)		<u>\$2,873,608</u>

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, 2016, the City had \$354,068 in net receivables from its residents for the usage of these services.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Whitehouse participates as a plan 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.tmrs.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:

	Plan Year 2014	Plan Year 2015
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 (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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/2014	12/31/2015
Inactive employees or beneficiaries currently receiving benefits	15	17
Inactive employees entitled to but not yet receiving benefits	28	29
Active employees	37	36
	80	82

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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 5.19% and 5.11% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$90,381, and exceeded the actuarially determined contribution by \$1,415.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 10.5% per year
Investment Rate of Return	6.75%, 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, 2015 valuation were based in the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 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 2015 valuation. The long-term expected rate of return on pension plan investments is 6.75%. 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:

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. 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 12/31/2014	\$ 3,779,095	\$ 3,761,553	\$ 17,542
Changes for the year:			
Service cost	168,558	-	168,558
Interest	266,073	-	266,073
Change of benefit terms	-	-	-
Difference between expected and actual experience	16,262	-	16,262
Changes of assumptions	20,359	-	20,359
Contributions - employer	-	91,796	(91,796)
Contributions - employee	-	88,435	(88,435)
Net investment income	-	5,550	(5,550)
Benefit payments, including refunds of employee contributions	(124,673)	(124,673)	-
Administrative expense	-	(3,381)	3,381
Other changes	-	(167)	167
Net changes	346,579	57,560	289,019
Balance at 12/31/2015	<u>\$ 4,125,674</u>	<u>\$ 3,819,113</u>	<u>\$ 306,561</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,022,555	\$ 306,559	\$ (264,819)

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.

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

For the year ended September 30, 2016, the City recognized pension expense of \$157,663.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 18,752	\$ -
Changes in actuarial assumptions	15,784	-
Difference between projected and actual investment earnings	233,318	-
Contributions subsequent to the measurement Date	60,201	-
Total	<u>\$ 328,055</u>	<u>\$ -</u>

The City had \$60,201 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, 2016. 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
2016	\$ 71,228
2017	71,228
2018	70,143
2019	55,255
2020	-
Thereafter	-
	<u>\$ 267,854</u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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 employees 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 2016, 2015, and 2014 were \$5,652, \$3,051 and \$3,224 respectively, which equaled the required contributions each year.

NOTE 8 – DEFICIT NET POSITION OR FUND BALANCE

At September 30, 2016, the Enterprise Debt Service Fund had a deficit net position of \$129,474.

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, 2016, 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, 2016, has been renewed for another year through September 30, 2017.

In 2001, the City entered into an agreement with the YMCA of Tyler, Inc. for the operation of the YMCA in Whitehouse for the City to provide \$40,000 annually for a period of fifteen years for operating expenses. At September 30, 2016, the City had suspended the agreement pending further negotiations.

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, 2016, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2016, 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.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2016, expenditures exceeded appropriations in the following departments of the General Fund: General Administration, Treasury and Financial, Municipal Court, Parks and Receptions Services, Community Development, 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 Customer Service. These over expenditures were funded by excess fund balance.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 3, 2017 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, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service Cost	\$ 168,558	\$ 148,502
Interest (on the Total Pension Liability)	266,073	246,432
Changes in benefit terms	-	-
Difference between expected and actual results	16,262	10,962
Change of assumptions	20,359	-
Benefit payments, including refunds of employee contributions	<u>(124,673)</u>	<u>(146,013)</u>
Net Change in Total Pension Liability	346,579	259,883
Total Pension Liability - Beginning	<u>3,779,095</u>	<u>3,519,212</u>
Total Pension Liability - Ending (a)	<u><u>\$ 4,125,674</u></u>	<u><u>\$ 3,779,095</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 91,796	\$ 92,799
Contributions - Employee	88,435	83,453
Net Investment Income	5,550	202,022
Benefit payments, including refunds of employee contributions	(124,673)	(146,013)
Administrative Expense	(3,381)	(2,109)
Other	<u>(167)</u>	<u>(173)</u>
Net Change in Plan Fiduciary Net Position	57,560	229,979
Plan Fiduciary Net Position - Beginning	<u>3,761,553</u>	<u>3,531,574</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,819,113</u></u>	<u><u>\$ 3,761,553</u></u>
Net Pension Liability - Ending (a)-(b)	306,561	17,542
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.57%	99.54%
Covered Employee Payroll	\$ 1,768,710	\$ 1,669,056
Net Pension Liability as a Percentage of Covered Employee Payroll	17.33%	1.05%

**CITY OF WHITEHOUSE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 92,260	\$ 90,900	\$ 90,381
Contributions in relation to the actuarially determined contributions	<u>92,260</u>	<u>90,900</u>	<u>91,796</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,415)
Covered employee payroll	\$ 1,651,541	\$ 1,722,060	\$ 1,768,710
Contributions as a percentage of covered employee payroll	5.59%	5.28%	5.19%

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	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
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 REVENUE FUND	STREET CONSTRUCTION FUND	PEG CHANNEL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ -	\$ -	\$ 90,397	\$ 90,397
Receivables:				
Street assessments	-	22,508	-	22,508
Restricted Assets:				
Temporarily restricted				
Cash and cash equivalents	4,368	-	-	4,368
Due from other funds	-	2,848	-	2,848
Total Assets	<u>\$ 4,368</u>	<u>\$ 25,356</u>	<u>\$ 90,397</u>	<u>\$ 120,121</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned revenue	\$ -	\$ 22,508	\$ -	\$ 22,508
Due to other funds	-	2,150	-	2,150
Total Liabilities	<u>-</u>	<u>24,658</u>	<u>-</u>	<u>24,658</u>
Fund Balances:				
Restricted:				
Police forfeitures	4,368	-	-	4,368
PEG Channel	-	-	90,397	90,397
Assigned:				
Capital Projects	-	698	-	698
Total Fund Balances	<u>4,368</u>	<u>698</u>	<u>90,397</u>	<u>95,463</u>
Total Liabilities and Fund Balances	<u>\$ 4,368</u>	<u>\$ 25,356</u>	<u>\$ 90,397</u>	<u>\$ 120,121</u>

**CITY OF WHITEHOUSE, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	SPECIAL REVENUE FUND	STREET CONSTRUCTION FUND	PEG CHANNEL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Franchise Fee	\$ -	\$ -	\$ 17,047	\$ 17,047
Miscellaneous	8,024	-	-	8,024
Interest	8	-	197	205
Total Revenues	<u>8,032</u>	<u>-</u>	<u>17,244</u>	<u>25,276</u>
EXPENDITURES				
General administration	16,790	-	-	16,790
Total Expenditures	<u>16,790</u>	<u>-</u>	<u>-</u>	<u>16,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,758)</u>	<u>-</u>	<u>17,244</u>	<u>8,486</u>
Net change in fund balances	<u>(8,758)</u>	<u>-</u>	<u>17,244</u>	<u>8,486</u>
Fund Balance - October 1, 2015	<u>13,126</u>	<u>698</u>	<u>73,153</u>	<u>86,977</u>
Fund Balance - September 30, 2016	<u>\$ 4,368</u>	<u>\$ 698</u>	<u>\$ 90,397</u>	<u>\$ 95,463</u>

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
LEGISLATIVE				
CONTRACTUAL SERVICES:				
Contractual and fee base services	\$ 12,000	\$ 12,000	\$ 8,099	\$ 3,901
Total Contractual Services	12,000	12,000	8,099	3,901
TOTAL LEGISLATIVE	12,000	12,000	8,099	\$ 3,901
GENERAL/ADMINISTRATION				
PERSONNEL SERVICES:				
Administration	45,000	45,000	47,854	(2,854)
Clerical	48,797	48,797	51,723	(2,926)
Operations and Maintenance	27,692	27,692	27,150	542
Overtime	75	75	1,023	(948)
Certificate pay	300	300	219	81
Uniforms and clothing	300	300	-	300
One time pay adjustments	-	-	5,000	(5,000)
Workers compensation	173	173	112	61
Unemployment compensation	338	338	684	(346)
Employee retirement	4,963	4,963	6,808	(1,845)
Employee insurance	12,368	12,368	16,089	(3,721)
Retiree insurance	600	600	600	-
Payroll taxes	7,204	7,204	9,188	(1,984)
Total Personnel Services	147,810	147,810	166,450	(18,640)
SUPPLIES AND MATERIALS:				
Office supplies	4,000	4,000	4,343	(343)
Data processing supplies	1,000	1,000	489	511
Website and IT	5,563	5,563	3,593	1,970
Lab supplies	-	-	252	(252)
Tire Repair	500	500	-	500
Postage and delivery	700	700	1,130	(430)
Fuel	2,500	2,500	991	1,509
Minor tools	500	500	61	439
Educational and training	600	600	1,430	(830)
Other supplies	5,500	5,500	3,864	1,636
Total Supplies and Materials	20,863	20,863	16,153	4,710
MAINTENANCE OF BUILDING/GROUNDS:				
Building and grounds	2,000	2,000	2,135	(135)
Total Maintenance of Building/Grounds	2,000	2,000	2,135	(135)
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	159	159	153	6
HVAC equipment	1,000	1,000	403	597
Automotive equipment	500	500	381	119
Communication equipment	400	400	156	244
Total Maintenance of Equipment/ Machinery	2,059	2,059	1,093	966

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
CONTRACTUAL SERVICES:				
Communication services	\$ 7,500	\$ 7,500	\$ 8,510	\$ (1,010)
Insurance	5,586	5,586	5,444	142
Advertising	350	350	1,998	(1,648)
Business and travel	5,000	5,000	4,554	446
Legal fees	3,000	3,000	49,357	(46,357)
Contractual and fee base services	5,550	5,550	4,315	1,235
Utility services	71,000	71,000	72,286	(1,286)
Codification	3,000	3,000	2,734	266
Data processing maintenance	1,000	1,000	-	1,000
IT support	-	-	400	(400)
Memberships/subscriptions	2,550	2,550	4,168	(1,618)
Total Contractual Services	104,536	104,536	153,766	(49,230)
CAPITAL OUTLAY				
Contingency	4,000	4,000	1,350	2,650
Total Capital Outlay	4,000	4,000	1,350	2,650
TOTAL GENERAL ADMINISTRATION	281,268	281,268	340,947	(59,679)
TREASURY AND FINANCIAL				
PERSONNEL SERVICES:				
Administration	36,000	36,000	37,234	(1,234)
One time pay adjustments	2,500	2,500	2,500	-
Workers compensation	58	58	-	58
Unemployment compensation	225	225	171	54
Employee retirement	2,029	2,029	2,106	(77)
Employee insurance	4,716	4,716	4,463	253
Payroll taxes	2,945	2,945	2,873	72
Total Personnel Services	48,473	48,473	49,347	(874)
SUPPLIES AND MATERIALS:				
Educational and training	400	400	1,135	(735)
Total Supplies and Materials	400	400	1,135	(735)
CONTRACTUAL SERVICES:				
Business and Travel	1,000	1,000	346	654
Insurance	-	-	114	(114)
Memberships and Subscriptions	-	-	170	(170)
Contractual/fee services	30,000	30,000	38,038	(8,038)
Total Contractual Services	31,000	31,000	38,668	(7,668)
TOTAL TREASURY AND FINANCIAL	79,873	79,873	89,150	(9,277)
TAX APPRAISAL AND COLLECTIONS				
CONTRACTUAL SERVICES:				
Contractual/Fee Services	44,289	44,289	41,000	3,289
Total Contractual Services	44,289	44,289	41,000	3,289
MAINTENANCE OF BUILDING				
Building and grounds	1,000	1,000	-	1,000
Total Maintenance of Building/Grounds	1,000	1,000	-	1,000
TOTAL TAX APPRAISAL AND COLLECTIONS	45,289	45,289	41,000	4,289
MUNICIPAL COURT				
PERSONNEL SERVICES:				
Clerical	63,449	63,449	62,678	771
Uniforms and clothing	300	300	-	300
Workers compensation	230	230	169	61
Unemployment compensation	450	450	342	108
Employee retirement	3,344	3,344	3,318	26
Employee insurance	16,737	16,737	17,088	(351)
Payroll taxes	4,854	4,854	4,073	781
Total Personnel Services	89,364	89,364	87,668	1,696

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
SUPPLIES AND MATERIALS:				
Office supplies	\$ 500	\$ 500	\$ 204	\$ 296
Website & IT	300	300	-	300
Postage and delivery	350	350	493	(143)
Minor tools	100	100	-	100
Educational and training	500	500	507	(7)
Other Supplies	200	200	108	92
Total Supplies and Materials	<u>1,950</u>	<u>1,950</u>	<u>1,313</u>	<u>637</u>
MAINTENANCE OF BUILDING				
Building and grounds	<u>1,000</u>	<u>1,000</u>	<u>900</u>	<u>100</u>
Total Maintenance of Building/Grounds	<u>1,000</u>	<u>1,000</u>	<u>900</u>	<u>100</u>
MAINTENANCE OF EQUIPMENT				
Office equipment	876	876	1,176	(300)
HVAC Equipment	<u>1,000</u>	<u>1,000</u>	<u>102</u>	<u>898</u>
Total Maintenance of Equipment	<u>1,876</u>	<u>1,876</u>	<u>1,278</u>	<u>598</u>
CONTRACTUAL SERVICES:				
Communication services	200	200	77	123
Advertising	100	100	-	100
Business and travel	500	500	251	249
Legal fees	2,000	2,000	2,894	(894)
Contractual/fee services	9,000	9,000	9,000	-
Utility services	3,700	3,700	3,483	217
Collection agency fees	4,000	4,000	9,258	(5,258)
State Fee	58,000	58,000	59,492	(1,492)
Omni base fee	1,100	1,100	1,128	(28)
On Line / Credit Card Fees	1,500	1,500	2,210	(710)
Vehicle registration	82,000	82,000	116,036	(34,036)
Memberships/subscriptions	40	40	-	40
Total Contractual Services	<u>162,140</u>	<u>162,140</u>	<u>203,829</u>	<u>(41,689)</u>
TOTAL MUNICIPAL COURT	<u>256,330</u>	<u>256,330</u>	<u>294,988</u>	<u>(38,658)</u>
LIBRARY SERVICES				
CONTRACTUAL SERVICES				
Contractual and fee basis services	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
Total Contractual Services	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
TOTAL LIBRARY SERVICES	<u>48,000</u>	<u>48,000</u>	<u>48,000</u>	<u>-</u>
PARKS/RECREATION SERVICES				
PERSONNEL SERVICES:				
Administration	39,000	39,000	39,000	-
Operations and Maintenance	-	-	4,127	(4,127)
Overtime	100	100	-	100
Part-Time	9,440	9,440	9,707	(267)
Uniforms and clothing	600	600	250	350
Workers compensation	3,764	3,764	3,703	61
Unemployment compensation	675	675	339	336
Employee retirement	2,055	2,055	2,312	(257)
Employee insurance	5,911	5,911	5,927	(16)
Payroll taxes	3,713	3,713	4,029	(316)
Total Personnel Services	<u>65,258</u>	<u>65,258</u>	<u>69,394</u>	<u>(4,136)</u>

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
SUPPLIES AND MATERIALS:				
Office supplies	\$ 500	\$ 500	\$ 210	\$ 290
Laboratory supplies	500	500	120	380
Fuel	1,500	1,500	885	615
Postage and Delivery	300	300	(8)	308
Tires Repairs	500	500	5	495
Minor tools	500	500	464	36
Educational and training	3,300	3,300	3,017	283
Other supplies	500	500	2,428	(1,928)
Concession - Splash park	5,000	5,000	4,803	197
Total Supplies and Materials	12,600	12,600	11,924	676
MAINTENANCE OF BUILDINGS/LAND				
Maintenance - parks	3,000	3,000	3,893	(893)
Total Maintenance of Buildings/Land	3,000	3,000	3,893	(893)
MAINTENANCE OF EQUIPMENT/MACHINERY				
HVAC equipment	-	-	101	(101)
Automotive equipment	1,500	1,500	298	1,202
Playground equipment	1,500	1,500	1,022	478
Total Maintenance of Equipment/Machinery	3,000	3,000	1,421	1,579
CONTRACTUAL SERVICES				
Communication Services	1,559	1,559	1,723	(164)
Insurance	1,490	1,490	1,365	125
Business & travel	200	200	130	70
Utility Services	2,000	2,000	1,986	14
Advertising	-	-	56	(56)
Online/Credit card fees	500	500	637	(137)
Memberships and subscriptions	1,925	1,925	1,024	901
Total Contractual Services	7,674	7,674	6,921	753
TOTAL PARKS/RECREATION SERVICES	91,532	91,532	93,553	(2,021)
SPORTS COMPLEX				
PERSONNEL SERVICES:				
Clerical	45,000	45,000	45,000	-
Seasonal	9,600	9,600	5,807	3,793
Uniforms and Clothing	1,000	1,000	204	796
Unemployment compensation	900	900	293	607
Employee retirement	2,372	2,372	2,411	(39)
Employee insurance	11,538	11,538	7,699	3,839
Payroll taxes	4,177	4,177	3,601	576
Total Personnel Services	74,587	74,587	65,015	9,572
SUPPLIES AND MATERIALS:				
Office supplies	1,000	1,000	553	447
Data processing supplies	675	675	975	(300)
Photo, Audio, and Video Support	2,500	2,500	2,499	1
Laboratory supplies	500	500	91	409
Tires Repairs	1,000	1,000	-	1,000
Fuel	1,500	1,500	49	1,451
Minor tools	1,000	1,000	196	804
Botanical and Agri. Supplies	-	-	-	-
Safety supplies	1,500	1,500	1,300	200
Concession Stand	15,000	15,000	20,549	(5,549)
Other supplies	1,000	1,000	981	19
Total Supplies and Materials	25,675	25,675	27,193	(1,518)
MAINTENANCE OF BUILDINGS/LAND				
Buildings and Grounds	10,000	10,000	13,087	(3,087)
Total Maintenance of Buildings/Land	10,000	10,000	13,087	(3,087)

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
MAINTENANCE OF EQUIPMENT/MACHINERY				
Vehicle Maintenance	\$ 1,000	\$ 1,000	\$ 783	\$ 217
HVAC Equipment	-	-	150	(150)
Tools	1,500	1,500	476	1,024
Total Maintenance of Equipment/Machinery	2,500	2,500	1,409	1,091
CONTRACTUAL SERVICES				
Communication Services	1,572	1,572	1,937	(365)
Insurance	800	800	749	51
Advertising	2,500	2,500	2,186	314
Contractual and fee basis services	49,300	49,300	52,292	(2,992)
Utility Services	10,000	10,000	9,519	481
Online/Credit card fees	2,000	2,000	2,211	(211)
Memberships and subscriptions	100	100	45	55
Total Contractual Services	66,272	66,272	68,939	(2,667)
CAPITAL OUTLAY				
Buildings	5,000	5,000	4,829	171
Machinery and equipment	2,263	2,263	2,282	(19)
Other Equipment	5,000	5,000	4,813	187
Total Capital Outlay	12,263	12,263	11,924	339
TOTAL SPORTS COMPLEX	191,297	191,297	187,567	3,730
COMMUNITY DEVELOPMENT				
CONTRACTUAL SERVICES:				
Contractual/fee services	32,700	32,700	38,675	(5,975)
Economic Development	5,000	5,000	5,000	-
Miscellaneous expense	3,000	3,000	3,544	(544)
Total Contractual Services	40,700	40,700	47,219	(6,519)
TOTAL COMMUNITY DEVELOPMENT	40,700	40,700	47,219	(6,519)
STREET AND GROUNDS MAINTENANCE				
PERSONNEL SERVICES:				
Operations and maintenance	83,851	83,851	84,861	(1,010)
Overtime	3,000	3,000	1,235	1,765
Uniforms and clothing	1,100	1,100	1,056	44
Workers compensation	4,596	4,596	4,535	61
Unemployment compensation	450	450	342	108
Employee retirement	4,577	4,577	4,558	19
Employee insurance	13,556	13,556	13,670	(114)
Payroll taxes	6,644	6,644	6,283	361
Total Personnel Services	117,774	117,774	116,540	1,234
SUPPLIES AND MATERIALS:				
Tires and tubes	1,500	1,500	342	1,158
Fuel	4,000	4,000	734	3,266
Minor tools	1,000	1,000	137	863
Chemical and mechanical	400	400	126	274
Safety supplies	150	150	56	94
Other supplies	100	100	80	20
Total Supplies and Materials	7,150	7,150	1,475	5,675
MAINTENANCE OF BUILDINGS/LAND:				
Streets and alleys	5,000	5,000	4,549	451
Total Maintenance of Buildings/Land	5,000	5,000	4,549	451

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	\$ 6,000	\$ 6,000	\$ 5,223	\$ 777
Vehicle maintenance	2,500	2,500	1,159	1,341
Shop equipment	500	500	299	201
Minor tools and equipment	400	400	35	365
Signal and sign system	6,000	6,000	2,635	3,365
Communication equipment	150	150	-	150
Total Maintenance of Equipment/Machinery	15,550	15,550	9,351	6,199
CONTRACTUAL SERVICES				
Communication services	750	750	513	237
Leases and rentals	1,000	1,000	167	833
Insurance	5,215	5,215	5,089	126
Total Contractual Services	6,965	6,965	5,769	1,196
TOTAL STREET AND GROUNDS MAINTENANCE	152,439	152,439	137,684	14,755
COMMUNICATION CENTER				
CONTRACTUAL SERVICES:				
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	-
POLICE OPERATIONS				
PERSONNEL SERVICES:				
Administration	114,500	114,500	112,991	1,509
Clerical	33,326	33,326	9,874	23,452
Operations and maintenance	463,621	463,621	513,167	(49,546)
Overtime	10,000	10,000	11,681	(1,681)
Special projects	8,300	8,300	-	8,300
Certificate pay	3,900	3,900	2,700	1,200
Merit pay	14,000	14,000	14,343	(343)
Uniforms and clothing	6,000	6,000	6,796	(796)
Workers compensation	13,392	13,392	13,331	61
Unemployment compensation	3,263	3,263	2,795	468
Employee retirement	33,925	33,925	35,256	(1,331)
Employee insurance	116,931	116,931	105,141	11,790
Payroll taxes	49,545	49,545	46,851	2,694
Total Personnel Services	870,703	870,703	874,926	(4,223)

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
SUPPLIES AND MATERIALS:				
Office supplies	\$ 3,000	\$ 3,000	\$ 2,849	\$ 151
Data processing supplies	2,000	2,000	1,127	873
Website & IT	2,600	2,600	2,689	(89)
Laboratory supplies	4,000	4,000	1,737	2,263
Postage and delivery	500	500	310	190
Tires and tubes	5,000	5,000	3,886	1,114
Fuel	40,000	40,000	25,244	14,756
Emergency medical supplies	500	500	-	500
Minor tools and apparatus	300	300	122	178
Janitorial supplies	500	500	19	481
Safety supplies	1,200	1,200	60	1,140
Educational and training	10,000	10,000	4,658	5,342
K-9 misc	5,000	5,000	2,887	2,113
Other supplies	5,000	5,000	4,629	371
Community resource supply	1,200	1,200	84	1,116
Evidence processing	250	250	14	236
Evidence supplies	800	800	309	491
CID supplies	550	550	364	186
Police Explorer Program	800	800	165	635
Total Supplies and Materials	83,200	83,200	51,153	32,047
MAINTENANCE OF BUILDINGS/LAND:				
Buildings and grounds	6,000	6,000	4,022	1,978
Gun Range	8,000	8,000	3,477	4,523
Total Maintenance of Buildings/Land	14,000	14,000	7,499	6,501
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	1,080	1,080	1,128	(48)
HVAC equipment	500	500	932	(432)
Automotive equipment	22,000	22,000	11,670	10,330
Minor tools and equipment	750	750	200	550
Communication equipment	800	800	609	191
Total Maintenance of Equipment/Machinery	25,130	25,130	14,539	10,591
CONTRACTUAL SERVICES:				
Communication services	11,000	11,000	10,683	317
Insurance	25,886	25,886	30,679	(4,793)
Business and travel	3,000	3,000	2,279	721
Legal Fees	500	500	8,164	(7,664)
Contractual/fee services	12,654	12,654	3,699	8,955
Utility services	10,500	10,500	7,102	3,398
Data processing maintenance	1,000	1,000	1,000	-
Memberships and subscriptions	800	800	749	51
Total Contractual Services	65,340	65,340	64,355	985
CAPITAL OUTLAY:				
Other equipment	-	-	17,621	(17,621)
Motor vehicles	-	-	-	-
Total Capital Outlay	-	-	17,621	(17,621)
TOTAL POLICE OPERATIONS	1,058,373	1,058,373	1,030,093	28,280

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
ANIMAL CONTROL				
PERSONNEL SERVICES:				
Operations and maintenance	\$ 44,175	\$ 44,175	\$ 44,452	\$ (277)
Overtime	300	300	758	(458)
Certificate pay	600	600	358	242
Uniforms and clothing	700	700	642	58
Workers compensation	234	234	174	60
Unemployment compensation	225	225	171	54
Employee retirement	2,328	2,328	2,413	(85)
Employee insurance	6,000	6,000	6,878	(878)
Payroll taxes	3,448	3,448	3,462	(14)
Total Personnel Services	58,010	58,010	59,308	(1,298)
SUPPLIES AND MATERIALS:				
Office supplies	200	200	102	98
Laboratory Supplies	-	-	30	(30)
Postage and delivery service	1,000	1,000	1,702	(702)
Tires and tubes	700	700	930	(230)
Fuel	1,500	1,500	873	627
Minor tools and apparatus	500	500	-	500
Educational and training	1,500	1,500	1,324	176
Animal supplies	1,000	1,000	1,019	(19)
Other supplies	500	500	48	452
Total Supplies and Materials	6,900	6,900	6,028	872
MAINTENANCE OF BUILDING:				
Building and grounds	800	800	-	800
Total Maintenance of Equipment/Machinery	800	800	-	800
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	159	159	146	13
Automotive equipment	4,000	4,000	1,176	2,824
Total Maintenance of Equipment/Machinery	4,159	4,159	1,322	2,837
CONTRACTUAL SERVICES:				
Communication services	450	450	397	53
Insurance	248	248	123	125
Business and travel	1,000	1,000	-	1,000
Legal Fees	-	-	1,603	(1,603)
Contractual and fee based services	8,500	8,500	725	7,775
Memberships and subscriptions	500	500	185	315
Total Contractual Services	10,698	10,698	3,033	7,665
TOTAL ANIMAL CONTROL	80,567	80,567	69,691	10,876
FIRE OPERATIONS				
PERSONNEL SERVICES:				
Administration	64,000	64,000	63,754	246
Operations maintenance	359,391	359,391	350,895	8,496
Overtime	-	-	221	(221)
Community service	1,040	1,040	971	69
Code Red	5,000	5,000	7,506	(2,506)
Uniforms and clothing	4,000	4,000	3,870	130
Workers compensation	7,311	7,311	7,063	248
Unemployment compensation	5,625	5,625	4,200	1,425
Employee retirement	3,373	3,373	3,405	(32)
Employee insurance	9,391	9,391	9,589	(198)
Payroll taxes	32,389	32,389	31,880	509
Total Personnel Services	491,520	491,520	483,354	8,166

CITY OF WHITEHOUSE, TEXAS

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

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	
SUPPLIES AND MATERIALS:				
Office supplies	\$ 300	\$ 300	\$ 200	\$ 100
Laboratory services	400	400	420	(20)
Postage & delivery supplies	50	50	128	(78)
Tires & tubes	1,500	1,500	-	1,500
Motor vehicle supplies	6,000	6,000	2,647	3,353
Emergency medical supplies	1,000	1,000	1,220	(220)
Minor tools and apparatus	500	500	751	(251)
Janitorial supplies	1,300	1,300	1,321	(21)
FOAM	800	800	1,032	(232)
Safety supplies	1,000	1,000	1,075	(75)
Educational and training	5,000	5,000	5,686	(686)
Other supplies	1,500	1,500	1,230	270
Total Supplies and Materials	19,350	19,350	15,710	3,640
MAINTENANCE OF BUILDING:				
Building and grounds	5,000	5,000	4,859	141
Total Maintenance of Equipment/Machinery	5,000	5,000	4,859	141
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	2,028	2,028	2,129	(101)
Hvac equipment	-	-	203	(203)
Automotive equipment	8,000	8,000	3,557	4,443
Shop equipment	2,000	2,000	153	1,847
Safety and medical equipment	8,000	8,000	6,738	1,262
Tools	8,000	8,000	8,000	-
Outdoor Warning System	5,000	5,000	3,307	1,693
Communication equipment	1,000	1,000	1,035	(35)
Total Maintenance of Equipment/Machinery	34,028	34,028	25,122	8,906
CONTRACTUAL SERVICES:				
Communication services	6,150	6,150	15,838	(9,688)
Insurance	2,199	2,199	2,073	126
Legal Fees	-	-	53	(53)
Advertising	1,600	1,600	-	1,600
Business and travel	2,500	2,500	2,234	266
Contractual/fee services	-	-	1,529	(1,529)
Utility service	5,500	5,500	5,532	(32)
Memberships and subscriptions	2,000	2,000	2,027	(27)
Miscellaneous expense	1,500	1,500	1,421	79
Total Contractual Services	21,449	21,449	30,707	(9,258)
CAPITAL OUTLAY:				
Buildings	-	-	296	(296)
Total Capital Outlay	-	-	296	(296)
TOTAL FIRE OPERATIONS	571,347	571,347	560,048	11,299
SANITATION				
CONTRACTUAL SERVICES:				
Contractual/fee services	642,555	642,555	642,917	(362)
Sales tax	45,100	45,100	47,401	(2,301)
Total Contractual Services	687,655	687,655	690,318	(2,663)
TOTAL SANITATION	687,655	687,655	690,318	(2,663)
TOTAL EXPENDITURES - BUDGET BASIS	\$ 3,626,670	\$ 3,626,670	3,668,357	\$ (41,687)
Financial Statement Adjustments:				
Increase in accrued expenses			1,052	
TOTAL EXPENDITURES - GAAP BASIS			\$ 3,669,409	

CITY OF WHITEHOUSE, TEXAS

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

SEPTEMBER 30, 2016

	GENERAL OBLIGATION NOTES	2006 SERIES REFUNDING FUND	TOTAL
<u>ASSETS</u>			
Receivables:	\$ 45,816	\$ -	\$ 45,816
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>
	-		
TOTAL ASSETS	\$ <u>392,050</u>	\$ <u>-</u>	\$ <u>392,050</u>
Operations and Maintenance			
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to General Fund	\$ 94,894	\$ -	\$ 94,894
Due to Utility Debt Service Fund	<u>149,031</u>	<u>-</u>	<u>149,031</u>
Total Liabilities	<u>243,925</u>	<u>-</u>	<u>243,925</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	45,817	-	45,817
<u>FUND BALANCE</u>			
Restricted:			
Debt Service	<u>102,308</u>	<u>-</u>	<u>102,308</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ <u>392,050</u>	\$ <u>-</u>	\$ <u>392,050</u>

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>GENERAL OBLIGATION NOTES</u>	<u>2006 SERIES REFUNDING FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Current and delinquent taxes	\$ 1,680,605	\$ 236,488	\$ 1,917,093
Interest income	<u>1,572</u>	<u>-</u>	<u>1,572</u>
 Total Revenues	 <u>1,682,177</u>	 <u>236,488</u>	 <u>1,918,665</u>
 <u>EXPENDITURES</u>			
Debt Service:			
Bond principal	225,000	150,000	375,000
Note principal	201,889	-	201,889
Interest and fees	<u>30,647</u>	<u>86,488</u>	<u>117,135</u>
 Total Expenditures	 <u>457,536</u>	 <u>236,488</u>	 <u>694,024</u>
 Revenues Over (Under) Expenditures	 1,224,641	 -	 1,224,641
 <u>OTHER FINANCING SOURCES (USES)</u>			
Other Expense	(800)	-	(800)
Transfers out	<u>(1,034,835)</u>	<u>-</u>	<u>(1,034,835)</u>
 Total Other Financing Sources (Uses)	 <u>(1,035,635)</u>	 <u>-</u>	 <u>(1,035,635)</u>
 Revenues and Other Sources Over (Under) Expenditures and Other Uses	 189,006	 -	 189,006
 Fund Balance (Deficit), October 1, 2015	 <u>(86,698)</u>	 <u>-</u>	 <u>(86,698)</u>
 FUND BALANCE (DEFICIT), SEPTEMBER 30, 2016	 \$ <u>102,308</u>	 \$ <u>-</u>	 \$ <u>102,308</u>

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
ASSETS			
Current Assets:			
Cash and certificates of deposit	\$ 697,611	\$ 115,545	\$ 813,156
Accounts receivable (Net)	354,068	-	354,068
Total Current Assets	1,051,679	115,545	1,167,224
Restricted Current Assets:			
Temporarily Restricted			
Customer deposits	264,190	-	264,190
Total Restricted Current Assets	264,190	-	264,190
Noncurrent Assets:			
Water rights - Lake Columbia	230,000	-	230,000
Other receivable	56,844	-	56,844
Capital Assets:			
Land	25,000	-	25,000
Easements	7,800	-	7,800
Buildings	331,708	-	331,708
Water and sewer system	25,210,824	-	25,210,824
Machinery & equipment	917,021	-	917,021
Less: Accumulated depreciation	(8,675,355)	-	(8,675,355)
Total Capital Assets (net of accumulated depreciation)	17,816,998	-	17,816,998
Total Noncurrent Assets:	18,103,842	-	18,103,842
Total Assets	19,419,711	115,545	19,535,256
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (net of amortization)	557,471	-	557,471
Deferred charge on TMRS pension	92,510	-	92,510
Total Deferred Outflows of Resources	649,981	-	649,981

(continued)

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 65,389	\$ -	\$ 65,389
Compensated absences	1,631	-	1,631
Due to other funds	41,677	175,615	217,292
Total Current Liabilities	<u>108,697</u>	<u>175,615</u>	<u>284,312</u>
Current liabilities payable from restricted assets:			
Customer deposits	264,190	-	264,190
Accrued interest	-	69,404	69,404
Revenue bonds payable	1,074,690	-	1,074,690
Total current liabilities payable from restricted assets	<u>1,338,880</u>	<u>69,404</u>	<u>1,408,284</u>
Noncurrent Liabilities:			
Revenue bonds payable	13,866,310	-	13,866,310
Compensated absences	14,675	-	14,675
Net pension liability	91,551	-	91,551
Total Noncurrent Liabilities	<u>13,972,536</u>	<u>-</u>	<u>13,972,536</u>
Total Liabilities	<u>15,420,113</u>	<u>245,019</u>	<u>15,665,132</u>
NET POSITION			
Invested in capital assets, net of related debt	2,875,998	-	2,875,998
Unrestricted	1,773,581	(129,474)	1,644,107
Total Net Position	<u>\$ 4,649,579</u>	<u>\$ (129,474)</u>	<u>\$ 4,520,105</u>

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
UTILITY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
OPERATING REVENUES				
Water sales	\$ 2,004,144	\$ -	\$ -	\$ 2,004,144
Sewer charges	735,074	-	-	735,074
Charges for other services	145,409	-	-	145,409
Total Operating Revenues	2,884,627	-	-	2,884,627
OPERATING EXPENSES				
Utility administration	392,391	-	-	392,391
Customer service	295,372	-	-	295,372
Water operations	450,222	-	-	450,222
Sewer operations	373,146	-	-	373,146
Water supply	312,765	-	-	312,765
Depreciation	607,931	-	-	607,931
Total Operating Expenses	2,431,827	-	-	2,431,827
Operating Income (Loss)	452,800	-	-	452,800
NON-OPERATING REVENUES (EXPENSES)				
Interest and fiscal charge expense	-	(571,747)	-	(571,747)
Interest income	1,727	-	-	1,727
Sale of assets	2,425	-	-	2,425
Total Non-Operating Revenue (Expenses)	4,152	(571,747)	-	(567,595)
Income before transfers	456,952	(571,747)	-	(114,795)
Transfers in	909,575	699,090	(342,713)	1,265,952
Transfers out	(737,824)	(225,000)	342,713	(620,111)
Total Transfers	171,751	474,090	-	645,841
Change in Net Position	628,703	(97,657)	-	531,046
Net Position, October 1, 2015	4,020,876	(31,817)	-	3,989,059
Net Position, September 30, 2016	<u>\$ 4,649,579</u>	<u>\$ (129,474)</u>	<u>\$ -</u>	<u>\$ 4,520,105</u>

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
UTILITY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Increase (Decrease) in Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 2,947,928	\$ -	\$ -	\$ 2,947,928
Cash paid to suppliers for goods and services	(1,118,292)	-	-	(1,118,292)
Cash paid to employees for services	(691,122)	-	-	(691,122)
Net cash provided by operating activities	<u>1,138,514</u>	<u>-</u>	<u>-</u>	<u>1,138,514</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advances to other funds	-	-	-	-
Transfers in	909,575	627,500	(342,713)	1,194,362
Transfers out	(666,234)	(225,000)	342,713	(548,521)
Net cash provided by (used in) non-capital financing activities	<u>243,341</u>	<u>402,500</u>	<u>-</u>	<u>645,841</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases or construction of capital assets	(792,958)	-	-	(792,958)
Interest paid	-	(292,404)	-	(292,404)
Bond proceeds	700,000	-	-	700,000
Principal paid on bonds	(912,000)	-	-	(912,000)
Net cash used in capital and related financing activities	<u>(1,004,958)</u>	<u>(292,404)</u>	<u>-</u>	<u>(1,297,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Gain on sale of capital asset	2,425	-	-	2,425
Interest earned on investments	1,727	-	-	1,727
Net cash provided by investing activities	<u>4,152</u>	<u>-</u>	<u>-</u>	<u>4,152</u>
Net increase in cash	381,049	110,096	-	491,145
Cash, beginning of period	580,752	5,449	-	586,201
Cash, end of period	<u>\$ 961,801</u>	<u>\$ 115,545</u>	<u>\$ -</u>	<u>\$ 1,077,346</u>
Reconciliation of cash to Schedule 6:				
Cash - current asset	\$ 697,611	\$ 115,545	\$ -	\$ 813,156
Cash - restricted current asset	264,190	-	-	264,190
Total cash, end of period	<u>\$ 961,801</u>	<u>\$ 115,545</u>	<u>\$ -</u>	<u>\$ 1,077,346</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:				
Operating income	\$ 452,800	\$ -	\$ -	\$ 452,800
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	607,931	-	-	607,931
Decrease in accounts receivable	50,681	-	-	50,681
Decrease in deferred outflows of resources	(64,910)	-	-	(64,910)
Decrease in accounts payable	(7,863)	-	-	(7,863)
Increase in net pension liability	87,255	-	-	87,255
Increase in customer deposits	12,620	-	-	12,620
Total adjustments	<u>685,714</u>	<u>-</u>	<u>-</u>	<u>685,714</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,138,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,514</u>

CITY OF WHITEHOUSE, TEXAS

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Charges for services:				
Water sales	\$ 1,996,669	\$ 1,996,669	\$ 2,004,144	\$ 7,475
Sewer charges	745,293	745,293	735,074	(10,219)
Tap and connect fees	38,138	38,138	27,825	(10,313)
Loan proceeds	700,000	700,000	700,000	-
Sale of assets	-	-	2,425	2,425
Penalties	96,910	96,910	117,584	20,674
Interest and rent	<u>1,000</u>	<u>1,000</u>	<u>1,727</u>	<u>727</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	 <u>\$ 3,578,010</u>	 <u>\$ 3,578,010</u>	 3,588,779	 <u>\$ 10,769</u>
 Financial Statement Adjustments:				
Reclassify loan proceeds as liability			(700,000)	
Debt Service Fund payment of principal and fees on bonds and note			<u>909,575</u>	
 TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			 <u>\$ 3,798,354</u>	

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>UTILITY ADMINISTRATION</u>				
PERSONNEL SERVICES:				
Administration	\$ 150,000	\$ 150,000	\$ 145,707	\$ 4,293
Uniforms and clothing	300	300	257	43
Workers' compensation	1,141	1,141	1,080	61
Unemployment compensation	450	450	171	279
Employee retirement	7,905	7,905	7,742	163
Employee insurance	15,610	15,610	13,743	1,867
Retiree Insurance	6,000	6,000	-	6,000
Payroll taxes	11,475	11,475	10,727	748
Total Personnel Services	192,881	192,881	179,427	13,454
SUPPLIES AND MATERIALS:				
Office supplies	2,000	2,000	1,558	442
Data processing supplies	550	550	-	550
Postage and delivery service	12,000	12,000	11,850	150
Motor vehicle supplies	300	300	-	300
Educational and training	500	500	500	-
Other supplies	500	500	126	374
Total Supplies and Materials	15,850	15,850	14,034	1,816
MAINTENANCE OF BUILDINGS/LAND:				
Buildings and grounds	2,000	2,000	976	1,024
Total Maintenance of Buildings/Land	2,000	2,000	976	1,024
MAINTENANCE - EQUIPMENT/MACHINERY:				
Office equipment	1,431	1,431	1,761	(330)
Automotive equipment	500	500	4,032	(3,532)
HVAC equipment	300	300	203	97
Total Maintenance - Equipment/Machinery	2,231	2,231	5,996	(3,765)
CONTRACTUAL SERVICES:				
Communication services	1,500	1,500	2,078	(578)
Leases and Rentals	987	987	1,234	(247)
Insurance	19,137	19,137	19,012	125
Advertising	250	250	614	(364)
Business and travel	1,000	1,000	-	1,000
Legal fees	2,500	2,500	598	1,902
Contractual and fee basis service	13,364	13,364	29,179	(15,815)
Utility services	20,000	20,000	17,433	2,567
Data processing maintenance	30,000	30,000	35,620	(5,620)
Utility billing - dataprose	7,000	7,000	7,391	(391)
Computer leasing services	14,659	14,659	13,874	785
On-Line / credit card fees	16,500	16,500	22,691	(6,191)
IT support	35,000	35,000	35,408	(408)
Document shredding	450	450	442	8
Memberships and subscriptions	550	550	612	(62)
Total Contractual Services	162,897	162,897	186,186	(23,289)
TOTAL UTILITY ADMINISTRATION	\$ 375,859	\$ 375,859	\$ 386,619	\$ (10,760)
<u>CUSTOMER SERVICE</u>				
PERSONNEL SERVICES:				
Clerical	\$ 76,055	\$ 76,055	\$ 79,477	\$ (3,422)
Operations & Maintenance	68,880	68,880	66,527	2,353
Overtime	2,000	2,000	3,759	(1,759)

CITY OF WHITEHOUSE, TEXAS

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Part-time	23,400	23,400	11,765	11,635
Certificate pay	1,200	1,200	1,166	34
Uniforms and clothing	1,000	1,000	184	816
Worker's compensation	1,256	1,256	1,195	61
Unemployment compensation	1,013	1,013	1,187	(174)
Employee retirement	7,743	7,743	7,990	(247)
Employee insurance	18,065	18,065	25,937	(7,872)
Payroll taxes	13,122	13,122	12,196	926
Total Personnel Services	213,734	213,734	211,383	2,351
SUPPLIES AND MATERIALS				
Laboratory supplies	-	-	130	(130)
Tires & tubes	500	500	40	460
Motor vehicle supplies	2,500	2,500	1,869	631
Minor tools and apparatus	500	500	753	(253)
Other supplies	500	500	210	290
Total Supplies and Materials	4,000	4,000	3,002	998
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	1,500	1,500	-	1,500
Automotive equipment	1,000	1,000	30	970
Communication equipment	150	150	-	150
Total Maintenance - Equipment/Machinery	2,650	2,650	30	2,620
CONTRACTUAL SERVICES				
Communication services	225	225	15	210
Insurance	745	745	620	125
Contractual & fee basis	65,000	65,000	72,430	(7,430)
Memberships and Subscriptions	200	200	219	(19)
Utility services	-	-	-	-
Total Contractual Services	66,170	66,170	73,284	(7,114)
CAPITAL OUTLAY:				
Machinery & equipment	2,268	2,268	2,282	(14)
Motor Vehicles	26,000	26,000	27,180	(1,180)
Total Capital Outlay	28,268	28,268	29,462	(1,194)
TOTAL CUSTOMER SERVICE	\$ 314,822	\$ 314,822	\$ 317,161	\$ (2,339)
WATER OPERATIONS				
PERSONNEL SERVICES:				
Operations and maintenance	\$ 112,996	\$ 112,996	\$ 118,756	\$ (5,760)
Overtime	9,000	9,000	9,419	(419)
Certificate Pay	600	600	300	300
Uniforms and clothing	1,450	1,450	1,559	(109)
Workers' compensation	3,078	3,078	3,017	61
Unemployment compensation	675	675	513	162
Employee retirement	6,429	6,429	6,802	(373)
Employee insurance	21,705	21,705	25,188	(3,483)
Payroll taxes	9,379	9,379	8,674	705
Total Personnel Services	165,312	165,312	174,228	(8,916)
SUPPLIES AND MATERIALS:				
Laboratory supplies	300	300	15	285
Tires and tubes	2,000	2,000	1,180	820

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Motor vehicle supplies	10,000	10,000	8,399	1,601
Water meter supplies	12,000	12,000	9,893	2,107
Minor tools and apparatus	1,500	1,500	1,413	87
Chemical and mechanical supplies	26,000	26,000	24,469	1,531
Safety Supplies	100	100	-	100
Educational and training	1,500	1,500	250	1,250
Other supplies	400	400	1,729	(1,329)
Total Supplies and Materials	53,800	53,800	47,348	6,452
MAINTENANCE - BUILDING/LAND:				
Buildings and grounds	5,000	5,000	5,299	(299)
Chlorination facilities	10,000	10,000	6,964	3,036
Water system	20,000	20,000	16,204	3,796
Meters and settings	5,000	5,000	3,089	1,911
Total Maintenance - Building/Land	40,000	40,000	31,556	8,444
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	16,000	16,000	10,514	5,486
Auto equipment maintenance	2,000	2,000	1,892	108
Safety and medical equipment	250	250	-	250
Total Maintenance - Equipment/Machinery	18,250	18,250	12,406	5,844
CONTRACTUAL SERVICES:				
Communication services	2,600	2,600	4,163	(1,563)
Leases and rentals	1,500	1,500	1,634	(134)
Insurance	2,235	2,235	2,110	125
Business and travel	1,000	1,000	60	940
Contractual and fee basis service	12,000	12,000	9,728	2,272
Utility services	138,000	138,000	153,023	(15,023)
Regulatory inspection fee	7,500	7,500	6,640	860
Total Contractual Services	164,835	164,835	177,358	(12,523)
CAPITAL OUTLAY:				
Motor vehicles	46,000	46,000	45,309	691
Water System Improvements	700,000	700,000	698,723	1,277
Contingency	30,000	30,000	-	30,000
Total Capital Outlay	776,000	776,000	744,032	31,968
TOTAL WATER OPERATIONS	\$ 1,218,197	\$ 1,218,197	\$ 1,186,928	\$ 31,269

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WASTEWATER OPERATIONS				
PERSONNEL SERVICES:				
Operations and maintenance	\$ 73,938	\$ 73,938	\$ 78,952	\$ (5,014)
Overtime	6,500	6,500	6,462	38
Certificate Pay	600	600	-	600
Uniforms and clothing	1,000	1,000	1,027	(27)
Workers' compensation	1,369	1,369	1,308	61
Unemployment compensation	450	450	342	108
Employee retirement	4,239	4,239	4,533	(294)
Employee insurance	11,925	11,925	11,932	(7)
Payroll taxes	6,199	6,199	6,510	(311)
Total Personnel Services	106,220	106,220	111,066	(4,846)
SUPPLIES AND MATERIALS:				
Laboratory supplies	100	100	-	100
Tires and tubes	1,500	1,500	720	780
Motor vehicle supplies	5,000	5,000	3,460	1,540
Minor tools and apparatus	1,000	1,000	302	698
Chemical and mechanical supplies	34,000	34,000	32,455	1,545
Safety supplies	1,000	1,000	337	663
Educational and training	1,000	1,000	970	30
Total Supplies and Materials	43,600	43,600	38,244	5,356
MAINTENANCE - BUILDING/LAND:				
Building and grounds	25,000	25,000	24,957	43
Sanitary sewers	25,000	25,000	19,656	5,344
Lift stations	15,000	15,000	15,695	(695)
Total Maintenance - Building/Land	65,000	65,000	60,308	4,692
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	10,000	10,000	7,540	2,460
Automotive equipment	1,800	1,800	711	1,089
Shop equipment	400	400	23	377
Communication equipment	200	200	-	200
Total Maintenance - Equipment/Machinery	12,400	12,400	8,274	4,126
CONTRACTUAL SERVICES:				
Communication services	1,400	1,400	1,180	220
Leases and rentals	200	200	-	200
Insurance	1,490	1,490	1,365	125
Business and travel	400	400	288	112
Contractual and fee basis service	30,000	30,000	27,013	2,987
Utility services	100,000	100,000	89,792	10,208
Regulatory inspection fee	10,000	10,000	12,613	(2,613)
Total Contractual Services	143,490	143,490	132,251	11,239

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CAPITAL OUTLAY:				
Machinery and Equip	15,000	15,000	14,910	90
Contingency	25,000	25,000	24,258	742
Total Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>39,168</u>	<u>832</u>
TOTAL WASTEWATER OPERATIONS	<u>\$ 410,710</u>	<u>\$ 410,710</u>	<u>\$ 389,311</u>	<u>\$ 21,399</u>
WATER SUPPLY				
CONTRACTUAL SERVICES:				
Contractual and fee basis service	\$ 350,883	\$ 350,883	\$ 324,516	\$ 26,367
Total Contractual Services	<u>350,883</u>	<u>350,883</u>	<u>324,516</u>	<u>26,367</u>
TOTAL WATER SUPPLY	<u>\$ 350,883</u>	<u>\$ 350,883</u>	<u>\$ 324,516</u>	<u>\$ 26,367</u>
UTILITY DEBT SERVICE				
DEBT SERVICE:				
Revenue bonds principal	\$ 225,000	\$ 225,000	\$ 137,500	\$ 87,500
Revenue bonds interest	133,623	133,623	133,623	-
Total Debt Service	<u>358,623</u>	<u>358,623</u>	<u>271,123</u>	<u>87,500</u>
TOTAL UTILITY DEBT SERVICE	<u>\$ 358,623</u>	<u>\$ 358,623</u>	<u>\$ 271,123</u>	<u>\$ 87,500</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 3,029,094</u>	<u>\$ 3,029,094</u>	<u>\$ 2,875,658</u>	<u>\$ 153,436</u>
Financial Statement Adjustments:				
Depreciation			607,931	
Record transfers to other funds			466,701	
GASB 68 adjustment			22,345	
Decrease in accrued expenses			(10,026)	
Reclassify capital expenditures			(792,958)	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			<u>\$ 3,169,651</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, 2016

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Transfers in	\$ 358,623	\$ 363,076	\$ 699,090	\$ 336,014
TOTAL REVENUES - BUDGET BASIS	<u>\$ 358,623</u>	<u>\$ 363,076</u>	699,090	<u>\$ 336,014</u>
TOTAL REVENUES - GAAP BASIS			<u>\$ 699,090</u>	
EXPENSES				
Bond principal:				
2006 Certificates of Obligation	\$ 135,000	\$ 135,000	\$ 135,000	\$ -
2007 Certificates of Obligation	90,000	90,000	90,000	-
Bond interest:				
2006 Certificates of Obligation	74,655	74,655	74,608	47
2007 Certificates of Obligation	58,968	58,968	58,968	-
2007 Refunding	153,544	153,544	153,544	-
2012 Refunding	<u>205,172</u>	<u>205,172</u>	<u>205,172</u>	-
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 717,339</u>	<u>\$ 717,339</u>	717,292	<u>\$ 47</u>
Change in accrued interest on bonds			<u>79,455</u>	
TOTAL EXPENSES - GAAP BASIS			<u>\$ 796,747</u>	

OTHER SCHEDULES

CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
FISCAL YEAR ENDED SEPTEMBER 30, 2016

		<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS & IMPROVEMENTS</u>	<u>PARKS</u>	<u>INFRASTRUCTURE</u>		<u>MACHINERY & EQUIPMENT</u>	
								<u>AUTOS</u>	<u>OTHER EQUIPMENT</u>
Governmental assets - October 1, 2015	\$	15,540,275	\$ 190,184	\$ 2,864,434	\$ 2,336,864	\$ 7,802,412	\$	1,096,417	\$ 1,249,964
RETIREMENTS FROM GOVERNMENTAL FUNDS:									
<u>GENERAL FUND</u>									
Police Vehicles		(19,505)	-	-	-	-		(19,505)	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>		<u> </u>	<u> </u>
GOVERNMENTAL ASSETS - SEPTEMBER 30, 2016	\$	<u>15,520,770</u>	<u>\$ 190,184</u>	<u>\$ 2,864,434</u>	<u>\$ 2,336,864</u>	<u>\$ 7,802,412</u>	\$	<u>1,076,912</u>	<u>\$ 1,249,964</u>

CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	TOTAL	2006 SERIES	2013 SERIES	NOTES PAYABLE	COMPENSATED ABSENCES	NET PENSION LIABILITY
Governmental fund debt, October 1, 2015	\$ 3,785,931	\$ 2,035,000	\$ 1,163,000	\$ 525,162	\$ 49,523	\$ 13,246
<u>ADDITIONS</u>						
Change in net pension liability	201,761	-	-	-	-	201,761
<u>RETIREMENTS</u>						
Bond principal:						
2006 Limited Tax Refunding Bonds	150,000	150,000	-	-	-	-
2013 Series Tax Notes	225,000	-	225,000	-	-	-
Total Bond Retirements	375,000	150,000	225,000	-	-	-
Notes Payable:						
Austin Bank						
2015 Street Maintenance	76,727	-	-	76,727	-	-
2014 Fire Engine	125,162	-	-	125,162	-	-
Total Note Retirements	201,889	-	-	201,889	-	-
Other Items:						
Compensated absences and compensatory time	419	-	-	-	419	-
Total Other Items	419	-	-	-	419	-
GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2016	\$ 3,209,461	\$ 1,885,000	\$ 938,000	\$ 323,273	\$ 49,104	\$ 215,007

CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE

FISCAL YEAR ENDED SEPTEMBER 30, 2016

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS AND NOTES ISSUED	BOND/NOTE PRINCIPAL			BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-17			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS	
					BALANCE 10-1-15	ISSUED CURRENT YEAR	CURRENT YEAR RETIREMENTS	OUTSTANDING 9-30-16	PRINCIPAL	INTEREST		TOTAL
BUSINESS TYPE ACTIVITIES DEBT BONDED DEBT												
2006-Water & Sewer Certificates of Obligation	4/1/06	Payable serially in varying amounts to 2-15-26	4.20%	\$ 2,800,000	\$ 1,845,000	\$ -	\$ 135,000	\$ 1,710,000	\$ 140,000	\$ 68,880	\$ 208,880	\$ 1,885,000
2007 Tax Refunding Bonds	7/15/07	Payable serially in varying amounts to 2-15-27	4.52%	4,359,000	3,553,000	-	312,000	3,241,000	329,000	139,058	468,058	3,430,354
2007-Water & Sewer Certificates of Obligation	5/15/07	Payable serially in varying amounts to 2-15-26	4.32%	2,000,000	1,410,000	-	90,000	1,320,000	95,000	54,972	149,972	1,507,420
2016 Tax Note	10/27/15	Maturing 2-15-2021	2.12%	700,000	-	700,000	-	700,000	130,690	19,260	149,950	599,799
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	8,345,000	-	375,000	7,970,000	380,000	189,007	569,007	8,993,422
Total Business Type Activities Bonded Debt				19,589,000	15,153,000	700,000	912,000	14,941,000	1,074,690	471,177	1,545,867	16,415,995
GOVERNMENTAL FUND DEBT: BONDED DEBT												
2006 Limited Tax Refunding Bonds	10/15/06	Payable serially in varying amounts to 2-15-26	4.80%	3,140,000	2,035,000	-	150,000	1,885,000	155,000	80,113	235,113	2,118,025
2013 Tax Note	06/20/13	Payable serially in varying amounts to 2-15-26	1.60%	1,800,000	1,163,000	-	225,000	938,000	229,000	13,176	242,176	726,128
Total Governmental Fund Bonded Debt				4,940,000	3,198,000	-	375,000	2,823,000	384,000	93,289	477,289	2,844,153
Total Bonded Indebtedness				\$ 24,529,000	\$ 18,351,000	\$ 700,000	\$ 1,287,000	\$ 17,764,000	\$ 1,458,690	\$ 564,466	\$ 2,023,156	\$ 19,260,148
GOVERNMENTAL FUND: NOTES PAYABLE												
Note Payable - Austin Bank		Maturing 03-05-2019	2.20%	\$ 400,010	\$ 125,162	\$ -	\$ 125,162	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable - Austin Bank		Maturing 02-15-2020	2.20%	400,000	400,000	-	76,727	323,273	78,149	7,231	85,380	256,140
Total Governmental Fund Notes Payable				\$ 800,010	\$ 525,162	\$ -	\$ 201,889	\$ 323,273	\$ 78,149	\$ 7,231	\$ 85,380	\$ 256,140

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, 2016, 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 February 3, 2017.

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
February 3, 2017