

CITY OF WHITEHOUSE, TEXAS

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

FISCAL YEAR ENDED SEPTEMBER 30, 2017

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, 2017, 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, 2017 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 January 29, 2018 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
January 29, 2018

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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, 2017.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$13,433,105 (net position). Of this amount \$1,997,648 (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 \$609,856.
- The total net position of \$13,433,105 is made up of \$10,805,751 in capital assets net of related debt and \$2,627,354 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, 2017 the City's assets exceeded liabilities by \$13,433,105.

By far the largest portion of the City's net position, \$10,805,751, 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 \$1,060,726 during the current year primarily due to street improvements 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, \$1,997,648, decreased by \$12,458 during the year.

City of Whitehouse's Net position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,478,489	\$ 968,665	\$ 1,647,111	\$ 1,500,966	\$ 3,125,600	\$ 2,469,631
Capital assets	10,139,886	10,015,300	17,286,529	17,816,998	27,426,415	27,832,298
Total Assets	11,618,375	10,983,965	18,933,640	19,317,964	30,552,015	30,301,929
Deferred outflows of resources	185,837	235,177	559,369	649,981	745,206	885,158
Total Deferred Outflows of Resources	185,837	235,177	559,369	649,981	745,206	885,158
Current liabilities	616,356	593,743	1,481,382	1,475,304	2,097,738	2,069,047
Non current liabilities	2,731,878	2,943,325	12,945,076	13,972,536	15,676,954	16,915,861
Total Liabilities	3,348,234	3,537,068	14,426,458	15,447,840	17,774,692	18,984,908
Deferred outflows of resources	62,943	-	26,481	-	89,424	-
Total Deferred Outflows of Resources	62,943	-	26,481	-	89,424	-
Net invested in capital assets	7,385,532	6,869,027	3,420,219	2,875,998	10,805,751	9,745,025
Restricted	629,706	447,048	-	-	629,706	447,048
Unrestricted	377,797	365,999	1,619,851	1,644,107	1,997,648	2,010,106
Total Net Position	\$ 8,393,035	\$ 7,682,074	\$ 5,040,070	\$ 4,520,105	\$ 13,433,105	\$ 12,202,179

Governmental activities. During the current year the governmental activities had an increase in net position of \$710,961 which represented a \$228,277 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 \$519,965 increase in net position for its business-type activities during the year. This is down by \$11,081 from the previous year. The decrease is primarily due to the slight drop off in water and sewer sales in the current year.

City of Whitehouse's Changes in Net position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Charges for services	\$ 2,090,625	\$ 1,644,255	\$ 2,848,004	\$ 2,884,627	\$ 4,938,629	\$ 4,528,882
General revenue:						
Property taxes	2,612,725	2,601,730	-	-	2,612,725	2,601,730
Franchise taxes	294,005	291,033	-	-	294,005	291,033
Sales taxes	852,960	850,713	-	-	852,960	850,713
Gain (loss) on sale of assets	-	20,040	-	1,727	-	21,767
Interest income	24,992	23,995	6,160	2,425	31,152	26,420
Total revenues	5,875,307	5,431,766	2,854,164	2,888,779	8,729,471	8,320,545
Expenses:						
General government	1,153,944	622,483	-	-	1,153,944	622,483
Public safety	2,243,466	2,120,779	-	-	2,243,466	2,120,779
Community development	566,425	1,090,339	-	-	566,425	1,090,339
Parks and recreation	425,421	356,656	-	-	425,421	356,656
Interest	101,330	112,984	528,601	571,747	629,931	684,731
Water and sewer operations	-	-	2,479,358	2,431,827	2,479,358	2,431,827
Total expenses	4,490,586	4,303,241	3,007,959	3,003,574	7,498,545	7,306,815
Transfers	(673,760)	(645,841)	673,760	645,841	-	-
Change in net position	710,961	482,684	519,965	531,046	1,230,926	1,013,730
Net position beginning of year	7,682,074	7,199,390	4,520,105	3,989,059	12,202,179	11,188,449
Net position end of year	\$ 8,393,035	\$ 7,682,074	\$ 5,040,070	\$ 4,520,105	\$ 13,433,105	\$ 12,202,179

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 \$609,856. The total unrestricted fund balance for the governmental funds increased by \$243,857 during the year, which was primarily due to controlling expenditures in the current year and a significant increase in building permits due to new construction by the Whitehouse ISD.

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 \$1,619,851 at year end as compared to \$1,644,107 at the end of the prior year.

General Fund Budgetary Highlights

Over the year, the City of Whitehouse did not make any budget amendments to its original budget for its General Fund. Revenues were \$383,503 over budget while expenditures were under budget by \$61,559. After considering operating transfers and loan proceeds, the City had a favorable variance of \$434,254 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, 2017, amounts to \$10,805,751 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 commitment for street and drainage improvements. The total net decrease in the City's investment in fixed assets for the current year (see Note 4C) amounted to \$405,883.

City of Whitehouse's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 190,184	\$ 190,184	\$ 25,000	\$ 25,000	\$ 215,184	\$ 215,184
Easements	-	-	7,800	7,800	7,800	7,800
Construction in progress	45,000	-	-	-	45,000	-
Buildings and improvements	1,891,184	1,973,387	81,928	85,279	1,973,112	2,058,666
Parks	2,249,162	2,218,525	-	-	2,249,162	2,218,525
Water and sewer system	-	-	17,010,603	17,510,795	17,010,603	17,510,795
Infrastructure	5,216,924	5,025,051	-	-	5,216,924	5,025,051
Machinery and equipment	547,432	608,153	161,198	188,124	708,630	796,277
Total	\$ 10,139,886	\$ 10,015,300	\$ 17,286,529	\$ 17,816,998	\$ 27,426,415	\$ 27,832,298

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 two new notes totaling \$75,460. The proceeds of the debt were used for street maintenance and to purchase a fire truck compressor. After principal payments of \$1,542,746 were made against debt during the year, the City had total debt outstanding of \$17,303,105 at the end of the fiscal year.

City of Whitehouse's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 2,439,000	\$ 2,823,000	\$ -	\$ -	\$ 2,439,000	\$ 2,823,000
Notes Payable	315,354	323,273	-	-	315,354	323,273
Compensated absences	52,265	49,104	15,629	16,305	67,894	65,409
Net Pension Liability	432,967	215,007	181,580	91,552	614,547	306,559
Revenue bonds and Certificates of obligation	-	-	13,866,310	14,941,000	13,866,310	14,941,000
Total	\$ 3,239,586	\$ 3,410,384	\$ 14,063,519	\$ 15,048,857	\$ 17,303,105	\$ 18,459,241

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 \$ 0.675207 per \$100.00 property valuation for the 2017/2018 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

EXHIBIT 1

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 600,719	\$ 1,132,210	\$ 1,732,929
Receivables (net of allowance for doubtful accounts)	422,189	448,397	870,586
Internal balances	446,281	(446,281)	-
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	9,300	282,785	292,085
Water rights - Lake Columbia	-	230,000	230,000
Capital Assets (net of accumulated depreciation):			
Land	190,184	25,000	215,184
Construction in process	45,000	-	45,000
Easements	-	7,800	7,800
Buildings and improvements	1,891,184	81,928	1,973,112
Parks	2,249,162	-	2,249,162
Infrastructure	5,216,924	-	5,216,924
Machinery and equipment	547,432	161,198	708,630
Water and sewer system	-	17,010,603	17,010,603
Total Assets	<u>11,618,375</u>	<u>18,933,640</u>	<u>30,552,015</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (net of amortization)	-	489,285	489,285
Deferred charge on TMRS pension	185,837	70,084	255,921
Total Deferred Outflows of Resources	<u>185,837</u>	<u>559,369</u>	<u>745,206</u>
LIABILITIES			
Accounts payable	94,463	21,606	116,069
Deposits and other refundable balances	-	282,785	282,785
Accrued interest	14,185	58,548	72,733
Non-current liabilities:			
Due within one year	507,708	1,118,443	1,626,151
Due in more than one year	2,731,878	12,945,076	15,676,954
Total Liabilities	<u>3,348,234</u>	<u>14,426,458</u>	<u>17,774,692</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on TMRS pension	62,943	26,481	89,424
Total Deferred Inflows of Resources	<u>62,943</u>	<u>26,481</u>	<u>89,424</u>
NET POSITION			
Investment in capital assets, net of related debt	7,385,532	3,420,219	10,805,751
Restricted for:			
Police forfeitures	9,300	-	9,300
PEG Channel	108,090	-	108,090
Debt service	331,141	-	331,141
Construction	181,175	-	181,175
Unrestricted	377,797	1,619,851	1,997,648
Total Net Position	<u>\$ 8,393,035</u>	<u>\$ 5,040,070</u>	<u>\$ 13,433,105</u>

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

**CITY OF WHITEHOUSE, TEXAS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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	\$ 1,153,944	\$ 847,326	\$ -	\$ (306,618)	\$ -	\$ (306,618)
Public safety	2,243,466	270,973	-	(1,972,493)	-	(1,972,493)
Community development	566,425	802,458	-	236,033	-	236,033
Parks and recreation	425,421	169,868	-	(255,553)	-	(255,553)
Interest	101,330	-	-	(101,330)	-	(101,330)
Total governmental activities	4,490,586	2,090,625	-	(2,399,961)	-	(2,399,961)
Business-type activities:						
Water and sewer	2,479,358	2,848,004	-	-	368,646	368,646
Interest	528,601	-	-	-	(528,601)	(528,601)
Total business-type activities	3,007,959	2,848,004	-	-	(159,955)	(159,955)
Total primary government	\$ 7,498,545	\$ 4,938,629	\$ -	(2,399,961)	(159,955)	(2,559,916)
General revenues:						
Property taxes				2,612,725	-	2,612,725
Franchise taxes				294,005	-	294,005
Sales and use taxes				852,960	-	852,960
Gain on sale of assets				-	-	-
Miscellaneous income				-	6,160	6,160
Interest and rent				24,992	-	24,992
Transfers				(673,760)	673,760	-
Total general revenues and transfers				3,110,922	679,920	3,790,842
Change in net position				710,961	519,965	1,230,926
Net position - beginning of year				7,682,074	4,520,105	12,202,179
Net position - end of year				\$ 8,393,035	\$ 5,040,070	\$ 13,433,105

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

CITY OF WHITEHOUSE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	\$ 296,349	\$ -	\$ 304,370	\$ -	\$ 600,719
Receivables:					
Property taxes	23,840	48,734	-	-	72,574
Sales taxes	132,308	-	-	-	132,308
Charges for services (net)	251,038	-	-	-	251,038
Restricted Assets:					
Temporarily restricted					
Cash and cash equivalents	-	-	9,300	-	9,300
Due from other funds	130,244	506,572	-	-	636,816
Total Assets	<u>833,779</u>	<u>555,306</u>	<u>313,670</u>	<u>-</u>	<u>1,702,755</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued expenses	94,461	-	-	-	94,461
Due to other funds	-	175,432	15,105	-	190,537
Total Liabilities	<u>94,461</u>	<u>175,432</u>	<u>15,105</u>	<u>-</u>	<u>284,998</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	23,840	48,734	-	-	72,574
Unavailable revenue - fines	105,622	-	-	-	105,622
Total Deferred Inflows of Resources	<u>129,462</u>	<u>48,734</u>	<u>-</u>	<u>-</u>	<u>178,196</u>
Fund Balances:					
Restricted:					
Police forfeitures	-	-	9,300	-	9,300
PEG channel	-	-	108,090	-	108,090
Debt Service	-	331,140	-	-	331,140
Total Restricted	<u>-</u>	<u>331,140</u>	<u>117,390</u>	<u>-</u>	<u>448,530</u>
Assigned:					
Capital Projects	-	-	181,175	-	181,175
Unassigned	609,856	-	-	-	609,856
Total Fund Balances	<u>609,856</u>	<u>331,140</u>	<u>298,565</u>	<u>-</u>	<u>1,239,561</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 833,779</u>	<u>\$ 555,306</u>	<u>\$ 313,670</u>	<u>\$ -</u>	

CITY OF WHITEHOUSE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

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)	\$ 1,239,561
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	10,139,886
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	144,465
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	185,837
Deferred inflows represent the consumption of net position that are applicable to a future reporting period.	(62,943)
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	(14,185)
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>(3,239,586)</u>
Net position of governmental activities	<u>\$ 8,393,035</u>

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	MAJOR FUNDS		OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE			
REVENUES					
Current and delinquent taxes	\$ 855,664	\$ 1,749,792	\$ -	\$ -	\$ 2,605,456
Fines and forfeitures	197,035	-	-	-	197,035
Licenses and permits	190,337	-	-	-	190,337
Franchise taxes	276,678	-	17,327	-	294,005
Sales taxes - regular	530,363	-	-	-	530,363
Sales taxes - additional 1/2 cent	265,181	-	-	-	265,181
Sales tax fees	57,416	-	-	-	57,416
Donations	1,351	-	-	-	1,351
Solid waste collections	824,966	-	-	-	824,966
Zoning and platting fees	2,700	-	-	-	2,700
Splash Pad	37,985	-	-	-	37,985
Sports Complex	131,883	-	-	-	131,883
Intergovernmental revenue	75,864	-	-	-	75,864
Street maintenance fee	-	-	325,305	-	325,305
Interest and rent	22,465	1,600	927	-	24,992
Miscellaneous income	248,239	-	80,745	-	328,984
Operations and Maintenance					
Total Revenues	<u>3,718,127</u>	<u>1,751,392</u>	<u>424,304</u>	<u>-</u>	<u>5,893,823</u>
EXPENDITURES					
Legislative	4,116	-	-	-	4,116
General administration	374,803	-	5,858	-	380,661
Treasury and financial	61,854	-	-	-	61,854
Tax appraisal and collections	46,372	-	-	-	46,372
Municipal court	314,281	-	-	-	314,281
Parks/recreation	32,987	-	-	-	32,987
Sports complex	281,735	-	-	-	281,735
Community development	154,534	-	-	-	154,534
Street and ground maintenance	136,797	-	49,900	-	186,697
Police	1,052,219	-	-	-	1,052,219
Fire	550,731	-	-	-	550,731
Sanitation	570,091	-	-	-	570,091
Debt service:					
Bond principal	-	384,000	-	-	384,000
Note principal	-	83,379	-	-	83,379
Interest and fees	-	103,451	-	-	103,451
Capital outlay	164,821	-	379,340	-	544,161
Total Expenditures	<u>3,745,341</u>	<u>570,830</u>	<u>435,098</u>	<u>-</u>	<u>4,751,269</u>
Revenues Over (Under) Expenditures	<u>\$ (27,214)</u>	<u>\$ 1,180,562</u>	<u>\$ (10,794)</u>	<u>\$ -</u>	<u>\$ 1,142,554</u>

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	MAJOR FUNDS			ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS		
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 363,350	\$ 235,321	\$ -	\$ (85,380)	\$ 513,291
Transfers out	-	(1,187,051)	(85,380)	85,380	(1,187,051)
Loan proceeds	25,460	-	50,000	-	75,460
Total Other Financing Sources (Uses)	388,810	(951,730)	(35,380)	-	(598,300)
Net Change in Fund Balances	361,596	228,832	(46,174)	-	544,254
Fund Balance, October 1, 2016	248,260	102,308	344,739	-	695,307
Fund Balance, September 30, 2017	\$ 609,856	\$ 331,140	\$ 298,565	\$ -	\$ 1,239,561

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, 2017

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

Net change in fund balances - total governmental funds	\$	544,254
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.		124,586
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.		(18,516)
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.		390,879
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>(330,242)</u>
Change in net position of governmental activities	\$	<u>710,961</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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent taxes	\$ 744,050	\$ 744,050	\$ 855,664	\$ 111,614
Fines and forfeitures	267,915	267,915	197,035	(70,880)
Licenses and permits	10,500	10,500	190,337	179,837
Franchise taxes	280,000	280,000	276,678	(3,322)
Sales taxes - regular	500,000	500,000	530,363	30,363
Sales taxes - additional 1/2 cent	250,000	250,000	265,181	15,181
Sales tax fees	55,000	55,000	57,416	2,416
Solid waste collections	810,000	810,000	811,946	1,946
Zoning and platting fees	250	250	2,700	2,450
Splash Park	43,275	43,275	37,985	(5,290)
Sports Complex	115,000	115,000	131,883	16,883
Intergovernmental revenue	69,500	69,500	75,864	6,364
Interest and rent	20,000	20,000	22,465	2,465
Miscellaneous income	156,114	156,114	249,590	93,476
Total Revenues	3,321,604	3,321,604	3,705,107	383,503
EXPENDITURES				
Legislative	7,500	7,500	4,116	3,384
General administration	350,996	350,996	386,695	(35,699)
Treasury and financial	87,826	87,826	54,154	33,672
Tax appraisal and collections	45,289	45,289	46,372	(1,083)
Municipal court	238,222	238,222	328,504	(90,282)
Parks/recreation	39,075	39,075	33,382	5,693
Sports Complex	385,647	385,647	376,096	9,551
Community development	93,700	93,700	154,534	(60,834)
Street and ground maintenance	144,562	144,562	136,797	7,765
Police	1,210,494	1,210,494	1,043,060	167,434
Fire	588,494	588,494	577,107	11,387
Sanitation	631,000	631,000	620,429	10,571
Total Expenditures	3,822,805	3,822,805	3,761,246	61,559
Revenues Over (Under) Expenditures	(501,201)	(501,201)	(56,139)	445,062
OTHER FINANCING SOURCES (USES)				
Transfers in	371,168	371,168	363,350	(7,818)
Loan proceeds	25,450	25,450	25,460	10
Sale of assets	3,000	3,000	-	(3,000)
Total Other Financing Sources (Uses)	399,618	399,618	388,810	(10,808)
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses - Budget Basis	(101,583)	(101,583)	332,671	434,254
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	28,925	28,925
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses - GAAP Basis	\$ (101,583)	\$ (101,583)	\$ 361,596	\$ 463,179

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, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
Fund Balance, October 1, 2016	<u>\$ 101,583</u>	<u>\$ 101,583</u>	<u>\$ 248,260</u>	<u>\$ 146,677</u>
Fund Balance, September 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,856</u>	<u>\$ 609,856</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 sanitation revenues earned in the current year but received in the following year	13,020
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Increase in accrued expenses for services rendered or goods provided during the current year but paid for in the following year	<u>15,905</u>
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Net Change in Budget Basis Presentation and GAAP Basis Presentation	<u>\$ 28,925</u>
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CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	UTILITY FUND
Current Assets:	
Cash and certificates of deposit	\$ 1,132,210
Accounts receivable (Net)	<u>448,397</u>
Total Current Assets	<u>1,580,607</u>
Restricted Current Assets:	
Temporarily Restricted	
Customer deposits	<u>282,785</u>
Total Restricted Current Assets	<u>282,785</u>
Noncurrent Assets:	
Water rights - Lake Columbia	230,000
Capital Assets:	
Land	25,000
Easements	7,800
Buildings	337,408
Water and sewer system	25,284,149
Machinery & equipment	924,463
Less: Accumulated depreciation	<u>(9,292,291)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>17,286,529</u>
Total Noncurrent Assets:	<u>17,516,529</u>
Total Assets	<u>19,379,921</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding (net of amortization)	489,285
Deferred charge on TMRS pension	<u>70,084</u>
Total Deferred Outflows of Resources	<u>559,369</u>
	(continued)

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 21,606
Compensated absences	1,563
Due to other funds	446,281
Total Current Liabilities	<u>469,450</u>
Current liabilities payable from restricted assets:	
Customer deposits	282,785
Accrued interest	58,548
Revenue bonds payable	1,116,880
Total current liabilities payable from restricted assets	<u>1,458,213</u>
Noncurrent Liabilities:	
Revenue bonds payable	12,749,430
Compensated absences	14,066
Net pension liability	181,580
Total Noncurrent Liabilities	<u>12,945,076</u>
Total Liabilities	<u>14,872,739</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on TMRS pension	26,481
Total Deferred Inflows of Resources	<u>26,481</u>
NET POSITION	
Invested in capital assets, net of related debt	3,420,219
Unrestricted	1,619,851
Total Net Position	<u>\$ 5,040,070</u>

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>UTILITY FUND</u>
OPERATING REVENUES	
Water sales	\$ 1,938,386
Sewer charges	729,872
Charges for other services	<u>179,746</u>
Total Operating Revenues	<u>2,848,004</u>
OPERATING EXPENSES	
Utility administration	464,084
Customer service	142,914
Water operations	469,999
Sewer operations	454,478
Water supply	330,947
Depreciation	<u>616,936</u>
Total Operating Expenses	<u>2,479,358</u>
Operating Income (Loss)	<u>368,646</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charge expense	(528,601)
Other income	6,160
Interest income	<u>-</u>
Total non-operating revenue (expenses)	<u>(522,441)</u>
Income before transfers	(153,795)
Transfers in	1,187,051
Transfers out	<u>(513,291)</u>
Total Transfers	<u>673,760</u>
Change in Net Position	519,965
Net Position, October 1, 2016	<u>4,520,105</u>
Net Position, September 30, 2017	<u>\$ 5,040,070</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, 2017

	UTILITY FUND
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 2,829,114
Cash paid to suppliers for goods and services	(1,145,091)
Cash paid to employees for services	(622,855)
Net cash provided by operating activities	<u>1,061,168</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Advances to other funds	(1,993)
Transfers in	1,118,865
Transfers out	(445,105)
Net cash provided by non-capital financing activities	<u>669,774</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases or construction of capital assets	(86,467)
Interest paid	(240,289)
Principal paid on bonds	(1,074,690)
Net cash used in capital and related financing activities	<u>(1,401,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned on investments	<u>6,160</u>
Net cash provided by investing activities	<u>6,160</u>
Net increase in cash	337,649
Cash, beginning of period	<u>1,077,346</u>
Cash, end of period	<u>\$ 1,414,995</u>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 1,132,210
Cash - restricted current asset	282,785
Total cash, end of period	<u>\$ 1,414,995</u>

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>UTILITY FUND</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:	
Operating income	\$ 368,646
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	616,936
Decrease in deferred outflows of resources	22,426
Decrease in accounts payable	(43,783)
Increase in accounts receivable	(37,485)
Increase in net pension liability	90,029
Increase in deferred inflows of resources	26,481
Decrease in compensated absences	(677)
Increase in customer deposits	<u>18,595</u>
Total adjustments	<u>692,522</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,061,168</u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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, 2017

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 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, 2017**

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, 2017

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, 2016. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2016 and September 30, 2017.

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, 2017

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. Tax Abatements – During the current year, the City adopted GASB Statement No. 77, Tax Abatement Disclosures. The City has evaluated the total tax abatements issued for the year and has determined that the amount is not material to the financial statements.
14. 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.
15. Pension Cost – The City reports its pension obligation under GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*". The effect of this 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.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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 \$10,139,886 difference are as follows:

Capital assets, October 1, 2016, net of accumulated depreciation	\$	10,015,300
Capital asset additions, net of retirements		544,161
Depreciation of capital assets, net of retirements		<u>(419,575)</u>
	\$	<u><u>10,139,886</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 \$144,465 difference are as follows:

Allowance account for uncollectible property taxes	\$	(33,731)
Unavailable revenue - property taxes		72,574
Unavailable revenue - fines		<u>105,622</u>
	\$	<u><u>144,465</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 \$(3,239,586) difference are as follows:

Long-term liabilities, October 1, 2016	\$	(3,410,384)
Debt proceeds		(75,460)
Principal paid on debt in current year		467,379
Increase in net pension liability		(217,960)
Change in compensated absences		<u>(3,161)</u>
	\$	<u><u>(3,239,586)</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 \$124,586 was related to fixed asset additions exceeding current year depreciation expense as follows:

Capital outlay, asset additions	\$	544,161
Depreciation expense		<u>(419,575)</u>
	\$	<u><u>124,586</u></u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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 \$390,879 difference are as follows:

Principal payments on debt	\$	467,379
Change in accrued interest		2,121
Debt incurred during current year		(75,460)
Change in compensated absences		(3,161)
	\$	390,879

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, 2017 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:		
Primary Government		
Cash and cash equivalents	\$	1,184,699
Restricted cash and cash equivalents		840,315
Total Cash and cash equivalents		2,025,014
Cash on hand	\$	1,300
Savings and checking accounts		1,166,091
External investment pools		562,574
Total Cash and Investments	\$	1,729,965

Public Funds Investment Pools – Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (“the Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

A. Deposits and Investments – Continued

to: (1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares. The City’s investments in Pools are reported at an amount determined by fair value per share of the Pool’s underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

At year-end, the City’s investment balances were as follows:

<u>External Investment Pool</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Logic	\$ 309,048	0.16	AAAm
Texpool	22	0.13	AAAm
MBIA	<u>253,504</u>	0.15	AAAm
	<u>\$ 562,574</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, 2017, the carrying value of the City’s bank deposits was \$ 1,729,965 while the bank balance was \$2,005,654. 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	\$ 23,840	\$ 48,734	\$ -	\$ -	\$ 72,574
Assessments	-	-	-	51,330	51,330
Sales Tax	132,308	-	-	-	132,308
Accounts (services)	<u>409,470</u>	<u>-</u>	<u>-</u>	<u>397,067</u>	<u>806,537</u>
Gross receivables	565,618	48,734	-	448,397	1,062,749
Less: Allowance for Uncollectibles	<u>(192,163)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(192,163)</u>
Net Receivables	<u>\$ 373,455</u>	<u>\$ 48,734</u>	<u>\$ -</u>	<u>\$ 448,397</u>	<u>\$ 870,586</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

C. Capital Assets

Capital asset activity for the year ended September 30, 2017 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
Construction in Process	-	45,000	-	45,000
Total Capital Assets, Not Being Depreciated	<u>190,184</u>	<u>45,000</u>	<u>-</u>	<u>235,184</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	2,853,633	-	-	2,853,633
Parks	2,336,864	94,361	-	2,431,225
Infrastructure	7,813,213	379,340	-	8,192,553
Machinery and Equipment	<u>2,326,876</u>	<u>25,460</u>	<u>-</u>	<u>2,352,336</u>
Total Capital Assets, Being Depreciated	<u>15,330,586</u>	<u>499,161</u>	<u>-</u>	<u>15,829,747</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(891,047)	(71,402)	-	(962,449)
Parks	(118,339)	(63,724)	-	(182,063)
Infrastructure	(2,777,361)	(198,268)	-	(2,975,629)
Machinery and Equipment	<u>(1,718,723)</u>	<u>(86,181)</u>	<u>-</u>	<u>(1,804,904)</u>
Total Accumulated Depreciation	<u>(5,505,470)</u>	<u>(419,575)</u>	<u>-</u>	<u>(5,925,045)</u>
Net Total Assets Being Depreciated	<u>9,825,116</u>	<u>79,586</u>	<u>-</u>	<u>9,904,702</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,015,300</u>	<u>\$ 124,586</u>	<u>\$ -</u>	<u>\$ 10,139,886</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Easements	<u>7,800</u>	<u>-</u>	<u>-</u>	<u>7,800</u>
Total Capital Assets, Not Being Depreciated	32,800	-	-	32,800
Capital Assets, Being Depreciated				
Water and Sewer System	25,210,824	73,325	-	25,284,149
Buildings	331,708	5,700	-	337,408
Machinery and Equipment	<u>917,021</u>	<u>7,442</u>	<u>-</u>	<u>924,463</u>
Total Capital Assets, Being Depreciated	<u>26,459,553</u>	<u>86,467</u>	<u>-</u>	<u>26,546,020</u>
Less Accumulated Depreciation For:				
Water and Sewer System	(7,700,029)	(573,517)	-	(8,273,546)
Buildings	(246,429)	(9,051)	-	(255,480)
Machinery and Equipment	<u>(728,897)</u>	<u>(34,368)</u>	<u>-</u>	<u>(763,265)</u>
Total Accumulated Depreciation	<u>(8,675,355)</u>	<u>(616,936)</u>	<u>-</u>	<u>(9,292,291)</u>
Net Total Assets Being Depreciated	<u>17,784,198</u>	<u>(530,469)</u>	<u>-</u>	<u>17,253,729</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,816,998</u>	<u>\$ (530,469)</u>	<u>\$ -</u>	<u>\$ 17,286,529</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

C. Capital Assets - Continued

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

Governmental Activities:	
General Government	\$ 43,540
Public Safety	101,117
Community Development	198,568
Parks and Recreation	76,349
Total depreciation expense, governmental activities	<u>\$ 419,575</u>
 Business-Type Activities:	
Water and Sewer Operations	<u>\$ 616,936</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utility Operating fund	\$ 992
General Fund	Utility Debt Service Fund	19,253
General Fund	General Debt Service Fund	94,894
General Fund	Street Maintenance Fund	15,105
Debt Service Fund	Utility Operating fund	38,692
Debt Service Fund	Utility Debt Service Fund	277,345
		<u>\$ 446,281</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, 2017, is as follows:

	<u>Transfers In</u>			
	<u>Utility Debt Service Fund</u>	<u>Debt Fund</u>	<u>General Fund</u>	<u>Total</u>
<u>Transfers Out:</u>				
Utility Operating Fund	\$ -	\$ 149,941	\$ 363,350	\$ 513,291
Street Maintenance Fund	-	85,380	-	85,380
Debt Service Fund	<u>75,089</u>	<u>-</u>	<u>-</u>	<u>75,089</u>
Total transfers out /in	<u>\$ 75,089</u>	<u>\$ 235,321</u>	<u>\$ 363,350</u>	<u>\$ 673,760</u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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, 2017:

	GENERAL OBLIGATION	REVENUE	TOTAL
Bonds payable - October 1, 2016	\$ 2,823,000	\$ 14,941,000	\$ 17,764,000
Additions	-	-	-
Retirements	(384,000)	(1,074,690)	(1,458,690)
Bonds payable - September 30, 2017	\$ 2,439,000	\$ 13,866,310	\$ 16,305,310

Outstanding bonds at September 30, 2017 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% \$ 1,730,000

\$1,800,000 series 2013 Tax Note; maturing serially in varying amounts through 9-30-2020 at 1.60% 709,000

Total Governmental Bonded Debt \$ 2,439,000

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%. \$ 1,570,000

\$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52% 2,912,000

\$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% 1,225,000

\$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%. 7,590,000

\$700,000 series 2016 Tax Note; maturing serially in varying amounts through 2-15-2021 at 2.12% 569,310

Total Business-Type Bonded Debt \$ 13,866,310

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

E. Long-term debt - Continued

The funding requirements to amortize all bonds outstanding as of September 30, 2017, including interest, are as follows:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
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	190,000	44,200	1,118,000	276,053	1,628,253
2023-2027	850,000	92,012	6,464,000	742,240	8,148,252
2028	-	-	1,610,000	22,137	1,632,137
	<u>\$ 2,439,000</u>	<u>\$ 405,153</u>	<u>\$ 13,866,310</u>	<u>\$ 2,549,684</u>	<u>\$ 19,260,147</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, 2017 be disclosed.

Limit of Liability

<u>INSURER</u>	<u>POLICY</u>	<u>Each Occurrence</u>	<u>Annual</u>		<u>COVERAGE DATE</u>
			<u>Aggregate</u>	<u>Deductible</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		10/1/2016 to 10/1/2017
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, 2017

E. Long-term debt - Continued

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2017 was as follows:

	Beginning Balance 10/1/16	Additions	Reductions	Ending Balance 9/30/17	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 2,823,000	\$ -	\$ 384,000	\$ 2,439,000	\$ 393,000
Notes Payable	323,273	75,460	83,379	315,354	109,481
Net Pension Liability	215,007	217,960	-	432,967	-
Compensated Absences	49,104	3,161	-	52,265	5,227
Governmental Activity Long-Term Liabilities	3,410,384	296,581	467,379	3,239,586	507,708
Business-type Activities:					
Revenue Bonds	14,941,000	-	1,074,690	13,866,310	1,116,880
Net Pension Liability	91,552	90,028	-	181,580	-
Compensated Absences	16,305	-	676	15,629	1,563
Business-type Activity Long-Term Liabilities	\$ 15,048,857	\$ 90,028	\$ 1,075,366	\$ 14,063,519	\$ 1,118,443

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, 2017, \$2,439,000 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	\$2,439,000
Total Bonds Defeased (Refunded)		\$2,439,000

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, 2017, the City had \$397,067 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, 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Whitehouse participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

	<u>Plan Year 2015</u>	<u>Plan Year 2016</u>
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	1.5 to 1	2 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

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Employees covered by benefit terms.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2015</u>	<u>12/31/2016</u>
Inactive employees or beneficiaries currently receiving benefits	15	17
Inactive employees entitled to but not yet receiving benefits	28	29
Active employees	<u>37</u>	<u>36</u>
	<u>80</u>	<u>82</u>

Contributions

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

Employees for the City of Whitehouse were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Whitehouse were 5.11% and 5.45% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$92,240, and exceeded the actuarially determined contribution by \$5,754.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 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

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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 Tables with Blue Collar Adjustment, 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 Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 13% with a 3-year set forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actual assumptions used in the December 31, 2016 valuation were based in the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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. 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 estimate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2015	\$ 4,125,674	\$ 3,819,115	\$ 306,559
Changes for the year:			
Service cost	164,171	-	164,171
Interest	304,286	-	304,286
Change of benefit terms	382,200	-	382,200
Difference between expected and actual experience	(116,546)	-	(116,546)
Changes of assumptions	-	-	-
Contributions - employer	-	86,486	(86,486)
Contributions - employee	-	84,624	(84,624)
Net investment income	-	258,085	(258,085)
Benefit payments, including refunds of employee contributions	(167,369)	(167,369)	-
Administrative expense	-	(2,915)	2,915
Other changes	-	(157)	157
Net changes	566,742	258,754	307,988
Balance at 12/31/2016	<u>\$ 4,692,416</u>	<u>\$ 4,077,869</u>	<u>\$ 614,547</u>

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	\$ 1,430,822	\$ 614,547	\$ (33,021)

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, 2017, the City recognized pension expense of \$556,796.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 89,188
Changes in actuarial assumptions	193,263	-
Difference between projected and actual investment earnings	-	236
Contributions subsequent to the measurement date	62,658	-
Total	<u>\$ 255,921</u>	<u>\$ 89,424</u>

The City had \$62,658 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, 2017. 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
2017	\$ 43,811
2018	42,726
2019	27,383
2020	52,577
2021	-
Thereafter	-
	<u>\$ 166,497</u>

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 2017, 2016, and 2015 were \$37,690, \$5,652, and \$3,051 respectively, which equaled the required contributions each year.

NOTE 8 – DEFICIT NET POSITION OR FUND BALANCE

At September 30, 2017, the Enterprise Debt Service Fund had a deficit net position of \$113,195.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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, 2017, the City paid a demand fee of \$25,599 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, 2017, has been renewed for another year through September 30, 2018.

Effective October 16th 2015, the City signed a contract with Smith County for emergency and non-emergency dispatch services. Under this agreement, the City agrees to pay an annual dollar amounts of \$30,000. The contract automatically renews annually.

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, 2017, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2017, there was no reduction in insurance coverage from the prior year. There were no settlements in the prior three fiscal years which exceeded insurance coverage carried by the City.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2017, expenditures exceeded appropriations in the following departments of the General Fund: General Administration, Municipal Court, and Community Development. These over expenditures were funded by lower expenditures in other categories and higher than expected revenues.

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

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through January 29, 2018 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, 2017

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service Cost	\$ 164,171	\$ 168,558
Interest (on the Total Pension Liability)	304,286	266,073
Changes in benefit terms	382,200	-
Difference between expected and actual results	(116,546)	16,262
Change of assumptions	-	20,359
Benefit payments, including refunds of employee contributions	<u>(167,369)</u>	<u>(124,673)</u>
Net Change in Total Pension Liability	566,742	346,579
Total Pension Liability - Beginning	<u>4,125,674</u>	<u>3,779,095</u>
Total Pension Liability - Ending (a)	<u>\$ 4,692,416</u>	<u>\$ 4,125,674</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 86,486	\$ 91,796
Contributions - Employee	84,624	88,435
Net Investment Income	258,085	5,552
Benefit payments, including refunds of employee contributions	(167,369)	(124,673)
Administrative Expense	(2,915)	(3,381)
Other	<u>(157)</u>	<u>(167)</u>
Net Change in Plan Fiduciary Net Position	258,754	57,562
Plan Fiduciary Net Position - Beginning	<u>3,819,115</u>	<u>3,761,553</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,077,869</u>	<u>\$ 3,819,115</u>
Net Pension Liability - Ending (a)-(b)	614,547	306,559
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.90%	7.43%
Covered Employee Payroll	\$ 1,692,482	\$ 1,768,710
Net Pension Liability as a Percentage of Covered Employee Payroll	36.31%	17.33%

**CITY OF WHITEHOUSE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 92,260	\$ 90,900	\$ 90,381	\$ 92,240
Contributions in relation to the actuarially determined contributions	<u>92,260</u>	<u>90,900</u>	<u>91,796</u>	<u>86,486</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,415)	\$ 5,754
Covered employee payroll	\$ 1,651,541	\$ 1,722,060	\$ 1,768,710	\$ 1,692,482
Contributions as a percentage of covered employee payroll	5.59%	5.28%	5.19%	5.11%

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	29 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:

- 1) Increased municipal matching ratio from 1.5 -1 to 2 -1.
- 2) Increased statutory max to 11.50% due to plan changes.

ADDITIONAL SUPPLEMENTAL INFORMATION

**CITY OF WHITEHOUSE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	STORMWATER MAINTENANCE FUND	STREET MAINTENANCE FUND	SPECIAL REVENUE FUND	STREET CONSTRUCTION FUND	PEG CHANNEL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash and investments	\$ 195,938	\$ 342	\$ -	\$ -	\$ 108,090	\$ 304,370
Restricted Assets:						
Temporarily restricted						
Cash and cash equivalents	-	-	9,300	-	-	9,300
Total Assets	\$ 195,938	\$ 342	\$ 9,300	\$ -	\$ 108,090	\$ 313,670
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ 15,105	\$ -	\$ -	\$ -	\$ 15,105
Total Liabilities	-	15,105	-	-	-	15,105
Fund Balances:						
Restricted:						
Police forfeitures	-	-	9,300	-	-	9,300
PEG Channel	-	-	-	-	108,090	108,090
Assigned:						
Capital Projects	195,938	(14,763)	-	-	-	181,175
Total Fund Balances	195,938	(14,763)	9,300	-	108,090	298,565
Total Liabilities and Fund Balances	\$ 195,938	\$ 342	\$ 9,300	\$ -	\$ 108,090	\$ 313,670

**CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	STORMWATER MAINTENANCE FUND	STREET MAINTENANCE FUND	SPECIAL REVENUE FUND	STREET CONSTRUCTION FUND	PEG CHANNEL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES						
Franchise Fee	\$ -	\$ -	\$ -	\$ -	\$ 17,327	\$ 17,327
Maintenance Fees	162,655	162,650	-	-	-	325,305
Miscellaneous	69,958	-	10,787	-	-	80,745
Interest	177	381	3	-	366	927
Total Revenues	232,790	163,031	10,790	-	17,693	424,304
EXPENDITURES						
Administration	-	-	5,858	-	-	5,858
Streets and Grounds	36,852	391,690	-	698	-	429,240
Total Expenditures	36,852	391,690	5,858	698	-	435,098
Excess (deficiency) of revenues over (under) expenditures	195,938	(228,659)	4,932	(698)	17,693	(10,794)
OTHER FINANCING SOURCES (USES)						
Loan proceeds	-	50,000	-	-	-	50,000
Transfers out	-	(85,380)	-	-	-	(85,380)
Total Other Financing Sources (Uses)	-	(35,380)	-	-	-	(35,380)
Net change in fund balances	195,938	(264,039)	4,932	(698)	17,693	(46,174)
Fund Balance - October 1, 2016	-	249,276	4,368	698	90,397	344,739
Fund Balance - September 30, 2017	\$ 195,938	\$ (14,763)	\$ 9,300	\$ -	\$ 108,090	\$ 298,565

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
LEGISLATIVE				
PERSONNEL SERVICES:				
Special projects	\$ 5,000	\$ 5,000	\$ 3,716	\$ 1,284
Total Personnel Services	5,000	5,000	3,716	1,284
SUPPLIES AND MATERIALS:				
Educational and training	2,500	2,500	400	2,100
Total Supplies and Materials	2,500	2,500	400	2,100
TOTAL LEGISLATIVE	7,500	7,500	4,116	3,384
GENERAL/ADMINISTRATION				
PERSONNEL SERVICES:				
Administration	50,910	50,910	51,735	(825)
Clerical	54,933	54,933	54,933	-
Operations and Maintenance	48,960	48,960	48,960	-
Workers compensation	250	250	432	(182)
Unemployment compensation	113	113	27	86
Employee retirement	13,623	13,623	12,255	1,368
Employee insurance	19,838	19,838	21,224	(1,386)
Retiree insurance	600	600	600	-
Payroll taxes	11,843	11,843	10,901	942
Total Personnel Services	201,070	201,070	201,067	3
SUPPLIES AND MATERIALS:				
Office supplies	4,000	4,000	4,339	(339)
Website and IT	5,887	5,887	5,395	492
Postage and delivery	1,000	1,000	918	82
Fuel	1,000	1,000	500	500
Minor tools	150	150	50	100
Educational and training	5,500	5,500	8,392	(2,892)
Other supplies	1,000	1,000	1,128	(128)
Total Supplies and Materials	18,537	18,537	20,722	(2,185)
MAINTENANCE OF BUILDING/GROUNDS:				
Building and grounds	2,500	2,500	190	2,310
Total Maintenance of Building/Grounds	2,500	2,500	190	2,310
MAINTENANCE OF EQUIPMENT/MACHINERY:				
HVAC equipment	1,500	1,500	1,582	(82)
Automotive equipment	500	500	142	358
Communication equipment	100	100	-	100
Total Maintenance of Equipment/ Machinery	2,100	2,100	1,724	376

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CONTRACTUAL SERVICES:				
Communication services	7,500	7,500	8,416	(916)
Insurance	5,586	5,586	5,586	-
Advertising	2,000	2,000	4,418	(2,418)
Legal fees	25,000	25,000	55,284	(30,284)
Contractual and fee base services	2,800	2,800	6,955	(4,155)
Utility services	70,000	70,000	71,821	(1,821)
Codification	3,000	3,000	2,816	184
Miscellaneous expense	5,318	5,318	1,698	3,620
Memberships/subscriptions	5,585	5,585	5,998	(413)
Total Contractual Services	126,789	126,789	162,992	(36,203)
TOTAL GENERAL ADMINISTRATION	350,996	350,996	386,695	(35,699)
TREASURY AND FINANCIAL				
PERSONNEL SERVICES:				
Administration	32,438	32,438	-	32,438
Workers compensation	58	58	100	(42)
Unemployment compensation	45	45	9	36
Employee retirement	2,855	2,855	4	2,851
Employee insurance	3,170	3,170	1	3,169
Payroll taxes	2,481	2,481	3	2,478
Total Personnel Services	41,047	41,047	117	40,930
SUPPLIES AND MATERIALS:				
Website & IT	9,339	9,339	11,969	(2,630)
Educational and training	2,000	2,000	1,762	238
Total Supplies and Materials	11,339	11,339	13,731	(2,392)
CONTRACTUAL SERVICES:				
Communication Services	-	-	46	(46)
Memberships and Subscriptions	440	440	610	(170)
Contractual/fee services	35,000	35,000	39,650	(4,650)
Total Contractual Services	35,440	35,440	40,306	(4,866)
TOTAL TREASURY AND FINANCIAL	87,826	87,826	54,154	33,672
TAX APPRAISAL AND COLLECTIONS				
MAINTENANCE OF BUILDING/GROUNDS:				
Building and grounds	1,000	1,000	-	1,000
Total Maintenance of Building/Grounds	1,000	1,000	-	1,000
CONTRACTUAL SERVICES:				
Contractual/Fee Services	44,289	44,289	46,372	(2,083)
Total Contractual Services	44,289	44,289	46,372	(2,083)
TOTAL TAX APPRAISAL AND COLLECTIONS	45,289	45,289	46,372	(1,083)
MUNICIPAL COURT				
PERSONNEL SERVICES:				
Clerical	34,158	34,158	33,715	443
Part-time	13,127	13,127	4,805	8,322
Workers compensation	187	187	293	(106)
Unemployment compensation	90	90	25	65
Employee retirement	3,006	3,006	2,648	358
Employee insurance	8,621	8,621	8,623	(2)
Payroll taxes	3,617	3,617	2,355	1,262
Total Personnel Services	62,806	62,806	52,464	10,342

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUPPLIES AND MATERIALS:				
Office supplies	300	300	290	10
Website & IT	4,451	4,451	15,281	(10,830)
Postage and delivery	500	500	291	209
Educational and training	1,000	1,000	868	132
Total Supplies and Materials	6,251	6,251	16,730	(10,479)
MAINTENANCE OF EQUIPMENT				
Office equipment	876	876	673	203
Total Maintenance of Equipment	876	876	673	203
CONTRACTUAL SERVICES:				
Communication services	200	200	83	117
Insurance	289	289	289	-
Contractual/fee services	9,000	9,000	9,000	-
Utility services	3,700	3,700	3,023	677
Collection agency fees	4,000	4,000	12,688	(8,688)
State Fee	58,000	58,000	62,328	(4,328)
Omni base fee	1,100	1,100	768	332
On Line / Credit Card Fees	2,000	2,000	714	1,286
Vehicle registration	90,000	90,000	169,744	(79,744)
Total Contractual Services	168,289	168,289	258,637	(90,348)
TOTAL MUNICIPAL COURT	238,222	238,222	328,504	(90,282)
<u>PARKS/RECREATION SERVICES</u>				
PERSONNEL SERVICES:				
Part-Time	10,500	10,500	9,085	1,415
Uniforms and clothing	250	250	94	156
Workers compensation	2,857	2,857	3,797	(940)
Unemployment compensation	135	135	9	126
Employee insurance	-	-	7	(7)
Payroll taxes	964	964	695	269
Total Personnel Services	14,706	14,706	13,687	1,019
SUPPLIES AND MATERIALS:				
Office supplies	300	300	66	234
Laboratory supplies	120	120	90	30
Postage and Delivery	-	-	14	(14)
Minor tools	500	500	130	370
Ball park equipment	-	-	-	-
Educational and training	5,800	5,800	6,229	(429)
Other supplies	1,500	1,500	478	1,022
Concession - Ball park	-	-	1,013	(1,013)
Concession - Splash park	5,000	5,000	3,616	1,384
Total Supplies and Materials	13,220	13,220	11,636	1,584
MAINTENANCE OF BUILDINGS/LAND				
Building and grounds	3,000	3,000	1,351	1,649
Total Maintenance of Buildings/Land	3,000	3,000	1,351	1,649
MAINTENANCE OF EQUIPMENT/MACHINERY				
HVAC equipment	-	-	90	(90)
Automotive equipment	500	500	7	493
Playground equipment	1,000	1,000	995	5
Total Maintenance of Equipment/Machinery	1,500	1,500	1,092	408

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CONTRACTUAL SERVICES				
Communication Services	959	959	1,144	(185)
Insurance	1,490	1,490	1,490	-
Utility Services	2,000	2,000	1,823	177
Advertising	100	100	-	100
Online/Credit card fees	600	600	734	(134)
Memberships and subscriptions	1,500	1,500	425	1,075
Total Contractual Services	6,649	6,649	5,616	1,033
TOTAL PARKS/RECREATION SERVICES	39,075	39,075	33,382	5,693
SPORTS COMPLEX				
PERSONNEL SERVICES:				
Clerical	45,900	45,900	45,900	-
Operating & Maintenance	65,270	65,270	64,336	934
Overtime	1,000	1,000	1,165	(165)
Seasonal	9,600	9,600	8,002	1,598
Uniforms and Clothing	300	300	88	212
Unemployment compensation	270	270	45	225
Employee retirement	9,782	9,782	8,804	978
Employee insurance	19,635	19,635	19,750	(115)
Payroll taxes	9,238	9,238	8,776	462
Total Personnel Services	160,995	160,995	156,866	4,129
SUPPLIES AND MATERIALS:				
Office supplies	750	750	29	721
Photo, Audio, and Video Support	975	975	975	-
Laboratory supplies	120	120	80	40
Tires Repairs	1,000	1,000	1,068	(68)
Fuel	1,500	1,500	2,523	(1,023)
Minor tools	250	250	119	131
Educational and training	500	500	310	190
Concession Stand	20,000	20,000	17,646	2,354
Other supplies	1,000	1,000	797	203
Total Supplies and Materials	26,095	26,095	23,547	2,548
MAINTENANCE OF BUILDINGS/LAND				
Buildings and Grounds	14,250	14,250	14,160	90
Total Maintenance of Buildings/Land	14,250	14,250	14,160	90
MAINTENANCE OF EQUIPMENT/MACHINERY				
Machinery & heavy equipment	4,500	4,500	3,833	667
Vehicle Maintenance	500	500	102	398
HVAC Equipment	300	300	796	(496)
Tools	500	500	145	355
Total Maintenance of Equipment/Machinery	5,800	5,800	4,876	924
CONTRACTUAL SERVICES				
Communication Services	1,572	1,572	2,183	(611)
Insurance	800	800	713	87
Advertising	2,500	2,500	2,388	112
Contractual and fee basis services	51,000	51,000	55,792	(4,792)
Utility Services	8,500	8,500	14,405	(5,905)
Online/Credit card fees	2,000	2,000	2,019	(19)
Memberships and subscriptions	135	135	0	135
Total Contractual Services	66,507	66,507	77,500	(10,993)

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CAPITAL OUTLAY				
Land improvements	106,000	106,000	94,361	11,639
Machinery and equipment	6,000	6,000	4,786	1,214
Total Capital Outlay	112,000	112,000	99,147	12,853
TOTAL SPORTS COMPLEX	385,647	385,647	376,096	9,551
COMMUNITY DEVELOPMENT				
CONTRACTUAL SERVICES:				
Contractual/fee services	88,700	88,700	148,743	(60,043)
Economic Development	5,000	5,000	5,000	-
Miscellaneous expense	-	-	791	(791)
Total Contractual Services	93,700	93,700	154,534	(60,834)
TOTAL COMMUNITY DEVELOPMENT	93,700	93,700	154,534	(60,834)
STREET AND GROUNDS MAINTENANCE				
PERSONNEL SERVICES:				
Operations and maintenance	85,543	85,543	86,615	(1,072)
Overtime	1,000	1,000	2,254	(1,254)
Uniforms and clothing	1,100	1,100	692	408
Workers compensation	4,626	4,626	4,763	(137)
Unemployment compensation	90	90	18	72
Employee retirement	7,792	7,792	6,970	822
Employee insurance	13,622	13,622	13,612	10
Payroll taxes	6,774	6,774	6,447	327
Total Personnel Services	120,547	120,547	121,371	(824)
SUPPLIES AND MATERIALS:				
Tires and tubes	1,000	1,000	-	1,000
Fuel	2,000	2,000	863	1,137
Minor tools	500	500	234	266
Chemical and mechanical	400	400	10	390
Safety supplies	150	150	106	44
Other supplies	100	100	-	100
Total Supplies and Materials	4,150	4,150	1,213	2,937
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	6,000	6,000	4,609	1,391
Vehicle maintenance	2,000	2,000	1,327	673
Shop equipment	500	500	109	391
Minor tools and equipment	400	400	266	134
Signal and sign system	4,000	4,000	2,275	1,725
Total Maintenance of Equipment/Machinery	12,900	12,900	8,586	4,314
CONTRACTUAL SERVICES				
Communication services	750	750	412	338
Leases and rentals	1,000	1,000	-	1,000
Insurance	5,215	5,215	5,215	-
Total Contractual Services	6,965	6,965	5,627	1,338
TOTAL STREET AND GROUNDS MAINTENANCE	144,562	144,562	136,797	7,765

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
POLICE OPERATIONS				
PERSONNEL SERVICES:				
Administration	181,453	181,453	128,517	52,936
Operations and maintenance	549,876	549,876	538,548	11,328
Overtime	20,000	20,000	4,754	15,246
Certificate pay	4,500	4,500	3,935	565
Uniforms and clothing	4,500	4,500	3,810	690
Workers compensation	16,205	16,205	15,095	1,110
Unemployment compensation	720	720	419	301
Employee retirement	65,677	65,677	52,283	13,394
Employee insurance	117,097	117,097	103,325	13,772
Payroll taxes	57,438	57,438	47,432	10,006
Total Personnel Services	1,017,466	1,017,466	898,118	119,348
SUPPLIES AND MATERIALS:				
Office supplies	3,000	3,000	2,747	253
Website & IT	18,559	18,559	10,420	8,139
Laboratory supplies	2,000	2,000	1,389	611
Postage and delivery	1,000	1,000	182	818
Fuel	31,000	31,000	25,593	5,407
Emergency medical supplies	500	500	-	500
Safety supplies	1,200	1,200	779	421
Educational and training	7,000	7,000	3,755	3,245
Lease continuing education	1,500	1,500	1,180	320
Community resource supply	500	500	225	275
Evidence processing	700	700	594	106
CID supplies	550	550	107	443
Other supplies	5,500	5,500	3,024	2,476
Police Explorer Program	300	300	-	300
Total Supplies and Materials	73,309	73,309	49,995	23,314
MAINTENANCE OF BUILDINGS/LAND:				
Buildings and grounds	2,000	2,000	1,281	719
Gun range	1,000	1,000	1,000	-
Total Maintenance of Buildings/Land	3,000	3,000	2,281	719
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	1,080	1,080	1,320	(240)
HVAC equipment	1,000	1,000	765	235
Automotive equipment	26,000	26,000	16,823	9,177
Minor tools and equipment	1,550	1,550	879	671
Communication equipment	800	800	684	116
Total Maintenance of Equipment/Machinery	30,430	30,430	20,471	9,959
CONTRACTUAL SERVICES:				
Communication services	11,000	11,000	10,885	115
Insurance	25,886	25,886	24,298	1,588
Contractual/fee services	40,603	40,603	31,731	8,872
Utility services	8,000	8,000	4,823	3,177
Memberships and subscriptions	800	800	458	342
Total Contractual Services	86,289	86,289	72,195	14,094
TOTAL POLICE OPERATIONS	1,210,494	1,210,494	1,043,060	167,434

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
FIRE OPERATIONS				
PERSONNEL SERVICES:				
Administration	66,061	66,061	66,061	-
Operations maintenance	366,700	366,700	358,002	8,698
Overtime	700	700	-	700
Community service	-	-	663	(663)
Uniforms and clothing	3,000	3,000	3,000	-
Workers compensation	7,405	7,405	7,239	166
Unemployment compensation	1,170	1,170	506	664
Employee retirement	5,813	5,813	5,237	576
Employee insurance	8,787	8,787	8,790	(3)
Payroll taxes	33,106	33,106	31,861	1,245
Total Personnel Services	492,742	492,742	481,359	11,383
SUPPLIES AND MATERIALS:				
Office supplies	300	300	293	7
Laboratory services	400	400	720	(320)
Postage & delivery supplies	150	150	8	142
Tires & tubes	1,500	1,500	924	576
Motor vehicle supplies	3,500	3,500	3,201	299
Emergency medical supplies	1,000	1,000	431	569
Minor tools and apparatus	300	300	268	32
Janitorial supplies	1,000	1,000	929	71
FOAM	1,040	1,040	-	1,040
Safety supplies	500	500	318	182
Educational and training	6,000	6,000	5,304	696
Total Supplies and Materials	15,690	15,690	12,396	3,294
MAINTENANCE OF BUILDING:				
Building and grounds	5,000	5,000	3,299	1,701
Total Maintenance of Equipment/Machinery	5,000	5,000	3,299	1,701
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	828	828	1,324	(496)
Hvac equipment	-	-	90	(90)
Automotive equipment	5,000	5,000	8,372	(3,372)
Shop equipment	1,000	1,000	874	126
Safety and medical equipment	8,000	8,000	8,000	-
Tools	5,000	5,000	2,594	2,406
Outdoor Warning System	600	600	4,690	(4,090)
Communication equipment	3,000	3,000	40	2,960
Total Maintenance of Equipment/Machinery	23,428	23,428	25,984	(2,556)
CONTRACTUAL SERVICES:				
Communication services	13,385	13,385	16,296	(2,911)
Insurance	2,199	2,199	2,199	-
Contractual/fee services	1,600	1,600	1,797	(197)
Utility service	5,500	5,500	5,642	(142)
Memberships and subscriptions	2,000	2,000	1,225	775
Miscellaneous expense	1,500	1,500	1,450	50
Total Contractual Services	26,184	26,184	28,609	(2,425)
CAPITAL OUTLAY:				
Machinery and Equipment	25,450	25,450	25,460	(10)
Total Capital Outlay	25,450	25,450	25,460	(10)
TOTAL FIRE OPERATIONS	588,494	588,494	577,107	11,387

**CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
SANITATION				
CONTRACTUAL SERVICES:				
Contractual/fee services	582,000	582,000	573,928	8,072
Sales tax	<u>49,000</u>	<u>49,000</u>	<u>46,501</u>	<u>2,499</u>
Total Contractual Services	<u>631,000</u>	<u>631,000</u>	<u>620,429</u>	<u>10,571</u>
TOTAL SANITATION	<u>631,000</u>	<u>631,000</u>	<u>620,429</u>	<u>10,571</u>
TOTAL EXPENDITURES - BUDGET BASIS	\$ <u>3,822,805</u>	\$ <u>3,822,805</u>	3,761,246	\$ <u>61,559</u>
Financial Statement Adjustments:				
Increase in accrued expenses			<u>(15,905)</u>	
TOTAL EXPENDITURES - GAAP BASIS			\$ <u>3,745,341</u>	

CITY OF WHITEHOUSE, TEXAS

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

SEPTEMBER 30, 2017

	<u>TAX NOTE & GENERAL OBLIGATION NOTES</u>	<u>2006 SERIES REFUNDING FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Receivables:	\$ 48,734	\$ -	\$ 48,734
Due from other funds			
Due from General Fund	9,452	-	9,452
Due from Utility Fund	38,692	-	38,692
Due from Utility Debt Service Fund	<u>458,428</u>	<u>-</u>	<u>458,428</u>
TOTAL ASSETS	\$ <u>555,306</u>	\$ <u>-</u>	\$ <u>555,306</u>
Operations and Maintenance			
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to General Fund	\$ 104,348	\$ -	\$ 104,348
Due to Utility Debt Service Fund	<u>71,084</u>	<u>-</u>	<u>71,084</u>
Total Liabilities	<u>175,432</u>	<u>-</u>	<u>175,432</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - property taxes	48,734	-	48,734
<u>FUND BALANCE</u>			
Restricted:			
Debt Service	<u>331,140</u>	<u>-</u>	<u>331,140</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ <u>555,306</u>	\$ <u>-</u>	\$ <u>555,306</u>

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	TAX NOTE & GENERAL OBLIGATION NOTES	2006 SERIES REFUNDING FUND	TOTAL
<u>REVENUES</u>			
Current and delinquent taxes	\$ 1,514,634	\$ 235,158	\$ 1,749,792
Interest income	1,600	-	1,600
 Total Revenues	 1,516,234	 235,158	 1,751,392
<u>EXPENDITURES</u>			
Debt Service:			
Bond principal	229,000	155,000	384,000
Note principal	83,379	-	83,379
Interest and fees	23,293	80,158	103,451
 Total Expenditures	 335,672	 235,158	 570,830
 Revenues Over (Under) Expenditures	 1,180,562	 -	 1,180,562
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	235,321	-	235,321
Transfers out	(1,187,051)	-	(1,187,051)
 Total Other Financing Sources (Uses)	 (951,730)	 -	 (951,730)
 Revenues and Other Sources Over (Under) Expenditures and Other Uses	 228,832	 -	 228,832
 Fund Balance, October 1, 2016	 102,308	 -	 102,308
 Fund Balance, September 30, 2017	 \$ 331,140	 \$ -	 \$ 331,140

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
ASSETS			
Current Assets:			
Cash and certificates of deposit	\$ 780,260	\$ 351,950	\$ 1,132,210
Accounts receivable (net)	448,397	-	448,397
Total Current Assets	1,228,657	351,950	1,580,607
Restricted Current Assets:			
Temporarily Restricted			
Customer deposits	282,785	-	282,785
Total Restricted Current Assets	282,785	-	282,785
Noncurrent Assets:			
Water rights - Lake Columbia	230,000	-	230,000
Capital Assets:			
Land	25,000	-	25,000
Easements	7,800	-	7,800
Buildings	337,408	-	337,408
Water and sewer system	25,284,149	-	25,284,149
Machinery & equipment	924,463	-	924,463
Less: Accumulated depreciation	(9,292,291)	-	(9,292,291)
Total Capital Assets (net of accumulated depreciation)	17,286,529	-	17,286,529
Total Noncurrent Assets:	17,516,529	-	17,516,529
Total Assets	19,027,971	351,950	19,379,921
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (net of amortization)	489,285	-	489,285
Deferred charge on TMRS pension	70,084	-	70,084
Total Deferred Outflows of Resources	559,369	-	559,369

(continued)

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 21,606	\$ -	\$ 21,606
Compensated absences	1,563	-	1,563
Due to other funds	39,684	406,597	446,281
Total Current Liabilities	62,853	406,597	469,450
Current liabilities payable from restricted assets:			
Customer deposits	282,785	-	282,785
Accrued interest	-	58,548	58,548
Revenue bonds payable	1,116,880	-	1,116,880
Total current liabilities payable from restricted assets	1,399,665	58,548	1,458,213
Noncurrent Liabilities:			
Revenue bonds payable	12,749,430	-	12,749,430
Compensated absences	14,066	-	14,066
Net pension liability	181,580	-	181,580
Total Noncurrent Liabilities	12,945,076	-	12,945,076
Total Liabilities	14,407,594	465,145	14,872,739
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on TMRS pension	26,481	-	26,481
Total Deferred Inflows of Resources	26,481	-	26,481
NET POSITION			
Invested in capital assets, net of related debt	3,420,219	-	3,420,219
Unrestricted	1,733,046	(113,195)	1,619,851
Total Net Position	\$ 5,153,265	\$ (113,195)	\$ 5,040,070

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
UTILITY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
OPERATING REVENUES				
Water sales	1,938,386	\$ -	\$ -	\$ 1,938,386
Sewer charges	729,872	-	-	729,872
Charges for other services	179,746	-	-	179,746
Total Operating Revenues	<u>2,848,004</u>	<u>-</u>	<u>-</u>	<u>2,848,004</u>
OPERATING EXPENSES				
Utility administration	464,084	-	-	464,084
Customer service	142,914	-	-	142,914
Water operations	469,999	-	-	469,999
Sewer operations	454,478	-	-	454,478
Water supply	330,947	-	-	330,947
Depreciation	616,936	-	-	616,936
Total Operating Expenses	<u>2,479,358</u>	<u>-</u>	<u>-</u>	<u>2,479,358</u>
Operating Income (Loss)	<u>368,646</u>	<u>-</u>	<u>-</u>	<u>368,646</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and fiscal charge expense	-	(528,601)	-	(528,601)
Interest income	6,160	-	-	6,160
Sale of assets	-	-	-	-
Total Non-Operating Revenue (Expenses)	<u>6,160</u>	<u>(528,601)</u>	<u>-</u>	<u>(522,441)</u>
Income before transfers	374,806	(528,601)	-	(153,795)
Transfers in	1,074,690	779,880	(667,519)	1,187,051
Transfers out	(945,810)	(235,000)	667,519	(513,291)
Total Transfers	<u>128,880</u>	<u>544,880</u>	<u>-</u>	<u>673,760</u>
Change in Net Position	503,686	16,279	-	519,965
Net Position, October 1, 2016	<u>4,649,579</u>	<u>(129,474)</u>	<u>-</u>	<u>4,520,105</u>
Net Position, September 30, 2017	<u>\$ 5,153,265</u>	<u>\$ (113,195)</u>	<u>\$ -</u>	<u>\$ 5,040,070</u>

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
UTILITY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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	\$ 2,829,114	\$ -	\$ -	\$ 2,829,114
Cash paid to suppliers for goods and services	(1,145,091)	-	-	(1,145,091)
Cash paid to employees for services	(622,855)	-	-	(622,855)
Net cash provided by operating activities	<u>1,061,168</u>	<u>-</u>	<u>-</u>	<u>1,061,168</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advances to other funds	(1,993)	-	-	(1,993)
Transfers in	1,074,690	711,694	(667,519)	1,118,865
Transfers out	(877,624)	(235,000)	667,519	(445,105)
Net cash provided by (used in) non-capital financing activities	<u>195,073</u>	<u>476,694</u>	<u>-</u>	<u>671,767</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases or construction of capital assets	(86,467)	-	-	(86,467)
Interest paid	-	(240,289)	-	(240,289)
Principal paid on bonds	(1,074,690)	-	-	(1,074,690)
Net cash used in capital and related financing activities	<u>(1,161,157)</u>	<u>(240,289)</u>	<u>-</u>	<u>(1,401,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Gain on sale of capital asset	-	-	-	-
Interest earned on investments	6,160	-	-	6,160
Net cash provided by investing activities	<u>6,160</u>	<u>-</u>	<u>-</u>	<u>6,160</u>
Net increase in cash	101,244	236,405	-	337,649
Cash, beginning of period	961,801	115,545	-	1,077,346
Cash, end of period	<u>\$ 1,063,045</u>	<u>\$ 351,950</u>	<u>\$ -</u>	<u>\$ 1,414,995</u>
Reconciliation of cash to Schedule 6:				
Cash - current asset	\$ 780,260	\$ 351,950	\$ -	\$ 1,132,210
Cash - restricted current asset	282,785	-	-	282,785
Total cash, end of period	<u>\$ 1,063,045</u>	<u>\$ 351,950</u>	<u>\$ -</u>	<u>\$ 1,414,995</u>
 Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:				
Operating income	\$ 368,646	\$ -	\$ -	\$ 368,646
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	616,936	-	-	616,936
Decrease in deferred outflows of resources	22,426	-	-	22,426
Decrease in accounts payable	(43,783)	-	-	(43,783)
Increase in accounts receivable	(37,485)	-	-	(37,485)
Increase in net pension liability	90,029	-	-	90,029
Increase in deferred inflows of resources	26,481	-	-	26,481
Decrease in compensated absences	(677)	-	-	(677)
Increase in customer deposits	18,595	-	-	18,595
Total adjustments	<u>692,522</u>	<u>-</u>	<u>-</u>	<u>692,522</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,061,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061,168</u>

CITY OF WHITEHOUSE, TEXAS

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>				
Charges for services:				
Water sales	\$ 1,950,000	\$ 1,950,000	\$ 1,916,395	\$ (33,605)
Sewer charges	730,000	730,000	729,872	(128)
Tap and connect fees	25,000	25,000	55,900	30,900
Miscellaneous revenue	-	-	1,995	1,995
Penalties	90,000	90,000	123,846	33,846
Interest and rent	<u>1,000</u>	<u>1,000</u>	<u>4,165</u>	<u>3,165</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	<u>\$ 2,796,000</u>	<u>\$ 2,796,000</u>	2,832,173	<u>\$ 36,173</u>
Financial Statement Adjustments:				
Increase in accrual for unbilled water			21,991	
Debt Service Fund payment of principal and fees on bonds and note			<u>1,074,690</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			<u>\$ 3,928,854</u>	

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
UTILITY ADMINISTRATION				
PERSONNEL SERVICES:				
Administration	\$ 159,226	\$ 159,226	\$ 192,088	\$ (32,862)
Part-time	-	-	149	(149)
Uniforms and clothing	-	-	39	(39)
Workers' compensation	1,193	1,193	1,283	(90)
Unemployment compensation	90	90	9	81
Employee retirement	14,012	14,012	15,087	(1,075)
Employee insurance	15,275	15,275	17,191	(1,916)
Payroll taxes	12,181	12,181	14,530	(2,349)
Total Personnel Services	201,977	201,977	240,376	(38,399)
SUPPLIES AND MATERIALS:				
Office supplies	2,000	2,000	1,974	26
Postage and delivery service	12,000	12,000	10,975	1,025
Motor vehicle supplies	300	300	-	300
Educational and training	1,500	1,500	174	1,326
Other supplies	500	500	475	25
Total Supplies and Materials	16,300	16,300	13,598	2,702
MAINTENANCE OF BUILDINGS/LAND:				
Buildings and grounds	2,000	2,000	413	1,587
Total Maintenance of Buildings/Land	2,000	2,000	413	1,587
MAINTENANCE - EQUIPMENT/MACHINERY:				
Office equipment	1,431	1,431	2,389	(958)
Automotive equipment	500	500	27	473
HVAC equipment	300	300	90	210
Total Maintenance - Equipment/Machinery	2,231	2,231	2,506	(275)
CONTRACTUAL SERVICES:				
Communication services	1,500	1,500	3,756	(2,256)
Leases and Rentals	987	987	987	-
Insurance	19,137	19,137	16,531	2,606
Advertising	250	250	150	100
Legal fees	2,500	2,500	-	2,500
Contractual and fee basis service	35,614	35,614	67,883	(32,269)
Utility services	20,000	20,000	16,096	3,904
Utility billing - dataprose	7,000	7,000	7,399	(399)
Computer leasing services	14,659	14,659	13,874	785
On-Line / credit card fees	20,000	20,000	25,994	(5,994)
Document shredding	450	450	442	8
Memberships and subscriptions	550	550	267	283
Total Contractual Services	122,647	122,647	153,379	(30,732)
TOTAL UTILITY ADMINISTRATION	\$ 345,155	\$ 345,155	\$ 410,272	\$ (65,117)
CUSTOMER SERVICE				
PERSONNEL SERVICES:				
Clerical	\$ 68,018	\$ 68,018	\$ 67,456	\$ 562
Overtime	500	500	50	450
Part-time	4,376	4,376	1,443	2,933
Certificate pay	601	601	-	601
Worker's compensation	187	187	329	(142)
Unemployment compensation	90	90	18	72
Employee retirement	6,030	6,030	5,304	726

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
UTILITY OPERATING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Employee insurance	14,704	14,704	14,708	(4)
Payroll taxes	5,668	5,668	4,671	997
Total Personnel Services	100,174	100,174	93,979	6,195
SUPPLIES AND MATERIALS				
Website & IT	11,092	11,092	9,615	1,477
Other supplies	500	500	397	103
Total Supplies and Materials	11,592	11,592	10,012	1,580
CONTRACTUAL SERVICES				
Insurance	745	745	744	1
Miscellaneous expense	-	-	18	(18)
Total Contractual Services	745	745	762	(17)
CAPITAL OUTLAY:				
Machinery & equipment	-	-	189	(189)
Other Improvements	10,000	10,000	10,042	(42)
Total Capital Outlay	10,000	10,000	10,231	(231)
TOTAL CUSTOMER SERVICE	\$ 122,511	\$ 122,511	\$ 114,984	\$ 7,527
WATER OPERATIONS				
PERSONNEL SERVICES:				
Operations and maintenance	\$ 115,246	\$ 115,246	\$ 111,535	\$ 3,711
Overtime	9,000	9,000	11,590	(2,590)
Certificate Pay	600	600	208	392
Uniforms and clothing	1,450	1,450	1,130	320
Workers' compensation	3,330	3,330	3,912	(582)
Unemployment compensation	135	135	27	108
Employee retirement	10,934	10,934	9,605	1,329
Employee insurance	23,711	23,711	22,171	1,540
Payroll taxes	9,551	9,551	8,122	1,429
Total Personnel Services	173,957	173,957	168,300	5,657
SUPPLIES AND MATERIALS:				
Laboratory supplies	200	200	100	100
Tires and tubes	2,000	2,000	880	1,120

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
UTILITY OPERATING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Motor vehicle supplies	7,000	7,000	7,183	(183)
Water meter supplies	6,000	6,000	11,506	(5,506)
Minor tools and apparatus	1,500	1,500	499	1,001
Chemical and mechanical supplies	26,000	26,000	23,099	2,901
Safety Supplies	100	100	-	100
Educational and training	1,500	1,500	740	760
Other supplies	500	500	40	460
Total Supplies and Materials	44,800	44,800	44,047	753
MAINTENANCE - BUILDING/LAND:				
Buildings and grounds	5,000	5,000	793	4,207
Chlorination facilities	8,000	8,000	6,166	1,834
Water system	20,000	20,000	22,927	(2,927)
Water tower and tanks	50,000	50,000	67,940	(17,940)
Meters and settings	5,000	5,000	11,998	(6,998)
Total Maintenance - Building/Land	88,000	88,000	109,824	(21,824)
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	10,000	10,000	4,885	5,115
Auto equipment maintenance	2,500	2,500	3,666	(1,166)
Safety and medical equipment	250	250	28	222
Total Maintenance - Equipment/Machinery	12,750	12,750	8,579	4,171
CONTRACTUAL SERVICES:				
Communication services	2,600	2,600	4,356	(1,756)
Leases and rentals	1,500	1,500	1,500	-
Insurance	2,235	2,235	2,235	-
Contractual and fee basis service	12,000	12,000	8,200	3,800
Utility services	138,000	138,000	152,347	(14,347)
Regulatory inspection fee	7,500	7,500	7,347	153
Total Contractual Services	163,835	163,835	175,985	(12,150)
CAPITAL OUTLAY:				
Contingency	25,000	25,000	25,000	-
Total Capital Outlay	25,000	25,000	25,000	-
TOTAL WATER OPERATIONS	\$ 508,342	\$ 508,342	\$ 531,735	\$ (23,393)

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
WASTEWATER OPERATIONS				
PERSONNEL SERVICES:				
Operations and maintenance	\$ 77,545	\$ 77,545	\$ 81,331	\$ (3,786)
Overtime	6,500	6,500	8,930	(2,430)
Certificate Pay	600	600	289	311
Uniforms and clothing	1,000	1,000	704	296
Workers' compensation	1,373	1,373	2,526	(1,153)
Unemployment compensation	90	90	18	72
Employee retirement	7,396	7,396	7,111	285
Employee insurance	12,406	12,406	12,407	(1)
Payroll taxes	6,475	6,475	6,884	(409)
Total Personnel Services	113,385	113,385	120,200	(6,815)
SUPPLIES AND MATERIALS:				
Laboratory supplies	100	100	-	100
Tires and tubes	1,500	1,500	720	780
Motor vehicle supplies	5,000	5,000	3,091	1,909
Minor tools and apparatus	1,000	1,000	62	938
Chemical and mechanical supplies	35,000	35,000	37,866	(2,866)
Safety supplies	1,000	1,000	681	319
Botanical gear	-	-	71	(71)
Educational and training	1,000	1,000	1,070	(70)
Total Supplies and Materials	44,600	44,600	43,561	1,039
MAINTENANCE - BUILDING/LAND:				
Building and grounds	10,000	10,000	1,335	8,665
Sanitary sewers	25,000	25,000	17,722	7,278
Lift stations	20,000	20,000	19,534	466
Total Maintenance - Building/Land	55,000	55,000	38,591	16,409
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	10,000	10,000	6,444	3,556
Automotive equipment	1,500	1,500	4,389	(2,889)
Shop equipment	400	400	-	400
Total Maintenance - Equipment/Machinery	11,900	11,900	10,833	1,067
CONTRACTUAL SERVICES:				
Communication services	1,400	1,400	1,052	348
Leases and rentals	200	200	-	200
Insurance	1,490	1,490	1,490	-
Contractual and fee basis service	107,998	107,998	110,234	(2,236)
Utility services	100,000	100,000	88,999	11,001
Regulatory inspection fee	13,000	13,000	11,101	1,899
Memberships and subscriptions	-	-	222	(222)
Total Contractual Services	224,088	224,088	213,098	10,990

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CAPITAL OUTLAY:				
Contingency	25,000	25,000	16,146	8,854
Total Capital Outlay	25,000	25,000	16,146	8,854
TOTAL WASTEWATER OPERATIONS	\$ 473,973	\$ 473,973	\$ 442,429	\$ 31,544
WATER SUPPLY				
CONTRACTUAL SERVICES:				
Contractual and fee basis service	373,552	373,552	355,097	18,455
Total Contractual Services	373,552	373,552	355,097	18,455
TOTAL WATER SUPPLY	\$ 373,552	\$ 373,552	\$ 355,097	\$ 18,455
UTILITY DEBT SERVICE				
DEBT SERVICE:				
Revenue bonds principal	235,000	235,000	235,000	-
Revenue bonds interest	123,852	123,852	123,819	33
G.O. bonds principal	130,690	130,690	130,855	(165)
G.O. bonds interest	19,260	19,260	19,086	174
Total Debt Service	508,802	508,802	508,760	42
TOTAL UTILITY DEBT SERVICE	\$ 508,802	\$ 508,802	\$ 508,760	\$ 42
TRANSFERS				
Interfund transfers	363,350	363,350	363,350	-
TOTAL TRANSFERS	363,350	363,350	363,350	-
TOTAL EXPENSES - BUDGET BASIS	\$ 2,695,685	\$ 2,695,685	\$ 2,726,627	\$ (30,942)
Financial Statement Adjustments:				
Depreciation			616,936	
Record transfers to other funds			73,700	
GASB 68 adjustment			138,936	
Decrease in accrued expenses			(44,564)	
Reclassify capital expenditures			(86,467)	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			\$ 3,425,168	

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, 2017

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Transfers in	\$ 706,177	\$ 706,177	\$ 779,880	\$ 73,703
TOTAL REVENUES - BUDGET BASIS	\$ <u>706,177</u>	\$ <u>706,177</u>	779,880	\$ <u>73,703</u>
TOTAL REVENUES - GAAP BASIS			\$ <u>779,880</u>	
EXPENSES				
Bond principal:				
2006 Certificates of Obligation	\$ 140,000	\$ 140,000	\$ 140,000	\$ -
2007 Certificates of Obligation	95,000	95,000	95,000	-
Bond interest:				
2006 Certificates of Obligation	68,880	68,880	68,892	(12)
2007 Certificates of Obligation	54,972	54,972	54,972	-
2007 Refunding	139,058	139,058	139,148	(90)
2012 Refunding	189,007	189,007	189,007	-
2016 Tax Note	<u>19,260</u>	<u>19,260</u>	<u>19,251</u>	<u>9</u>
TOTAL EXPENSES - BUDGET BASIS	\$ <u>706,177</u>	\$ <u>706,177</u>	706,270	\$ <u>(93)</u>
Record amortization of bond defeasance			68,186	
Change in accrued interest on bonds			<u>(10,855)</u>	
TOTAL EXPENSES - GAAP BASIS			\$ <u>763,601</u>	

OTHER SCHEDULES

CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>TOTAL</u>	<u>LAND</u>	<u>CONSTRUCTION IN PROCESS</u>	<u>BUILDINGS & IMPROVEMENTS</u>	<u>PARKS</u>	<u>INFRASTRUCTURE</u>	<u>MACHINERY & EQUIPMENT AUTOS</u>	<u>OTHER EQUIPMENT</u>
Governmental assets - October 1, 2016	\$ 15,520,770	\$ 190,184	\$ -	2,853,633	\$ 2,336,864	\$ 7,813,213	\$ 1,076,912	\$ 1,249,964
EXPENDITURES FROM GOVERNMENTAL FUNDS:								
GENERAL FUND								
Street Improvements	379,340	-	-	-	-	379,340	-	-
Community Development	45,000	-	45,000	-	-	-	-	-
Fire Apparatus	25,460	-	-	-	-	-	-	25,460
Parks	94,361	-	-	-	94,361	-	-	-
GOVERNMENTAL ASSETS - SEPTEMBER 30, 2017	<u>\$ 16,064,931</u>	<u>\$ 190,184</u>	<u>\$ 45,000</u>	<u>2,853,633</u>	<u>\$ 2,431,225</u>	<u>8,192,553</u>	<u>\$ 1,076,912</u>	<u>\$ 1,275,424</u>

CITY OF WHITEHOUSE, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>TOTAL</u>	<u>2006 SERIES</u>	<u>2013 SERIES</u>	<u>NOTES PAYABLE</u>	<u>COMPENSATED ABSENCES</u>	<u>NET PENSION LIABILITY</u>
Governmental fund debt, October 1, 2016	\$ 3,410,384	\$ 1,885,000	\$ 938,000	\$ 323,273	\$ 49,104	\$ 215,007
ADDITIONS						
Notes Payable:						
Austin Bank						
2017 Street Maintenance	50,000	-	-	50,000	-	-
Fire Truck Compressor	25,460	-	-	25,460	-	-
	<u>75,460</u>	<u>-</u>	<u>-</u>	<u>75,460</u>	<u>-</u>	<u>-</u>
Change in net pension liability	217,960	-	-	-	-	217,960
Compensated absences and compensatory time	<u>3,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,161</u>	<u>-</u>
Total Additions	296,581	-	-	75,460	3,161	217,960
RETIREMENTS						
Bond principal:						
2006 Limited Tax Refunding Bonds	155,000	155,000	-	-	-	-
2013 Series Tax Notes	<u>229,000</u>	<u>-</u>	<u>229,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bond Retirements	<u>384,000</u>	<u>155,000</u>	<u>229,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Notes Payable:						
Austin Bank						
Fire Truck Compressor	5,287	-	-	5,287	-	-
2015 Street Maintenance	<u>78,092</u>	<u>-</u>	<u>-</u>	<u>78,092</u>	<u>-</u>	<u>-</u>
Total Note Retirements	<u>83,379</u>	<u>-</u>	<u>-</u>	<u>83,379</u>	<u>-</u>	<u>-</u>
GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2017	<u><u>\$ 3,239,586</u></u>	<u><u>\$ 1,730,000</u></u>	<u><u>\$ 709,000</u></u>	<u><u>\$ 315,354</u></u>	<u><u>\$ 52,265</u></u>	<u><u>\$ 432,967</u></u>

CITY OF WHITEHOUSE, TEXAS

SCHEDULE "14"

SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE

FISCAL YEAR ENDED SEPTEMBER 30, 2017

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS AND NOTES ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-17	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-18			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS
					BALANCE 10-1-16	ISSUED CURRENT YEAR	CURRENT YEAR RETIREMENTS		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	\$ 1,710,000	\$ -	\$ 140,000	\$ 1,570,000	\$ 145,000	\$ 62,895	\$ 207,895	\$ 1,677,105
2007 Tax Refunding Bonds	7/15/07	Payable serially in varying amounts to 2-15-27	4.52%	4,359,000	3,241,000	-	329,000	2,912,000	349,000	123,735	472,735	2,957,619
2007-Water & Sewer Certificates of Obligation	5/15/07	Payable serially in varying amounts to 2-15-26	4.32%	2,000,000	1,320,000	-	95,000	1,225,000	100,000	50,760	150,760	1,356,660
2016 Tax Note	10/27/15	Payable serially in varying amounts to 2-15-21	2.12%	700,000	700,000	-	130,690	569,310	137,880	12,069	149,949	449,850
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	7,970,000	-	380,000	7,590,000	385,000	182,884	567,884	8,425,538
Total Business Type Activities Bonded Debt				19,589,000	14,941,000	-	1,074,690	13,866,310	1,116,880	432,343	1,549,223	14,866,772
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	1,885,000	-	155,000	1,730,000	160,000	73,525	233,525	1,884,500
2013 Tax Note	06/20/13	Payable serially in varying amounts to 2-15-26	1.60%	1,800,000	938,000	-	229,000	709,000	233,000	9,480	242,480	483,648
Total Governmental Fund Bonded Debt				4,940,000	2,823,000	-	384,000	2,439,000	393,000	83,005	476,005	2,368,148
Total Bonded Indebtedness				\$ 24,529,000	\$ 17,764,000	\$ -	\$ 1,458,690	\$ 16,305,310	\$ 1,509,880	\$ 515,348	\$ 2,025,228	\$ 17,234,920
GOVERNMENTAL FUND: NOTES PAYABLE												
Note Payable - Austin Bank		Maturing 02-15-2020	2.20%	\$ 400,000	\$ 323,273	\$ -	\$ 78,092	\$ 245,181	\$ 79,912	\$ 12,069	\$ 91,981	\$ 164,159
Note Payable - Austin Bank		Maturing 12-04-2020	2.50%	25,460	-	25,460	5,287	20,173	4,856	511	5,367	16,100
Note Payable - Austin Bank		Maturing 08-14-2019	2.75%	50,000	-	50,000	-	50,000	24,713	1,280	25,993	25,992
Total Governmental Fund Notes Payable				\$ 475,460	\$ 323,273	\$ 75,460	\$ 83,379	\$ 315,354	\$ 109,481	\$ 13,860	\$ 123,341	\$ 206,251

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, 2017, 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 January 29, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the next that we consider to be significant deficiencies.

Non-Cash Adjustments (Court)

In connection with our assessment of fraud risk with the City's controls, we tested the City's procedures for non-cash adjustments made on citations where the citation is settled by means other than actual payment. For three of the items selected for testing, we found that there was no documentation retained by the City to support the dismissal of the citation.

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.

City of Whitehouse, Texas's Response to Findings

The City agrees with the findings reflected above related to the lack of physical documentation to support the non-cash dismissal of court citations. The City's court clerk and finance director will take the necessary steps to ensure that physical documentation is maintained to support all non-cash dismissals for the future.

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
January 29, 2018