

CITY OF WHITEHOUSE, TEXAS

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

FISCAL YEAR ENDED SEPTEMBER 30, 2024

Gollob Morgan Peddy PC
CERTIFIED PUBLIC ACCOUNTANTS

1001 ESE Loop 323, Suite 300, Tyler, TX 75701
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com
Members American Institute of Certified Public Accountants and Private Companies Practice Section

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate blended component units, each major fund, and the aggregate remaining fund information of City of Whitehouse, Texas, as of and for the year ended September 30, 2024, 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.

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, the blended component units, each major fund, and the aggregate remaining fund information of City of Whitehouse, Texas, as of September 30, 2024 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Whitehouse, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Whitehouse, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Whitehouse, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Whitehouse, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, the schedule of changes in net pension liability and related ratios, and the schedule of contributions, and the schedule of changes in total OPEB liability and related ratios, and the schedule of contributions 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.

Supplementary 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 combining and individual nonmajor fund financial statements and the Water & Sewer Fund budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas *Uniform Grant Management Standards* are also not a required part of the basic financial statements.

The additional supplementary information and the schedules of expenditures of federal and state awards 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2025, 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.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
February 13, 2025

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, 2024.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$37,783,357 (net position). Of this amount \$8,442,110 (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 (unassigned) fund balance of \$4,407,113.
- The total net position of \$37,783,357 is made up of \$21,436,551 in capital assets net of related debt and \$10,346,806 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, 2024 the City's assets exceeded liabilities by \$31,783,357.

By far the largest portion of the City's net position, \$21,436,551, 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 \$3,242,381 during the current year primarily due to land acquired and continued construction and improvements on the East Main properties. 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, \$8,442,110, increased by \$892,911 during the year.

City of Whitehouse's Net position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 17,202,657	\$ 20,278,588	\$ 2,391,410	\$ 2,384,550	\$ 19,594,067	\$ 22,663,138
Capital assets	18,840,886	15,764,955	14,915,566	15,442,734	33,756,452	31,207,689
Total Assets	36,043,543	36,043,543	17,306,976	17,827,284	53,350,519	53,870,827
Deferred outflows of resources	475,654	596,779	263,323	352,287	738,977	949,066
Total Deferred Outflows of Resources	475,654	596,779	263,323	352,287	738,977	949,066
Current liabilities	1,597,314	1,525,553	1,943,930	1,797,060	3,541,244	3,322,613
Non current liabilities	13,663,242	14,987,066	5,046,256	6,481,608	18,709,498	21,468,674
Total Liabilities	15,260,556	16,512,619	6,990,186	8,278,668	22,250,742	24,791,287
Deferred outflows of resources	1,349,901	2,356,250	116,944	119,505	1,466,845	2,475,755
Total Deferred Outflows of Resources	1,349,901	2,356,250	116,944	119,505	1,466,845	2,475,755
Net invested in capital assets	12,868,961	10,308,755	8,567,590	7,885,415	21,436,551	18,194,170
Restricted	1,904,696	1,809,482	-	-	1,904,696	1,809,482
Unrestricted	6,546,531	5,653,216	1,895,579	1,895,983	8,442,110	7,549,199
Total Net Position	\$ 21,320,188	\$ 17,771,453	\$ 10,463,169	\$ 9,781,398	\$ 31,783,357	\$ 27,552,851

Governmental activities. During the current year the governmental activities had an increase in net position of \$3,548,735 which represented a \$817,3918 increase from the previous year. The increase comes mostly from an increase in tax revenue and an increase grant revenues used towards the City's East Main project.

Business-type activities. The City had a \$681,771 increase in net position for its business-type activities during the year. This represents a \$343,428 decrease from the previous year. This decrease from the prior year comes from increased operating costs for the City's water and wastewater distribution.

City of Whitehouse's Changes in Net position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Charges for services	\$ 2,388,239	\$ 2,257,370	\$ 3,543,534	\$ 3,582,747	\$ 5,931,773	\$ 5,840,117
Grant revenues	1,005,165	136,421	-	-	1,005,165	136,421
General revenue:						
Property taxes	4,405,740	3,783,834	831,250	930,101	5,236,990	4,713,935
Franchise taxes	331,002	299,553	-	-	331,002	299,553
Sales taxes	1,672,202	1,721,516	-	-	1,672,202	1,721,516
Gain (loss) on sale of assets	29,585	25,515	-	-	29,585	25,515
Interest income	954,437	809,469	144,563	114,514	1,099,000	923,983
Total revenues	10,786,370	9,033,678	4,519,347	4,627,362	15,305,717	13,661,040
Expenses:						
General government	1,321,930	1,143,895	-	-	1,321,930	1,143,895
Public safety	3,556,267	3,229,303	-	-	3,556,267	3,229,303
Community development	1,853,405	1,563,340	-	-	1,853,405	1,563,340
Parks and recreation	349,784	294,528	-	-	349,784	294,528
Interest	195,608	469,453	373,035	215,048	568,643	684,501
Water and sewer operations	-	-	3,425,182	2,988,930	3,425,182	2,988,930
Total expenses	7,276,994	6,700,519	3,798,217	3,203,978	11,075,211	9,904,497
Transfers	39,359	398,185	(39,359)	(398,185)	-	-
Change in net position	3,548,735	2,731,344	681,771	1,025,199	4,230,506	3,756,543
Net position beginning of year	17,771,453	15,040,109	9,781,398	8,756,199	27,552,851	23,796,308
Net position end of year	\$ 21,320,188	\$ 17,771,453	\$ 10,463,169	\$ 9,781,398	\$ 31,783,357	\$ 27,552,851

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 \$4,407,113. The total unrestricted fund balance for the governmental funds increased by \$42,160 during the year, which was primarily due to an increase in tax revenues and solid waste collections.

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 \$1,895,579 at year end as compared to \$1,895,983 at the end of the prior year.

General Fund Budgetary Highlights

Over the year, the City of Whitehouse made several budget amendments to its original budget for its General Fund. Actual revenues were \$378,678 over budget while expenditures were over budget by just \$102,616. After considering operating transfers, the City had a favorable variance of \$276,062 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, 2023, amounts to \$21,436,551 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 land acquisition and continued improvements and construction along East Main. The total net increase in the City’s investment in fixed assets for the current year (see Note 4C) amounted to \$2,548,763.

City of Whitehouse’s Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,242,946	\$ 190,184	\$ 25,000	\$ 25,000	\$ 2,267,946	\$ 215,184
Easements	-	-	7,800	7,800	7,800	7,800
Construction in progress	1,879,846	448,440	58,337	-	1,938,183	448,440
Buildings and improvements	2,718,555	2,829,204	75,545	80,362	2,794,100	2,909,566
Parks	2,060,086	1,958,780	-	-	2,060,086	1,958,780
Water and sewer system	-	-	14,705,472	15,258,732	14,705,472	15,258,732
Infrastructure	8,004,689	8,188,582	-	-	8,004,689	8,188,582
Right-of-use assets	1,180,551	1,318,465	-	-	1,180,551	1,318,465
Machinery and equipment	754,213	831,300	43,412	70,840	797,625	902,140
Total	\$ 18,840,886	\$ 15,764,955	\$ 14,915,566	\$ 15,442,734	\$ 33,756,452	\$ 31,207,689

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

Long-term debt. After principal payments were made against debt and leases during the year, and the issuance of new leases for the City’s vehicle fleet, the City had total debt and other long-term liabilities outstanding of \$21,335,270 at the end of the fiscal year. The biggest change that occurred in the City’s long term liabilities for the current year resulted from a decrease in the City’s net pension liability which resulted from an improved market rates and valuation of the City’s net plan assets in its TMRS program as of the measurement date of December 31, 2023. This resulted in a net pension asset now in the governmental activities of \$42,412 and a small net pension liability of \$10,074 under the business-type activities as of September 30, 2024.

City of Whitehouse's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 13,257,642	\$ 14,038,269	\$ -	\$ -	\$ 13,257,642	\$ 14,038,269
Notes Payable	397,234	490,449	13,455	26,348	410,689	516,797
Compensated absences	163,914	148,140	20,782	20,782	184,696	168,922
Lease liability	1,039,693	1,182,036	-	-	1,039,693	1,182,036
Net Pension Liability	-	259,188	10,074	89,304	10,074	348,492
OPEB Liability	70,406	62,966	27,549	25,595	97,955	88,561
Revenue bonds and Certificates of obligation	-	-	6,334,521	7,530,971	6,334,521	7,530,971
Total	\$ 14,928,889	\$ 16,181,048	\$ 6,406,381	\$ 7,693,000	\$ 21,335,270	\$ 23,874,048

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 \$ 0.717855 per \$100.00 property valuation for the 2024-2025 fiscal year which was the same as the prior 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 903-510-7504

BASIC FINANCIAL STATEMENTS

**CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 4,853,217	\$ 3,021,052	\$ 7,874,269
Receivables (net of allowance for doubtful accounts)	657,116	618,142	1,275,258
Internal balances	1,896,644	(1,896,644)	-
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	11,164,716	418,860	11,583,576
Water rights - Lake Columbia	-	230,000	230,000
Net pension asset	42,412	-	42,412
Capital Assets (net of accumulated depreciation):			
Land	2,242,946	25,000	2,267,946
Construction in progress	1,879,846	58,337	1,938,183
Easements	-	7,800	7,800
Buildings and improvements	2,718,555	75,545	2,794,100
Parks	2,060,086	-	2,060,086
Infrastructure	8,004,689	-	8,004,689
Machinery and equipment	754,213	43,412	797,625
Right-of-Use Asset	1,180,551	-	1,180,551
Water and sewer system	-	14,705,472	14,705,472
Total Assets	<u>37,454,991</u>	<u>17,306,976</u>	<u>54,761,967</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (net of amortization)	-	127,102	127,102
Deferred charge on TMRS pension	462,953	132,981	595,934
Deferred charge on other postemployment benefits	12,701	3,240	15,941
Total Deferred Outflows of Resources	<u>475,654</u>	<u>263,323</u>	<u>738,977</u>
LIABILITIES			
Accounts payable	190,275	105,958	296,233
Deposits and other refundable balances	-	418,860	418,860
Accrued interest	141,392	58,987	200,379
Non-current liabilities:			
Due within one year	1,265,647	1,360,125	2,625,772
Due in more than one year	13,663,242	5,046,256	18,709,498
Total Liabilities	<u>15,260,556</u>	<u>6,990,186</u>	<u>22,250,742</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - grants	915,095	-	915,095
Deferred revenue - Lease	67,500	-	67,500
Deferred charge on TMRS pension	323,811	76,957	400,768
Deferred charge on other postemployment benefits	43,495	39,987	83,482
Total Deferred Inflows of Resources	<u>1,349,901</u>	<u>116,944</u>	<u>1,466,845</u>
NET POSITION			
Net investment in capital assets	12,868,961	8,567,590	21,436,551
Restricted for:			
Police forfeitures	27,705	-	27,705
Grants	95,488	-	95,488
Debt service	1,781,503	-	1,781,503
Unrestricted	6,546,531	1,895,579	8,442,110
Total Net Position	<u>\$ 21,320,188</u>	<u>\$ 10,463,169</u>	<u>\$ 31,783,357</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, 2024**

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT TOTAL
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 1,321,930	\$ 356,608	\$ 1,005,165	\$ 39,843	\$ -	\$ 39,843
Public safety	3,556,267	662,292	-	(2,893,975)	-	(2,893,975)
Community development	1,853,405	1,369,339	-	(484,066)	-	(484,066)
Parks and recreation	349,784	-	-	(349,784)	-	(349,784)
Interest	195,608	-	-	(195,608)	-	(195,608)
Total governmental activities	<u>7,276,994</u>	<u>2,388,239</u>	<u>1,005,165</u>	<u>(3,883,590)</u>	<u>-</u>	<u>(3,883,590)</u>
Business-type activities:						
Water and sewer	3,425,182	3,543,534	-	-	118,352	118,352
Interest	373,035	-	-	-	(373,035)	(373,035)
Total business-type activities	<u>3,798,217</u>	<u>3,543,534</u>	<u>-</u>	<u>-</u>	<u>(254,683)</u>	<u>(254,683)</u>
Total primary government	<u>\$ 11,075,211</u>	<u>\$ 5,931,773</u>	<u>\$ 1,005,165</u>	<u>(3,883,590)</u>	<u>(254,683)</u>	<u>(4,138,273)</u>
General revenues:						
Property taxes				4,405,740	831,250	5,236,990
Franchise taxes				331,002	-	331,002
Sales and use taxes				1,672,202	-	1,672,202
Gain on sale of assets				29,585	-	29,585
Interest and rent				954,437	144,563	1,099,000
Transfers				39,359	(39,359)	-
Total general revenues and transfers				<u>7,432,325</u>	<u>936,454</u>	<u>8,368,779</u>
Change in net position				3,548,735	681,771	4,230,506
Net Position, Beginning of year				<u>17,771,453</u>	<u>9,781,398</u>	<u>27,552,851</u>
Net position - end of year				<u>\$ 21,320,188</u>	<u>\$ 10,463,169</u>	<u>\$ 31,783,357</u>

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

CITY OF WHITEHOUSE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	MAJOR FUNDS						TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	AMERICAN RESCUE PLAN FUND	2022 CITY IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	
ASSETS							
Cash and investments	\$ 4,051,696	\$ -	\$ -	\$ -	\$ 768,506	\$ -	\$ 4,820,202
Receivables:							
Property taxes	69,962	45,326	-	-	-	-	115,288
Fines	87,805	-	-	-	-	-	87,805
Sales taxes	246,165	-	-	-	-	-	246,165
Lease receivable	70,500	-	-	-	-	-	70,500
Charges for services (net)	180,836	-	-	-	-	-	180,836
Restricted Assets:							
Temporarily restricted							
Cash and cash equivalents	-	-	1,010,583	9,192,874	961,259	-	11,164,716
Due from other funds	115,139	1,956,933	-	-	-	(94,894)	1,977,178
Total Assets	<u>4,822,103</u>	<u>2,002,259</u>	<u>1,010,583</u>	<u>9,192,874</u>	<u>1,729,765</u>	<u>(94,894)</u>	<u>18,662,690</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued expenses	189,723	-	-	-	550	-	190,273
Due to other funds	-	175,430	-	-	-	(94,894)	80,536
Total Liabilities	<u>189,723</u>	<u>175,430</u>	<u>-</u>	<u>-</u>	<u>550</u>	<u>(94,894)</u>	<u>270,809</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	69,962	45,326	-	-	-	-	115,288
Unavailable revenue - grants	-	-	915,095	-	-	-	915,095
Unavailable revenue - leases	67,500	-	-	-	-	-	67,500
Unavailable revenue - fines	87,805	-	-	-	-	-	87,805
Total Deferred Inflows of Resources	<u>225,267</u>	<u>45,326</u>	<u>915,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,185,688</u>
Fund Balances:							
Restricted:							
Police forfeitures/ expenditures	-	-	-	-	27,705	-	27,705
Grant expenditures	-	-	95,488	-	-	-	95,488
Debt Service	-	1,781,503	-	-	-	-	1,781,503
Total Restricted	-	1,781,503	95,488	-	27,705	-	1,904,696
Assigned:							
Capital Projects	-	-	-	9,192,874	1,701,510	-	10,894,384
Unassigned	4,407,113	-	-	-	-	-	4,407,113
Total Fund Balances	<u>4,407,113</u>	<u>1,781,503</u>	<u>95,488</u>	<u>9,192,874</u>	<u>1,729,215</u>	<u>-</u>	<u>17,206,193</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,822,103</u>	<u>\$ 2,002,259</u>	<u>\$ 1,010,583</u>	<u>\$ 9,192,874</u>	<u>\$ 1,729,765</u>	<u>\$ -</u>	<u>\$ 18,662,690</u>

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

CITY OF WHITEHOUSE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

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)	\$ 17,206,193
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	18,370,656
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	202,027
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	475,654
Deferred inflows represent the consumption of net position that are applicable to a future reporting period.	(367,306)
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	(141,392)
Internal service funds are used by management to charge the costs of goods or services provided to other departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	22,294
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>(14,447,938)</u>
Net position of governmental activities	<u>\$ 21,320,188</u>

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	MAJOR FUNDS					ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	AMERICAN RESCUE PLAN FUND	2022 CITY IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS		
REVENUES							
Current and delinquent taxes	\$ 3,170,481	\$ 1,230,542	\$ -	\$ -	\$ -	\$ -	\$ 4,401,023
Fines and forfeitures	337,080	-	-	-	12,400	-	349,480
Licenses and permits	56,799	-	-	-	14,580	-	71,379
Franchise taxes	331,002	-	-	-	-	-	331,002
Sales taxes - regular	1,032,699	-	-	-	133,763	-	1,166,462
Sales taxes - additional 1/2 cent	401,290	-	-	-	-	-	401,290
Sales tax fees	104,450	-	-	-	-	-	104,450
Solid waste collections	1,307,465	-	-	-	-	-	1,307,465
Intergovernmental revenue	276,394	-	-	-	-	-	276,394
Grant revenue	2,500	-	1,002,665	-	-	-	1,005,165
Street and maintenance fee	-	-	-	-	61,874	-	61,874
Interest and rent	165,563	114,545	71,177	520,674	82,478	-	954,437
Vehicle registration fees	205,037	-	-	-	-	-	205,037
Miscellaneous income	48,869	-	-	-	-	-	48,869
Total Revenues	7,439,629	1,345,087	1,073,842	520,674	305,095	-	10,684,327
EXPENDITURES							
Legislative	36,189	-	-	-	-	-	36,189
General administration	567,509	-	42,106	-	103,715	-	713,330
Treasury and financial	139,384	-	-	-	-	-	139,384
Tax appraisal and collections	67,770	-	-	-	-	-	67,770
Municipal court	424,461	-	-	-	-	-	424,461
Library	199,594	-	-	-	-	-	199,594
Parks/recreation	241,575	-	-	-	-	-	241,575
Community development	91,238	-	-	-	-	-	91,238
Street and ground maintenance	237,924	-	-	-	109,447	-	347,371
Police	1,874,940	-	-	-	-	-	1,874,940
Fire	1,038,748	-	-	-	-	-	1,038,748
Sanitation	853,720	-	-	-	-	-	853,720
Debt service:							
Bond principal	-	745,000	-	-	-	-	745,000
Note principal	-	93,215	-	-	-	-	93,215
Lease payments	186,712	-	-	-	-	-	186,712
Interest and fees	-	138,742	-	-	-	-	138,742
Capital outlay	1,343,871	-	1,031,736	1,431,406	35,725	-	3,842,738
Total Expenditures	7,303,635	976,957	1,073,842	1,431,406	248,887	-	11,034,727
Revenues Over (Under) Expenditures	135,994	368,130	-	(910,732)	56,208	-	(350,400)

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 BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	AMERICAN RESCUE PLAN FUND	2022 CITY IMPROVEMENTS FUND			
OTHER FINANCING SOURCES (USES)							
Transfers in	225,000	647,719	-	-	-	-	872,719
Transfers out	(318,834)	(924,999)	-	-	-	-	(1,243,833)
Total Other Financing Sources (Uses)	(93,834)	(277,280)	-	-	-	-	(371,114)
Net Change in Fund Balances	42,160	90,850	-	(910,732)	56,208	-	(721,514)
Fund Balance, October 1, 2023	4,364,953	1,690,653	95,488	10,103,606	1,673,007	-	17,927,707
Fund Balance, September 30, 2024	<u>\$ 4,407,113</u>	<u>\$ 1,781,503</u>	<u>\$ 95,488</u>	<u>\$ 9,192,874</u>	<u>\$ 1,729,215</u>	<u>\$ -</u>	<u>\$ 17,206,193</u>

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

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, 2024

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

Net change in fund balances - total governmental funds	\$ (721,514)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	3,032,951
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.	41,135
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net revenue of the internal service fund is reported with governmental activities.	(5,835)
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.	971,511
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>230,487</u>
Change in net position of governmental activities	<u><u>\$ 3,548,735</u></u>

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

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
REVENUES				
Current and delinquent taxes	\$ 2,712,435	\$ 3,170,285	\$ 3,170,481	\$ 196
Fines and forfeitures	242,000	242,000	337,080	95,080
Licenses and permits	26,000	26,000	56,799	30,799
Franchise taxes	280,000	330,272	331,002	730
Sales taxes - regular	900,000	1,070,106	1,070,106	-
Sales taxes - additional (3/8 of 1%)	337,500	401,290	401,290	-
Sales tax fees	81,000	81,000	96,507	15,507
Mixed beverage taxes	-	-	7,943	7,943
Solid waste collections	1,310,000	1,310,000	1,307,465	(2,535)
Zoning and platting fees	250	250	-	(250)
Intergovernmental revenue	101,500	101,500	276,394	174,894
Contributions and donations	500	500	24,953	24,453
Grant revenue	23,500	2,500	2,500	-
Interest and rent	48,000	151,475	164,063	12,588
Vehicle registration fees	170,000	194,365	205,037	10,672
Miscellaneous income	15,315	15,315	23,916	8,601
Total Revenues	6,248,000	7,096,858	7,475,536	378,678
EXPENDITURES				
Legislative	32,500	32,500	36,189	(3,689)
General administration	511,440	1,673,102	1,731,281	(58,179)
Treasury and financial	145,846	138,037	138,732	(695)
Tax appraisal and collections	67,907	67,907	67,770	137
Municipal court	370,593	412,815	430,986	(18,171)
Library	316,288	238,020	206,761	31,259
Parks/recreation	293,428	293,428	310,027	(16,599)
Community development	91,100	91,100	91,238	(138)
Street and ground maintenance	252,193	273,794	245,379	28,415
Police	2,289,735	2,344,735	2,401,123	(56,388)
Fire	1,045,198	1,092,086	1,093,971	(1,885)
Sanitation	877,000	877,000	883,683	(6,683)
Total Expenditures	6,293,228	7,534,524	7,637,140	(102,616)
Revenues Over (Under) Expenditures	(45,228)	(437,666)	(161,604)	276,062
OTHER FINANCING SOURCES (USES)				
Transfers in	225,000	225,000	225,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	225,000	225,000	225,000	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	179,772	(212,666)	63,396	276,062
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	(21,236)	(21,236)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	179,772	(212,666)	42,160	254,826
Fund Balance, October 1, 2023	4,364,953	4,364,953	4,364,953	-
Fund Balance, September 30, 2024	<u>\$ 4,544,725</u>	<u>\$ 4,152,287</u>	<u>\$ 4,407,113</u>	<u>\$ 254,826</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, 2024**

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

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Increase in rent income for change in receivable under GASB 87

1,500

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

(37,407)

Uses/Outflows of Resources:

Differences - Budget to GAAP

Decrease in accrued expenses

14,671

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ (21,236)

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

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	UTILITY FUND	INTERNAL SERVICE FUND
Current Assets:		
Cash and certificates of deposit	\$ 3,021,052	\$ 33,015
Accounts receivable (Net)	618,142	-
Total Current Assets	<u>3,639,194</u>	<u>33,015</u>
Restricted Current Assets:		
Temporarily Restricted		
Customer deposits	418,860	-
Total Restricted Current Assets	<u>418,860</u>	<u>-</u>
Noncurrent Assets:		
Water rights - Lake Columbia	230,000	-
Total Noncurrent Assets	<u>230,000</u>	<u>-</u>
Capital Assets:		
Land	25,000	-
Construction in progress	58,337	-
Easements	7,800	-
Buildings	379,264	-
Water and sewer system	27,005,660	-
Machinery & equipment	822,856	-
Right-of-use asset	-	861,894
Less: Accumulated depreciation/ amortization	(13,383,351)	(391,664)
Total Capital Assets Net of Accumulated Depreciation	<u>14,915,566</u>	<u>470,230</u>
Total Noncurrent Assets:	<u>15,145,566</u>	<u>470,230</u>
Total Assets	<u>19,203,620</u>	<u>503,245</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding (net of amortization)	127,102	-
Deferred charge on other post employment benefits	3,240	-
Deferred charge on TMRS pension	132,981	-
Total Deferred Outflows of Resources	<u>263,323</u>	<u>-</u>

(continued)

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

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	UTILITY FUND	INTERNAL SERVICE FUND
	<u> </u>	<u> </u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 105,958	\$ -
Compensated absences	2,077	-
Due to other funds	1,896,644	-
Total Current Liabilities	<u>2,004,679</u>	<u>-</u>
Current liabilities payable from restricted assets:		
Customer deposits	418,860	-
Accrued interest	58,987	-
Notes payable	13,455	-
Lease liability - current portion	-	178,023
Revenue bonds payable	1,344,593	-
Total current liabilities payable from restricted assets	<u>1,835,895</u>	<u>178,023</u>
Noncurrent Liabilities:		
Revenue bonds payable	4,989,928	-
Lease liability	-	302,928
Compensated absences	18,705	-
Net pension liability	10,074	-
Other post employment benefits	27,549	-
Total Noncurrent Liabilities	<u>5,046,256</u>	<u>302,928</u>
Total Liabilities	<u>8,886,830</u>	<u>480,951</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on other postemployment benefits	39,987	-
Deferred charge on TMRS pension	76,957	-
Total Deferred Inflows of Resources	<u>116,944</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	8,567,590	-
Unrestricted	1,895,579	22,294
Total Net Position	<u>\$ 10,463,169</u>	<u>\$ 22,294</u>

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

EXHIBIT 8

CITY OF WHITEHOUSE, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	UTILITY FUND	INTERNAL SERVICE FUND
	<u> </u>	<u> </u>
OPERATING REVENUES		
Water sales	\$ 2,370,967	\$ -
Sewer charges	986,987	-
Property taxes	831,250	-
Charges for other services	185,580	-
	<u>4,374,784</u>	<u>-</u>
Total Operating Revenues		
OPERATING EXPENSES		
Utility administration	692,036	-
Customer service	180,626	-
Water operations	764,684	-
Sewer operations	695,255	-
Water supply	485,499	-
Fuel	-	80,531
Maintenance	-	197,894
Amortization of leases	-	179,567
Depreciation	607,082	-
	<u>3,425,182</u>	<u>457,992</u>
Total Operating Expenses		
Operating Income	<u>949,602</u>	<u>(457,992)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and fiscal charge expense	(373,035)	(19,224)
Sale of assets	-	29,585
Revenue reimbursement for claims	-	31,323
Interest income	144,563	-
	<u>(228,472)</u>	<u>41,684</u>
Total non-operating revenue (expenses)		
Income before transfers	721,130	(416,308)
Transfers in	699,999	410,473
Transfers out	(739,358)	-
	<u>(39,359)</u>	<u>410,473</u>
Total Transfers		
Change in Net Position	681,771	(5,835)
Net Position, October 1, 2023	<u>9,781,398</u>	<u>28,129</u>
Net Position, September 30, 2024	<u>\$ 10,463,169</u>	<u>\$ 22,294</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, 2024

	UTILITY FUND	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 4,378,201	\$ -
Cash paid to suppliers for goods and services	(1,940,554)	(278,425)
Cash paid to employees for services	(932,481)	-
	<u>1,505,166</u>	<u>(278,425)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	798,850	410,473
Transfers out	(838,209)	-
Net cash provided by non-capital financing activities	<u>(39,359)</u>	<u>410,473</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases or construction of capital assets	(79,914)	(222,547)
Proceeds on sale of assets	-	29,585
Proceeds from claims	-	31,323
Proceeds on capital leases	-	234,800
Principal paid on notes	(12,893)	-
Interest paid	(384,501)	(19,224)
Principal paid on leases	(90,850)	(190,432)
Principal paid on bonds	(1,158,000)	-
	<u>(1,726,158)</u>	<u>(136,495)</u>
Net cash used in capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned on investments	144,563	-
	<u>144,563</u>	<u>-</u>
Net cash provided by investing activities		
Net increase in cash	65,912	(4,447)
Cash, beginning of period	3,374,000	37,462
Cash, end of period	<u>\$ 3,439,912</u>	<u>\$ 33,015</u>
Reconciliation of cash to Exhibit 7:		
Cash - current asset	\$ 3,021,052	\$ 33,015
Cash - restricted current asset	418,860	-
Total cash, end of period	<u>\$ 3,439,912</u>	<u>\$ 33,015</u>
Summary on non-cash investing and financing activities:		
Vehicle fleet acquired through lease agreements	<u>\$ -</u>	<u>\$ 234,800</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, 2024

	<u>UTILITY FUND</u>	<u>INTERNAL SERVICE FUND</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:		
Operating income	\$ 949,602	\$ (457,992)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortixation expense	607,082	179,567
Insurance proceeds	-	-
Decrease in deferred outflows of resources	31,819	-
Decrease in accounts payable	(6,917)	-
Increase in accounts receivable	(13,103)	-
Increase in net pension liability	(79,230)	-
Increase in other post employee benefit liability	1,954	-
Increase in customer deposits	16,520	-
Total adjustments	<u>555,564</u>	<u>179,567</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,505,166</u>	<u>\$ (278,425)</u>

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

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

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.

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. Blended Component Unit

In April of 2018, the City authorized the creation of an Economic Development Corporation pursuant to Chapters 501 and 505 of the Texas Local Government Code. Whitehouse Economic Development Corporation (WEDCO) is a nonprofit corporation organized to promote and develop new or expanding employment roles within the City of Whitehouse. The City plans to fund this new entity by dedicating one-eighth of a percent of sales tax revenue to economic development activities such as attracting new businesses and encouraging the expansion of existing ones, acquiring properties to be redeveloped, and completing infrastructure improvements that would assist in new development. 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 a Certain Organization 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.

D. 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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

American Rescue Program Fund is used to account for the expenditures of the funds received in response to the American Rescue Program Act in March of 2021.

2022 City Improvements Capital Project Fund is used to account for the expenditures of funds from the 2022 series certificates of Obligations for city improvements.

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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

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

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.

F. 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.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

5. Construction in progress – Expenditures on incomplete capital projects have been capitalized as construction in progress. The assets resulting from these projects will be transferred from the construction in progress accounts to the appropriate asset account as the projects are completed.
6. Bond issue costs – The City has implemented GASB Statement No. 65. Under GASB Statement No. 65, bond issue costs are expensed when incurred.
7. Compensated Absences - A liability for unused vacation and sick time for all full time employees is calculated and reported in the proprietary fund and government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences:
 - Leave or compensation is attributable to services already rendered
 - Leave or compensation is not contingent on a specific event (such as illness)

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

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

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

8. Long-term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.
9. Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has two items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide statement of net position.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

10. **F. Assets, Liabilities, and Net Position or Equity - Continued**

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 and other postemployment benefit.

The TMRS pension and OPEB expense and net pension and OPEB liability are reported as of the date of the last actuarial study, which was December 31, 2022. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2023 and September 30, 2024.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources (revenue) until that time. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualify for reporting under this category, deferred inflow of resources related to pensions.

11. **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.

12. **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.

13. **Capitalized interest – The City has capitalized interest on construction projects when material.**

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

F. Assets, Liabilities, and Net Position or Equity – Continued

14. Tax Abatements – 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.
15. 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.
16. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
17. Other Postemployment Benefits – For purposes of measuring the other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by TMRS. Benefit payments are treated as being equal to the City’s yearly contributions for retirees.
18. Future Implementation of New Standards

In June 2022, GASB issued Statement No. 100 *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* which defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The City implemented this statement as applicable for the fiscal year ending September 30, 2024. The implementation did not have a material effect of the City’s financial statements.

In June 2022, GASB issued Statement No. 101 *Compensated Absences* requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. The City is evaluating the impact of this statement on its financial statements.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

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 \$18,370,656 difference are as follows:

Capital assets, October 1, 2023, net of accumulated depreciation	\$ 15,337,705
Capital asset additions, net of retirements	3,842,738
Depreciation of capital assets, net of retirements	<u>(809,787)</u>
	<u>\$ 18,370,656</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 these 202,027 differences is as follows:

Allowance account for uncollectible property taxes	\$ (43,478)
Net pension asset	42,412
Unavailable revenue - property taxes	115,288
Unavailable revenue - fines	<u>87,805</u>
	<u>\$ 202,027</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 \$(14,447,938) difference are as follows:

Long-term liabilities, October 1, 2023	\$ (15,744,466)
Principal paid on debt in current year	1,024,927
Debt incurred during current year	-
Amortization of bond premium	35,627
Increase in other postemployment benefit liability	(7,440)
Decrease in net pension liability	259,188
Change in compensated absences	<u>(15,774)</u>
	<u>\$ (14,447,938)</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 \$3,032,951 was related to fixed asset additions exceeding current year depreciation expense as follows:

Capital outlay, asset additions	\$ 3,842,738
Depreciation expense	<u>(809,787)</u>
	<u>\$ 3,032,951</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

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)

Another element states “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government-wide statements.” The details of this \$41,135 are as follows:

Change in allowance for uncollectible taxes	\$	(4,040)
Change in deferred revenue		45,175
		41,135
	\$	41,135

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 \$971,511 difference are as follows:

Principal payments on debt	\$	1,024,927
Change in accrued interest		(2,015)
Amortization on bond premium		(35,627)
Change in compensated absences		(15,774)
		971,511
	\$	971,511

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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 4 — DETAILED NOTES ON ALL FUNDS

B. Deposits and Investments

Cash and investments as of September 30, 2024 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 7,874,269
Restricted cash and cash equivalents	<u>11,583,576</u>
Total Cash and cash equivalents	<u>\$ 19,457,845</u>
Cash on hand	\$ 1,300
Savings and checking accounts	10,896,204
External investment pools	<u>8,560,341</u>
Total Cash and Investments	<u>\$ 19,457,845</u>

At September 30, 2024, the carrying value of the City’s bank deposits was \$10,896,204 while the bank balance was \$11,607,345. 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.

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

During the year ended September 30, 2024, the City invested a public funds investment pool. The City’s investment in the public funds investment pool as of September 30, 2024, is shown below.

<u>External Investment Pool</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Texas Class	<u>\$ 8,560,341</u>	0.23	AAAm
	<u>\$ 8,560,341</u>		

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

B. Deposits and Investments (continued)

GASB Statement No. 77, Fair Value Measurement and Application, establishes a fair value hierarchy for inputs used in the measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk.)

The asset’s or liability’s fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

A summary of the City’s investments under the requirements of the fair value hierarchy as of September 30, 2024 are as follows:

	Assets at Fair Value as of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Primary Government				
Texas Government Investment Pool	\$ -	\$ 8,560,341	\$ -	\$ 8,560,341
Total Primary Government	\$ -	\$ 8,560,341	\$ -	\$ 8,560,341

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year-end and, if so, the reporting of certain related disclosures:

At September 30, 2023, the City’s investments, other than those which are obligations of or guaranteed by the U.S. Government, are rated as to credit quality as follows:

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. The City was not exposed to custodial credit risk.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City’s investment policy limits the concentration of its investments by investment type. The City was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City was not exposed to interest rate risk.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

B. Deposits and Investments – (continued)

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. The City does not engage in foreign currency transactions. The City was not exposed to foreign currency risk.

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 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 the fair value per share of the pool’s underlying portfolio, unless the pool is a 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.

Texas CLASS (Texas Cooperative Liquid Assets Security System) is an external investment pool measured at its net asset value. Texas CLASS’ strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. Authority over the investment pool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool’s liquidity. Texas CLASS was organized in March 1996 under a trust agreement executed by and among Texas local governmental entities in accordance with the Public Funds Investment Act, and the Texas Government Code and remains in full compliance with Government Code Chapter 2256. The fund is administered by Public Trust Advisors, LLC and is rated AAAM by Standard & Poor’s Rating Services.

C. Receivables

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

	General Fund	Debt Service Fund	Other Governmental Funds	Utility Operating Fund	Total
Receivables:					
Taxes	\$ 316,127	\$ 45,326	\$ -	\$ -	\$ 361,453
Assessments	-	-	-	45,223	45,223
Accounts (services)	417,038	-	-	645,099	1,062,137
Leases	70,500	-	-	-	70,500
Gross receivables	<u>803,665</u>	<u>45,326</u>	<u>-</u>	<u>690,322</u>	<u>1,539,313</u>
Less: Allowance for Uncollectibles	<u>(191,875)</u>	<u>-</u>	<u>-</u>	<u>(72,180)</u>	<u>(264,055)</u>
Net Receivables	<u><u>\$ 611,790</u></u>	<u><u>\$ 45,326</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 618,142</u></u>	<u><u>\$ 1,275,258</u></u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

D. Capital Assets

Capital asset activity for the year ended September 30, 2024 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	\$ 2,052,762	\$ -	\$ 2,242,946
Construction in Progress	448,440	1,431,406	-	1,879,846
Total Capital Assets, Not Being Depreciated	<u>638,624</u>	<u>3,484,168</u>	<u>-</u>	<u>4,122,792</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	4,314,755	-	-	4,314,755
Parks	2,571,986	176,640	-	2,748,626
Infrastructure	12,859,392	128,791	-	12,988,183
Machinery and Equipment	2,918,153	53,139	-	2,971,292
Right of Use Asset	1,811,946	234,800	(97,357)	1,949,389
Total Capital Assets, Being Depreciated	<u>24,476,232</u>	<u>593,370</u>	<u>(97,357)</u>	<u>24,972,245</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,485,551)	(110,649)	-	(1,596,200)
Parks	(613,206)	(75,334)	-	(688,540)
Infrastructure	(4,670,810)	(312,684)	-	(4,983,494)
Machinery and Equipment	(2,086,853)	(130,226)	-	(2,217,079)
Right of Use Asset	(493,481)	(372,714)	97,357	(768,838)
Total Accumulated Depreciation	<u>(9,349,901)</u>	<u>(1,001,607)</u>	<u>97,357</u>	<u>(10,254,151)</u>
Net Total Assets Being Depreciated	<u>15,126,331</u>	<u>(408,237)</u>	<u>-</u>	<u>14,718,094</u>
Governmental Activities Capital Assets, Net	<u>\$15,764,955</u>	<u>\$ 3,075,931</u>	<u>\$ -</u>	<u>\$18,840,886</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

D. Capital Assets – (continued)

Business-Type Activities:

Capital Assets, Not Being Depreciated:

Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Construction in Progress	-	58,337	-	58,337
Easements	7,800	-	-	7,800
Total Capital Assets, Not Being Depreciated	<u>32,800</u>	<u>58,337</u>	<u>-</u>	<u>91,137</u>

Capital Assets, Being Depreciated

Water and Sewer System	26,984,083	21,577	-	27,005,660
Buildings	379,264	-	-	379,264
Machinery and Equipment	822,856	-	-	822,856
Total Capital Assets, Being Depreciated	<u>28,186,203</u>	<u>21,577</u>	<u>-</u>	<u>28,207,780</u>

Less Accumulated Depreciation For:

Water and Sewer System	(11,708,351)	(591,837)	-	(12,300,188)
Buildings	(298,902)	(4,817)	-	(303,719)
Machinery and Equipment	(769,016)	(10,428)	-	(779,444)
Total Accumulated Depreciation	<u>(12,776,269)</u>	<u>(607,082)</u>	<u>-</u>	<u>(13,383,351)</u>

Net Total Assets Being Depreciated

	<u>15,409,934</u>	<u>(585,505)</u>	<u>-</u>	<u>14,824,429</u>
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Business-Type Activities Capital Assets, Net

	<u>\$15,442,734</u>	<u>\$ (527,168)</u>	<u>\$ -</u>	<u>\$14,915,566</u>
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Right-of-Use assets

A lease is defined as a contract that conveys control of the right of use of another entity’s nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The City is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet.

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

Governmental Activities:

General Government	\$ 276,290
Public Safety	131,538
Community Development	311,740
Transportation Fleet (ISF)	191,820
Parks and Recreation	90,219
Total depreciation expense, governmental activities	<u>\$ 1,001,607</u>

Business-Type Activities:

Water and Sewer Operations	<u>\$ 607,082</u>
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The City has the following construction projects as of September 30, 2024:

Project	Spent To-Date	Estimated Remaining Construction
110 E Main Street Remodel	\$ 1,879,846	\$ 4,366,554
SH 110 Water Plant Generator	58,337	250,000
	<u>\$ 1,938,183</u>	<u>\$ 4,616,554</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utility Operating fund	\$ 993
General Fund	Utility Debt Service Fund	19,253
Debt Service Fund	Utility Operating fund	38,692
Debt Service Fund	Utility Debt Service Fund	<u>1,837,706</u>
		<u>\$ 1,896,644</u>

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

D. Interfund Receivables, Payables, and Transfers

The composition of interfund transfers as of September 30, 2024, is as follows:

	<u>Transfers In</u>						<u>Total</u>
	<u>Utility Operating Fund</u>	<u>Utility Debt Service Fund</u>	<u>Debt Service Fund</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Fund</u>	
<u>Transfers Out:</u>							
Utility Operating Fund	\$ -	\$ -	\$ 647,719	\$ 225,000	\$ -	\$ 91,639	\$ 964,358
Utility Debt Service Fund	1,396,246	-	-	-	-	-	1,396,246
General Fund	-	-	-	-	-	318,834	318,834
Debt Service Fund	-	924,999	-	-	-	-	924,999
Total transfers out /in	<u>\$ 1,396,246</u>	<u>\$ 924,999</u>	<u>\$ 647,719</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ 410,473</u>	<u>\$ 3,604,437</u>

E. Long-term Debt

The following is a summary of bond and certificates of obligation transactions of the City for the year ended September 30, 2024:

	<u>GENERAL OBLIGATION</u>	<u>REVENUE</u>	<u>TOTAL</u>
Bonds payable - October 1, 2023	\$ 14,038,269	\$ 7,530,971	\$ 21,569,240
Additions	-	-	-
Retirements	(780,627)	(1,196,450)	(1,977,077)
Bonds payable - September 30, 2024	<u>\$ 13,257,642</u>	<u>\$ 6,334,521</u>	<u>\$ 19,592,163</u>

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

E. Long-term Debt –(continued)

Outstanding bonds at September 30, 2024 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%.	\$ 440,000
\$5,190,000 Series 2018 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-19 through 8-15-38. Interest at 3.0% to 3.12%.	2,775,332
\$9,880,000 Series 2022 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-26 through 2-15-33. Interest at 2.0%.	<u>10,042,310</u>
Total Governmental Bonded Debt	<u><u>\$ 13,257,642</u></u>

Business-Type Activities:

\$2,800,000 Series 2006 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-07 through 2-15-26. Interest at 4.2%.	\$ 400,000
\$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52%.	207,000
\$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%.	420,000
\$635,000 series 2020 Tax Note; maturing serially in varying amounts through 8-15-2035 at 1.51%.	482,000
\$5,575,000 series 2022 Refunding Bonds; maturing serially in varying amounts through beginning 2-15-23 through 2-15-28 at 2%	<u>4,825,521</u>
Total Business-Type Bonded Debt	<u><u>\$ 6,334,521</u></u>

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

E. Long-term Debt –(continued)

The funding requirements to amortize all bonds outstanding as of September 30, 2024, including interest, are as follows:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2025	\$ 755,000	\$ 298,900	\$ 1,312,000	\$ 129,126	\$ 2,495,026
2026	775,000	272,962	1,345,000	93,465	2,486,427
2027	430,000	246,750	1,619,000	46,699	2,342,449
2028	375,000	233,900	1,658,000	21,556	2,288,456
2029	1,920,000	209,850	43,000	4,756	2,177,606
2030-2034	8,225,000	453,600	225,000	13,832	8,917,432
2035-2038	575,000	45,613	47,000	710	668,323
	<u>\$ 13,055,000</u>	<u>\$ 1,761,575</u>	<u>\$ 6,249,000</u>	<u>\$ 310,144</u>	<u>\$ 21,375,719</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, 2024 be disclosed.

INSURER	POLICY	Limit of Liability		Deductible	COVERAGE DATE
		Each Occurrence	Annual Aggregate		
Texas Municipal League	General Liability	\$ 1,000,000	\$ 2,000,000	\$ -	10/1/2023 to 10/01/2024
	Law Enforcement	1,000,000	2,000,000	\$ 2,500	10/1/2023 to 10/01/2024
	Errors & Omissions	1,000,000	2,000,000	\$ 5,000	10/1/2023 to 10/01/2024
	Auto Liability	1,000,000	n/a	\$ -	10/1/2023 to 10/01/2024
	Auto Physical Damage	per schedule & endorsements	n/a	\$500/\$10,000	10/1/2023 to 10/01/2024
Texas Municipal League	Information Security & Privacy Liability	10,000	1,000,000	\$ -	10/1/2023 to 10/01/2024
	Regulatory Defense & Penalties	-	25,000	\$2,500/ \$5,000	10/1/2023 to 10/01/2024
Texas Municipal League	Real & Personal Property	26,075,889	n/a	\$ 1,000	10/1/2023 to 10/01/2024
	Mobile Equipment	566,275	n/a	\$ 500	10/1/2023 to 10/01/2024
	Boiler & Machinery	100,000	n/a	\$ 1,000	10/1/2023 to 10/01/2024
Texas Municipal League	Workers Comp	complies with state statutes	n/a		10/1/2023 to 10/01/2024
	TOTAL	<u>\$ 30,752,164</u>			

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

E. Long-term Debt – Continued

The funding requirements to amortize all notes outstanding as of September 30, 2024, including interest, are as follows:

	GOVERNMENTAL		BUSINESS TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2025	\$ 95,612	\$ 10,069	\$ 13,455	\$ 614	\$ 119,750
2026	98,035	7,645	-	-	105,680
2027	100,520	5,160	-	-	105,680
2028	103,067	2,619	-	-	105,686
	<u>\$ 397,234</u>	<u>\$ 25,493</u>	<u>\$ 13,455</u>	<u>\$ 614</u>	<u>\$ 436,796</u>

Changes in long-term liabilities

Long term liability activity for the year ended September 30, 2024 was as follows:

	Beginning Balance 10/1/23	Additions	Reductions	Ending Balance 9/30/24	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 13,800,000	\$ -	\$ 745,000	\$ 13,055,000	\$ 755,000
Bond Premium	238,269	-	35,627	202,642	33,879
Notes Payable	490,449	-	93,215	397,234	95,612
Lease Liability	1,182,036	234,800	377,143	1,039,693	364,765
Net Pension Liability	259,188	-	259,188	-	-
Other Postemployment Benefits	62,966	7,440	-	70,406	-
Compensated Absences	148,140	15,774	-	163,914	16,391
Governmental Activity Long-Term Liabilities	<u>16,181,048</u>	<u>258,014</u>	<u>1,510,173</u>	<u>14,928,889</u>	<u>1,265,647</u>
Business-type Activities:					
Revenue Bonds	7,407,000	-	1,158,000	6,249,000	1,312,000
Bond Premium	123,971	-	38,450	85,521	32,593
Notes Payable	26,348	-	12,893	13,455	13,455
Net Pension Liability	89,304	-	79,230	10,074	-
Other Postemployment Benefits	25,595	1,954	-	27,549	-
Compensated Absences	20,782	-	-	20,782	2,077
Business-type Activity Long-Term Liabilities	<u>\$ 7,693,000</u>	<u>\$ 1,954</u>	<u>\$ 1,288,573</u>	<u>\$ 6,406,381</u>	<u>\$ 1,360,125</u>

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

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

E. Long-term Debt – Continued

Some of the City’s notes payable are secured with collateral. As of September 30, 2024, the City had the following outstanding notes have the following collateral:

	Borrowing Amount	Collateral Description
Governmental activities:		
2022 Note Payable	\$ 397,234	Fire Truck Compressor
Total Governmental activities	397,234	
Total	\$ 397,234	

F. Leases

The City is involved in various leasing arrangements for equipment, vehicles, and buildings which are leased mainly to commercial customers. With the implementation of GASB Statement No. 87 Leases, effective the fiscal year ended September 30, 2022, all leases were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions.

Lessor Leases Receivables

The City has entered into a lease agreement to lease a building and land to UT Health EMS. No new leases were entered into during the year. Annual payments are \$18,000, interest free. Future annual lease receivables as of September 30, 2024, are as follows:

Year	Principal	Interest	Total Receipts
2025	\$ 18,000	-	\$ 18,000
2026	18,000	-	18,000
2027	18,000	-	18,000
2028	18,000	-	18,000
Total Future Receipts	\$ 72,000	-	\$ 72,000

Lessee Leases Payable

The City was party to several leases for office equipment and vehicles. Lease payables additions for the year ended September 30, 2024 were \$234,800 and lease payments for the year then ended were \$377,143. Annual payments range from \$485 to \$155,000. Interest rates were varied between 0.00% and 24.90%. Future annual lease receivables as of September 30, 2024 are as follows:

Year	Principal	Interest	Total Payments
2025	\$ 364,765	\$ 7,390	\$ 372,155
2026	257,839	2,694	260,533
2027	228,398	1,210	229,608
2028	188,691	857	189,548
Total Future Payments	\$ 1,039,693	12,151	\$ 1,051,844

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 5 — DEFEASED BONDS OUTSTANDING

The City has defeased certain bonds by placing the proceeds of the 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, 2024, \$4,675,000 of bonds outstanding are considered defeased. The issue amounts of outstanding defeased bonds are as follows:

Bond Issue	Year Refunded	Outstanding
Series 2012 Refunding Bonds	2022	\$ 4,675,000
Total Bonds Defeased (Refunded)		\$ 4,675,000

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, 2024, the City had \$843,305 in net receivables from its residents for the usage of these services.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Whitehouse participates as one of 887 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.tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also 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.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

Benefits Provided – (continued)

Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2022</u>
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 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

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Inactive employees or beneficiaries currently receiving benefits	23	21
Inactive employees entitled to but not yet receiving benefits	54	56
Active employees	51	48
	<u>128</u>	<u>125</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 7.58% and 7.98% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$298,668, and exceeded the required contributions by \$30,497.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Actuarial assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. For smaller cities, more conservative methods and assumptions are used; lower termination rates are used for smaller cities, with maximum multipliers of 115% for employers with less than 100 members. 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	100.00%	

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2022	\$ 6,668,647	\$ 6,320,155	\$ 348,492
Changes for the year:			
Service cost	409,443	-	409,443
Interest	456,884	-	456,884
Change of benefit terms	-	-	-
Difference between expected and actual experience	(31,249)	-	(31,249)
Changes of assumptions	(50,900)	-	(50,900)
Contributions - employer	-	256,354	(256,354)
Contributions - employee	-	181,169	(181,169)
Net investment income	-	732,171	(732,171)
Benefit payments, including refunds of employee contributions	(209,428)	(209,428)	-
Administrative expense	-	(4,654)	4,654
Other changes	-	(32)	32
Net changes	574,750	955,580	(380,830)
Balance at 12/31/2023	\$ 7,243,397	\$ 7,275,735	\$ (32,338)

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:

Sensitivity of the net pension liability to changes in the discount rate (continued)

	1% Decrease in		1% Increase in	
	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City's net pension liability	\$ 1,148,230	\$ (32,338)	\$ (32,338)	\$ (984,645)

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.tmrs.com.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

For the year ended September 30, 2024, the City recognized pension expense of \$98,432.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 196,779
Changes in actuarial assumptions	-	37,882
Difference between projected and actual investment earnings	570,931	401,918
Contributions subsequent to the measurement date	226,493	-
Total	\$ 797,424	\$ 636,579

The City had \$226,493 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, 2025. 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	
2024	\$ (56,343)
2025	(31,783)
2026	83,587
2027	(61,109)
2028	-
Thereafter	-
	\$ (65,648)

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The City of Whitehouse participates in a single-employer defined benefit group-term life insurance plan. Texas Municipal Retirement System (TMRS) administers this defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). Like the Defined Benefit Pension Plan, the OPEB Plan is under 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.

This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. 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.

TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Benefits Provided

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500.

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/2023	12/31/2022
Inactive employees or beneficiaries currently receiving benefits	13	13
Inactive employees entitled to but not yet receiving benefits	14	13
Active employees	51	48
	78	74

Contributions

The member cities contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. 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 life insurance during employee’s entire careers.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

For calendar year 2023, the total SDB contribution rate for the City of Whitehouse was 0.34% while the retiree portion of the SDB contribution was 0.14%. The City’s contributions for the year ended September 30, 2024, were \$3,040 for the retiree portion and \$9,762 for the total SDB rate. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer’s yearly contributions for retirees.

Net OPEB Liability

The City’s Net OPEB Liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Actuarial Assumptions

The Total Net OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retiree’s share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2023.

The actuarial cost method being used is known as the Entry Age Normal Method. This method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member’s compensation through their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the City. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. The post-retirement mortality assumption for health annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2001 and dated December 31, 2013.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

Changes in the Net OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at 12/31/2022	\$ 88,561
Changes for the year:	
Service cost	6,341
Interest	3,630
Change of benefit terms	-
Difference between expected and actual experience	(2,104)
Changes of assumptions	5,754
Benefit payments, including refunds of employee contributions	(4,227)
Net changes	9,394
Balance at 12/31/2023	\$ 97,955

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability if the City, calculated using the discount rate of 3.77%, would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's total OPEB liability	\$ 121,751	\$ 97,955	\$ 80,119

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of \$4,755.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 325	\$ 21,379
Changes in actuarial assumptions	21,130	41,864
Contributions subsequent to the measurement date	1,850	-
Total	\$ 23,305	\$ 63,243

The City had \$1,850 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025.

**CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(continued)**

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	
2024	\$ (6,153)
2025	(6,784)
2026	(9,235)
2027	(9,701)
2028	(8,933)
Thereafter	(982)
	\$ (41,788)

NOTE 9 – DEFICIT NET POSITION OR FUND BALANCE

At September 30, 2024, the Enterprise Debt Service Fund had a deficit net position of \$109,672

NOTE 10 – 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. This contract was renewed for an additional five year period ending September 30, 2025.

In January 1996, the City signed a Water Collection and Resource Recovery Agreement with the Angelina and Neches River Authority. The services provided include collection of wood waste, grinding of wood waste, disposal of wood waste, and dewatering of sludge. The rate for fiscal year ending September 30, 2024 was \$7,234 per month.

Effective October 1, 2008, the City entered into a water delivery contract with the City of Tyler (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, 2024, the City paid a demand fee of \$31,346 per month as outlined in the agreement and notarized by the City of Tyler. The contract contains termination clauses including Whitehouse taking delivery of untreated water from either Lake Striker or Lake Columbia.

The City entered into an interlocal agreement for computer support services with the City of Tyler on October 24, 2018. Tyler and the City agree that the services to be provided by Tyler pursuant to the agreement will be provided by employees of Tyler's Information Technology Services Division. The computer support services include: installation, incident-based troubleshooting, regular backups of data and applications, liaison for software and hardware purchasing, system administration and network monitoring services, drafting a master equipment replacement schedule, and administration of system improvements. The initial term ends on September 30, 2019; the agreement automatically renews each year for up to five additional one-year terms unless terminated earlier. Tyler will bill the City on a monthly basis for services provided outside the scope of the agreement; the rate billed for such services will be \$60 per hour per Tyler employee in addition to the annual contract cost.

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 original agreement, which ended September 30, 2017, has been renewed annually through September 30, 2024.

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 amount. The contract automatically renews annually. For the year ended September 30, 2024, the City paid Smith County \$85,264 under the agreement.

CITY OF WHITEHOUSE, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 – COMMITMENTS (continued)

Effective September 1, 2017, the City entered into a contract with The Rec for the operation of the previous YMCA facility. The City does not pay the Rec to operate this facility; the Rec pays for all upkeep, maintenance, and insurance. This agreement ends on September 30, 2022, with an option for an extended term of two years. Effective January 1, 2019, the City entered into a Youth Sports and Entertainment Programs Agreement with the Rec, to end on December 31, 2023. The Rec agrees to operate and management youth baseball and softball programs, full operation of all concession stands, and operate and manage the Splash Pad. The City provides financial assistance to the Rec concerning these programs for the first two years of the agreement as follows: \$30,000 for year one and \$15,000 for year two.

NOTE 11 – 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.

There were no settlements in the prior three fiscal years which exceeded insurance coverage carried by the City. Thus, no contingent liability was recorded at the time.

As of September 30, 2024, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2024, there was no reduction in insurance coverage from the prior year.

NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2024, expenditures exceeded appropriations in the following departments of the General Fund: General Administration, Treasury and financial, Municipal Court, Fire Operations, and Sanitation. These over expenditures were funded by lower expenditures in other categories and higher than expected revenues.

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

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 13, 2025, 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, 2024

	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability										
Service Cost	\$ 409,443	\$ 337,651	\$ 259,479	\$ 231,025	\$ 214,077	\$ 216,979	\$ 187,993	\$ 164,171	\$ 168,558	\$ 148,502
Interest (on the Total Pension Liability)	456,884	437,738	416,090	392,021	370,025	345,272	318,220	304,286	266,073	246,432
Changes in benefit terms	-	(87,016)	-	-	-	-	-	383,870	-	-
Difference between expected and actual results	(31,249)	(272,969)	(66,195)	(90,578)	(82,184)	(7,801)	52,437	(116,546)	16,262	10,962
Change of assumptions	(50,900)	-	-	-	2,432	-	-	-	20,359	-
Benefit payments, including refunds of employee contributions	(209,428)	(299,902)	(181,581)	(198,633)	(175,284)	(197,299)	(147,436)	(167,369)	(124,673)	(146,013)
Net Change in Total Pension Liability	574,750	115,502	427,793	333,835	329,066	357,151	411,214	568,412	346,579	259,883
Total Pension Liability - Beginning	6,668,647	6,553,145	6,125,352	5,791,517	5,462,451	5,105,300	4,694,086	4,125,674	3,779,095	3,519,212
Total Pension Liability - Ending (a)	<u>\$ 7,243,397</u>	<u>\$ 6,668,647</u>	<u>\$ 6,553,145</u>	<u>\$ 6,125,352</u>	<u>\$ 5,791,517</u>	<u>\$ 5,462,451</u>	<u>\$ 5,105,300</u>	<u>\$ 4,694,086</u>	<u>\$ 4,125,674</u>	<u>\$ 3,779,095</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 256,354	\$ 217,025	\$ 186,738	\$ 170,125	\$ 164,914	\$ 155,774	\$ 140,954	\$ 86,486	\$ 91,796	\$ 92,799
Contributions - Employee	181,169	126,178	108,569	98,225	91,721	92,174	81,950	84,624	88,435	83,453
Net Investment Income	732,172	(494,540)	768,550	411,089	714,693	(141,250)	565,106	258,085	5,552	202,022
Benefit payments, including refunds of employee contributions	(209,428)	(299,902)	(181,581)	(198,633)	(175,285)	(197,299)	(147,436)	(167,369)	(124,673)	(146,013)
Administrative Expense	(4,654)	(4,277)	(3,554)	(2,659)	(4,037)	(2,730)	(2,929)	(2,915)	(3,381)	(2,109)
Other	(33)	5,103	25	(104)	(121)	(141)	(149)	(157)	(167)	(173)
Net Change in Plan Fiduciary Net Position	955,580	(450,413)	878,747	478,043	791,885	(93,472)	637,496	258,754	57,562	229,979
Plan Fiduciary Net Position - Beginning	6,320,155	6,770,568	5,891,821	5,413,778	4,621,893	4,715,365	4,077,869	3,819,115	3,761,553	3,531,574
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,275,735</u>	<u>\$ 6,320,155</u>	<u>\$ 6,770,568</u>	<u>\$ 5,891,821</u>	<u>\$ 5,413,778</u>	<u>\$ 4,621,893</u>	<u>\$ 4,715,365</u>	<u>\$ 4,077,869</u>	<u>\$ 3,819,115</u>	<u>\$ 3,761,553</u>
Net Pension Liability (Asset) - Ending (a)-(b)	(32,338)	348,492	(217,423)	233,531	377,739	840,558	389,935	616,217	306,559	17,542
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.45%	94.77%	103.32%	96.19%	93.48%	84.61%	92.36%	86.87%	92.57%	99.54%
Covered Payroll	\$ 3,019,489	\$ 2,523,553	\$ 2,171,375	\$ 1,964,495	\$ 1,834,422	\$ 1,843,489	\$ 1,638,998	\$ 1,692,482	\$ 1,768,710	\$ 1,669,056
Net Pension Liability as a Percentage of Covered Payroll	-1.07%	13.81%	-10.01%	11.89%	20.59%	45.60%	23.79%	36.41%	17.33%	1.05%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF WHITEHOUSE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 268,171	\$ 229,588	\$ 200,747	\$ 183,561	\$ 153,256	\$ 165,523	\$ 153,825	\$ 122,276	\$ 84,016	\$ 90,900
Contributions in relation to the actuarially determined contributions	<u>298,668</u>	<u>242,623</u>	<u>207,844</u>	<u>185,320</u>	<u>153,256</u>	<u>165,523</u>	<u>153,825</u>	<u>122,276</u>	<u>86,637</u>	<u>90,900</u>
Contribution deficiency (excess)	\$ (30,497)	\$ (13,035)	\$ (7,097)	\$ (1,759)	\$ -	\$ -	\$ -	\$ -	\$ (2,621)	\$ -
Covered payroll	\$ 2,493,015	\$ 2,848,946	\$ 2,415,730	\$ 2,151,038	\$ 1,901,679	\$ 1,872,492	\$ 1,811,734	\$ 1,607,660	\$ 1,636,970	\$ 1,722,060
Contributions as a percentage of covered payroll	11.98%	8.52%	8.60%	8.62%	8.06%	8.84%	8.49%	7.61%	5.29%	5.28%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

22 Years

Asset Valuation Method

10 Year smoothed market; 12% soft corridor

Inflation

2.50%

Salary Increases

3.60% to 11.85% including inflation

Investment Rate of Return

6.75%

Retirement Age

Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study for the period ending 2022.

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%.
The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence)
Pre-retirement: PUB(10) mortality tables, with 110% of the Public Safety table used for males 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

There were no benefit changes during the year.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF WHITEHOUSE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Measurement Year 2023	Measurement Year 2022	Measurement Year 2021	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018
Total OPEB liability						
Service Cost	\$ 6,341	\$ 11,356	\$ 10,640	\$ 5,108	\$ 4,403	\$ 5,899
Interest	3,630	2,753	2,903	3,481	3,690	3,259
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(2,104)	(12,532)	(10,808)	(10,579)	(1,515)	1,205
Change of assumptions and other inputs	5,754	(55,183)	4,868	20,019	21,064	(7,884)
Benefit payments	(4,227)	(3,533)	(3,474)	(982)	(734)	(737)
Net Change in Total OPEB Liability	9,394	(57,139)	4,129	17,047	26,908	1,742
Total OPEB Liability - Beginning	88,561	145,700	141,571	124,524	97,616	95,874
Total OPEB Liability - Ending (a)	<u>\$ 97,955</u>	<u>\$ 88,561</u>	<u>\$ 145,700</u>	<u>\$ 141,571</u>	<u>\$ 124,524</u>	<u>\$ 97,616</u>
Covered Payroll	\$ 3,019,489	\$ 2,523,553	\$ 2,171,375	\$ 1,964,495	\$ 1,834,422	\$ 1,843,489
Net OPEB Liability as a Percentage of Covered Payroll	3.24%	3.51%	6.71%	7.21%	6.79%	5.30%

NOTES TO SCHEDULE

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 Rates:

Actuarial Cost Method

Entry Age Normal

Supplemental Death Benefit

Contribution rate is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees.

Retiree's share of benefit-related costs

\$0.00

Inflation

2.50%

Salary Increases

3.60% to 11.85% including inflation

Discount Rate

3.77%

Administrative Expenses

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality Rates - Service Retirees

2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence).

Mortality Rates - Disabled Retirees

2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) subject to the floor.

Other Information:

The Supplemental Death Benefits Fund is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ADDITIONAL SUPPLEMENTARY INFORMATION

**CITY OF WHITEHOUSE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	STORMWATER MAINTENANCE FUND	2018 STREET CONSTRUCTION FUND	POLICE FORFEITURE FUNDS	ECONOMIC DEVELOPMENT FUND	COURT SECURITY	COURT TECHNOLOGY	FORESTDALE DEVELOPMENT FUND	2018 STORMWATER CONSTRUCTION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS									
Cash and investments	\$ 260,917	\$ -	\$ -	\$ 416,490	\$ -	\$ -	\$ 91,099	\$ -	\$ 768,506
Restricted Assets:									
Temporarily restricted									
Cash and cash equivalents	-	115,931	5,960	-	9,717	12,028	-	817,623	961,259
Total Assets	<u>\$ 260,917</u>	<u>\$ 115,931</u>	<u>\$ 5,960</u>	<u>\$ 416,490</u>	<u>\$ 9,717</u>	<u>\$ 12,028</u>	<u>\$ 91,099</u>	<u>\$ 817,623</u>	<u>\$ 1,729,765</u>
LIABILITIES AND FUND BALANCES									
Accounts payable and accrued expenses	-	-	-	550	-	-	-	-	550
Total Liabilities	-	-	-	550	-	-	-	-	550
Fund Balances:									
Restricted:									
Police forfeitures/expenditures	-	-	5,960	-	9,717	12,028	-	-	27,705
Assigned:									
Capital Projects	260,917	115,931	-	415,940	-	-	91,099	817,623	1,701,510
Total Fund Balances	<u>260,917</u>	<u>115,931</u>	<u>5,960</u>	<u>415,940</u>	<u>9,717</u>	<u>12,028</u>	<u>91,099</u>	<u>817,623</u>	<u>1,729,215</u>
Total Liabilities and Fund Balances	<u>\$ 260,917</u>	<u>\$ 115,931</u>	<u>\$ 5,960</u>	<u>\$ 416,490</u>	<u>\$ 9,717</u>	<u>\$ 12,028</u>	<u>\$ 91,099</u>	<u>\$ 817,623</u>	<u>\$ 1,729,765</u>

**CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	STORMWATER MAINTENANCE FUND	2018 STREET CONSTRUCTION FUND	POLICE FORFEITURE FUNDS	ECONOMIC DEVELOPMENT FUND	COURT SECURITY	COURT TECHNOLOGY	FORESTDALE DEVELOPMENT FUND	2018 STORMWATER CONSTRUCTION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES									
Maintenance fees	\$ 61,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,874
Sales and use tax	-	-	-	133,763	-	-	-	-	133,763
Miscellaneous	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	6,678	5,722	-	-	12,400
Building/inspection permits	-	-	-	-	-	-	14,580	-	14,580
Interest	12,456	5,390	182	18,696	-	-	3,901	41,853	82,478
Total Revenues	74,330	5,390	182	152,459	6,678	5,722	18,481	41,853	305,095
EXPENDITURES									
Administration	6,482	-	-	89,015	4,260	3,958	-	-	103,715
Capital outlay	35,725	-	-	-	-	-	-	-	35,725
Streets and grounds	11,180	-	-	-	-	-	-	98,267	109,447
Total Expenditures	53,387	-	-	89,015	4,260	3,958	-	98,267	248,887
Excess (deficiency) of revenues over (under) expenditures	20,943	5,390	182	63,444	2,418	1,764	18,481	(56,414)	56,208
Net change in fund balances	20,943	5,390	182	63,444	2,418	1,764	18,481	(56,414)	56,208
Fund Balance - October 1, 2023	239,974	110,541	5,778	352,496	7,299	10,264	72,618	874,037	1,673,007
Fund Balance - September 30, 2024	\$ 260,917	\$ 115,931	\$ 5,960	\$ 415,940	\$ 9,717	\$ 12,028	\$ 91,099	\$ 817,623	\$ 1,729,215

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2024
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>LEGISLATIVE</u>				
PERSONNEL SERVICES:				
Special projects	\$ 25,000	\$ 25,000	\$ 32,835	\$ (7,835)
Total Personnel Services	25,000	25,000	32,835	(7,835)
SUPPLIES AND MATERIALS:				
Continuing education and conferences	7,500	7,500	3,354	4,146
Total Supplies and Materials	7,500	7,500	3,354	4,146
TOTAL LEGISLATIVE	32,500	32,500	36,189	(3,689)
<u>GENERAL/ADMINISTRATION</u>				
PERSONNEL SERVICES:				
Administration	63,828	63,828	68,007	(4,179)
Clerical	55,000	55,000	55,000	-
Annual stipend	28,500	28,500	30,000	(1,500)
Vacation buyback	11,330	11,330	18,141	(6,811)
Uniforms and clothing	180	180	79	101
Workers compensation	297	297	515	(218)
Unemployment compensation	270	270	412	(142)
Employee retirement	10,493	10,493	15,110	(4,617)
Employee insurance	15,747	15,747	19,726	(3,979)
Retiree insurance	600	600	600	-
Payroll taxes	9,090	9,090	12,553	(3,463)
Total Personnel Services	195,335	195,335	220,143	(24,808)
SUPPLIES AND MATERIALS:				
Office supplies	5,800	5,800	3,926	1,874
Website and IT	288	288	504	(216)
Postage and delivery	1,000	1,000	1,588	(588)
Minor tools	150	150	-	150
Continuing education and conferences	7,750	7,750	6,458	1,292
Other supplies	7,500	7,500	5,357	2,143
Total Supplies and Materials	22,488	22,488	17,833	4,655
MAINTENANCE OF BUILDING/GROUNDS:				
Building and grounds	7,000	7,000	13,378	(6,378)
Total Maintenance of Building/Grounds	7,000	7,000	13,378	(6,378)
MAINTENANCE OF EQUIPMENT/MACHINERY:				
HVAC equipment	383	383	312	71
Total Maintenance of Equipment/ Machinery	383	383	312	71
CONTRACTUAL SERVICES:				
Communication services	2,800	2,800	2,847	(47)
Insurance	9,438	9,438	9,288	150
Advertising	3,000	3,000	3,021	(21)
Legal fees	20,000	20,000	18,596	1,404
Contractual and fee base services	162,118	162,118	163,805	(1,687)
Utility services	71,500	71,500	103,347	(31,847)
Transfer to vehicle replacement fund	8,409	8,409	9,111	(702)
Codification	2,000	2,000	2,090	(90)
Miscellaneous expense	-	1,161,662	1,161,662	-
Memberships/subscriptions	6,969	6,969	5,848	1,121
Total Contractual Services	286,234	1,447,896	1,479,615	(31,719)
TOTAL GENERAL ADMINISTRATION	511,440	1,673,102	1,731,281	(58,179)

**CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2024
GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>TREASURY AND FINANCIAL</u>				
PERSONNEL SERVICES:				
Administration	\$ 46,499	\$ 46,499	\$ 46,499	\$ -
Uniforms and clothing	90	90	39	51
Workers compensation	116	116	110	6
Unemployment compensation	90	90	176	(86)
Employee retirement	4,106	4,106	4,187	(81)
Employee insurance	4,574	4,574	4,521	53
Payroll taxes	3,558	3,558	3,546	12
Total Personnel Services	59,033	59,033	59,078	(45)
SUPPLIES AND MATERIALS:				
Website & IT	288	288	360	(72)
Continuing education and conferences	3,500	3,500	2,625	875
Total Supplies and Materials	3,788	3,788	2,985	803
CONTRACTUAL SERVICES:				
Communication services	600	600	900	(300)
Memberships and subscriptions	814	814	689	125
Miscellaneous expense	2,500	2,500	3,778	(1,278)
Contractual/fee services	79,111	71,302	71,302	-
Total Contractual Services	83,025	75,216	76,669	(1,453)
TOTAL TREASURY AND FINANCIAL	145,846	138,037	138,732	(695)
<u>TAX APPRAISAL AND COLLECTIONS</u>				
CONTRACTUAL SERVICES:				
Contractual/Fee Services	67,907	67,907	67,770	137
Total Contractual Services	67,907	67,907	67,770	137
TOTAL TAX APPRAISAL AND COLLECTIONS	67,907	67,907	67,770	137
<u>MUNICIPAL COURT</u>				
PERSONNEL SERVICES:				
Clerical	47,840	47,840	47,586	254
Overtime	-	-	252	(252)
Certificate pay	-	-	335	(335)
Uniforms and clothing	90	90	39	51
Workers compensation	120	120	110	10
Unemployment compensation	180	180	234	(54)
Employee retirement	4,224	4,224	4,254	(30)
Employee insurance	8,959	8,959	8,852	107
Payroll taxes	3,660	3,660	3,667	(7)
Total Personnel Services	65,073	65,073	65,329	(256)
SUPPLIES AND MATERIALS:				
Postage and delivery	500	500	1,547	(1,047)
Other supplies	-	-	105	(105)
Continuing education and conferences	1,500	1,500	4,055	(2,555)
Total Supplies and Materials	2,000	2,000	5,707	(3,707)
MAINTENANCE OF EQUIPMENT				
Office equipment	51	51	33	18
Total Maintenance of Equipment	51	51	33	18

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2024
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
CONTRACTUAL SERVICES:				
Contractual/fee services	\$ 13,114	\$ 13,114	\$ 12,016	\$ 1,098
Collection agency fees	6,000	6,000	7,444	(1,444)
State Fee	125,000	125,000	129,434	(4,434)
Omni base fee	1,100	1,100	762	338
Online & credit card fees	8,200	8,200	9,865	(1,665)
Memberships and subscriptions	55	55	150	(95)
Vehicle registration	150,000	192,222	200,246	(8,024)
Total Contractual Services	303,469	345,691	359,917	(14,226)
TOTAL MUNICIPAL COURT	370,593	412,815	430,986	(18,171)
LIBRARY				
PERSONNEL SERVICES:				
Administration	42,863	42,863	42,863	-
Clerical	45,462	45,462	15,584	29,878
Operations and Maintenance	56,238	56,238	56,238	-
Overtime	-	-	14	(14)
Uniforms and clothing	340	340	165	175
Workers compensation	519	519	524	(5)
Unemployment compensation	540	540	585	(45)
Employee retirement	12,765	12,765	10,249	2,516
Employee insurance	22,502	22,502	15,838	6,664
Payroll taxes	11,059	11,059	8,713	2,346
Total Personnel Services	192,288	192,288	150,773	41,515
SUPPLIES AND MATERIALS:				
Office supplies	2,900	2,900	3,217	(317)
Website and IT	288	288	272	16
Laboratory supplies	-	-	83	(83)
Continuing education and conferences	800	800	655	145
Total Supplies and Materials	3,988	3,988	4,227	(239)
CONTRACTUAL SERVICES:				
Contractual/fee services	103,419	25,151	36,732	(11,581)
Communication services	2,800	2,800	2,629	171
Advertising	1,500	1,500	732	768
Online & credit card fees	3,500	3,500	4,341	(841)
Transfer to vehicle replacement fund	8,593	8,593	7,167	1,426
Memberships and subscriptions	200	200	160	40
Total Contractual Services	120,012	41,744	51,761	(10,017)
TOTAL LIBRARY	316,288	238,020	206,761	31,259
PARKS/RECREATION SERVICES				
PERSONNEL SERVICES:				
Operations and Maintenance	83,391	83,391	83,544	(153)
Overtime	1,000	1,000	1,669	(669)
Uniforms and clothing	1,200	1,200	1,190	10
Workers compensation	1,831	1,831	1,428	403
Unemployment compensation	360	360	573	(213)
Employee retirement	7,364	7,364	7,433	(69)
Employee insurance	22,090	22,090	21,104	986
Payroll taxes	6,456	6,456	5,567	889
Total Personnel Services	123,692	123,692	122,508	1,184
SUPPLIES AND MATERIALS:				
Lab supplies	-	-	369	(369)
Tires - flat repairs	400	400	-	400
Total Supplies and Materials	400	400	369	31

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2024
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE OF BUILDINGS/LAND				
Maintenance - ball parks	\$ 71,000	\$ 71,000	\$ 63,624	\$ 7,376
Maintenance - parks	3,500	3,500	8,913	(5,413)
Maintenance - The Rec	3,000	3,000	5,199	(2,199)
Maintenance - Splash Park	2,500	2,500	2,203	297
Maintenance - trails	4,600	4,600	2,435	2,165
Total Maintenance of Buildings/Land	84,600	84,600	82,374	2,226
MAINTENANCE OF EQUIPMENT/MACHINERY				
Machinery & Equipment	1,500	1,500	15,478	(13,978)
Office equipment	102	102	66	36
HVAC equipment	315	315	4,080	(3,765)
Tools	1,500	1,500	1,388	112
Playground equipment	1,000	1,000	784	216
Total Maintenance of Equipment/Machinery	4,417	4,417	21,796	(17,379)
CONTRACTUAL SERVICES				
Communication Services	395	395	255	140
Leases and rentals	500	500	96	404
Insurance	2,695	2,695	2,805	(110)
Contractual services	1,200	1,200	5,574	(4,374)
Utility Services	10,500	10,500	14,471	(3,971)
Miscellaneous expense	35,000	35,000	31,199	3,801
Transfer to vehicle replacement fund	24,029	24,029	23,243	786
Memberships and subscriptions	6,000	6,000	5,337	663
Total Contractual Services	80,319	80,319	82,980	(2,661)
TOTAL PARKS/RECREATION SERVICES	293,428	293,428	310,027	(16,599)
COMMUNITY DEVELOPMENT				
SUPPLIES AND MATERIALS:				
Continuing education and conferences	1,200	1,200	966	234
Total Supplies and Materials	1,200	1,200	966	234
MAINTENANCE OF EQUIPMENT:				
Building and grounds	2,500	2,500	-	2,500
Total Maintenance of Building	2,500	2,500	-	2,500
CONTRACTUAL SERVICES:				
Contractual/fee services	82,400	82,400	85,272	(2,872)
Chamber of Commerce	5,000	5,000	5,000	-
Total Contractual Services	87,400	87,400	90,272	(2,872)
TOTAL COMMUNITY DEVELOPMENT	91,100	91,100	91,238	(138)
STREET AND GROUNDS MAINTENANCE				
PERSONNEL SERVICES:				
Operations and maintenance	103,476	103,476	104,226	(750)
Overtime	3,000	3,000	1,980	1,020
Uniforms and clothing	1,200	1,200	869	331
Workers compensation	4,810	4,810	3,904	906
Unemployment compensation	360	360	468	(108)
Employee retirement	9,137	9,137	9,437	(300)
Employee insurance	21,243	21,243	20,857	386
Payroll taxes	8,145	8,145	7,297	848
Total Personnel Services	151,371	151,371	149,038	2,333

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2024
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
SUPPLIES AND MATERIALS:				
Chemical and mechanical	\$ 800	\$ 800	\$ 411	\$ 389
Tires - flat repairs	300	300	412	(112)
Safety supplies	200	200	331	(131)
Total Supplies and Materials	1,300	1,300	1,154	146
MAINTENANCE OF BUILDINGS/LAND:				
Buildings and grounds	-	-	3,195	(3,195)
Streets, driveways and drainage	8,000	8,000	4,894	3,106
Total Maintenance of Buildings/Land	8,000	8,000	8,089	(89)
STREET AND GROUNDS MAINTENANCE (cont'd.)				
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	102	102	66	36
Machinery and heavy equipment	5,000	5,000	6,395	(1,395)
Lift stations	-	-	202	(202)
Minor tools and equipment	1,400	1,400	1,549	(149)
Signal and sign system	3,500	3,500	2,538	962
Total Maintenance of Equipment/Machinery	10,002	10,002	10,750	(748)
CONTRACTUAL SERVICES				
Communication services	395	395	472	(77)
Leases and rentals	500	500	-	500
Transfer to vehicle replacement fund	34,279	34,279	8,194	26,085
Contractual services	44,000	65,601	65,601	-
Insurance	2,346	2,346	2,081	265
Total Contractual Services	81,520	103,121	76,348	26,773
TOTAL STREET AND GROUNDS MAINTENANCE	252,193	273,794	245,379	28,415
<u>POLICE OPERATIONS</u>				
<u>PERSONNEL SERVICES:</u>				
Administration	290,003	290,003	292,982	(2,979)
Operations and maintenance	1,052,834	1,052,834	1,096,655	(43,821)
Overtime	15,000	57,865	61,933	(4,068)
Certificate pay	9,000	9,000	9,682	(682)
Assignment pay	24,300	24,300	17,044	7,256
Uniforms and clothing	16,530	16,530	19,165	(2,635)
Workers compensation	44,122	44,122	28,829	15,293
Unemployment compensation	3,240	3,240	4,580	(1,340)
Employee retirement	120,427	120,427	130,938	(10,511)
Employee insurance	190,434	190,434	179,520	10,914
Payroll taxes	104,333	104,333	106,584	(2,251)
Total Personnel Services	1,870,223	1,913,088	1,947,912	(34,824)
<u>POLICE OPERATIONS (Cont)</u>				
<u>SUPPLIES AND MATERIALS:</u>				
Office supplies	9,500	9,500	8,661	839
Website & IT	288	288	288	-
Laboratory supplies	5,000	5,000	4,859	141
Postage and delivery	500	500	93	407
Continuing education and conferences	12,000	12,000	12,193	(193)
LEOSE continuing education	1,500	1,500	1,696	(196)
Community resource supply	2,700	2,700	3,111	(411)
Total Supplies and Materials	31,488	31,488	30,901	587
MAINTENANCE OF BUILDINGS/LAND:				
Buildings and grounds	9,970	9,970	10,362	(392)
Gun range	3,000	3,000	6,012	(3,012)
Total Maintenance of Buildings/Land	12,970	12,970	16,374	(3,404)

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2024
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	\$ 7,991	\$ 7,991	\$ 7,512	\$ 479
HVAC equipment	1,000	1,000	805	195
Tools	-	12,135	12,135	-
Technology equipment	1,000	1,000	-	1,000
Communication equipment	6,700	6,700	4,879	1,821
Total Maintenance of Equipment/Machinery	16,691	28,826	25,331	3,495
CONTRACTUAL SERVICES:				
Communication services	11,000	11,000	9,899	1,101
Insurance	11,934	11,934	12,016	(82)
Contractual/fee services	134,930	134,930	116,255	18,675
Utility services	6,000	6,000	5,503	497
Transfer to vehicle replacement fund	193,499	193,499	233,070	(39,571)
Miscellaneous expense	-	-	3,600	(3,600)
Memberships and subscriptions	1,000	1,000	262	738
Total Contractual Services	358,363	358,363	380,605	(22,242)
TOTAL POLICE OPERATIONS	2,289,735	2,344,735	2,401,123	(56,388)
FIRE OPERATIONS				
PERSONNEL SERVICES:				
Administration	105,000	105,000	105,000	-
Operations maintenance	544,468	544,468	561,238	(16,770)
Overtime	42,000	75,045	78,542	(3,497)
Community service	1,500	1,500	1,963	(463)
Certificate pay	600	600	1,939	(1,339)
Uniforms and clothing	5,000	5,000	3,948	1,052
Workers compensation	23,636	23,636	19,804	3,832
Unemployment compensation	3,960	3,960	3,438	522
Employee retirement	56,511	56,511	61,751	(5,240)
Employee insurance	70,683	70,683	66,946	3,737
Payroll taxes	52,475	52,475	55,785	(3,310)
Total Personnel Services	905,833	938,878	960,354	(21,476)
FIRE OPERATIONS (Con't)				
SUPPLIES AND MATERIALS:				
Office supplies	400	400	471	(71)
Laboratory services	400	400	184	216
Postage & delivery supplies	100	100	51	49
Emergency medical supplies	10,700	10,700	20,116	(9,416)
Minor tools and apparatus	400	400	333	67
Janitorial supplies	1,200	1,200	944	256
FOAM	1,800	1,800	1,618	182
Safety supplies	300	300	399	(99)
Continuing education and conferences	6,000	6,000	5,393	607
Total Supplies and Materials	21,300	21,300	29,509	(8,209)
MAINTENANCE OF BUILDING:				
Building and grounds	4,000	4,000	7,010	(3,010)
Total Maintenance of Equipment/Machinery	4,000	4,000	7,010	(3,010)

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
FISCAL YEAR ENDED SEPTEMBER 30, 2024
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Office equipment	\$ 1,281	\$ 1,281	\$ 612	\$ 669
HVAC equipment	180	180	190	(10)
Shop equipment	400	400	259	141
Safety and medical equipment	8,000	8,000	8,147	(147)
Fire equipment	6,000	6,000	9,447	(3,447)
Outdoor Warning System	6,600	6,600	2,664	3,936
Communication equipment	7,200	7,200	5,028	2,172
	<u>29,661</u>	<u>29,661</u>	<u>26,347</u>	<u>3,314</u>
CONTRACTUAL SERVICES:				
Communication services	18,496	18,496	12,790	5,706
Insurance	2,588	2,588	2,588	-
Contractual/fee services	4,750	18,593	7,593	11,000
Utility service	6,000	6,000	7,193	(1,193)
Memberships and subscriptions	1,200	1,200	1,568	(368)
Transfer to vehicle replacement fund	50,370	50,370	38,049	12,321
Miscellaneous expense	1,000	1,000	970	30
	<u>84,404</u>	<u>98,247</u>	<u>70,751</u>	<u>27,496</u>
TOTAL FIRE OPERATIONS	<u>1,045,198</u>	<u>1,092,086</u>	<u>1,093,971</u>	<u>(1,885)</u>
SANITATION				
CONTRACTUAL SERVICES:				
Contractual/fee services	810,000	810,000	805,856	4,144
Sales tax	67,000	67,000	77,827	(10,827)
	<u>877,000</u>	<u>877,000</u>	<u>883,683</u>	<u>(6,683)</u>
TOTAL SANITATION	<u>877,000</u>	<u>877,000</u>	<u>883,683</u>	<u>(6,683)</u>
TOTAL EXPENDITURES - BUDGET BASIS	<u>\$ 6,293,228</u>	<u>\$ 7,534,524</u>	<u>7,637,140</u>	<u>\$ (102,616)</u>
Financial Statement Adjustments:				
Decrease in accrued expenses			<u>(14,671)</u>	
TOTAL EXPENDITURES - GAAP BASIS			<u>\$ 7,622,469</u>	

**CITY OF WHITEHOUSE, TEXAS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
SEPTEMBER 30, 2024**

	TAX NOTE & GENERAL OBLIGATION NOTES	2006 SERIES REFUNDING FUND	2018 SERIES CERTIFICATES OF OBLIGATION	TOTAL
<u>ASSETS</u>				
Receivables:	\$ 45,326	\$ -	\$ -	\$ 45,326
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	1,908,789	-	-	1,908,789
TOTAL ASSETS	\$ 2,002,259	\$ -	\$ -	\$ 2,002,259
Operations and Maintenance				
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to General Fund	\$ 104,346	\$ -	\$ -	\$ 104,346
Due to Utility Debt Service Fund	71,084	-	-	71,084
Total Liabilities	175,430	-	-	175,430
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	45,326	-	-	45,326
 <u>FUND BALANCE</u>				
Restricted:				
Debt Service	1,781,503	-	-	1,781,503
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,002,259	\$ -	\$ -	\$ 2,002,259

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	TAX NOTE & GENERAL OBLIGATION NOTES	2006 SERIES REFUNDING FUND	2018 SERIES CERTIFICATES OF OBLIGATION	TOTAL
REVENUES				
Current and delinquent taxes	\$ 359,267	\$ 237,625	\$ 633,650	\$ 1,230,542
Interest income	114,545	-	-	114,545
	<u>473,812</u>	<u>237,625</u>	<u>633,650</u>	<u>1,345,087</u>
EXPENDITURES				
Debt Service:				
Bond principal	-	210,000	535,000	745,000
Note principal	93,215	-	-	93,215
Interest and fees	12,467	27,625	98,650	138,742
	<u>105,682</u>	<u>237,625</u>	<u>633,650</u>	<u>976,957</u>
Total Expenditures	105,682	237,625	633,650	976,957
Revenues Over (Under) Expenditures	368,130	-	-	368,130
OTHER FINANCING SOURCES (USES)				
Transfers in	647,719	-	-	647,719
Transfers out	(924,999)	-	-	(924,999)
	<u>(277,280)</u>	<u>-</u>	<u>-</u>	<u>(277,280)</u>
Total Other Financing Sources (Uses)	(277,280)	-	-	(277,280)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	90,850	-	-	90,850
Fund Balance, October 1, 2023	1,690,653	-	-	1,690,653
Fund Balance, September 30, 2024	<u>\$ 1,781,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,781,503</u>

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2024

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
ASSETS			
Current Assets:			
Cash and certificates of deposit	\$ 1,214,777	1,806,275	\$ 3,021,052
Accounts receivable (net)	618,142	-	618,142
Total Current Assets	1,832,919	1,806,275	3,639,194
Restricted Current Assets:			
Temporarily Restricted			
Customer deposits	418,860	-	418,860
Total Restricted Current Assets	418,860	-	418,860
Noncurrent Assets:			
Water rights - Lake Columbia	230,000	-	230,000
Capital Assets:			
Land	25,000	-	25,000
Construction in progress	58,337	-	58,337
Easements	7,800	-	7,800
Buildings	379,264	-	379,264
Water and sewer system	27,005,660	-	27,005,660
Machinery & equipment	822,856	-	822,856
Less: Accumulated depreciation	(13,383,351)	-	(13,383,351)
Total Capital Assets (net of accumulated depreciation)	14,915,566	-	14,915,566
Total Noncurrent Assets:	15,145,566	-	15,145,566
Total Assets	17,397,345	1,806,275	19,203,620
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (net of amortization)	127,102	-	127,102
Deferred charge on other post employment benefits	3,240	-	3,240
Deferred charge on TMRS pension	132,981	-	132,981
Total Deferred Outflows of Resources	263,323	-	263,323

(continued)

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF NET POSITION
UTILITY FUND
SEPTEMBER 30, 2024

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 105,958	\$ -	\$ 105,958
Compensated absences	2,077	-	2,077
Due to other funds	39,684	1,856,960	1,896,644
Total Current Liabilities	147,719	1,856,960	2,004,679
Current liabilities payable from restricted assets:			
Customer deposits	418,860	-	418,860
Accrued interest	-	58,987	58,987
Notes payable	13,455	-	13,455
Revenue bonds payable	1,344,593	-	1,344,593
Revenue bonds premium	-	-	-
Total current liabilities payable from restricted assets	1,776,908	58,987	1,835,895
Noncurrent Liabilities:			
Revenue bonds payable	4,989,928	-	4,989,928
Compensated absences	18,705	-	18,705
Net pension liability	10,074	-	10,074
Other post employment benefits	27,549	-	27,549
Total Noncurrent Liabilities	5,046,256	-	5,046,256
Total Liabilities	6,970,883	1,915,947	8,886,830
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on other post employment benefits	39,987	-	39,987
Deferred charge on TMRS pension	76,957	-	76,957
Total Deferred Inflows of Resources	116,944	-	116,944
NET POSITION			
Invested in capital assets, net of related debt	8,567,590	-	8,567,590
Unrestricted	2,005,251	(109,672)	1,895,579
Total Net Position	\$ 10,572,841	\$ (109,672)	\$ 10,463,169

CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
UTILITY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
OPERATING REVENUES				
Water sales	\$ 2,370,967	\$ -	\$ -	\$ 2,370,967
Sewer charges	986,987	-	-	986,987
Property taxes	-	831,250	-	831,250
Charges for other services	185,580	-	-	185,580
Total Operating Revenues	<u>3,543,534</u>	<u>831,250</u>	<u>-</u>	<u>4,374,784</u>
OPERATING EXPENSES				
Utility administration	692,036	-	-	692,036
Customer service	180,626	-	-	180,626
Water operations	764,684	-	-	764,684
Sewer operations	695,255	-	-	695,255
Water supply	485,499	-	-	485,499
Depreciation	607,082	-	-	607,082
Total Operating Expenses	<u>3,425,182</u>	<u>-</u>	<u>-</u>	<u>3,425,182</u>
Operating Income (Loss)	<u>118,352</u>	<u>831,250</u>	<u>-</u>	<u>949,602</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and fiscal charge expense	-	(373,035)	-	(373,035)
Bond issue costs	-	-	-	-
Interest income	144,563	-	-	144,563
Total Non-Operating Revenue (Expenses)	<u>144,563</u>	<u>(373,035)</u>	<u>-</u>	<u>(228,472)</u>
Income before transfers	262,915	458,215	-	721,130
Transfers in	1,170,893	724,146	(1,195,040)	699,999
Transfers out	(763,505)	(1,170,893)	1,195,040	(739,358)
Total Transfers	<u>407,388</u>	<u>(446,747)</u>	<u>-</u>	<u>(39,359)</u>
Change in Net Position	670,303	11,468	-	681,771
Net Position, October 1, 2023	<u>9,902,538</u>	<u>(121,140)</u>	<u>-</u>	<u>9,781,398</u>
Net Position, September 30, 2024	<u>\$ 10,572,841</u>	<u>\$ (109,672)</u>	<u>-</u>	<u>\$ 10,463,169</u>

**CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
UTILITY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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	\$ 3,546,951	\$ 831,250	\$ -	\$ 4,378,201
Cash paid to suppliers for goods and services	(1,940,554)	-	-	(1,940,554)
Cash paid to employees for services	(932,481)	-	-	(932,481)
	673,916	831,250	-	1,505,166
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	1,170,893	822,997	(1,195,040)	798,850
Transfers out	(763,505)	(1,269,744)	1,195,040	(838,209)
Net cash provided by non-capital financing activities	407,388	(446,747)	-	(39,359)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases or construction of capital assets	(79,914)	-	-	(79,914)
Principal paid on notes	(12,893)	-	-	(12,893)
Interest paid	-	(384,501)	-	(384,501)
Advances from other funds	-	90,850	-	90,850
Principal paid on bonds	(1,158,000)	-	-	(1,158,000)
Net cash used in capital and related financing activities	(1,250,807)	(293,651)	-	(1,544,458)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on investments	144,563	-	-	144,563
Net cash provided by investing activities	144,563	-	-	144,563
Net increase in cash	(24,940)	90,852	-	65,912
Cash, beginning of period	1,658,577	1,715,423	-	3,374,000
Cash, end of period	\$ 1,633,637	\$ 1,806,275	\$ -	\$ 3,439,912
Reconciliation of cash to Schedule 6:				
Cash - current asset	\$ 1,214,777	\$ 1,806,275	\$ -	\$ 3,021,052
Cash - restricted current asset	418,860	-	-	418,860
Total cash, end of period	\$ 1,633,637	\$ 1,806,275	\$ -	\$ 3,439,912

**CITY OF WHITEHOUSE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
UTILITY FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Increase (Decrease) in Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:				
Operating income	\$ 118,352	\$ 831,250	\$ -	\$ 949,602
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	607,082	-	-	607,082
Increase in accounts receivable	(13,103)	-	-	(13,103)
Decrease in deferred outflows of resources	31,819	-	-	31,819
Decrease in accounts payable	(6,917)	-	-	(6,917)
Decrease in net pension liability	(79,230)	-	-	(79,230)
Decrease in deferred inflows of resources	(2,561)	-	-	(2,561)
Increase in other post employee benefit liability	1,954	-	-	1,954
Increase in customer deposits	16,520	-	-	16,520
Total adjustments	555,564	-	-	555,564
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 673,916	\$ 831,250	\$ -	\$ 1,505,166

SCHEDULE 9

**CITY OF WHITEHOUSE, TEXAS
 DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 UTILITY OPERATING FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Charges for services:				
Water sales	\$ 2,087,060	\$ 2,087,060	\$ 2,328,400	\$ 241,340
Sewer charges	891,982	891,982	986,987	95,005
Tap and connect fees	40,000	40,000	64,829	24,829
Penalties	120,000	120,000	113,664	(6,336)
Anra Compost Rebate	7,000	7,000	7,087	87
Interest and rent	1,000	133,475	144,563	11,088
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	\$ 3,147,042	\$ 3,279,517	3,645,530	\$ 366,013
Financial Statement Adjustments:				
Adjust accounts receivable for services billed in subsequent month			42,567	
Debt Service Fund payment of principal and fees on bonds and note			1,170,893	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			\$ 4,858,990	

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
UTILITY OPERATING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
UTILITY ADMINISTRATION				
PERSONNEL SERVICES:				
Administration	\$ 203,326	\$ 203,326	\$ 203,935	\$ (609)
Uniform and clothing	600	600	666	(66)
Worker's compensation	2,829	2,829	-	2,829
Unemployment compensation	360	360	350	10
Employee retirement	17,954	17,954	19,497	(1,543)
Retiree insurance	6,000	6,000	6,000	-
Empolyee insurance	24,704	24,704	25,441	(737)
Annual stipend	7,500	7,500	8,250	(750)
Vacation buyback	4,948	4,948	7,352	(2,404)
Payroll taxes	15,554	15,554	15,305	249
Total Personnel Services	<u>283,775</u>	<u>283,775</u>	<u>286,796</u>	<u>(3,021)</u>
SUPPLIES AND MATERIALS:				
Office supplies	2,000	2,000	1,325	675
Continuing education and conferences	8,250	8,250	1,756	6,494
Other supplies	500	500	11	489
Postage and delivery	16,000	16,000	17,125	(1,125)
Total Supplies and Materials	<u>26,750</u>	<u>26,750</u>	<u>20,217</u>	<u>6,533</u>
MAINTENANCE OF BUILDINGS/LAND:				
Buildings and grounds	2,000	2,000	2,784	(784)
Total Maintenance of Buildings/Land	<u>2,000</u>	<u>2,000</u>	<u>2,784</u>	<u>(784)</u>
MAINTENANCE - EQUIPMENT/MACHINERY:				
Office equipment	1,932	1,932	2,645	(713)
HVAC equipment	257	257	312	(55)
Total Maintenance - Equipment/Machinery	<u>2,189</u>	<u>2,189</u>	<u>2,957</u>	<u>(768)</u>
CONTRACTUAL SERVICES:				
Communication services	1,500	1,500	972	528
Leases and rentals	996	996	996	-
Advertising	250	250	-	250
Legal fees	2,500	2,500	-	2,500
Contractual and fee basis service	221,963	221,963	221,231	732
Utility services	15,000	15,000	7,882	7,118
Utility billing - dataprose	7,000	7,000	6,656	344
On-Line / credit card fees	60,000	140,492	151,479	(10,987)
Document shredding	450	450	794	(344)
Memberships and subscriptions	550	550	120	430
Miscellaneous	2,500	2,500	2,303	197
Total Contractual Services	<u>312,709</u>	<u>393,201</u>	<u>392,433</u>	<u>768</u>
TOTAL UTILITY ADMINISTRATION	<u><u>627,423</u></u>	<u><u>707,915</u></u>	<u><u>705,187</u></u>	<u><u>2,728</u></u>

**CITY OF WHITEHOUSE, TEXAS
 DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 UTILITY OPERATING FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>CUSTOMER SERVICE</u>				
PERSONNEL SERVICES:				
Clerical	\$ 136,222	\$ 136,222	\$ 135,424	\$ 798
Overtime	500	500	573	(73)
Uniforms and clothing	270	270	118	152
Worker's compensation	341	341	329	12
Unemployment compensation	540	540	702	(162)
Employee retirement	12,072	12,072	12,158	(86)
Employee insurance	30,139	30,139	29,875	264
Continuing education and conferences	1,000	1,000	-	1,000
Payroll taxes	10,459	10,459	9,646	813
Total Personnel Services	<u>191,543</u>	<u>191,543</u>	<u>188,825</u>	<u>2,718</u>
TOTAL CUSTOMER SERVICE	<u><u>191,543</u></u>	<u><u>191,543</u></u>	<u><u>188,825</u></u>	<u><u>2,718</u></u>
<u>WATER OPERATIONS</u>				
PERSONNEL SERVICES:				
Operations and maintenance	206,628	206,628	200,872	5,756
Overtime	13,000	18,530	18,816	(286)
Certificate Pay	-	-	1,119	(1,119)
Uniforms and clothing	2,400	2,400	1,868	532
Workers' compensation	5,672	5,672	6,335	(663)
Unemployment compensation	720	720	1,080	(360)
Employee retirement	19,446	19,446	19,612	(166)
Employee insurance	38,131	38,131	36,944	1,187
Payroll taxes	16,847	16,847	15,883	964
Total Personnel Services	<u>302,844</u>	<u>308,374</u>	<u>302,529</u>	<u>5,845</u>
SUPPLIES AND MATERIALS:				
Laboratory supplies	-	-	370	(370)
Tires and tubes	600	600	542	58
Water meter supplies	15,000	15,000	16,390	(1,390)
Fuel	3,500	3,500	2,076	1,424
Chemical and mechanical supplies	25,000	25,000	20,580	4,420
Safety supplies	2,100	2,100	1,133	967
Continuing education and conferences	2,000	2,000	1,615	385
Total Supplies and Materials	<u>48,200</u>	<u>48,200</u>	<u>42,706</u>	<u>5,494</u>
MAINTENANCE - BUILDING/LAND:				
Buildings and grounds	4,000	4,000	6,858	(2,858)
Chlorination equipment	7,500	7,500	6,914	586
Water system	30,000	30,000	36,726	(6,726)
Meters and settings	30,000	30,000	36,228	(6,228)
Total Maintenance - Building/Land	<u>71,500</u>	<u>71,500</u>	<u>86,726</u>	<u>(15,226)</u>

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
UTILITY OPERATING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	\$ 5,000	\$ 5,000	\$ 5,750	\$ (750)
Office equipment	200	200	131	69
Tools	1,400	1,400	1,793	(393)
Contingency	30,000	51,484	51,484	-
Total Maintenance - Equipment/Machinery	36,600	58,084	59,158	(1,074)
CONTRACTUAL SERVICES:				
Communication services	6,300	6,300	6,984	(684)
Leases and rentals	3,000	3,000	2,000	1,000
Insurance	19,357	19,357	20,185	(828)
Contractual and fee basis service	45,000	45,000	56,673	(11,673)
Utility services	135,000	190,635	210,267	(19,632)
Transfer to vehicle replacement fund	82,346	82,346	69,620	12,726
Memberships and subscriptions	210	210	-	210
Regulatory inspection fee	7,500	7,500	6,813	687
Total Contractual Services	298,713	354,348	372,542	(18,194)
CAPITAL OUTLAY:				
Water system improvements	-	58,337	58,337	-
Total Capital Outlay	-	58,337	58,337	-
TOTAL WATER OPERATIONS	757,857	898,843	921,998	(23,155)
WASTEWATER OPERATIONS				
PERSONNEL SERVICES:				
Operations and maintenance	92,120	92,120	94,925	(2,805)
Overtime	6,500	16,641	17,031	(390)
Certificate Pay	-	-	312	(312)
Uniforms and clothing	1,200	1,200	887	313
Workers' compensation	2,529	2,529	3,915	(1,386)
Unemployment compensation	360	360	468	(108)
Employee retirement	8,761	8,761	9,971	(1,210)
Employee insurance	17,903	17,903	11,606	6,297
Payroll taxes	7,590	7,590	8,500	(910)
Total Personnel Services	136,963	147,104	147,615	(511)
SUPPLIES AND MATERIALS:				
Laboratory supplies	-	-	719	(719)
Fuel	3,500	3,500	2,061	1,439
Tires and tubes	500	500	-	500
Chemical and mechanical supplies	35,000	35,000	45,473	(10,473)
Safety supplies	3,000	3,000	877	2,123
Continuing education and conferences	1,500	1,500	1,120	380
Total Supplies and Materials	43,500	43,500	50,250	(6,750)
MAINTENANCE - BUILDING/LAND:				
Building and grounds	7,000	7,000	3,207	3,793
Sanitary sewers	25,000	25,000	26,847	(1,847)
Lift stations	35,000	51,432	51,596	(164)
Total Maintenance - Building/Land	67,000	83,432	81,650	1,782

CITY OF WHITEHOUSE, TEXAS
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
(NON-GAAP BUDGET BASIS)
UTILITY OPERATING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
MAINTENANCE - EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	\$ 10,000	\$ 10,000	\$ 20,963	\$ (10,963)
Contingency	25,000	99,924	99,924	-
Total Maintenance - Equipment/Machinery	35,000	109,924	120,887	(10,963)
CONTRACTUAL SERVICES:				
Communication services	1,400	1,400	4,737	(3,337)
Insurance	6,104	6,104	6,104	-
Contractual and fee basis service	125,204	137,373	137,373	-
Utility services	75,000	129,413	139,994	(10,581)
Memberships and subscriptions	141	141	-	141
Transfer to vehicle replacement fund	23,574	23,574	22,019	1,555
Regulatory inspection fee	12,500	12,500	11,101	1,399
Total Contractual Services	243,923	310,505	321,328	(10,823)
TOTAL WASTEWATER OPERATIONS	526,386	694,465	721,730	(27,265)
WATER SUPPLY				
CONTRACTUAL SERVICES:				
Contractual and fee basis service	395,140	430,089	485,499	(55,410)
Total Contractual Services	395,140	430,089	485,499	(55,410)
TOTAL WATER SUPPLY	395,140	430,089	485,499	(55,410)
UTILITY DEBT SERVICE				
DEBT SERVICE:				
Revenue bonds principal	320,000	320,000	320,000	-
Revenue bonds interest	41,742	41,742	46,220	(4,478)
Installment notes principal	12,864	12,864	12,851	13
Installment notes interest	1,204	1,204	1,218	(14)
Hwy 110 Line/Blower principal	40,000	40,000	40,000	-
Hwy 110 Line/Blower interest	7,882	7,882	7,882	-
Total Debt Service	423,692	423,692	428,171	(4,479)
TOTAL UTILITY DEBT SERVICE	423,692	423,692	428,171	(4,479)
TRANSFERS				
Interfund transfers	225,000	225,000	225,000	-
TOTAL TRANSFERS	225,000	225,000	225,000	-
TOTAL EXPENSES - BUDGET BASIS	\$ 3,147,041	\$ 3,571,547	3,676,410	\$ (104,863)
Financial Statement Adjustments:				
Depreciation			607,082	
Record transfers to other funds			18,695	
Beginning fund balance adjustment			7,716	
TMRS pension adjustment			(41,658)	
OPEB adjustment			356	
Reclassify capital expenditures			(79,914)	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			\$ 4,188,687	

**CITY OF WHITEHOUSE, TEXAS
 DETAILED SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
 (NON-GAAP BUDGET BASIS)
 FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Property taxes	\$ 831,250	\$ 831,250	\$ 831,250	\$ -
Transfers in	409,624	409,624	414,102	4,478
TOTAL REVENUES - BUDGET BASIS	\$ 1,240,874	\$ 1,240,874	1,245,352	\$ 4,478
Record transfer in for bond defeasance			57,145	
Reclassify 2018 Certificates of Obligation payments			(633,650)	
Record transfer in for bond and note principal and interest paid in Governmental debt service fund			924,999	
TOTAL REVENUES - GAAP BASIS			\$ 1,593,846	
EXPENSES				
Bond/Note principal:				
2006 Certificates of Obligation	190,000	190,000	190,000	-
2007 Certificates of Obligation	130,000	130,000	130,000	-
2018 Certificates of Obligation	535,000	535,000	535,000	-
Installment notes	40,000	40,000	40,000	-
Bond/Note interest:				
2006 Certificates of Obligation	20,790	20,790	25,266	(4,476)
2007 Certificates of Obligation	20,952	20,952	20,952	-
2018 Certificates of Obligation	98,650	98,650	98,650	-
2022 Certificates of Obligation	197,600	197,600	197,600	-
Installment Notes	7,882	7,882	7,882	-
TOTAL EXPENSES - BUDGET BASIS	\$ 1,240,874	\$ 1,240,874	1,245,350	\$ (4,476)
Record amotization of bond defeasance			57,145	
Reclassify 2018 Certificates of Obligation payments			(633,650)	
Bond and note principal and interest paid in Governmental debt service fund			924,999	
Decrease in accrued interest at September 30, 2024			(11,466)	
TOTAL EXPENSES - GAAP BASIS			\$ 1,582,378	

OTHER SCHEDULES

CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	TOTAL	LAND	CONSTRUCTION IN PROCESS	BUILDINGS & IMPROVEMENTS	PARKS	INFRASTRUCTURE	RIGHT OF USE ASSET	MACHINERY & EQUIPMENT	
								AUTOS	OTHER EQUIPMENT
Governmental assets - October 1, 2023	\$ 25,114,856	\$ 190,184	\$ 448,440	\$ 4,314,755	\$ 2,571,986	\$ 12,859,392	\$ 1,811,946	\$ 908,038	\$ 2,010,115
EXPENDITURES FROM GOVERNMENTAL FUNDS:									
<u>GENERAL FUND</u>									
Right of Use Assets	234,800	-	-	-	-	-	234,800	-	-
Baseball park improvements	176,640	-	-	-	176,640	-	-	-	-
Drainage improvements at Prince Charles and Hagan Road	128,791	-	-	-	-	128,791	-	-	-
Building improvements	1,431,406	-	1,431,406	-	-	-	-	-	-
Equipment additions	53,139	-	-	-	-	-	-	-	53,139
Land acquisition	2,052,762	2,052,762	-	-	-	-	-	-	-
RETIREMENTS FROM GOVERNMENTAL FUNDS:									
<u>GENERAL FUND</u>									
Right of Use Assets	(97,357)	-	-	-	-	-	(97,357)	-	-
COMPLETION OF CAPITAL PROJECTS									
GOVERNMENTAL ASSETS - SEPTEMBER 30, 2024	\$ 29,095,037	\$ 2,242,946	\$ 1,879,846	\$ 4,314,755	\$ 2,748,626	\$ 12,988,183	\$ 1,949,389	\$ 908,038	\$ 2,063,254

**CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	TOTAL	BONDS PAYABLE			NOTES PAYABLE	LEASES	COMPENSATED ABSENCES	NET PENSION LIABILITY (ASSET)	OPEB LIABILITY
		2006 SERIES	2018 SERIES	2022 SERIES					
Governmental fund debt, October 1, 2023	\$ 16,181,048	\$ 650,000	\$ 3,320,448	\$ 10,067,821	\$ 490,449	\$ 1,182,036	\$ 148,140	\$ 259,188	\$ 62,966
ADDITIONS									
Compensated Absences	15,774	-	-	-	-	-	15,774	-	-
Lease Agreements	234,800	-	-	-	-	234,800	-	-	-
OPEB Additions	-	-	-	-	-	-	-	-	7,440
Net Pension Liability (Asset)	-	-	-	-	-	-	-	-	-
Total Additions	250,574	-	-	-	-	234,800	15,774	-	7,440
RETIREMENTS									
Bond principal:									
2006 Limited Tax Refunding Bonds	210,000	210,000	-	-	-	-	-	-	-
2018 Certificates of Obligation	545,116	-	545,116	-	-	-	-	-	-
2022 Certificates of Obligation	25,511	-	-	25,511	-	-	-	-	-
Total Bond Retirements	780,627	210,000	545,116	25,511	-	-	-	-	-
Notes Payable:									
Austin Bank									
Fire Truck	93,215	-	-	-	93,215	-	-	-	-
Total Note Retirements	93,215	-	-	-	93,215	-	-	-	-
Lease Agreements	377,143	-	-	-	-	377,143	-	-	-
Net Pension Liability (Asset)	301,600	-	-	-	-	-	-	301,600	-
Total Other Retirements	301,600	-	-	-	-	-	-	301,600	-
GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2024	\$ 14,879,037	\$ 440,000	\$ 2,775,332	\$ 10,042,310	\$ 397,234	\$ 1,039,693	\$ 163,914	\$ (42,412)	\$ 70,406

CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE
FISCAL YEAR ENDED SEPTEMBER 30, 2024

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS AND NOTES ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-24	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-25			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS
					BALANCE 10-1-23	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	\$ 590,000	\$ -	\$ 190,000	\$ 400,000	\$ 195,000	\$ 12,705	\$ 207,705	\$ 4,305
2007 Tax Refunding Bonds	7/15/07	Payable serially in varying amounts to 2-15-27	4.52%	4,359,000	270,000	-	63,000	207,000	66,000	7,864	73,864	6,441
2007-Water & Sewer Certificates of Obligation	5/15/07	Payable serially in varying amounts to 2-15-26	4.32%	2,000,000	550,000	-	130,000	420,000	135,000	15,228	150,228	12,420
2020 Water & Sewer Certificates of Obligation	04/08/20	Payable serially in varying amounts to 8-15-31	1.51%	635,000	522,000	-	40,000	482,000	41,000	7,278	48,278	37,402
2022 General Obligation Refunding Bonds	02/16/22	Payable serially in varying amounts to 2-15-28	2.00%	5,754,254	5,598,971	-	773,450	4,825,521	907,593	86,050	993,643	130,450
Total Business Type Activities Bonded Deb				15,548,254	7,530,971	-	1,196,450	6,334,521	1,344,593	129,125	1,473,718	191,018
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	650,000	-	210,000	440,000	215,000	18,700	233,700	9,562
2018 Series Combination Tax & Revenue Bonds	02/20/18	Payable serially in varying amounts to 2-15-26	3.00% to 3.12%	5,190,000	3,320,448	-	545,116	2,775,332	540,000	82,600	622,600	391,513
2022 Series Combination Tax & Revenue Certificates of Obligation	02/16/22	Payable serially in varying amounts to 2-15-31	2.00%	10,105,810	10,067,821	-	25,511	10,042,310	33,879	197,600	231,479	1,061,600
Total Governmental Fund Bonded Deb				18,435,810	14,038,269	-	780,627	13,257,642	788,879	298,900	1,087,779	1,462,675
Total Bonded Indebtedness				\$ 33,984,064	\$ 21,569,240	\$ -	\$ 1,977,077	\$ 19,592,163	\$ 2,133,472	\$ 428,025	\$ 2,561,497	\$ 1,653,693
BUSINESS TYPE ACTIVITIES DEBT NOTES PAYABLE												
Note Payable - Austin Bank		Maturing 08-15-2025	4.50%	\$ 85,000	\$ 26,348	\$ -	\$ 12,893	\$ 13,455	\$ 13,455	\$ 614	\$ 14,069	\$ -
Total Business Type Activities Notes Payabl				85,000	26,348	-	12,893	13,455	13,455	614	14,069	-
GOVERNMENTAL FUND: NOTES PAYABLE												
Note Payable - Austin Bank		Maturing 08-10-2028	2.50%	675,666	490,449	-	93,215	397,234	95,612	10,069	105,681	15,424
Total Governmental Fund Notes Payabl				675,666	490,449	-	93,215	397,234	95,612	10,069	105,681	15,424
Total Notes Payable				\$ 760,666	\$ 516,797	\$ -	\$ 106,108	\$ 410,689	\$ 109,067	\$ 10,683	\$ 119,750	\$ 15,424
GOVERNMENTAL FUND: LEASES PAYABLE												
Postage Meter		Maturing 07-31-2025	24.90%	2,495	1,454	-	712	742	742	36	778	45
City of Tyler IT Equipment		Maturing 09-30-2027	0.00%	1,085,000	744,000	-	186,000	558,000	186,000	-	186,000	-
Total Governmental Fund Leases Payabl				1,087,495	745,454	-	186,712	558,742	186,742	36	186,778	45
INTERNAL SERVICE FUND LEASE PAYABLE												
Lease Payable - Enterprise Fleet Managemen		Maturing variably through 10-01-2027	0.10% to 6.39%	585,138	436,852	234,800	190,701	480,951	178,023	1,286	179,309	302,928
Total Leases Payable				\$ 1,672,633	\$ 1,182,306	\$ 234,800	\$ 377,413	\$ 1,039,693	\$ 364,765	\$ 1,322	\$ 366,087	\$ 302,973

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and City Council
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, each major fund, and the aggregate remaining fund information of City of Whitehouse, Texas as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Whitehouse, Texas's basic financial statements, and have issued our report thereon dated February 13, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Whitehouse, Texas's 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's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Whitehouse, Texas's 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
February 13, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

The Honorable Mayor and City Council
City of Whitehouse, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Whitehouse, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Whitehouse, Texas' major federal programs for the year ended September 30, 2024. The City of Whitehouse, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Whitehouse, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Whitehouse and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Whitehouse's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Whitehouse's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Whitehouse's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

Auditors' Responsibilities for the Audit of Compliance (continued)

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Whitehouse's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Whitehouse's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Whitehouse's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Whitehouse's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
February 13, 2025

Gollob Morgan Peddy PC
1001 ESE Loop 323, Suite 300, Tyler, TX 75701
Tel 903-534-0088 Fax 903-581-3915 www.gmpcpa.com
Members American Institute of Certified Public Accountants and Private Companies Practice Section

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**CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor or Pass-through Grantor's Number</u>	<u>Program Expenditures</u>
U. S. DEPARTMENT OF TREASURY			
Passed Through the Texas Department of Emergency Management			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>1,073,842</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,073,842</u></u>

See Notes to Schedule on following page.

CITY OF WHITEHOUSE, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Whitehouse, Texas under programs of the federal government for the year ended September 30, 2024 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of City of Whitehouse, Texas, it is not intended to and does not present the financial position, changes in net assets or cash flows of City of Whitehouse, Texas.

NOTE 2 – INDIRECT COST RATES

The City did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR § 200.414.

**CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: *Unmodified*

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditors’ report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish
Between type A and type B federal programs: \$750,000

Auditee qualified as low-risk auditee: _____ Yes X No

**CITY OF WHITEHOUSE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

**CITY OF WHITEHOUSE, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2024**

None.