

**CITY OF WHITEHOUSE, TEXAS**

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

**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Gollob Morgan Peddy PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Whitehouse, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Whitehouse, Texas' basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Whitehouse, Texas, as of September 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7; the Schedule of Changes in the City's Net Pension Liability and Other Postemployment Benefit Liability and Related Ratios on pages 47-49; the budgetary comparison information contained in Schedules 3 on pages 52-58, and Schedules 9 through 14 on pages 66-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020 on our consideration of City of Whitehouse, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Whitehouse, Texas' internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas  
January 29, 2020

## 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, 2019.

### Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$16,520,124 (net position). Of this amount \$(208,046) (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending unrestricted fund balance of \$1,019,351.
- The total net position of \$16,520,124 is made up of \$13,090,914 in capital assets net of related debt and \$3,429,210 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.

#### **Adoption of GASB Statement No. 75**

During the prior year, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. See Note 8 for additional information.

As noted in the Changes in Net Position on the following page, the City restated its beginning net position in the previous fiscal year by a total of \$79,850. A total of \$56,206 of this restatement was for the governmental activities and the remaining \$23,644 was for the City's business-type activities.

#### **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, 2019 the City's assets exceeded liabilities by \$16,520,124.

By far the largest portion of the City's net position, \$13,090,914, 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 \$850,033 during the current year primarily due to continued construction on two significant capital projects for street improvements and stormwater drainage. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The amount of net position that is unrestricted, \$2,543,614, increased by \$518,437 during the year.

### City of Whitehouse's Net position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,411,830	\$ 6,694,835	\$ 2,146,478	\$ 2,012,496	\$ 6,558,308	\$ 8,707,331
Capital assets	13,240,898	11,110,500	16,347,866	16,779,358	29,588,764	27,889,858
Total Assets	17,652,728	17,805,335	18,494,344	18,791,854	36,147,072	36,597,189
Deferred outflows of resources	274,419	224,116	458,564	446,548	732,983	670,664
Total Deferred Outflows of Resources	274,419	224,116	458,564	446,548	732,983	670,664
Current liabilities	934,120	1,268,822	1,628,452	1,613,251	2,562,572	2,882,073
Non current liabilities	6,990,982	7,488,355	10,792,463	11,795,733	17,783,445	19,284,088
Total Liabilities	7,925,102	8,757,177	12,420,915	13,408,984	20,346,017	22,166,161
Deferred outflows of resources	11,609	233,004	2,305	26,481	13,914	259,485
Total Deferred Outflows of Resources	11,609	233,004	2,305	26,481	13,914	259,485
Net invested in capital assets	8,466,511	8,250,157	4,624,403	3,990,724	13,090,914	12,240,881
Restricted	885,596	576,149	-	-	885,596	576,149
Unrestricted	638,329	212,964	1,905,285	1,812,213	2,543,614	2,025,177
Total Net Position	\$ 9,990,436	\$ 9,039,270	\$ 6,529,688	\$ 5,802,937	\$ 16,520,124	\$ 14,842,207

*Governmental activities.* During the current year the governmental activities had an increase in net position of \$951,166 which represented a \$248,725 increase from the previous year.

*Business-type activities.* The City had a \$726,751 increase in net position for its business-type activities during the year. This is a \$59,760 decrease from the previous year. The decrease is primarily due to a decrease in charges for services which is attributable to increased rainfall and overall cooler temperatures as compared to the prior year.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ 1,644,419	\$ 1,978,593	\$ 2,945,942	\$ 3,091,969	\$ 4,590,361	\$ 5,070,562
Grant revenues	-	37,818	-	-	-	37,818
General revenue:						
Property taxes	2,958,492	2,793,497	391,186	-	3,349,678	2,793,497
Franchise taxes	281,483	289,165	-	-	281,483	289,165
Sales taxes	955,001	909,410	-	-	955,001	909,410
Interest income	152,827	96,982	100,867	19,581	253,694	116,563
Total revenues	5,992,222	6,105,465	3,437,995	3,111,550	9,430,217	9,217,015
Expenses:						
General government	571,950	859,055	-	-	571,950	859,055
Public safety	2,288,768	2,055,056	-	-	2,288,768	2,055,056
Community development	1,258,463	1,151,784	-	-	1,258,463	1,151,784
Parks and recreation	384,370	423,647	-	-	384,370	423,647
Interest	265,897	237,848	461,890	506,692	727,787	744,540
Water and sewer operations	-	-	2,520,962	2,493,981	2,520,962	2,493,981
Total expenses	4,769,448	4,727,390	2,982,852	3,000,673	7,752,300	7,728,063
Transfers	(271,608)	(675,634)	271,608	675,634	-	-
Change in net position	951,166	702,441	726,751	786,511	1,677,917	1,488,952
Prior period adjustment	-	(56,206)	-	(23,644)	-	(79,850)
Net position beginning of year	9,039,270	8,393,035	5,802,937	5,040,070	14,842,207	13,433,105
Net position end of year	\$ 9,990,436	\$ 9,039,270	\$ 6,529,688	\$ 5,802,937	\$ 16,520,124	\$ 14,842,207

## 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 \$1,019,351. The total unrestricted fund balance for the governmental funds increased by \$163,657 during the year, which was primarily due to controlling expenditures in the current year and an increase in tax revenues and vehicle registration fees.

*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 \$1,905,285 at year end as compared to \$1,812,213 at the end of the prior year.

## General Fund Budgetary Highlights

Over the year, the City of Whitehouse made two budget amendments to its original budget for its General Fund. Revenues were \$347,181 over budget while expenditures were under budget by \$44,471. After considering operating transfers, the City had a favorable variance of \$391,620 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, 2019, amounts to \$13,090,914 net of accumulated depreciation and related debt. This investment in capital assets includes land, buildings, parks, machinery and equipment, water and sewer systems and infrastructure. The biggest change during the current year was the City's commitment for street and drainage improvements. The City continued to spend bond funds issued in the previous year and in the current year incurred \$2,510,392 in capital projects costs associated with these projects. The total net increase in the City's investment in fixed assets for the current year (see Note 4C) amounted to \$1,698,906.

## City of Whitehouse's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 190,184	\$ 190,184	\$ 25,000	\$ 25,000	\$ 215,184	\$ 215,184
Easements	-	-	7,800	7,800	7,800	7,800
Construction in progress	-	621,089	-	-	-	621,089
Buildings and improvements	2,086,342	2,155,339	94,660	92,423	2,181,002	2,247,762
Parks	2,248,728	2,300,039	-	-	2,248,728	2,300,039
Water and sewer system	-	-	16,077,303	16,496,015	16,077,303	16,496,015
Infrastructure	8,219,947	5,281,702	-	-	8,219,947	5,281,702
Machinery and equipment	495,697	562,147	143,103	158,120	638,800	720,267
Total	\$ 13,240,898	\$ 11,110,500	\$ 16,347,866	\$ 16,779,358	\$ 29,588,764	\$ 27,889,858

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

*Long-term debt.* During the current year, the City issued two new notes totaling \$110,468. The proceeds of the debt were used for water tank restorations and to purchase a service truck for the water department. After principal payments of \$2,036,986 were made against debt during the year, the City had total debt and other long-term liabilities outstanding of \$19,747,668 at the end of the fiscal year.

**City of Whitehouse's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 6,770,712	\$ 7,357,723	\$ -	\$ -	\$ 6,770,712	\$ 7,357,723
Notes Payable	238,239	512,575	119,828	39,204	358,067	551,779
Compensated absences	58,756	49,849	18,324	16,338	77,080	66,187
Net Pension Liability	601,374	267,012	239,184	121,253	840,558	388,265
OPEB Liability	69,238	67,945	28,378	27,929	97,616	95,874
Revenue bonds and Certificates of obligation	-	-	11,603,635	12,749,430	11,603,635	12,749,430
Total	<u>\$ 7,738,319</u>	<u>\$ 8,255,104</u>	<u>\$ 12,009,349</u>	<u>\$ 12,954,154</u>	<u>\$ 19,747,668</u>	<u>\$ 21,209,258</u>

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 \$ 0.792891 per \$100.00 property valuation for the 2019-2020 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 903-839-4914.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 830,627	\$ 2,071,336	\$ 2,901,963
Receivables (net of allowance for doubtful accounts)	345,903	524,128	870,031
Internal balances	992,321	(992,321)	-
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	2,242,979	313,335	2,556,314
Water rights - Lake Columbia	-	230,000	230,000
Capital Assets (net of accumulated depreciation):			
Land	190,184	25,000	215,184
Construction in progress	-	-	-
Easements	-	7,800	7,800
Buildings and improvements	2,086,342	94,660	2,181,002
Parks	2,248,728	-	2,248,728
Infrastructure	8,219,947	-	8,219,947
Machinery and equipment	495,697	143,103	638,800
Water and sewer system	-	16,077,303	16,077,303
Total Assets	<u>17,652,728</u>	<u>18,494,344</u>	<u>36,147,072</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding (net of amortization)	-	362,708	362,708
Deferred charge on TMRS pension	273,579	95,126	368,705
Deferred charge on other postemployment benefits	840	730	1,570
Total Deferred Outflows of Resources	<u>274,419</u>	<u>458,564</u>	<u>732,983</u>
<b>LIABILITIES</b>			
Accounts payable	159,663	48,167	207,830
Deposits and other refundable balances	-	313,335	313,335
Accrued interest	27,120	50,064	77,184
Non-current liabilities:			
Due within one year	747,337	1,216,886	1,964,223
Due in more than one year	6,990,982	10,792,463	17,783,445
Total Liabilities	<u>7,925,102</u>	<u>12,420,915</u>	<u>20,346,017</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on TMRS pension	11,012	2,204	13,216
Deferred charge on other postemployment benefits	597	101	698
Total Deferred Inflows of Resources	<u>11,609</u>	<u>2,305</u>	<u>13,914</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,466,511	4,624,403	13,090,914
Restricted for:			
Police forfeitures	8,415	-	8,415
Debt service	877,181	-	877,181
Unrestricted	638,329	1,905,285	2,543,614
Total Net Position	<u>\$ 9,990,436</u>	<u>\$ 6,529,688</u>	<u>\$ 16,520,124</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, 2019**

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	TOTAL
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government	\$ 571,950	\$ 298,650	\$ -	\$ (273,300)	\$ -	\$ (273,300)
Public safety	2,288,768	268,342	-	(2,020,426)	-	(2,020,426)
Community development	1,258,463	1,072,633	-	(185,830)	-	(185,830)
Parks and recreation	384,370	4,794	-	(379,576)	-	(379,576)
Interest	265,897	-	-	(265,897)	-	(265,897)
Total governmental activities	4,769,448	1,644,419	-	(3,125,029)	-	(3,125,029)
Business-type activities:						
Water and sewer	2,520,962	2,945,942	-	-	424,980	424,980
Interest	461,890	-	-	-	(461,890)	(461,890)
Total business-type activities	2,982,852	2,945,942	-	-	(36,910)	(36,910)
Total primary government	\$ 7,752,300	\$ 4,590,361	\$ -	(3,125,029)	(36,910)	(3,161,939)
General revenues:						
Property taxes				2,958,492	391,186	3,349,678
Franchise taxes				281,483	-	281,483
Sales and use taxes				955,001	-	955,001
Miscellaneous income				-	-	-
Interest and rent				152,827	100,867	253,694
Transfers				(271,608)	271,608	-
Total general revenues and transfers				4,076,195	763,661	4,839,856
Change in net position				951,166	726,751	1,677,917
Net position - beginning of year				9,039,270	5,802,937	14,842,207
Net position - end of year				\$ 9,990,436	\$ 6,529,688	\$ 16,520,124

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

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2018 STORMWATER CONSTRUCTION FUND	2018 STREET CONSTRUCTION FUND			
<b>ASSETS</b>							
Cash and investments	\$ 740,148	\$ -	\$ -	\$ -	\$ 90,479	\$ -	\$ 830,627
Receivables:							
Property taxes	22,721	53,205	-	-	-	-	75,926
Fines	24,563	-	-	-	-	-	24,563
Sales taxes	132,308	-	-	-	-	-	132,308
Charges for services (net)	145,090	-	-	-	-	-	145,090
Restricted Assets:							
Temporarily restricted							
Cash and cash equivalents	-	-	1,716,019	518,545	8,415	-	2,242,979
Due from other funds	115,139	1,052,613	-	-	-	-	1,167,752
Total Assets	<u>1,179,969</u>	<u>1,105,818</u>	<u>1,716,019</u>	<u>518,545</u>	<u>98,894</u>	<u>-</u>	<u>4,619,245</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	113,334	-	46,328	-	-	-	159,662
Due to other funds	-	175,432	-	-	-	-	175,432
Total Liabilities	<u>113,334</u>	<u>175,432</u>	<u>46,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,094</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	22,721	53,205	-	-	-	-	75,926
Unavailable revenue - fines	24,563	-	-	-	-	-	24,563
Total Deferred Inflows of Resources	<u>47,284</u>	<u>53,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,489</u>
<b>Fund Balances:</b>							
Restricted:							
Police forfeitures	-	-	-	-	8,415	-	8,415
Debt Service	-	877,181	-	-	-	-	877,181
Total Restricted	-	877,181	-	-	8,415	-	885,596
Assigned:							
Capital Projects	-	-	1,669,691	518,545	90,479	-	2,278,715
Unassigned	1,019,351	-	-	-	-	-	1,019,351
Total Fund Balances	<u>1,019,351</u>	<u>877,181</u>	<u>1,669,691</u>	<u>518,545</u>	<u>98,894</u>	<u>-</u>	<u>4,183,662</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 1,179,969</u>	<u>\$ 1,105,818</u>	<u>\$ 1,716,019</u>	<u>\$ 518,545</u>	<u>\$ 98,894</u>	<u>\$ -</u>	

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019

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)	\$ 4,183,662
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	13,240,898
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	68,505
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	442,061
Deferred inflows represent the consumption of net position that are applicable to a future reporting period.	(179,251)
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	(27,120)
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>(7,738,319)</u>
Net position of governmental activities	<u>\$ 9,990,436</u>

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	MAJOR FUNDS					ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2018 STORMWATER CONSTRUCTION FUND	2018 STREET CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS		
<b>REVENUES</b>							
Current and delinquent taxes	\$ 1,075,370	\$ 1,880,609	\$ -	\$ -	\$ -	\$ -	\$ 2,955,979
Fines and forfeitures	131,826	-	-	-	-	-	131,826
Licenses and permits	56,819	-	-	-	-	-	56,819
Franchise taxes	281,483	-	-	-	-	-	281,483
Sales taxes - regular	588,304	-	-	-	-	-	588,304
Sales taxes - additional 1/2 cent	294,151	-	-	-	-	-	294,151
Sales tax fees	72,546	-	-	-	-	-	72,546
Donations	22,186	-	-	-	-	-	22,186
Solid waste collections	1,019,747	-	-	-	-	-	1,019,747
Zoning and platting fees	1,200	-	-	-	-	-	1,200
Sports Complex	4,794	-	-	-	-	-	4,794
Intergovernmental revenue	114,330	-	-	-	-	-	114,330
Street maintenance fee	-	-	-	-	52,886	-	52,886
Interest and rent	42,084	31,450	52,800	24,185	2,308	-	152,227
Vehicle registration fees	209,387	-	-	-	-	-	209,387
Miscellaneous income	25,210	-	-	6,034	-	-	31,244
Operations and Maintenance							
<b>Total Revenues</b>	<b>3,939,437</b>	<b>1,912,059</b>	<b>52,800</b>	<b>30,219</b>	<b>55,194</b>	<b>-</b>	<b>5,989,709</b>
<b>EXPENDITURES</b>							
Legislative	1,066	-	-	-	-	-	1,066
General administration	376,951	-	-	-	2,413	-	379,364
Treasury and financial	93,680	-	-	-	-	-	93,680
Tax appraisal and collections	46,216	-	-	-	-	-	46,216
Municipal court	314,439	-	-	-	-	-	314,439
Parks/recreation	268,356	-	-	-	-	-	268,356
Community development	69,141	-	-	-	-	-	69,141
Street and ground maintenance	179,118	-	-	42,146	34,172	-	255,436
Police	1,117,372	-	-	-	-	-	1,117,372
Fire	711,376	-	-	-	-	-	711,376
Sanitation	691,512	-	-	-	-	-	691,512
Debt service:							
Bond principal	-	571,000	-	-	-	-	571,000
Note principal	190,556	83,780	-	-	-	-	274,336
Interest and fees	4,230	313,018	-	-	-	-	317,248
Capital outlay	102,735	-	982,002	1,528,390	-	-	2,613,127
<b>Total Expenditures</b>	<b>4,166,748</b>	<b>967,798</b>	<b>982,002</b>	<b>1,570,536</b>	<b>36,585</b>	<b>-</b>	<b>7,723,669</b>
Revenues Over (Under) Expenditures	(227,311)	944,261	(929,202)	(1,540,317)	18,609	-	(1,733,960)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	390,968	183,204	-	-	-	(27,618)	546,554
Transfers out	-	(818,162)	-	-	(27,618)	27,618	(818,162)
<b>Total Other Financing Sources (Uses)</b>	<b>390,968</b>	<b>(634,958)</b>	<b>-</b>	<b>-</b>	<b>(27,618)</b>	<b>-</b>	<b>(271,608)</b>
Net Change in Fund Balances	163,657	309,303	(929,202)	(1,540,317)	(9,009)	-	(2,005,568)
Fund Balance, October 1, 2018	855,694	567,878	2,598,893	2,058,862	107,903	-	6,189,230
Fund Balance, September 30, 2019	\$ 1,019,351	\$ 877,181	\$ 1,669,691	\$ 518,545	\$ 98,894	\$ -	\$ 4,183,662

**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, 2019**

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

Net change in fund balances - total governmental funds	\$ (2,005,568)
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.	2,130,398
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.	2,513
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.	887,780
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>(63,957)</u>
Change in net position of governmental activities	<u><u>\$ 951,166</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, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent taxes	\$ 960,000	\$ 960,000	\$ 1,075,370	\$ 115,370
Fines and forfeitures	177,865	177,865	131,826	(46,039)
Licenses and permits	16,000	16,000	56,819	40,819
Franchise taxes	280,000	280,000	281,483	1,483
Sales taxes - regular	535,000	535,000	588,304	53,304
Sales taxes - additional 1/2 cent	265,000	265,000	294,151	29,151
Sales tax fees	72,000	72,000	72,546	546
Solid waste collections	991,000	991,000	1,019,747	28,747
Zoning and platting fees	250	250	1,200	950
Splash Park	34,000	-	-	-
Sports Complex	115,000	4,794	4,794	-
Intergovernmental revenue	135,500	135,500	114,330	(21,170)
Interest and rent	19,200	19,200	42,084	22,884
Vehicle registration fees	170,000	170,000	209,387	39,387
Miscellaneous income	3,465	3,465	85,214	81,749
<b>Total Revenues</b>	<b>3,774,280</b>	<b>3,630,074</b>	<b>3,977,255</b>	<b>347,181</b>
<b>EXPENDITURES</b>				
Legislative	17,500	17,500	1,066	16,434
General administration	415,964	423,174	388,230	34,944
Treasury and financial	92,410	92,410	90,326	2,084
Tax appraisal and collections	46,538	46,538	46,216	322
Municipal court	277,742	277,742	313,746	(36,004)
Parks/recreation	386,109	285,329	321,511	(36,182)
Community development	70,500	70,500	69,141	1,359
Street and ground maintenance	382,783	382,783	370,861	11,922
Police	1,234,380	1,234,380	1,146,074	88,306
Fire	685,437	685,437	706,768	(21,331)
Sanitation	668,850	668,850	686,233	(17,383)
<b>Total Expenditures</b>	<b>4,278,213</b>	<b>4,184,643</b>	<b>4,140,172</b>	<b>44,471</b>
Revenues Over (Under) Expenditures	(503,933)	(554,569)	(162,917)	391,652
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	388,500	388,500	390,968	2,468
Sale of assets	2,500	2,500	-	(2,500)
<b>Total Other Financing Sources (Uses)</b>	<b>391,000</b>	<b>391,000</b>	<b>390,968</b>	<b>(32)</b>
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(112,933)	(163,569)	228,051	391,620
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	(64,394)	(64,394)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	\$ (112,933)	\$ (163,569)	\$ 163,657	\$ 327,226

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, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
Fund Balance, October 1, 2018	\$ 171,752	\$ 171,752	\$ 855,694	\$ 683,942
Fund Balance, September 30, 2019	<u>\$ 58,819</u>	<u>\$ 8,183</u>	<u>\$ 1,019,351</u>	<u>\$ 1,011,168</u>

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

**Basis Presentation:**

**Uses/Outflows of Resources:**

**Differences - Budget to GAAP**

Decrease in accrued grant revenues earned in the prior year but received  
in the current year

(37,818)

Increase in accrued expenses

(26,576)

**Net Change in Budget Basis Presentation and GAAP Basis Presentation**

\$ (64,394)

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, 2019

	UTILITY FUND
Current Assets:	
Cash and certificates of deposit	\$ 2,071,336
Accounts receivable (Net)	<u>524,128</u>
Total Current Assets	<u>2,595,464</u>
Restricted Current Assets:	
Temporarily Restricted	
Customer deposits	<u>313,335</u>
Total Restricted Current Assets	<u>313,335</u>
Noncurrent Assets:	
Water rights - Lake Columbia	230,000
Capital Assets:	
Land	25,000
Easements	7,800
Buildings	369,844
Water and sewer system	25,495,021
Machinery & equipment	984,095
Less: Accumulated depreciation	<u>(10,533,894)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>16,347,866</u>
Total Noncurrent Assets:	<u>16,577,866</u>
Total Assets	<u>19,486,665</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding (net of amortization)	362,708
Deferred charge on other post employment benefits	730
Deferred charge on TMRS pension	<u>95,126</u>
Total Deferred Outflows of Resources	<u>458,564</u>

(continued)

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2019

LIABILITIES

Current Liabilities:	
Accounts payable	\$ 48,167
Compensated absences	1,832
Due to other funds	992,321
Total Current Liabilities	<u>1,042,320</u>
Current liabilities payable from restricted assets:	
Customer deposits	313,335
Accrued interest	50,064
Notes payable	28,265
Revenue bonds payable	1,186,789
Total current liabilities payable from restricted assets	<u>1,578,453</u>
Noncurrent Liabilities:	
Revenue bonds payable	10,416,846
Notes payable	91,563
Compensated absences	16,492
Other post employment benefits	28,378
Net pension liability	239,184
Total Noncurrent Liabilities	<u>10,792,463</u>
Total Liabilities	<u>13,413,236</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on other postemployment benefits	101
Deferred charge on TMRS pension	2,204
Total Deferred Inflows of Resources	<u>2,305</u>
NET POSITION	
Net investment in capital assets	4,624,403
Unrestricted	1,905,285
Total Net Position	<u>\$ 6,529,688</u>

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

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>UTILITY FUND</u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 1,965,226
Sewer charges	785,323
Property taxes	391,186
Charges for other services	<u>195,393</u>
Total Operating Revenues	<u>3,337,128</u>
<b>OPERATING EXPENSES</b>	
Utility administration	488,119
Customer service	147,231
Water operations	485,508
Sewer operations	421,560
Water supply	354,879
Depreciation	<u>623,665</u>
Total Operating Expenses	<u>2,520,962</u>
Operating Income (Loss)	<u>816,166</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and fiscal charge expense	(461,890)
Interest income	<u>100,867</u>
Total non-operating revenue (expenses)	<u>(361,023)</u>
Income before transfers	455,143
Transfers in	818,162
Transfers out	<u>(546,554)</u>
Total Transfers	<u>271,608</u>
Change in Net Position	726,751
Net Position, October 1, 2018	<u>5,802,937</u>
Net Position, September 30, 2019	<u><u>\$ 6,529,688</u></u>

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

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

	UTILITY FUND
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 3,307,728
Cash paid to suppliers for goods and services	(1,274,686)
Cash paid to employees for services	(650,114)
	<u>1,382,928</u>
Net cash provided by operating activities	
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	1,493,445
Transfers out	(915,826)
Net cash provided by non-capital financing activities	<u>577,619</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases or construction of capital assets	(192,173)
Loan proceeds	110,468
Principal paid on notes	(29,844)
Interest paid	(405,444)
Principal paid on bonds	(1,145,795)
Net cash used in capital and related financing activities	<u>(1,662,788)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned on investments	<u>100,867</u>
Net cash provided by investing activities	<u>100,867</u>
Net increase in cash	398,626
Cash, beginning of period	<u>1,986,045</u>
Cash, end of period	<u>\$ 2,384,671</u>
Reconciliation of cash to Exhibit 7:	
Cash - current asset	\$ 2,071,336
Cash - restricted current asset	313,335
Total cash, end of period	<u>\$ 2,384,671</u>

**CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Reconciliation of Operating Income (Loss) To Net Cash  
Provided By (Used In) Operating Activities:**

Operating income	\$ 816,166
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	623,665
Decrease in deferred outflows of resources	(73,658)
Decrease in accounts payable	(50,035)
Increase in accounts receivable	(44,660)
Increase in net pension liability	117,931
Increase in other post employee benefit liability	449
Decrease in compensated absences	1,986
Increase in customer deposits	15,260
	<hr/>
Total adjustments	566,762
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,382,928</u>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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, 2019**

**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.

2018 Stormwater Construction Fund is used to account for the construction of major drainage improvement projects.

2018 Street Construction Fund is used to account for construction of major street and roadway projects.

The City reports the following major proprietary funds:

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivery goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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, 2019**

**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. 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.

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

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, 2018. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2018 and September 30, 2019.

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.

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

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

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

Net investment in capital assets - This component consists of the City's capital assets, net of accumulated depreciation, reduced by any outstanding debt used for the acquisition or construction of those assets and adjusted for any deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted – This component consist of those amounts which have limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or other laws and regulations, reduced by liabilities and deferred inflows of resources related to those assets.

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

12. Capitalized interest – The City has capitalized interest on construction projects when material.
13. Tax Abatements – 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.

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

14. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
15. 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.
16. 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.
17. Future Implementation of New Standards

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations, which will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. It will also enhance the decision-usefulness of the information provided to financial statements users by requiring disclosures related to those AROs. This statement is effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact of this statement on the City’s financial statements.

In June 2017, the GASB issued Statement No. 87, Leases, which will increase the usefulness of governments’ financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance and purpose of a government’s leasing arrangements. This statement is effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact of this statement on the City’s financial statements.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements which will improve the information that is disclosed in notes to the financial statements related to debt, including direct borrowing and direct placements, by requiring additional essential information related to debt be disclosed, including unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. This statement is effective for reporting periods beginning after June 15, 2018. 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, 2019**

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

In June 2018 GASB issued Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period which will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period by requiring that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the cost of a capital asset reported in a business-type activity or enterprise fund. . This statement is effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact of this statement on its financial statements.

**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 \$13,240,898 difference are as follows:

Capital assets, October 1, 2018, net of accumulated depreciation	\$ 11,110,500
Capital asset additions, net of retirements	2,613,127
Depreciation of capital assets, net of retirements	<u>(482,729)</u>
	<u><u>\$ 13,240,898</u></u>

Another element states that “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.” The details of this \$68,505 difference are as follows:

Allowance account for uncollectible property taxes	\$ (31,984)
Unavailable revenue - property taxes	75,926
Unavailable revenue - fines	<u>24,563</u>
	<u><u>\$ 68,505</u></u>

Also, another element states that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$(7,738,319) difference are as follows:

Long-term liabilities, October 1, 2018	\$ (8,255,104)
Debt incurred during current year	-
Principal paid on debt in current year	845,336
Amortization of bond premium	16,011
Increase in other postemployment benefit liability	(1,293)
Increase in net pension liability	(334,362)
Change in compensated absences	<u>(8,907)</u>
	<u><u>\$ (7,738,319)</u></u>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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 \$2,130,398 was related to fixed asset additions exceeding current year depreciation expense as follows:

Capital outlay, asset additions	\$	2,613,127
Depreciation expense		(482,729)
		2,130,398
	\$	2,130,398

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 \$2,513 are as follows:

Change in allowance for uncollectible taxes	\$	7,462
Change in deferred revenue		(4,949)
		2,513
	\$	2,513

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 \$887,780 difference are as follows:

Principal payments on debt	\$	845,336
Change in accrued interest		35,340
Debt incurred during current year		-
Amortization on bond premium		16,011
Change in compensated absences		(8,907)
		887,780
	\$	887,780

**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, 2019**

**NOTE 4 — DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Cash and investments as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 2,901,963
Restricted cash and cash equivalents	2,556,314
	\$ 5,458,277
Cash on hand	\$ 1,300
Savings and checking accounts	4,869,864
External investment pools	587,113
	\$ 5,458,277
	\$ 5,458,277

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 fair value per share of the Pool’s underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

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

<u>External Investment Pool</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Risk</u>
Logic	\$ 322,479	0.15	AAAm
Texpool	22	0.08	AAAm
MBIA	264,612	0.14	AAAm
	\$ 587,113		
	\$ 587,113		

GASB Statement No. 72, Fair Value Measurement and Application, establishes a fair value hierarchy for inputs used in 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:

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**A. Deposits and Investments - Continued**

Level 1 – Unadjusted quoted priced 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 assets 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.

The Investment Pools noted above are categorized as Level 2 since they are valued based on amortized costs, which generally approximates fair value.

Logic

Logic is a public funds investment pool managed by J. P. Morgan Investment Management Inc. Logic uses amortized cost rather than market value to report net position to compute share prices. Logic is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available by request at [www.logic.org](http://www.logic.org).

TexPool

TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool invests in a high quality portfolio of debt securities investments that are legally permissible for local governments in the state. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available by request at [www.texpool.com](http://www.texpool.com).

Texas Class

Texas Class is an investment pool administered by Cutwater Investor Services Corporation with Wells Fargo Bank Texas, NA as the custodian. Texas Class is supervised by a Board of Trustees who are elected by the participants. Texas Class is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available by request at [www.texasclass.com](http://www.texasclass.com).

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:

Interest Rate Risk – This is the risk that changes in market risk rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods of time are more likely to be subject to increased variability in their fair values due to changes in the market interest rates. The City’s investment policy allows for investments to be made in order to achieve the highest return of interest on excess funds after consideration is given to safety and liquidity provisions of the policy. At year-end, the City was not exposed to interest rate risk.

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**A. Deposits and Investments - Continued**

Credit Rate Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. The City’s investment policy allows for investments in intergovernmental investment pools. The City’s investments in Logic, Texpool, and Texas Class are not evidenced by securities that exist in physical or book entry form and are not subject to credit risk categorization.

Custodial Rate 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 agency. At September 30, 2019, the carrying value of the City’s bank deposits was \$5,458,277 while the bank balance was \$5,566,285. 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. At year-end, the City was not exposed to custodial credit risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

**B. 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	\$ 160,831	\$ 53,205	\$ -	\$ -	\$ 214,036
Assessments	-	-	-	45,223	45,223
Accounts (services)	215,001	-	-	528,099	743,100
Other	-	-	-	-	-
Gross receivables	<u>375,832</u>	<u>53,205</u>	<u>-</u>	<u>573,322</u>	<u>1,002,359</u>
Less: Allowance for Uncollectibles	<u>(83,134)</u>	<u>-</u>	<u>-</u>	<u>(49,194)</u>	<u>(132,328)</u>
Net Receivables	<u>\$ 292,698</u>	<u>\$ 53,205</u>	<u>\$ -</u>	<u>\$ 524,128</u>	<u>\$ 870,031</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2019 was as follows:

<u>PRIMARY GOVERNMENT</u>	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 190,184	\$ -	\$ -	\$ 190,184
Construction in Process	621,089	2,510,392	(3,131,481)	-
Total Capital Assets, Not Being Depreciated	811,273	2,510,392	(3,131,481)	190,184
<b>Capital Assets, Being Depreciated</b>				
Buildings and Improvements	3,194,886	11,930	-	3,206,816
Parks	2,550,986	21,000	-	2,571,986
Infrastructure	8,466,045	3,173,627	-	11,639,672
Machinery and Equipment	2,456,030	27,659	-	2,483,689
Total Capital Assets, Being Depreciated	16,667,947	3,234,216	-	19,902,163
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	(1,039,547)	(80,927)	-	(1,120,474)
Parks	(250,947)	(72,311)	-	(323,258)
Infrastructure	(3,184,343)	(235,382)	-	(3,419,725)
Machinery and Equipment	(1,893,883)	(94,109)	-	(1,987,992)
Total Accumulated Depreciation	(6,368,720)	(482,729)	-	(6,851,449)
Net Total Assets Being Depreciated	10,299,227	2,751,487	-	13,050,714
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 11,110,500</b>	<b>\$ 5,261,879</b>	<b>\$ (3,131,481)</b>	<b>\$ 13,240,898</b>
<b>Business-Type Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Easements	7,800	-	-	7,800
Total Capital Assets, Not Being Depreciated	32,800	-	-	32,800
<b>Capital Assets, Being Depreciated</b>				
Water and Sewer System	25,340,681	154,340	-	25,495,021
Buildings	357,479	12,365	-	369,844
Machinery and Equipment	958,627	25,468	-	984,095
Total Capital Assets, Being Depreciated	26,656,787	192,173	-	26,848,960
<b>Less Accumulated Depreciation For:</b>				
Water and Sewer System	(8,844,666)	(573,052)	-	(9,417,718)
Buildings	(265,056)	(10,128)	-	(275,184)
Machinery and Equipment	(800,507)	(40,485)	-	(840,992)
Total Accumulated Depreciation	(9,910,229)	(623,665)	-	(10,533,894)
Net Total Assets Being Depreciated	16,746,558	(431,492)	-	16,315,066
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 16,779,358</b>	<b>\$ (431,492)</b>	<b>\$ -</b>	<b>\$ 16,347,866</b>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**C. Capital Assets – Continued**

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

Governmental Activities:	
General Government	\$ 41,422
Public Safety	87,756
Community Development	242,709
Parks and Recreation	110,842
Total depreciation expense, governmental activities	\$ 482,729
Business-Type Activities:	
Water and Sewer Operations	\$ 623,665

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

The composition of interfund balances as of September 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Operating fund	\$ 992
General Fund	Utility Debt Service Fund	19,253
Debt Service Fund	Utility Operating fund	38,692
Debt Service Fund	Utility Debt Service Fund	933,384
		\$ 992,321

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

The composition of interfund transfers as of September 30, 2019, is as follows:

	Transfers In				Total
	Utility Operating Fund	Utility Debt Service Fund	Debt Service Fund	General Fund	
<b>Transfers Out:</b>					
Utility Operating Fund	\$ -	\$ 431,014	\$ 183,204	\$ 363,350	\$ 977,568
Street Maintenance Fund	-	-	-	27,618	27,618
Other Governmental Funds	-	-	-	-	-
Debt Service Fund	-	818,162	-	-	818,162
	\$ -	\$ 1,249,176	\$ 183,204	\$ 390,968	\$ 1,823,348

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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, 2019:

	<u>GENERAL OBLIGATION</u>	<u>REVENUE</u>	<u>TOTAL</u>
Bonds payable - October 1, 2018	\$ 7,357,723	\$ 12,749,430	\$ 20,107,153
Additions	-	-	-
Retirements	<u>(587,011)</u>	<u>(1,145,795)</u>	<u>(1,732,806)</u>
Bonds payable - September 30, 2019	<u>\$ 6,770,712</u>	<u>\$ 11,603,635</u>	<u>\$ 18,374,347</u>

Outstanding bonds at September 30, 2019 are comprised of the following issues:

Governmental Activities:

\$3,140,000 Series 2006 Refunding Bonds; maturing serially in varying amounts through 2-15-26 at 4.80%.	\$ 1,400,000
\$1,800,000 series 2013 Tax Note; maturing serially in varying amounts through 9-30-2020 at 1.60%	240,000
\$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%.	<u>5,130,712</u>
<b>Total Governmental Bonded Debt</b>	<b><u>\$ 6,770,712</u></b>

Business-Type Activities:

\$2,800,000 Series 2006 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-07 through 2-15-26. Interest at 4.2%.	\$ 1,270,000
\$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52%	2,263,000
\$2,000,000 Series 2007 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-08 through 2-15-26 at 4.32%	1,020,000
\$9,730,000 Series 2012 Limited Tax Refunding Bonds; maturing annually in varying amounts beginning 2-15-13 through 2-15-28. Interest rates varying from 0.06% to 2.75%.	6,760,000
\$700,000 series 2016 Tax Note; maturing serially in varying amounts through 2-15-2021 at 2.12%	<u>290,635</u>
<b>Total Business-Type Bonded Debt</b>	<b><u>\$ 11,603,635</u></b>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**E. Long-term Debt – Continued**

The funding requirements to amortize all bonds outstanding as of September 30, 2019, including interest, are as follows:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2020	\$ 655,000	\$ 210,320	\$ 1,186,789	\$ 359,696	\$ 2,411,805
2021	670,000	196,163	1,224,846	320,579	2,411,588
2022	700,000	173,750	1,118,000	276,053	2,267,803
2023	720,000	150,375	1,164,000	229,178	2,263,553
2024	745,000	126,275	1,208,000	186,855	2,266,130
2025-2029	1,985,000	311,362	5,702,000	348,345	8,346,707
2030-2034	615,000	145,400	-	-	760,400
2035-2038	680,712	45,613	-	-	726,325
	<u>\$ 6,770,712</u>	<u>\$ 1,359,258</u>	<u>\$ 11,603,635</u>	<u>\$ 1,720,706</u>	<u>\$ 21,454,311</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, 2019 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	\$ -	10/1/2018 to 10/1/2019
	Law Enforcement	1,000,000	2,000,000	\$ 2,500	10/1/2018 to 10/1/2019
	Errors & Omissions	1,000,000	2,000,000	\$ 5,000	10/1/2018 to 10/1/2019
	Auto Liability	1,000,000	n/a	\$ -	10/1/2018 to 10/1/2019
	Auto Physical Damage	per schedule & endorsements	n/a	\$500/\$10,000	10/1/2018 to 10/1/2019
Texas Municipal League	Information Security & Privacy Liability	25,000	1,000,000	\$ 1,250	10/1/2018 to 10/1/2019
	Regulatory Defense & Penalties	5,000 - 15,000	50,000	\$2,500/ \$5,000	10/1/2018 to 10/1/2019
Texas Municipal League	Real & Personal Property	20,197,733	n/a	\$ 1,000	10/1/2018 to 10/1/2019
	Mobile Equipment	432,375	n/a	\$ 500	10/1/2018 to 10/1/2019
	Boiler & Machinery	100,000	n/a	\$ 1,000	10/1/2018 to 10/1/2019
Texas Municipal League	Workers Comp	complies with state statutes	n/a		10/1/2018 to 10/1/2019
	TOTAL	<u>\$</u>	<u>24,755,108</u>		

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**E. Long-term Debt – Continued**

The funding requirements to amortize all notes outstanding as of September 30, 2019, including interest, are as follows:

	GOVERNMENTAL		BUSINESS TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2020	\$ 86,461	\$ 7,678	\$ 28,265	\$ 4,998	\$ 127,402
2021	89,269	4,873	29,399	3,880	127,421
2022	62,509	1,996	23,538	2,733	90,776
2023	-	-	12,306	1,762	14,068
2024	-	-	12,865	1,204	14,069
2025	-	-	13,455	614	14,069
	<u>\$ 238,239</u>	<u>\$ 14,547</u>	<u>\$ 119,828</u>	<u>\$ 15,191</u>	<u>\$ 387,805</u>

**Changes in long-term liabilities**

Long term liability activity for the year ended September 30, 2019 was as follows:

	Beginning Balance 10/1/18	Additions	Reductions	Ending Balance 9/30/19	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 7,236,000	\$ -	\$ 571,000	\$ 6,665,000	\$ 655,000
Bond Premium	121,723	-	16,011	105,712	-
Notes Payable	512,575	-	274,336	238,239	86,461
Net Pension Liability	267,012	334,362	-	601,374	-
Other Postemployment Benefits	67,945	1,293	-	69,238	-
Compensated Absences	49,849	8,907	-	58,756	5,876
<b>Governmental Activity Long-Term Liabilities</b>	<u>8,255,104</u>	<u>344,562</u>	<u>861,347</u>	<u>7,738,319</u>	<u>747,337</u>
<b>Business-type Activities:</b>					
Revenue Bonds	12,749,430	-	1,145,795	11,603,635	1,186,789
Notes Payable	39,204	110,468	29,844	119,828	28,265
Net Pension Liability	121,253	117,931	-	239,184	-
Other Postemployment Benefits	27,929	449	-	28,378	-
Compensated Absences	16,338	1,986	-	18,324	1,832
<b>Business-type Activity Long-Term Liabilities</b>	<u>\$ 12,954,154</u>	<u>\$ 230,834</u>	<u>\$ 1,175,639</u>	<u>\$ 12,009,349</u>	<u>\$ 1,216,886</u>

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

Some of the City's notes payable are secured with collateral. As of September 30, 2019, the City had the following outstanding notes have the following collateral:

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**E. Long-term Debt – Continued**

	Borrowing Amount	Collateral Description
Governmental activities:		
2017 Note Payable	\$ 15,317	Fire Truck Compressor
2018 Note Payable	91,004	Two 2018 Ford Explorers for the Police department
Total Governmental activities	106,321	
Business-type activities:		
2018 Note Payable	25,744	Water and Sewer Truck - 2017 GMC Sierra
2019 Note Payable	25,468	Sewer Truck - 2018 GMC Sierra
Total Business-type activities	51,212	
Total	\$ 157,533	

**F. Leases of Lessors**

The City derives revenues from an operating lease with East Texas Medical Center Emergency Medical Service to occupy a building owned by the City that has a cost of \$7,655, accumulated depreciation of \$4,115, and a carrying value of \$3,540. This lease ends January 1, 2020.

Future minimum rental payments to be received on this operating leases are contractually due as follows as of September 30, 2019:

Year Ending September 30	Amounts
2020	\$ 18,000

**NOTE 5 — DEFEASED BONDS OUTSTANDING**

The City has defeased certain bonds by placing the proceeds of new bond issues in an irrevocable trust for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City’s financial statements. At September 30, 2019, \$1,240,366 of bonds outstanding are considered defeased. The issues and amounts of outstanding defeased bonds are as follows:

<u>Bond Issue</u>	<u>Year Refunded</u>	<u>Outstanding</u>
Series 2001 Certificates of Obligation	2012	\$1,240,366
Total Bonds Defeased (Refunded)		\$1,240,366

**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, 2019, the City had \$478,905 in net receivables from its residents for the usage of these services.

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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.tmr.com*.

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

**Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their 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. Plan provisions for the City were as follows:

	Plan Year 2018	Plan Year 2017
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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/2018	12/31/2017
Inactive employees or beneficiaries currently receiving benefits	20	18
Inactive employees entitled to but not yet receiving benefits	35	31
Active employees	44	42
	99	91

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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 8.60% and 8.45% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$165,523, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 10.50% 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, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 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

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	<u>100.00%</u>	

**Discount Rate**

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

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2017	\$ 5,105,300	\$ 4,715,365	\$ 389,935
Changes for the year:			
Service cost	216,979	-	216,979
Interest	345,272	-	345,272
Change of benefit terms	-	-	-
Difference between expected and actual experience	(7,801)	-	(7,801)
Changes of assumptions	-	-	-
Contributions - employer	-	155,774	(155,774)
Contributions - employee	-	92,174	(92,174)
Net investment income	-	(141,250)	141,250
Benefit payments, including refunds of employee contributions	(197,299)	(197,299)	-
Administrative expense	-	(2,730)	2,730
Other changes	-	(141)	141
Net changes	<u>357,151</u>	<u>(93,472)</u>	<u>450,623</u>
Balance at 12/31/2018	<u>\$ 5,462,451</u>	<u>\$ 4,621,893</u>	<u>\$ 840,558</u>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,770,623	\$ 840,558	\$ 96,304

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$243,043.

At September 30, 2019, 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	\$ -	\$ 13,216
Changes in actuarial assumptions	2,059	-
Difference between projected and actual investment earnings	245,152	-
Contributions subsequent to the measurement date	121,494	-
Total	<u>\$ 368,705</u>	<u>\$ 13,216</u>

The City had \$121,494 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, 2019. 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	
2019	\$ 73,492
2020	37,682
2021	32,345
2022	90,476
2023	-
Thereafter	-
	<u>\$ 233,995</u>

**CITY OF WHITEHOUSE, TEXAS  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**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](http://www.tmrs.com).

**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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Inactive employees or beneficiaries currently receiving benefits	18	16
Inactive employees entitled to but not yet receiving benefits	8	7
Active employees	44	42
	70	65

**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 2018, the total SDB contribution rate for the City of Whitehouse was 0.17% while the retiree portion of the SDB contribution was 0.04%. The City’s contributions for the year ended September 30, 2019, were \$749 for the retiree portion and \$3,318 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.

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Net OPEB Liability**

The City's Net OPEB Liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Net OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 10.50% including inflation
Discount rate*	3.71%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a three year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

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, 2010 to December 31, 2014. 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, 2019**

**Changes in the Net OPEB Liability**

	<u>Increase (Decrease)</u> <u>Total OPEB</u> <u>Liability</u>
Balance at 12/31/2017	\$ 95,874
Changes for the year:	
Service cost	5,899
Interest	3,259
Change of benefit terms	-
Difference between expected and actual experience	1,205
Changes of assumptions	(7,884)
Benefit payments, including refunds of employee contributions	(737)
Net changes	<u>1,742</u>
Balance at 12/31/2018	<u>\$ 97,616</u>

**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 3.71%, would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	<u>1% Decrease in</u> <u>Discount Rate (2.71%)</u>	<u>Discount Rate (3.71%)</u>	<u>1% Increase in</u> <u>Discount Rate (4.71%)</u>
City's net OPEB liability	\$ 119,089	\$ 97,616	\$ 81,362

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$9,427.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual economic experience	\$ 1,029	\$ -
Changes in actuarial assumptions	-	698
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	541	-
Total	<u>\$ 1,570</u>	<u>\$ 698</u>

The City had \$541 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, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CITY OF WHITEHOUSE, TEXAS  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Year Ended December 31		
2019	\$	269
2020		269
2021		269
2022		269
2023		96
Thereafter		(841)
	\$	331

**NOTE 9 – DEFICIT NET POSITION OR FUND BALANCE**

At September 30, 2019, the Enterprise Debt Service Fund had a deficit net position of \$105,889.

**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.

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, 2019 was \$7,168 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, 2019, the City paid a demand fee of \$27,741 per month as outlined in the agreement and notified by Tyler. The contract contains termination clauses including Whitehouse taking delivery of untreated water from either Lake Striker or Lake Columbia.

The City 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 agreement, which ended September 30, 2017, has been renewed for another year through September 30, 2019.

Effective October 16<sup>th</sup> 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 of \$30,000. The contract automatically renews annually.

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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.

The City's Council approved the 2019 Water Systems Improvements on State Highway 110 North Water Main Upgrade on September 24, 2019. The bid was awarded to Capps Capco Construction for \$176,531. Construction began after September 30, 2019.

**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, 2019, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2019, there was no reduction in insurance coverage from the prior year.

**NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended September 30, 2019, expenditures exceeded appropriations in the following departments of the General Fund: Municipal Court, Parks/Recreation Services, and Fire Operations. These over expenditures were funded by lower expenditures in other categories and higher than expected revenues.

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

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 29, 2020, 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, 2019**

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
<b>Total pension liability</b>					
Service Cost	\$ 148,502	\$ 168,558	\$ 164,171	\$ 187,993	\$ 216,979
Interest (on the Total Pension Liability)	246,432	266,073	304,286	318,220	345,272
Changes in benefit terms	-	-	383,870	-	-
Difference between expected and actual results	10,962	16,262	(116,546)	52,437	(7,801)
Change of assumptions	-	20,359	-	-	-
Benefit payments, including refunds of employee contributions	(146,013)	(124,673)	(167,369)	(147,436)	(197,299)
<b>Net Change in Total Pension Liability</b>	<b>259,883</b>	<b>346,579</b>	<b>568,412</b>	<b>411,214</b>	<b>357,151</b>
<b>Total Pension Liability - Beginning</b>	<b>3,519,212</b>	<b>3,779,095</b>	<b>4,125,674</b>	<b>4,694,086</b>	<b>5,105,300</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 3,779,095</b>	<b>\$ 4,125,674</b>	<b>\$ 4,694,086</b>	<b>\$ 5,105,300</b>	<b>\$ 5,462,451</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 92,799	\$ 91,796	\$ 86,486	\$ 140,954	\$ 155,774
Contributions - Employee	83,453	88,435	84,624	81,950	92,174
Net Investment Income	202,022	5,552	258,085	565,106	(141,250)
Benefit payments, including refunds of employee contributions	(146,013)	(124,673)	(167,369)	(147,436)	(197,299)
Administrative Expense	(2,109)	(3,381)	(2,915)	(2,929)	(2,730)
Other	(173)	(167)	(157)	(149)	(141)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>229,979</b>	<b>57,562</b>	<b>258,754</b>	<b>637,496</b>	<b>(93,472)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>3,531,574</b>	<b>3,761,553</b>	<b>3,819,115</b>	<b>4,077,869</b>	<b>4,715,365</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 3,761,553</b>	<b>\$ 3,819,115</b>	<b>\$ 4,077,869</b>	<b>\$ 4,715,365</b>	<b>\$ 4,621,893</b>
<b>Net Pension Liability - Ending (a)-(b)</b>	<b>17,542</b>	<b>306,559</b>	<b>616,217</b>	<b>389,935</b>	<b>840,558</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>99.54%</b>	<b>92.57%</b>	<b>86.87%</b>	<b>92.36%</b>	<b>84.61%</b>
<b>Covered Payroll</b>	<b>\$ 1,669,056</b>	<b>\$ 1,768,710</b>	<b>\$ 1,692,482</b>	<b>\$ 1,638,998</b>	<b>\$ 1,843,489</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>1.05%</b>	<b>17.33%</b>	<b>36.41%</b>	<b>23.79%</b>	<b>45.60%</b>

**CITY OF WHITEHOUSE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 92,260	\$ 90,900	\$ 84,016	\$ 122,276	\$ 153,825	\$ 165,523
Contributions in relation to the actuarially determined contributions	<u>92,260</u>	<u>90,900</u>	<u>86,637</u>	<u>122,276</u>	<u>153,825</u>	<u>165,523</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ (2,621)	\$ -	\$ -	\$ -
Covered payroll	\$ 1,651,541	\$ 1,722,060	\$ 1,636,970	\$ 1,607,660	\$ 1,811,734	\$ 1,872,492
Contributions as a percentage of covered payroll	5.59%	5.28%	5.29%	7.61%	8.49%	8.84%

**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	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
<b>Other Information:</b>	There were no benefit changes during the year.

**CITY OF WHITEHOUSE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Measurement Year 2017	Measurement Year 2018
<b>Total OPEB liability</b>		
Service Cost	\$ 4,589	\$ 5,899
Interest	3,110	3,259
Changes in benefit terms	-	-
Difference between expected and actual experience	-	1,205
Change of assumptions and other inputs	8,521	(7,884)
Benefit payments	(656)	(737)
Net Change in Total OPEB Liability	15,564	1,742
Total OPEB Liability - Beginning	80,310	95,874
Total OPEB Liability - Ending (a)	<u>\$ 95,874</u>	<u>\$ 97,616</u>
Covered Payroll	\$ 1,638,998	\$ 1,843,489
Net OPEB Liability as a Percentage of Covered Payroll	5.85%	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	3.50% to 10.50% including inflation
Discount Rate	3.71%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

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

**ADDITIONAL SUPPLEMENTAL INFORMATION**

**CITY OF WHITEHOUSE, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<u>STORMWATER MAINTENANCE FUND</u>	<u>STREET MAINTENANCE FUND</u>	<u>POLICE FORFEITURE FUNDS</u>	<u>ECONOMIC DEVELOPMENT FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and investments	\$ 85,060	\$ -	\$ -	\$ 5,419	\$ 90,479
Restricted Assets:					
Temporarily restricted					
Cash and cash equivalents	-	-	8,415	-	8,415
<b>Total Assets</b>	<u>\$ 85,060</u>	<u>\$ -</u>	<u>\$ 8,415</u>	<u>\$ 5,419</u>	<u>\$ 98,894</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	-	-	-	-	-
Fund Balances:					
Restricted:					
Police forfeitures	-	-	8,415	-	8,415
Assigned:					
Capital Projects	85,060	-	-	5,419	90,479
<b>Total Fund Balances</b>	<u>85,060</u>	<u>-</u>	<u>8,415</u>	<u>5,419</u>	<u>98,894</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 85,060</u>	<u>\$ -</u>	<u>\$ 8,415</u>	<u>\$ 5,419</u>	<u>\$ 98,894</u>

**CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	STORMWATER MAINTENANCE FUND	STREET MAINTENANCE FUND	POLICE FORFEITURE FUNDS	ECONOMIC DEVELOPMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Maintenance fees	\$ 52,886	\$ -	\$ -	\$ -	\$ 52,886
Miscellaneous	-	-	-	-	-
Interest	1,776	257	144	131	2,308
<b>Total Revenues</b>	<b>54,662</b>	<b>257</b>	<b>144</b>	<b>131</b>	<b>55,194</b>
<b>EXPENDITURES</b>					
Administration	-	-	-	2,413	2,413
Capital outlay	-	-	-	-	-
Streets and grounds	34,172	-	-	-	34,172
<b>Total Expenditures</b>	<b>34,172</b>	<b>-</b>	<b>-</b>	<b>2,413</b>	<b>36,585</b>
Excess (deficiency) of revenues over (under) expenditures	20,490	257	144	(2,282)	18,609
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Transfers out	-	(27,618)	-	-	(27,618)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(27,618)</b>	<b>-</b>	<b>-</b>	<b>(27,618)</b>
Net change in fund balances	20,490	(27,361)	144	(2,282)	(9,009)
Fund Balance - October 1, 2018	64,570	27,361	8,271	7,701	107,903
Fund Balance - September 30, 2019	<u>\$ 85,060</u>	<u>\$ -</u>	<u>\$ 8,415</u>	<u>\$ 5,419</u>	<u>\$ 98,894</u>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>LEGISLATIVE</b>				
<b>PERSONNEL SERVICES:</b>				
Special projects	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
<b>Total Personnel Services</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>
<b>SUPPLIES AND MATERIALS:</b>				
Educational and training	2,500	2,500	996	1,504
<b>Total Supplies and Materials</b>	<b>2,500</b>	<b>2,500</b>	<b>996</b>	<b>1,504</b>
<b>CONTRACTUAL SERVICES:</b>				
Contractual and fee base services	10,000	10,000	70	9,930
<b>Total Contractual Services</b>	<b>10,000</b>	<b>10,000</b>	<b>70</b>	<b>9,930</b>
<b>TOTAL LEGISLATIVE</b>	<b>17,500</b>	<b>17,500</b>	<b>1,066</b>	<b>16,434</b>
<b>GENERAL/ADMINISTRATION</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	53,223	53,223	40,752	12,471
Clerical	57,425	57,425	58,545	(1,120)
Operations and Maintenance	38,397	10,984	10,984	-
Uniforms and Clothing	-	-	43	(43)
Workers compensation	423	423	70	353
Unemployment compensation	225	225	18	207
Employee retirement	13,667	13,667	10,274	3,393
Employee insurance	22,318	22,318	14,457	7,861
Retiree insurance	600	600	600	-
Payroll taxes	11,402	11,402	7,963	3,439
<b>Total Personnel Services</b>	<b>197,680</b>	<b>170,267</b>	<b>143,706</b>	<b>26,561</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	4,500	4,500	3,532	968
Website and IT	17,417	17,417	8,131	9,286
Postage and delivery	1,000	1,000	630	370
Fuel	1,000	1,000	867	133
Minor tools	150	150	-	150
Educational and training	8,500	8,500	2,063	6,437
Other supplies	1,500	1,500	904	596
<b>Total Supplies and Materials</b>	<b>34,067</b>	<b>34,067</b>	<b>16,127</b>	<b>17,940</b>
<b>MAINTENANCE OF BUILDING/GROUNDS:</b>				
Building and grounds	2,500	2,500	2,450	50
<b>Total Maintenance of Building/Grounds</b>	<b>2,500</b>	<b>2,500</b>	<b>2,450</b>	<b>50</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
HVAC equipment	347	347	730	(383)
Automotive equipment	800	800	992	(192)
Communication equipment	100	100	-	100
<b>Total Maintenance of Equipment/ Machinery</b>	<b>1,247</b>	<b>1,247</b>	<b>1,722</b>	<b>(475)</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	7,500	7,500	7,504	(4)
Insurance	6,750	6,750	5,619	1,131
Advertising	4,000	4,000	4,569	(569)
Legal fees	50,000	50,000	40,836	9,164
Contractual and fee base services	8,435	43,058	46,646	(3,588)
Utility services	70,000	70,000	68,205	1,795
Building inspections	18,000	18,000	22,300	(4,300)
Codification	4,200	4,200	-	4,200
Miscellaneous expense	4,000	4,000	21,043	(17,043)
Memberships/subscriptions	6,085	6,085	6,418	(333)
<b>Total Contractual Services</b>	<b>178,970</b>	<b>213,593</b>	<b>223,140</b>	<b>(9,547)</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CAPITAL OUTLAY</b>				
Office equipment	\$ 1,500	\$ 1,500	\$ 1,085	\$ 415
<b>Total Capital Outlay</b>	<b>1,500</b>	<b>1,500</b>	<b>1,085</b>	<b>415</b>
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>415,964</b>	<b>423,174</b>	<b>388,230</b>	<b>34,944</b>
<b>TREASURY AND FINANCIAL</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	34,930	34,930	32,340	2,590
Workers compensation	99	99	70	29
Unemployment compensation	45	45	9	36
Employee retirement	3,203	3,203	3,084	119
Employee insurance	3,624	3,624	3,241	383
Payroll taxes	2,672	2,672	2,583	89
<b>Total Personnel Services</b>	<b>44,573</b>	<b>44,573</b>	<b>41,327</b>	<b>3,246</b>
<b>SUPPLIES AND MATERIALS:</b>				
Website & IT	8,082	8,082	10,296	(2,214)
Educational and training	2,000	2,000	250	1,750
<b>Total Supplies and Materials</b>	<b>10,082</b>	<b>10,082</b>	<b>10,546</b>	<b>(464)</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication Services	-	-	600	(600)
Memberships and Subscriptions	490	490	528	(38)
Employee Banquet	2,500	2,500	2,635	(135)
Contractual/fee services	34,765	34,765	34,690	75
<b>Total Contractual Services</b>	<b>37,755</b>	<b>37,755</b>	<b>38,453</b>	<b>(698)</b>
<b>TOTAL TREASURY AND FINANCIAL</b>	<b>92,410</b>	<b>92,410</b>	<b>90,326</b>	<b>2,084</b>
<b>TAX APPRAISAL AND COLLECTIONS</b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual/Fee Services	46,538	46,538	46,216	322
<b>Total Contractual Services</b>	<b>46,538</b>	<b>46,538</b>	<b>46,216</b>	<b>322</b>
<b>TOTAL TAX APPRAISAL AND COLLECTIONS</b>	<b>46,538</b>	<b>46,538</b>	<b>46,216</b>	<b>322</b>
<b>MUNICIPAL COURT</b>				
<b>PERSONNEL SERVICES:</b>				
Clerical	30,612	30,612	28,953	1,659
Overtime	-	-	29	(29)
Workers compensation	87	87	70	17
Unemployment compensation	90	90	9	81
Employee retirement	2,807	2,807	2,614	193
Employee insurance	8,391	8,391	8,393	(2)
Payroll taxes	2,342	2,342	1,830	512
<b>Total Personnel Services</b>	<b>44,329</b>	<b>44,329</b>	<b>41,898</b>	<b>2,431</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	300	300	-	300
Website & IT	1,393	1,393	5,007	(3,614)
Postage and delivery	500	500	173	327
Educational and training	1,000	1,000	593	407
<b>Total Supplies and Materials</b>	<b>3,193</b>	<b>3,193</b>	<b>5,773</b>	<b>(2,580)</b>
<b>MAINTENANCE OF EQUIPMENT</b>				
Office equipment	420	420	447	(27)
<b>Total Maintenance of Equipment</b>	<b>420</b>	<b>420</b>	<b>447</b>	<b>(27)</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CONTRACTUAL SERVICES:</b>				
Communication services	\$ 200	\$ 200	\$ -	\$ 200
Contractual/fee services	9,000	9,000	9,000	-
Utility services	1,500	1,500	2,326	(826)
Collection agency fees	8,000	8,000	5,388	2,612
State Fee	58,000	58,000	42,903	15,097
Omni base fee	1,100	1,100	516	584
On Line / Credit Card Fees	2,000	2,000	-	2,000
Vehicle registration	150,000	150,000	205,495	(55,495)
<b>Total Contractual Services</b>	<b>229,800</b>	<b>229,800</b>	<b>265,628</b>	<b>(35,828)</b>
<b>TOTAL MUNICIPAL COURT</b>	<b>277,742</b>	<b>277,742</b>	<b>313,746</b>	<b>(36,004)</b>
<b><u>PARKS/RECREATION SERVICES</u></b>				
<b>PERSONNEL SERVICES:</b>				
Administration	48,199	18,264	18,264	-
Operations and Maintenance	67,580	67,580	67,908	(328)
Overtime	1,000	1,000	765	235
Part-Time	22,200	553	553	-
Uniforms and clothing	550	550	558	(8)
Workers compensation	3,660	3,660	1,477	2,183
Unemployment compensation	810	810	28	782
Employee retirement	10,617	10,617	7,814	2,803
Employee insurance	25,006	25,006	19,647	5,359
Payroll taxes	10,632	10,632	5,751	4,881
<b>Total Personnel Services</b>	<b>190,254</b>	<b>138,672</b>	<b>122,765</b>	<b>15,907</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	1,050	1,050	1,916	(866)
Laboratory supplies	200	200	-	200
Postage and delivery	-	-	3	(3)
Website & IT	975	975	1,225	(250)
Tires - flat repairs	1,000	1,000	1,239	(239)
Fuel	3,000	3,000	3,363	(363)
Educational and training	600	600	-	600
Minor tools	-	-	180	(180)
Other supplies	4,500	4,500	1,391	3,109
Concession - Splash park	5,000	-	-	-
Concession - Ball park	25,000	802	802	-
<b>Total Supplies and Materials</b>	<b>41,325</b>	<b>12,127</b>	<b>10,119</b>	<b>2,008</b>
<b>MAINTENANCE OF BUILDINGS/LAND</b>				
Maintenance - ball parks	8,250	8,250	36,513	(28,263)
Maintenance - The Rec	2,500	2,500	1,023	1,477
Building and grounds	11,000	11,000	28,925	(17,925)
<b>Total Maintenance of Buildings/Land</b>	<b>21,750</b>	<b>21,750</b>	<b>66,461</b>	<b>(44,711)</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY</b>				
Machinery & Equipment	4,500	4,500	1,286	3,214
HVAC equipment	90	90	315	(225)
Automotive equipment	500	500	458	42
Tools	1,000	1,000	89	911
Other maintenacne	-	-	3,111	(3,111)
Playground equipment	1,000	1,000	-	1,000
<b>Total Maintenance of Equipment/Machinery</b>	<b>7,090</b>	<b>7,090</b>	<b>5,259</b>	<b>1,831</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CONTRACTUAL SERVICES</b>				
Communication Services	\$ 2,760	\$ 2,760	\$ 2,697	\$ 63
Insurance	4,805	4,805	3,925	880
Contractual services	71,325	51,325	40,889	10,436
Utility Services	10,500	10,500	10,066	434
Advertising	2,600	2,600	123	2,477
Online/Credit card fees	2,600	2,600	370	2,230
Miscellaneous	4,000	4,000	34,335	(30,335)
Memberships and subscriptions	5,100	5,100	2,328	2,772
<b>Total Contractual Services</b>	<b>103,690</b>	<b>83,690</b>	<b>94,733</b>	<b>(11,043)</b>
<b>CAPITAL OUTLAY</b>				
Machinery and Equipment	22,000	22,000	22,174	(174)
<b>Total Capital Outlay</b>	<b>22,000</b>	<b>22,000</b>	<b>22,174</b>	<b>(174)</b>
<b>TOTAL PARKS/RECREATION SERVICES</b>	<b>386,109</b>	<b>285,329</b>	<b>321,511</b>	<b>(36,182)</b>
<b>COMMUNITY DEVELOPMENT</b>				
<b>MAINTENANCE OF EQUIPMENT:</b>				
Building and grounds	2,500	2,500	-	2,500
<b>Total Maintenance of Building</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>
<b>CONTRACTUAL SERVICES:</b>				
Contractual/fee services	63,000	63,000	63,000	-
Economic Development	5,000	5,000	5,000	-
Miscellaneous	-	-	1,141	(1,141)
<b>Total Contractual Services</b>	<b>68,000</b>	<b>68,000</b>	<b>69,141</b>	<b>(1,141)</b>
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>70,500</b>	<b>70,500</b>	<b>69,141</b>	<b>1,359</b>
<b>STREET AND GROUNDS MAINTENANCE</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	90,972	90,972	88,568	2,404
Overtime	1,000	1,000	2,949	(1,949)
Uniforms and clothing	1,200	1,200	616	584
Workers compensation	6,041	6,041	4,596	1,445
Unemployment compensation	180	180	168	12
Employee retirement	8,342	8,342	8,260	82
Employee insurance	15,589	15,589	14,975	614
Payroll taxes	7,036	7,036	6,651	385
<b>Total Personnel Services</b>	<b>130,360</b>	<b>130,360</b>	<b>126,783</b>	<b>3,577</b>
<b>SUPPLIES AND MATERIALS:</b>				
Tires and tubes	1,000	1,000	492	508
Fuel	1,500	1,500	2,372	(872)
Minor tools	500	500	122	378
Chemical and mechanical	400	400	264	136
Safety supplies	100	100	112	(12)
Other supplies	100	100	-	100
<b>Total Supplies and Materials</b>	<b>3,600</b>	<b>3,600</b>	<b>3,362</b>	<b>238</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Streets and alleys	\$ 15,000	\$ 15,000	\$ 5,168	\$ 9,832
SMP Debt Payoff	196,752	196,752	194,786	1,966
<b>Total Maintenance of Buildings/Land</b>	<b>211,752</b>	<b>211,752</b>	<b>199,954</b>	<b>11,798</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	5,000	5,000	7,581	(2,581)
Vehicle maintenance	2,500	2,500	914	1,586
Shop equipment	500	500	-	500
Minor tools and equipment	400	400	64	336
Signal and sign system	3,500	3,500	3,281	219
<b>Total Maintenance of Equipment/Machinery</b>	<b>11,900</b>	<b>11,900</b>	<b>11,840</b>	<b>60</b>
<b>CONTRACTUAL SERVICES</b>				
Communication services	500	500	379	121
Leases and rentals	750	750	1,016	(266)
Memberships & Subscriptions	-	-	70	(70)
Contractual services	20,700	20,700	24,300	(3,600)
Insurance	3,221	3,221	3,157	64
<b>Total Contractual Services</b>	<b>25,171</b>	<b>25,171</b>	<b>28,922</b>	<b>(3,751)</b>
<b>TOTAL STREET AND GROUNDS MAINTENANCE</b>				
	<b>382,783</b>	<b>382,783</b>	<b>370,861</b>	<b>11,922</b>
<b>POLICE OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	134,378	134,378	132,835	1,543
Operations and maintenance	611,006	611,006	563,657	47,349
Overtime	12,000	12,000	12,388	(388)
Certificate pay	6,601	6,601	2,839	3,762
Uniforms and clothing	5,000	5,000	6,150	(1,150)
Workers compensation	21,310	21,310	17,563	3,747
Unemployment compensation	1,440	1,440	237	1,203
Employee retirement	70,057	70,057	64,710	5,347
Employee insurance	133,746	133,746	121,456	12,290
Payroll taxes	58,445	58,445	49,319	9,126
<b>Total Personnel Services</b>	<b>1,053,983</b>	<b>1,053,983</b>	<b>971,327</b>	<b>82,656</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	2,500	2,500	2,516	(16)
Website & IT	15,305	15,305	14,530	775
Laboratory supplies	3,000	3,000	1,420	1,580
Postage and delivery	500	500	364	136
Tires	-	-	20	(20)
Fuel	28,000	28,000	28,404	(404)
Emergency medical supplies	500	500	-	500
Safety supplies	500	500	61	439
Educational and training	4,000	4,000	1,413	2,587
K-9 Miscellaneous	-	-	18,592	(18,592)
Lease continuing education	1,500	1,500	1,463	37
Community resource supply	200	200	26	174
Evidence processing	800	800	808	(8)
CID supplies	550	550	-	550
Other supplies	7,500	7,500	2,933	4,567
<b>Total Supplies and Materials</b>	<b>64,855</b>	<b>64,855</b>	<b>72,550</b>	<b>(7,695)</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Buildings and grounds	\$ 2,000	\$ 2,000	\$ 1,895	\$ 105
Gun range	1,000	1,000	864	136
<b>Total Maintenance of Buildings/Land</b>	<b>3,000</b>	<b>3,000</b>	<b>2,759</b>	<b>241</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	6,320	6,320	5,243	1,077
HVAC equipment	765	765	765	-
Automotive equipment	15,000	15,000	14,982	18
Minor tools and equipment	1,550	1,550	382	1,168
Communication equipment	800	800	-	800
<b>Total Maintenance of Equipment/Machinery</b>	<b>24,435</b>	<b>24,435</b>	<b>21,372</b>	<b>3,063</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	11,000	11,000	13,269	(2,269)
Insurance	24,912	24,912	24,414	498
Contractual/fee services	36,000	36,000	31,387	4,613
Utility services	8,000	8,000	3,361	4,639
Memberships and subscriptions	500	500	150	350
<b>Total Contractual Services</b>	<b>80,412</b>	<b>80,412</b>	<b>72,581</b>	<b>7,831</b>
<b>CAPITAL OUTLAY:</b>				
Other equipment	7,695	7,695	5,485	2,210
<b>Total Capital Outlay</b>	<b>7,695</b>	<b>7,695</b>	<b>5,485</b>	<b>2,210</b>
<b>TOTAL POLICE OPERATIONS</b>	<b>1,234,380</b>	<b>1,234,380</b>	<b>1,146,074</b>	<b>88,306</b>
<b>FIRE OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	69,057	69,057	69,057	-
Operations maintenance	407,431	407,431	403,492	3,939
Overtime	1,000	1,000	13,435	(12,435)
Community service	8,000	8,000	1,037	6,963
Certificate pay	-	-	173	(173)
Uniforms and clothing	3,000	3,000	2,952	48
Workers compensation	10,517	10,517	11,826	(1,309)
Unemployment compensation	2,430	2,430	763	1,667
Employee retirement	26,048	26,048	28,530	(2,482)
Employee insurance	39,672	39,672	29,772	9,900
Payroll taxes	37,064	37,064	36,038	1,026
<b>Total Personnel Services</b>	<b>604,219</b>	<b>604,219</b>	<b>597,075</b>	<b>7,144</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	400	400	393	7
Laboratory services	500	500	210	290
Postage & delivery supplies	150	150	76	74
Tires & tubes	1,500	1,500	3,442	(1,942)
Motor vehicle supplies	4,000	4,000	5,435	(1,435)
Emergency medical supplies	1,250	1,250	550	700
Minor tools and apparatus	450	450	258	192
Janitorial supplies	1,000	1,000	816	184
FOAM	1,040	1,040	1,040	-
Safety supplies	800	800	854	(54)
Educational and training	6,000	6,000	5,953	47
<b>Total Supplies and Materials</b>	<b>17,090</b>	<b>17,090</b>	<b>19,027</b>	<b>(1,937)</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE OF BUILDING:</b>				
Building and grounds	\$ 7,000	\$ 7,000	\$ 13,566	\$ (6,566)
<b>Total Maintenance of Equipment/Machinery</b>	<b>7,000</b>	<b>7,000</b>	<b>13,566</b>	<b>(6,566)</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	1,140	1,140	1,252	(112)
HVAC equipment	180	180	4,517	(4,337)
Automotive equipment	8,000	8,000	19,922	(11,922)
Shop equipment	400	400	-	400
Safety and medical equipment	8,000	8,000	7,056	944
Tools	5,000	5,000	4,952	48
Outdoor Warning System	1,200	1,200	6,691	(5,491)
Communication equipment	3,000	3,000	1,189	1,811
<b>Total Maintenance of Equipment/Machinery</b>	<b>26,920</b>	<b>26,920</b>	<b>45,579</b>	<b>(18,659)</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	13,885	13,885	16,705	(2,820)
Insurance	7,223	7,223	7,081	142
Contractual/fee services	1,600	1,600	1,387	213
Utility service	5,500	5,500	4,468	1,032
Memberships and subscriptions	1,000	1,000	812	188
Miscellaneous expense	1,000	1,000	1,068	(68)
<b>Total Contractual Services</b>	<b>30,208</b>	<b>30,208</b>	<b>31,521</b>	<b>(1,313)</b>
<b>TOTAL FIRE OPERATIONS</b>	<b>685,437</b>	<b>685,437</b>	<b>706,768</b>	<b>(21,331)</b>
<b>SANITATION</b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual/fee services	603,850	603,850	627,989	(24,139)
Sales tax	65,000	65,000	58,244	6,756
<b>Total Contractual Services</b>	<b>668,850</b>	<b>668,850</b>	<b>686,233</b>	<b>(17,383)</b>
<b>TOTAL SANITATION</b>	<b>668,850</b>	<b>668,850</b>	<b>686,233</b>	<b>(17,383)</b>
<b>TOTAL EXPENDITURES -     BUDGET BASIS</b>	<b>\$ 4,278,213</b>	<b>\$ 4,184,643</b>	<b>4,140,172</b>	<b>\$ 44,471</b>
<b>Financial Statement Adjustments:</b>				
Increase in accrued expenses			26,576	
<b>TOTAL EXPENDITURES -     GAAP BASIS</b>			<b>\$ 4,166,748</b>	

CITY OF WHITEHOUSE, TEXAS

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

SEPTEMBER 30, 2019

	<u>TAX NOTE &amp; GENERAL OBLIGATION NOTES</u>	<u>2006 SERIES REFUNDING FUND</u>	<u>2018 SERIES CERTIFICATES OF OBLIGATION</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>				
Receivables:	\$ 53,205	\$ -	\$ -	\$ 53,205
Due from other funds				
Due from General Fund	9,452	-	-	9,452
Due from Utility Fund	38,692	-	-	38,692
Due from Utility Debt Service Fund	<u>1,004,469</u>	<u>-</u>	<u>-</u>	<u>1,004,469</u>
TOTAL ASSETS	<u>\$ 1,105,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,818</u>
Operations and Maintenance				
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u></b>				
<b><u>LIABILITIES</u></b>				
Due to General Fund	\$ 104,348	\$ -	\$ -	\$ 104,348
Due to Utility Debt Service Fund	<u>71,084</u>	<u>-</u>	<u>-</u>	<u>71,084</u>
Total Liabilities	<u>175,432</u>	<u>-</u>	<u>-</u>	<u>175,432</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes	53,205	-	-	53,205
<b><u>FUND BALANCE</u></b>				
Restricted:				
Debt Service	<u>877,181</u>	<u>-</u>	<u>-</u>	<u>877,181</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,105,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,818</u>

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

**DEBT SERVICE FUNDS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>TAX NOTE &amp; GENERAL OBLIGATION NOTES</u>	<u>2006 SERIES REFUNDING FUND</u>	<u>2018 SERIES CERTIFICATES OF OBLIGATION</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>				
Current and delinquent taxes	\$ 1,252,698	\$ 236,725	\$ 391,186	\$ 1,880,609
Interest income	<u>31,450</u>	<u>-</u>	<u>-</u>	<u>31,450</u>
 Total Revenues	 <u>1,284,148</u>	 <u>236,725</u>	 <u>391,186</u>	 <u>1,912,059</u>
<b><u>EXPENDITURES</u></b>				
Debt Service:				
Bond principal	236,000	170,000	165,000	571,000
Note principal	83,780	-	-	83,780
Interest and fees	<u>20,107</u>	<u>66,725</u>	<u>226,186</u>	<u>313,018</u>
 Total Expenditures	 <u>339,887</u>	 <u>236,725</u>	 <u>391,186</u>	 <u>967,798</u>
 Revenues Over (Under) Expenditures	 944,261	 -	 -	 944,261
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	183,204	-	-	183,204
Transfers out	<u>(818,162)</u>	<u>-</u>	<u>-</u>	<u>(818,162)</u>
 Total Other Financing Sources (Uses)	 <u>(634,958)</u>	 <u>-</u>	 <u>-</u>	 <u>(634,958)</u>
 Revenues and Other Sources Over (Under) Expenditures and Other Uses	 309,303	 -	 -	 309,303
 Fund Balance, October 1, 2018	 <u>567,878</u>	 <u>-</u>	 <u>-</u>	 <u>567,878</u>
 Fund Balance, September 30, 2019	 <u>\$ 877,181</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 877,181</u>

CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2019

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
<b>ASSETS</b>			
Current Assets:			
Cash and certificates of deposit	\$ 1,174,524	\$ 896,812	\$ 2,071,336
Accounts receivable (net)	524,128	-	524,128
<b>Total Current Assets</b>	<b>1,698,652</b>	<b>896,812</b>	<b>2,595,464</b>
Restricted Current Assets:			
Temporarily Restricted			
Customer deposits	313,335	-	313,335
<b>Total Restricted Current Assets</b>	<b>313,335</b>	<b>-</b>	<b>313,335</b>
Noncurrent Assets:			
Water rights - Lake Columbia	230,000	-	230,000
Capital Assets:			
Land	25,000	-	25,000
Easements	7,800	-	7,800
Buildings	369,844	-	369,844
Water and sewer system	25,495,021	-	25,495,021
Machinery & equipment	984,095	-	984,095
Less: Accumulated depreciation	(10,533,894)	-	(10,533,894)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>16,347,866</b>	<b>-</b>	<b>16,347,866</b>
<b>Total Noncurrent Assets:</b>	<b>16,577,866</b>	<b>-</b>	<b>16,577,866</b>
<b>Total Assets</b>	<b>18,589,853</b>	<b>896,812</b>	<b>19,486,665</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding (net of amortization)	362,708	-	362,708
Deferred charge on other post employment benefits	730	-	730
Deferred charge on TMRS pension	95,126	-	95,126
<b>Total Deferred Outflows of Resources</b>	<b>458,564</b>	<b>-</b>	<b>458,564</b>

(continued)

CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2019

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 48,167	\$ -	\$ 48,167
Compensated absences	1,832	-	1,832
Due to other funds	39,684	952,637	992,321
<b>Total Current Liabilities</b>	<b>89,683</b>	<b>952,637</b>	<b>1,042,320</b>
Current liabilities payable from restricted assets:			
Customer deposits	313,335	-	313,335
Accrued interest	-	50,064	50,064
Notes payable	28,265	-	28,265
Revenue bonds payable	1,186,789	-	1,186,789
<b>Total current liabilities payable from restricted assets</b>	<b>1,528,389</b>	<b>50,064</b>	<b>1,578,453</b>
Noncurrent Liabilities:			
Revenue bonds payable	10,416,846	-	10,416,846
Notes payable	91,563	-	91,563
Compensated absences	16,492	-	16,492
Other post employment benefits	28,378	-	28,378
Net pension liability	239,184	-	239,184
<b>Total Noncurrent Liabilities</b>	<b>10,792,463</b>	<b>-</b>	<b>10,792,463</b>
<b>Total Liabilities</b>	<b>12,410,535</b>	<b>1,002,701</b>	<b>13,413,236</b>
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on other post employment benefits	101	-	101
Deferred charge on TMRS pension	2,204	-	2,204
<b>Total Deferred Inflows of Resources</b>	<b>2,305</b>	<b>-</b>	<b>2,305</b>
NET POSITION			
Invested in capital assets, net of related debt	4,624,403	-	4,624,403
Unrestricted	2,011,174	(105,889)	1,905,285
<b>Total Net Position</b>	<b>\$ 6,635,577</b>	<b>\$ (105,889)</b>	<b>\$ 6,529,688</b>

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**UTILITY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
OPERATING REVENUES				
Water sales	\$ 1,965,226	\$ -	\$ -	\$ 1,965,226
Sewer charges	785,323	-	-	785,323
Property taxes	-	391,186	-	391,186
Charges for other services	195,393	-	-	195,393
Total Operating Revenues	<u>2,945,942</u>	<u>391,186</u>	<u>-</u>	<u>3,337,128</u>
OPERATING EXPENSES				
Utility administration	488,119	-	-	488,119
Customer service	147,231	-	-	147,231
Water operations	485,508	-	-	485,508
Sewer operations	421,560	-	-	421,560
Water supply	354,879	-	-	354,879
Depreciation	623,665	-	-	623,665
Total Operating Expenses	<u>2,520,962</u>	<u>-</u>	<u>-</u>	<u>2,520,962</u>
Operating Income (Loss)	<u>424,980</u>	<u>391,186</u>	<u>-</u>	<u>816,166</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and fiscal charge expense	-	(461,890)	-	(461,890)
Interest income	100,867	-	-	100,867
Total Non-Operating Revenue (Expenses)	<u>100,867</u>	<u>(461,890)</u>	<u>-</u>	<u>(361,023)</u>
Income before transfers	525,847	(70,704)	-	455,143
Transfers in	1,175,639	1,249,176	(1,606,653)	818,162
Transfers out	(977,568)	(1,175,639)	1,606,653	(546,554)
Total Transfers	<u>198,071</u>	<u>73,537</u>	<u>-</u>	<u>271,608</u>
Change in Net Position	723,918	2,833	-	726,751
Net Position, October 1, 2018	<u>5,911,659</u>	<u>(108,722)</u>	<u>-</u>	<u>5,802,937</u>
Net Position, September 30, 2019	<u>\$ 6,635,577</u>	<u>\$ (105,889)</u>	<u>\$ -</u>	<u>\$ 6,529,688</u>

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**UTILITY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 2,916,542	\$ 391,186	\$ -	\$ 3,307,728
Cash paid to suppliers for goods and services	(1,274,686)	-	-	(1,274,686)
Cash paid to employees for services	(650,114)	-	-	(650,114)
Net cash provided by operating activities	<u>991,742</u>	<u>391,186</u>	<u>-</u>	<u>1,382,928</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,175,639	1,249,176	(931,370)	1,493,445
Transfers out	(915,926)	(931,270)	931,370	(915,826)
Net cash provided by non-capital financing activities	<u>259,713</u>	<u>317,906</u>	<u>-</u>	<u>577,619</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases or construction of capital assets	(192,173)	-	-	(192,173)
Loan proceeds	110,468	-	-	110,468
Principal paid on notes	(29,844)	-	-	(29,844)
Interest paid	-	(405,444)	-	(405,444)
Principal paid on bonds	(1,145,795)	-	-	(1,145,795)
Net cash used in capital and related financing activities	<u>(1,257,344)</u>	<u>(405,444)</u>	<u>-</u>	<u>(1,662,788)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest earned on investments	100,867	-	-	100,867
Net cash provided by investing activities	<u>100,867</u>	<u>-</u>	<u>-</u>	<u>100,867</u>
Net increase in cash	94,978	303,648	-	398,626
Cash, beginning of period	<u>1,392,881</u>	<u>593,164</u>	<u>-</u>	<u>1,986,045</u>
Cash, end of period	<u>\$ 1,487,859</u>	<u>\$ 896,812</u>	<u>\$ -</u>	<u>\$ 2,384,671</u>
<b>Reconciliation of cash to Schedule 6:</b>				
Cash - current asset	\$ 1,174,524	\$ 896,812	\$ -	\$ 2,071,336
Cash - restricted current asset	313,335	-	-	313,335
Total cash, end of period	<u>\$ 1,487,859</u>	<u>\$ 896,812</u>	<u>\$ -</u>	<u>\$ 2,384,671</u>

CITY OF WHITEHOUSE, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 UTILITY FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2019

Increase (Decrease) in Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>				
Operating income	\$ 424,980	\$ 391,186	\$ -	\$ 816,166
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	623,665	-	-	623,665
Increase in deferred outflows of resources	(73,658)	-	-	(73,658)
Decrease in accounts payable	(50,035)	-	-	(50,035)
Increase in accounts receivable	(44,660)	-	-	(44,660)
Increase in net pension liability	117,931	-	-	117,931
Decrease in deferred inflows of resources	(24,176)	-	-	(24,176)
Increase in other post employee benefit liability	449	-	-	449
Increase in compensated absences	1,986	-	-	1,986
Increase in customer deposits	15,260	-	-	15,260
Total adjustments	566,762	-	-	566,762
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 991,742</b>	<b>\$ 391,186</b>	<b>\$ -</b>	<b>\$ 1,382,928</b>

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, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>				
Charges for services:				
Water sales	\$ 1,962,300	\$ 1,962,300	\$ 1,965,226	\$ 2,926
Sewer charges	803,200	803,200	785,323	(17,877)
Tap and connect fees	25,000	25,000	44,810	19,810
Miscellaneous revenue	-	-	76,788	76,788
Penalties	120,000	120,000	141,472	21,472
Anra Compost Rebate	6,500	6,500	9,111	2,611
Loan proceeds	565,000	110,468	110,468	-
Interest and rent	<u>1,000</u>	<u>1,000</u>	<u>24,079</u>	<u>23,079</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,483,000</u>	<u>\$ 3,028,468</u>	3,157,277	<u>\$ 128,809</u>
Financial Statement Adjustments:				
Reclassify loan proceeds as liability			(110,468)	
Debt Service Fund payment of principal and fees on bonds and note			<u>1,175,639</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			<u>\$ 4,222,448</u>	

## CITY OF WHITEHOUSE, TEXAS

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

## UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>UTILITY ADMINISTRATION</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 180,270	\$ 171,132	\$ 157,071	\$ 14,061
Workers' compensation	3,130	3,130	-	3,130
Unemployment compensation	180	180	9	171
Employee retirement	16,531	16,531	13,769	2,762
Employee insurance	19,732	19,732	14,288	5,444
Payroll taxes	13,791	13,791	11,336	2,455
Total Personnel Services	233,634	224,496	196,473	28,023
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	2,000	2,000	2,678	(678)
Website & IT	14,972	14,972	6,445	8,527
Postage and delivery service	12,000	12,000	11,111	889
Educational and training	1,500	1,500	260	1,240
Other supplies	500	500	357	143
Total Supplies and Materials	30,972	30,972	20,851	10,121
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Buildings and grounds	2,000	2,000	2,691	(691)
Total Maintenance of Buildings/Land	2,000	2,000	2,691	(691)
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Office equipment	2,232	2,232	2,353	(121)
Automotive equipment	300	300	7	293
HVAC equipment	257	257	-	257
Communication equipment	-	-	164	(164)
Total Maintenance - Equipment/Machinery	2,789	2,789	2,524	265
<b>CONTRACTUAL SERVICES:</b>				
Communication services	1,500	1,500	6,656	(5,156)
Leases and Rentals	987	987	987	-
Advertising	250	250	709	(459)
Legal fees	2,500	2,500	-	2,500
Contractual and fee basis service	39,360	74,253	222,663	(148,410)
Utility services	20,000	20,000	11,714	8,286
Utility billing - dataprose	7,000	7,000	5,392	1,608
On-Line / credit card fees	24,000	24,000	30,405	(6,405)
Document shredding	450	450	443	7
Memberships and subscriptions	550	550	40	510
Miscellaneous	6,500	6,500	5,894	606
Total Contractual Services	103,097	137,990	284,903	(146,913)
<b>TOTAL UTILITY ADMINISTRATION</b>	<b>372,492</b>	<b>398,247</b>	<b>507,442</b>	<b>(109,195)</b>

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CUSTOMER SERVICE</b>				
<b>PERSONNEL SERVICES:</b>				
Clerical	\$ 93,632	\$ 93,632	\$ 93,035	\$ 597
Overtime	500	500	276	224
Worker's compensation	265	265	331	(66)
Unemployment compensation	270	270	27	243
Employee retirement	8,632	8,632	8,420	212
Employee insurance	23,834	23,834	23,741	93
Payroll taxes	7,201	7,201	6,382	819
<b>Total Personnel Services</b>	<b>134,334</b>	<b>134,334</b>	<b>132,212</b>	<b>2,122</b>
<b>SUPPLIES AND MATERIALS</b>				
Website & IT	16,045	16,045	10,285	5,760
Other supplies	500	500	-	500
<b>Total Supplies and Materials</b>	<b>16,545</b>	<b>16,545</b>	<b>10,285</b>	<b>6,260</b>
<b>CONTRACTUAL SERVICES</b>				
Insurance	300	300	-	300
<b>Total Contractual Services</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>300</b>
<b>CAPITAL OUTLAY:</b>				
Office Furniture	1,500	1,500	1,085	415
<b>Total Capital Outlay</b>	<b>1,500</b>	<b>1,500</b>	<b>1,085</b>	<b>415</b>
<b>TOTAL CUSTOMER SERVICE</b>	<b>152,679</b>	<b>152,679</b>	<b>143,582</b>	<b>9,097</b>
<b>WATER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	120,486	165,486	127,856	37,630
Overtime	10,000	10,000	12,664	(2,664)
Certificate Pay	600	600	-	600
Uniforms and clothing	1,450	1,450	1,297	153
Workers' compensation	4,319	4,319	5,629	(1,310)
Unemployment compensation	270	270	123	147
Employee retirement	11,929	11,929	12,693	(764)
Employee insurance	25,030	25,030	23,141	1,889
Payroll taxes	9,952	9,952	10,123	(171)
<b>Total Personnel Services</b>	<b>184,036</b>	<b>229,036</b>	<b>193,526</b>	<b>35,510</b>
<b>SUPPLIES AND MATERIALS:</b>				
Laboratory supplies	-	-	70	(70)
Tires and tubes	2,000	2,000	2,067	(67)
Motor vehicle supplies	10,000	10,000	9,995	5
Water meter supplies	5,000	5,000	14,251	(9,251)
Minor tools and apparatus	1,000	1,000	1,647	(647)
Chemical and mechanical supplies	28,000	28,000	17,492	10,508
Safety Supplies	100	100	460	(360)
Educational and training	1,500	1,500	1,178	322
Other supplies	400	400	46	354
<b>Total Supplies and Materials</b>	<b>48,000</b>	<b>48,000</b>	<b>47,206</b>	<b>794</b>
<b>MAINTENANCE - BUILDING/LAND:</b>				
Buildings and grounds	5,000	5,000	603	4,397
Chlorination facilities	7,000	7,000	9,002	(2,002)
Water system	20,000	20,000	25,422	(5,422)
Meters and settings	6,000	6,000	12,906	(6,906)
<b>Total Maintenance - Building/Land</b>	<b>38,000</b>	<b>38,000</b>	<b>47,933</b>	<b>(9,933)</b>

## CITY OF WHITEHOUSE, TEXAS

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

## UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	\$ 10,000	\$ 10,000	\$ 11,016	\$ (1,016)
Auto equipment maintenance	3,000	3,000	2,267	733
Contingency	25,000	25,000	38,844	(13,844)
Safety and medical equipment	200	200	-	200
<b>Total Maintenance - Equipment/Machinery</b>	<b>38,200</b>	<b>38,200</b>	<b>52,127</b>	<b>(13,927)</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	2,600	2,600	4,437	(1,837)
Leases and rentals	1,500	1,500	1,500	-
Insurance	18,661	18,661	18,342	319
Advertising	-	-	55	(55)
Contractual and fee basis service	12,000	12,000	9,635	2,365
Memberships and subscriptions	-	-	70	(70)
Utility services	138,000	138,000	114,816	23,184
Regulatory inspection fee	7,800	7,800	6,813	987
<b>Total Contractual Services</b>	<b>180,561</b>	<b>180,561</b>	<b>155,668</b>	<b>24,893</b>
<b>CAPITAL OUTLAY:</b>				
Motor vehicles	30,000	30,000	25,468	4,532
Water system improvements	300,000	103,895	103,895	-
<b>Total Capital Outlay</b>	<b>330,000</b>	<b>133,895</b>	<b>129,363</b>	<b>4,532</b>
<b>TOTAL WATER OPERATIONS</b>	<b>818,797</b>	<b>667,692</b>	<b>625,823</b>	<b>41,869</b>
<b>WASTEWATER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	81,071	81,071	82,247	(1,176)
Overtime	6,500	6,500	13,895	(7,395)
Certificate Pay	600	600	-	600
Uniforms and clothing	1,000	1,000	861	139
Workers' compensation	1,818	1,818	1,390	428
Unemployment compensation	180	180	18	162
Employee retirement	8,085	8,085	8,674	(589)
Employee insurance	14,190	14,190	13,499	691
Payroll taxes	6,745	6,745	7,319	(574)
<b>Total Personnel Services</b>	<b>120,189</b>	<b>120,189</b>	<b>127,903</b>	<b>(7,714)</b>
<b>SUPPLIES AND MATERIALS:</b>				
Laboratory supplies	100	100	-	100
Tires and tubes	1,500	1,500	-	1,500
Motor vehicle supplies	7,000	7,000	7,339	(339)
Minor tools and apparatus	750	750	547	203
Chemical and mechanical supplies	38,500	38,500	36,266	2,234
Safety supplies	1,000	1,000	971	29
Educational and training	1,000	1,000	220	780
<b>Total Supplies and Materials</b>	<b>49,850</b>	<b>49,850</b>	<b>45,343</b>	<b>4,507</b>
<b>MAINTENANCE - BUILDING/LAND:</b>				
Building and grounds	7,500	7,500	2,837	4,663
Sanitary sewers	25,000	25,000	24,365	635
Lift stations	20,000	20,000	22,585	(2,585)
<b>Total Maintenance - Building/Land</b>	<b>52,500</b>	<b>52,500</b>	<b>49,787</b>	<b>2,713</b>

## CITY OF WHITEHOUSE, TEXAS

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

## UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	\$ 10,000	\$ 10,000	\$ 4,403	\$ 5,597
Automotive equipment	2,500	2,500	634	1,866
Contingency	25,000	25,000	30,396	(5,396)
Shop equipment	250	250	-	250
Total Maintenance - Equipment/Machinery	37,750	37,750	35,433	2,317
<b>CONTRACTUAL SERVICES:</b>				
Communication services	1,400	1,400	961	439
Leases and rentals	200	200	-	200
Insurance	5,237	5,237	5,134	103
Contractual and fee basis service	115,000	115,000	104,469	10,531
Utility services	100,000	100,000	66,102	33,898
Regulatory inspection fee	13,000	13,000	11,101	1,899
Total Contractual Services	234,837	234,837	187,767	47,070
<b>CAPITAL OUTLAY:</b>				
Land improvements	12,000	12,000	12,365	(365)
Waste water system improvements	250,000	9,102	9,102	-
Total Capital Outlay	262,000	21,102	21,467	(365)
<b>TOTAL WASTEWATER OPERATIONS</b>	<b>757,126</b>	<b>516,228</b>	<b>467,700</b>	<b>48,528</b>
<b>WATER SUPPLY</b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual and fee basis service	390,865	390,865	365,862	25,003
Total Contractual Services	390,865	390,865	365,862	25,003
<b>TOTAL WATER SUPPLY</b>	<b>390,865</b>	<b>390,865</b>	<b>365,862</b>	<b>25,003</b>
<b>UTILITY DEBT SERVICE</b>				
<b>DEBT SERVICE:</b>				
Revenue bonds principal	260,000	260,000	260,000	-
Revenue bonds interest	102,927	102,927	109,372	(6,445)
G.O. bonds principal	140,804	140,804	140,795	9
G.O. bonds interest	9,146	9,146	9,146	-
Installment notes principal	39,024	25,039	25,039	-
Installment notes interest	2,873	2,873	2,873	-
2018 HWY 110 Line principal	15,000	-	-	-
2018 HWY 110 Line interest	25,356	-	-	-
HVAC/key access principal	4,573	4,573	4,719	(146)
HVAC/key Access interest	778	778	632	146
Total Debt Service	600,481	546,140	552,576	(6,436)
<b>TOTAL UTILITY DEBT SERVICE</b>	<b>600,481</b>	<b>546,140</b>	<b>552,576</b>	<b>(6,436)</b>
<b>TRANSFERS</b>				
Interfund transfers	\$ 363,350	\$ 363,350	\$ 363,350	\$ -
<b>TOTAL TRANSFERS</b>	<b>363,350</b>	<b>363,350</b>	<b>363,350</b>	<b>-</b>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b>\$ 3,455,790</b>	<b>\$ 3,035,201</b>	<b>\$ 3,026,335</b>	<b>\$ 8,866</b>

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

UTILITY OPERATING FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Financial Statement Adjustments:				
Depreciation			623,665	
Record transfers to other funds			61,642	
TMRS pension adjustment			18,630	
Other post employment benefits adjustment			1,915	
Decrease in accrued expenses			(41,484)	
Reclassify capital expenditures			<u>(192,173)</u>	
 TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			 <u>\$ 3,498,530</u>	

CITY OF WHITEHOUSE, TEXAS

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

ENTERPRISE DEBT SERVICE FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Property taxes	\$ 391,186	\$ 391,186	\$ 391,186	\$ -
Transfers in	<u>403,283</u>	<u>378,515</u>	<u>369,372</u>	<u>(9,143)</u>
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b><u>\$ 794,469</u></b>	<b><u>\$ 769,701</u></b>	<b>760,558</b>	<b><u>\$ (9,143)</u></b>
Record transfer in for bond defeasance			61,642	
Reclassify 2018 Certificates of Obligation payments			(391,186)	
Record transfer in for bond and note principal and interest paid in Governmental debt service fund			<u>1,209,348</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>			<b><u>\$ 1,640,362</u></b>	
<b>EXPENSES</b>				
Bond/Note principal:				
2006 Certificates of Obligation	\$ 155,000	\$ 155,000	\$ 155,000	\$ -
2007 Certificates of Obligation	105,000	105,000	105,000	-
2018 Certificates of Obligation	165,000	165,000	165,000	-
Installment Notes	15,000	-	-	-
Bond/Note interest:				
2006 Certificates of Obligation	70,975	56,595	68,695	(12,100)
2007 Certificates of Obligation	46,332	46,332	46,332	-
2018 Certificates of Obligation	226,186	226,186	226,186	-
Installment Notes	<u>25,356</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b><u>\$ 808,849</u></b>	<b><u>\$ 754,113</u></b>	<b>766,213</b>	<b><u>\$ (12,100)</u></b>
Record amortization of bond defeasance			61,642	
Reclassify 2018 Certificates of Obligation payments			(391,186)	
Bond and note principal and interest paid in Governmental debt service fund			<u>1,209,348</u>	
Decrease in accrued interest at September 30, 2019			<u>(8,488)</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>			<b><u>\$ 1,637,529</u></b>	

**OTHER SCHEDULES**

**CITY OF WHITEHOUSE, TEXAS**  
**SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	TOTAL	LAND	CONSTRUCTION IN PROCESS	BUILDINGS & IMPROVEMENTS	PARKS	INFRASTRUCTURE	MACHINERY & EQUIPMENT	
							AUTOS	OTHER EQUIPMENT
Governmental assets - October 1, 2018	\$ 17,479,220	\$ 190,184	\$ 621,089	\$ 3,194,886	\$ 2,550,986	\$ 8,466,045	\$ 1,180,606	\$ 1,275,424
EXPENDITURES FROM GOVERNMENTAL FUNDS:								
<u>GENERAL FUND</u>								
Street Improvements	2,552,538	-	2,510,392	-	-	42,146	-	-
Building Improvements	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Police	5,485	-	-	-	-	-	-	5,485
Fire Apparatus	-	-	-	-	-	-	-	-
Parks	55,104	-	-	11,930	21,000	-	22,174	-
COMPLETION OF CAPITAL PROJECTS	-	-	(3,131,481)	-	-	3,131,481	-	-
<b>GOVERNMENTAL ASSETS - SEPTEMBER 30, 2019</b>	<b>\$ 20,092,347</b>	<b>\$ 190,184</b>	<b>\$ -</b>	<b>\$ 3,206,816</b>	<b>\$ 2,571,986</b>	<b>\$ 11,639,672</b>	<b>\$ 1,202,780</b>	<b>\$ 1,280,909</b>

**CITY OF WHITEHOUSE, TEXAS  
SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT  
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	TOTAL	BONDS PAYABLE			NOTES PAYABLE	COMPENSATED ABSENCES	NET PENSION LIABILITY	OPEB LIABILITY
		2006 SERIES	2013 SERIES	2018 SERIES				
Governmental fund debt, October 1, 2018	\$ 8,255,104	\$ 1,570,000	\$ 476,000	\$ 5,311,723	\$ 512,575	\$ 49,849	\$ 267,012	\$ 67,945.00
<b>ADDITIONS</b>								
Compensated Absences	8,907	-	-	-	-	8,907	-	-
Net Pension Liability	334,362	-	-	-	-	-	334,362	-
Other Post-Employment Benefits	1,293	-	-	-	-	-	-	1,293
Total Additions	344,562	-	-	-	-	8,907	334,362	1,293
<b>RETIREMENTS</b>								
Bond principal:								
2006 Limited Tax Refunding Bonds	170,000	170,000	-	-	-	-	-	-
2018 Certificates of Obligation	181,011	-	-	181,011	-	-	-	-
2013 Series Tax Notes	236,000	-	236,000	-	-	-	-	-
Total Bond Retirements	587,011	170,000	236,000	181,011	-	-	-	-
Notes Payable:								
Austin Bank								
2018 Ford Explorers (Police Dept)	21,921	-	-	-	21,921	-	-	-
City Improvements	56,883	-	-	-	56,883	-	-	-
2017 Street Maintenance	25,287	-	-	-	25,287	-	-	-
Fire Truck Compressor	4,976	-	-	-	4,976	-	-	-
2015 Street Maintenance	165,269	-	-	-	165,269	-	-	-
Total Note Retirements	274,336	-	-	-	274,336	-	-	-
<b>GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2019</b>	<b>\$ 7,738,319</b>	<b>\$ 1,400,000</b>	<b>\$ 240,000</b>	<b>\$ 5,130,712</b>	<b>\$ 238,239</b>	<b>\$ 58,756</b>	<b>\$ 601,374</b>	<b>\$ 69,238</b>

CITY OF WHITEHOUSE, TEXAS

SCHEDULE 14

SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE

FISCAL YEAR ENDED SEPTEMBER 30, 2019

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS AND NOTES ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-19	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-20			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS
					BALANCE 10-1-18	ISSUED CURRENT YEAR	CURRENT YEAR RETIREMENTS		PRINCIPAL	INTEREST	TOTAL	
<b>BUSINESS TYPE ACTIVITIES DEBT</b>												
<b>BONDED DEBT</b>												
2006-Water & Sewer Certificates of Obligation	4/1/06	Payable serially in varying amounts to 2-15-26	4.20%	\$ 2,800,000	\$ 1,425,000	\$ -	\$ 155,000	\$ 1,270,000	\$ 160,000	\$ 49,980	\$ 209,980	\$ 145,530
2007 Tax Refunding Bonds	7/15/07	Payable serially in varying amounts to 2-15-27	4.52%	4,359,000	2,563,000	-	300,000	2,263,000	323,000	94,987	417,987	190,564
2007-Water & Sewer Certificates of Obligation	5/15/07	Payable serially in varying amounts to 2-15-26	4.32%	2,000,000	1,125,000	-	105,000	1,020,000	110,000	41,688	151,688	143,640
2016 Tax Note	10/27/15	Payable serially in varying amounts to 2-15-21	2.12%	700,000	431,430	-	140,795	290,635	143,789	6,161	149,950	3,113
2012-Limited Tax Refunding Bonds	9/5/12	Payable serially in varying amounts to 2-15-28	Variable 0.6%-2.75%	9,730,000	7,205,000	-	445,000	6,760,000	450,000	175,495	625,495	869,547
<b>Total Business Type Activities Bonded Debt</b>				<b>19,589,000</b>	<b>12,749,430</b>	<b>-</b>	<b>1,145,795</b>	<b>11,603,635</b>	<b>1,186,789</b>	<b>368,311</b>	<b>1,555,100</b>	<b>1,352,394</b>
<b>GOVERNMENTAL FUND DEBT:</b>												
<b>BONDED DEBT</b>												
2006 Limited Tax Refunding Bonds	10/15/06	Payable serially in varying amounts to 2-15-26	4.80%	3,140,000	1,570,000	-	170,000	1,400,000	175,000	59,500	234,500	188,274
2013 Tax Note	06/20/13	Payable serially in varying amounts to 2-15-26	1.60%	1,800,000	476,000	-	236,000	240,000	240,000	1,920	241,920	-
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	5,311,723	-	181,011	5,130,712	240,000	148,900	388,900	960,663
<b>Total Governmental Fund Bonded Debt</b>				<b>10,130,000</b>	<b>7,357,723</b>	<b>-</b>	<b>587,011</b>	<b>6,770,712</b>	<b>655,000</b>	<b>210,320</b>	<b>865,320</b>	<b>1,148,937</b>
<b>Total Bonded Indebtedness</b>				<b>\$ 29,719,000</b>	<b>\$ 20,107,153</b>	<b>\$ -</b>	<b>\$ 1,732,806</b>	<b>\$ 18,374,347</b>	<b>\$ 1,841,789</b>	<b>\$ 578,631</b>	<b>\$ 2,420,420</b>	<b>\$ 2,501,331</b>
<b>BUSINESS TYPE ACTIVITIES DEBT</b>												
<b>NOTES PAYABLE</b>												
Note Payable - Austin Bank		Maturing 02-15-2021		\$ 25,744	\$ 19,407	\$ -	\$ 6,248	\$ 13,159	\$ 6,466	\$ 428	\$ 6,894	\$ 216
Note Payable - Austin Bank		Maturing 02-15-2022		24,370	19,797	-	4,817	14,980	4,868	483	5,351	492
Note Payable - Austin Bank		Maturing 08-15-2025		85,000	-	85,000	12,592	72,408	10,756	3,313	14,069	8,692
Note Payable - Austin Bank		Maturing 08-15-2022		25,468	-	25,468	6,187	19,281	6,175	774	6,949	793
<b>Total Business Type Activities Notes Payable</b>				<b>160,582</b>	<b>39,204</b>	<b>110,468</b>	<b>29,844</b>	<b>119,828</b>	<b>28,265</b>	<b>4,998</b>	<b>33,263</b>	<b>10,193</b>
<b>GOVERNMENTAL FUND:</b>												
<b>NOTES PAYABLE</b>												
Note Payable - Austin Bank		Maturing 02-15-2020	2.20%	400,000	165,269	-	165,269	-	-	-	-	-
Note Payable - Austin Bank		Maturing 12-04-2020	2.50%	25,460	15,317	-	4,976	10,341	5,105	262	5,367	133
Note Payable - Austin Bank		Maturing 08-14-2019	2.75%	50,000	25,287	-	25,287	-	-	-	-	-
Note Payable - Austin Bank		Maturing 08-14-2019	2.50%	91,004	68,052	-	21,921	46,131	22,672	1,595	24,267	809
Note Payable - Austin Bank		Maturing 08-14-2019	2.50%	293,772	238,650	-	56,883	181,767	58,684	5,821	64,505	5,927
<b>Total Governmental Fund Notes Payable</b>				<b>860,236</b>	<b>512,575</b>	<b>-</b>	<b>274,336</b>	<b>238,239</b>	<b>86,461</b>	<b>7,678</b>	<b>94,139</b>	<b>6,869</b>
<b>Total Notes Payable</b>				<b>\$ 1,020,818</b>	<b>\$ 551,779</b>	<b>\$ 110,468</b>	<b>\$ 304,180</b>	<b>\$ 358,067</b>	<b>\$ 114,726</b>	<b>\$ 12,676</b>	<b>\$ 127,402</b>	<b>\$ 17,062</b>

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**OTHER REPORTS**

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

*Independent Auditors' Report*

The Governing Body  
City of Whitehouse, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Whitehouse, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Whitehouse, Texas' basic financial statements, and have issued our report thereon dated January 29, 2020.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

**Purpose of this Report**

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



Certified Public Accountants

Tyler, Texas  
January 29, 2020