

**CITY OF WHITEHOUSE, TEXAS**

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

**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**Gollob Morgan Peddy PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2020, 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, 2020 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 February 2, 2021 on our consideration of City of Whitehouse, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Whitehouse, Texas' internal control over financial reporting and compliance.



Certified Public Accountants

Tyler, Texas  
February 2, 2021

## 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, 2020.

### Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$19,022,486 (net position). Of this amount \$4,039,243 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending unrestricted (unassigned) fund balance of \$2,100,779.
- The total net position of \$19,022,486 is made up of \$13,818,132 in capital assets net of related debt and \$5,204,354 in other net position.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements are prepared using Governmental Accounting Statement No. 34 *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*.

The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Whitehouse's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other nonfinancial factors must also be considered.

The *statement of activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City of Whitehouse that are principally supported by taxes and other governmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and streets and drainage. The business-type activities include water and sewer services.

The fund financial statements are presented using fund designations. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into these categories: governmental funds, proprietary funds, and capital project funds.

*Governmental funds.* These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

*Proprietary funds.* The City of Whitehouse maintains only one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City used enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer.

*Capital Projects funds.* Capital projects funds are used for major undertakings that are beyond the scope of the regular annual operating budget, such as improvements and expansion of the City's water and wastewater systems, and streets and drainage.

*Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As the end of the fiscal year, September 30, 2020 the City's assets exceeded liabilities by \$19,022,486.

By far the largest portion of the City's net position, \$13,818,132, 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 \$727,218 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, \$4,039,243, increased by \$1,495,629 during the year.

### City of Whitehouse's Net position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 5,105,065	\$ 4,411,830	\$ 2,524,948	\$ 2,146,478	\$ 7,630,013	\$ 6,558,308
Capital assets	13,564,633	13,240,898	16,220,878	16,347,866	29,785,511	29,588,764
Total Assets	18,669,698	17,652,728	18,745,826	18,494,344	37,415,524	36,147,072
Deferred outflows of resources	151,887	274,419	369,458	458,564	521,345	732,983
Total Deferred Outflows of Resources	151,887	274,419	369,458	458,564	521,345	732,983
Current liabilities	948,571	934,120	1,727,110	1,628,452	2,675,681	2,562,572
Non current liabilities	5,879,666	6,990,982	10,045,478	10,792,463	15,925,144	17,783,445
Total Liabilities	6,828,237	7,925,102	11,772,588	12,420,915	18,600,825	20,346,017
Deferred outflows of resources	250,575	11,609	62,983	2,305	313,558	13,914
Total Deferred Outflows of Resources	250,575	11,609	62,983	2,305	313,558	13,914
Net invested in						
capital assets	8,720,873	8,466,511	5,097,259	4,624,403	13,818,132	13,090,914
Restricted	1,165,111	885,596	-	-	1,165,111	885,596
Unrestricted	1,856,789	638,329	2,182,454	1,905,285	4,039,243	2,543,614
Total Net Position	\$ 11,742,773	\$ 9,990,436	\$ 7,279,713	\$ 6,529,688	\$ 19,022,486	\$ 16,520,124

*Governmental activities.* During the current year the governmental activities had an increase in net position of \$1,752,337 which represented an \$801,171 increase from the previous year.

*Business-type activities.* The City had a \$750,025 increase in net position for its business-type activities during the year. This is a \$23,274 increase from the previous year. The increase is primarily due to an increase in charges for services which is attributable to decreased rainfall and overall warmer temperatures as compared to the prior year.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for services	\$ 1,661,466	\$ 1,644,419	\$ 3,115,128	\$ 2,945,942	\$ 4,776,594	\$ 4,590,361
Grant revenues	561,989	-	-	-	561,989	-
General revenue:						
Property taxes	3,127,112	2,958,492	388,900	391,186	3,516,012	3,349,678
Franchise taxes	267,998	281,483	-	-	267,998	281,483
Sales taxes	1,139,046	955,001	-	-	1,139,046	955,001
Interest income	66,224	152,827	26,591	100,867	92,815	253,694
Total revenues	6,823,835	5,992,222	3,530,619	3,437,995	10,354,454	9,430,217
Expenses:						
General government	645,412	571,950	-	-	645,412	571,950
Public safety	2,327,640	2,288,768	-	-	2,327,640	2,288,768
Community development	1,274,345	1,258,463	-	-	1,274,345	1,258,463
Parks and recreation	301,409	384,370	-	-	301,409	384,370
Interest	205,471	265,897	420,814	461,890	626,285	727,787
Debt issuance cost	-	-	30,000	-	30,000	-
Water and sewer operations	-	-	2,637,625	2,520,962	2,637,625	2,520,962
Total expenses	4,754,277	4,769,448	3,088,439	2,982,852	7,842,716	7,752,300
Transfers	(307,845)	(271,608)	307,845	271,608	-	-
Change in net position	1,761,713	951,166	750,025	726,751	2,511,738	1,677,917
Net position beginning of year	9,990,436	9,039,270	6,529,688	5,802,937	16,520,124	14,842,207
Net position end of year	\$ 11,752,149	\$ 9,990,436	\$ 7,279,713	\$ 6,529,688	\$ 19,031,862	\$ 16,520,124

## 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 \$2,100,779. The total unrestricted fund balance for the governmental funds increased by \$1,081,428 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 \$2,182,454 at year end as compared to \$1,905,285 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 \$490,641 over budget while expenditures were under budget by \$79,591. After considering operating transfers, the City had a favorable variance of \$537,453 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, 2020, amounts to \$13,818,132 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 \$776,063 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 \$196,747.

## City of Whitehouse's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 190,184	\$ 190,184	\$ 25,000	\$ 25,000	\$ 215,184	\$ 215,184
Easements	-	-	7,800	7,800	7,800	7,800
Buildings and improvements	2,033,204	2,086,342	84,640	94,660	2,117,844	2,181,002
Parks	2,176,241	2,248,728	-	-	2,176,241	2,248,728
Water and sewer system	-	-	15,971,905	16,077,303	15,971,905	16,077,303
Infrastructure	8,694,295	8,219,947	-	-	8,694,295	8,219,947
Machinery and equipment	470,709	495,697	131,533	143,103	602,242	638,800
Total	\$ 13,564,633	\$ 13,240,898	\$ 16,220,878	\$ 16,347,866	\$ 29,785,511	\$ 29,588,764

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 received \$635,000 in certificates of obligation for water and sewer improvements. The proceeds of the debt were used for wastewater system improvements. After principal payments of \$1,991,850 were made against debt during the year, the City had total debt and other long-term liabilities outstanding of \$17,969,739 at the end of the fiscal year.

**City of Whitehouse's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 6,100,167	\$ 6,770,712	\$ -	\$ -	\$ 6,100,167	\$ 6,770,712
Notes Payable	151,778	238,239	71,764	119,828	223,542	358,067
Compensated absences	71,130	58,756	20,782	18,324	91,912	77,080
Net Pension Liability	232,276	601,374	145,463	239,184	377,739	840,558
OPEB Liability	90,697	69,238	33,827	28,378	124,524	97,616
Revenue bonds and Certificates of obligation	-	-	11,051,855	11,603,635	11,051,855	11,603,635
<b>Total</b>	<b>\$ 6,646,048</b>	<b>\$ 7,738,319</b>	<b>\$ 11,323,691</b>	<b>\$ 12,009,349</b>	<b>\$ 17,969,739</b>	<b>\$ 19,747,668</b>

Additional information on the City's long-term debt can be found in the footnotes to this financial report.

**Economic Factors and Next Year's Budgets and Rates**

Economic trends in the City continue to reflect a more favorable outlook than the national average. New residential construction continues to recover and this year's outlook is expected to continue on a steady climb, the same as last year.

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 2020-2021 fiscal year which was the same as the prior year.

**Request for Information**

This financial report is designed to provide a general overview of the City of Whitehouse's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Whitehouse  
 Attn: Jennifer Lusk, Finance Director  
 PO Box 776  
 Whitehouse, TX 75791

Or call 903-510-7504

## **BASIC FINANCIAL STATEMENTS**

**CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,624,208	\$ 2,737,869	\$ 4,362,077
Receivables (net of allowance for doubtful accounts)	792,415	489,669	1,282,084
Internal balances	1,267,510	(1,267,510)	-
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	1,420,932	334,920	1,755,852
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	2,033,204	84,640	2,117,844
Parks	2,176,241	-	2,176,241
Infrastructure	8,694,295	-	8,694,295
Machinery and equipment	470,709	131,533	602,242
Water and sewer system	-	15,971,905	15,971,905
<b>Total Assets</b>	<b>18,669,698</b>	<b>18,745,826</b>	<b>37,415,524</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding (net of amortization)	-	304,715	304,715
Deferred charge on TMRS pension	137,826	60,656	198,482
Deferred charge on other postemployment benefits	14,061	4,087	18,148
<b>Total Deferred Outflows of Resources</b>	<b>151,887</b>	<b>369,458</b>	<b>521,345</b>
<b>LIABILITIES</b>			
Accounts payable	157,124	71,444	228,568
Deposits and other refundable balances	-	334,920	334,920
Accrued interest	25,065	42,533	67,598
Non-current liabilities:			
Due within one year	766,382	1,278,213	2,044,595
Due in more than one year	5,879,666	10,045,478	15,925,144
<b>Total Liabilities</b>	<b>6,828,237</b>	<b>11,772,588</b>	<b>18,600,825</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on TMRS pension	249,872	62,855	312,727
Deferred charge on other postemployment benefits	703	128	831
<b>Total Deferred Inflows of Resources</b>	<b>250,575</b>	<b>62,983</b>	<b>313,558</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,720,873	5,097,259	13,818,132
Restricted for:			
Police forfeitures	12,747	-	12,747
Debt service	1,152,364	-	1,152,364
Unrestricted	1,856,789	2,182,454	4,039,243
<b>Total Net Position</b>	<b>\$ 11,742,773</b>	<b>\$ 7,279,713</b>	<b>\$ 19,022,486</b>

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, 2020**

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government	\$ 645,412	\$ 355,091	\$ 561,989	\$ 271,668	\$ -	\$ 271,668
Public safety	2,327,640	208,273	-	(2,119,367)	-	(2,119,367)
Community development	1,274,345	1,078,270	-	(196,075)	-	(196,075)
Parks and recreation	301,409	-	-	(301,409)	-	(301,409)
Interest	205,471	-	-	(205,471)	-	(205,471)
Total governmental activities	4,754,277	1,641,634	561,989	(2,550,654)	-	(2,550,654)
Business-type activities:						
Water and sewer	2,637,625	3,115,128	-	-	477,503	477,503
Interest	420,814	-	-	-	(420,814)	(420,814)
Total business-type activities	3,058,439	3,115,128	-	-	56,689	56,689
Total primary government	\$ 7,812,716	\$ 4,756,762	\$ 561,989	(2,550,654)	56,689	(2,493,965)
General revenues:						
Property taxes				3,132,425	388,900	3,521,325
Franchise taxes				267,998	-	267,998
Sales and use taxes				1,139,046	-	1,139,046
Gain on sale of assets				5,143	-	5,143
Bond issue costs				-	(30,000)	(30,000)
Miscellaneous income				-	-	-
Interest and rent				66,224	26,591	92,815
Transfers				(307,845)	307,845	-
Total general revenues and transfers				4,302,991	693,336	4,996,327
Change in net position				1,752,337	750,025	2,502,362
Net position - beginning of year				9,990,436	6,529,688	16,520,124
Net position - end of year				\$ 11,742,773	\$ 7,279,713	\$ 19,022,486

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

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	MAJOR FUNDS				ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2018 STORMWATER CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS		
<b>ASSETS</b>						
Cash and investments	\$ 1,404,328	\$ -	\$ -	\$ 214,737	\$ -	\$ 1,619,065
Receivables:						
Property taxes	30,747	55,020	-	-	-	85,767
Fines	4,731	-	-	-	-	4,731
Sales taxes	187,681	-	-	-	-	187,681
Charges for services (net)	550,748	-	-	-	-	550,748
Restricted Assets:						
Temporarily restricted						
Cash and cash equivalents	-	-	1,302,928	118,004	-	1,420,932
Due from other funds	115,146	1,327,794	-	-	(175,430)	1,267,510
Total Assets	<u>2,293,381</u>	<u>1,382,814</u>	<u>1,302,928</u>	<u>332,741</u>	<u>(175,430)</u>	<u>5,136,434</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable and accrued expenses	157,124	-	-	-	-	157,124
Due to other funds	-	175,430	-	-	(175,430)	-
Total Liabilities	<u>157,124</u>	<u>175,430</u>	<u>-</u>	<u>-</u>	<u>(175,430)</u>	<u>157,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	30,747	55,020	-	-	-	85,767
Unavailable revenue - fines	4,731	-	-	-	-	4,731
Total Deferred Inflows of Resources	<u>35,478</u>	<u>55,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,498</u>
<b>Fund Balances:</b>						
Restricted:						
Police forfeitures	-	-	-	12,747	-	12,747
Debt Service	-	1,152,364	-	-	-	1,152,364
Total Restricted	-	1,152,364	-	12,747	-	1,165,111
Assigned:						
Capital Projects	-	-	1,302,928	319,994	-	1,622,922
Unassigned	2,100,779	-	-	-	-	2,100,779
Total Fund Balances	<u>2,100,779</u>	<u>1,152,364</u>	<u>1,302,928</u>	<u>332,741</u>	<u>-</u>	<u>4,888,812</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,293,381</u>	<u>\$ 1,382,814</u>	<u>\$ 1,302,928</u>	<u>\$ 332,741</u>	<u>\$ (175,430)</u>	

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

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)	\$ 4,888,812
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	13,564,633
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	53,986
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	151,887
Deferred inflows represent the consumption of net position that are applicable to a future reporting period.	(250,575)
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	(25,065)
Internal service funds are used by management to charge the costs of goods or services provided to other departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	5,143
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>(6,646,048)</u>
Net position of governmental activities	<u>\$ 11,742,773</u>

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	MAJOR FUNDS				ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	2018 STORMWATER CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS		
<b>REVENUES</b>						
Current and delinquent taxes	1,261,249	\$ 1,865,863	\$ -	\$ -	\$ -	\$ 3,127,112
Fines and forfeitures	126,200	-	-	-	-	126,200
Licenses and permits	104,593	-	-	12,493	-	117,086
Franchise taxes	267,998	-	-	-	-	267,998
Sales taxes - regular	726,862	-	-	71,580	-	798,442
Sales taxes - additional 1/2 cent	264,164	-	-	-	-	264,164
Sales tax fees	76,440	-	-	-	-	76,440
Solid waste collections	1,023,805	-	-	-	-	1,023,805
Zoning and platting fees	1,068	-	-	-	-	1,068
Intergovernmental revenue	101,905	-	-	-	-	101,905
Street and maintenance fee	-	-	-	54,465	-	54,465
Grant revenue	561,989	-	-	-	-	561,989
Interest and rent	30,751	14,768	15,106	5,599	-	66,224
Vehicle registration fees	180,848	-	-	-	-	180,848
Miscellaneous income	49,307	-	-	6,782	-	56,089
<b>Total Revenues</b>	<b>4,777,179</b>	<b>1,880,631</b>	<b>15,106</b>	<b>150,919</b>	<b>-</b>	<b>6,823,835</b>
<b>EXPENDITURES</b>						
Legislative	1,110	-	-	-	-	1,110
General administration	452,667	-	-	6,121	-	458,788
Treasury and financial	91,143	-	-	-	-	91,143
Tax appraisal and collections	52,274	-	-	-	-	52,274
Municipal court	294,658	-	-	-	-	294,658
Parks/recreation	185,352	-	-	-	-	185,352
Community development	67,612	-	-	-	-	67,612
Street and ground maintenance	171,270	-	-	35,302	-	206,572
Police	1,184,088	-	-	-	-	1,184,088
Fire	748,146	-	-	-	-	748,146
Sanitation	691,694	-	-	-	-	691,694
Debt service:						
Bond principal	-	655,000	-	-	-	655,000
Note principal	-	86,461	-	-	-	86,461
Interest and fees	-	223,071	-	-	-	223,071
Capital outlay	88,808	-	381,869	394,194	-	864,871
<b>Total Expenditures</b>	<b>4,028,822</b>	<b>964,532</b>	<b>381,869</b>	<b>435,617</b>	<b>-</b>	<b>5,810,840</b>
<b>Revenues Over (Under) Expenditures</b>	<b>748,357</b>	<b>916,099</b>	<b>(366,763)</b>	<b>(284,698)</b>	<b>-</b>	<b>1,012,995</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	333,071	203,056	-	-	-	536,127
Transfers out	-	(843,972)	-	-	-	(843,972)
<b>Total Other Financing Sources (Uses)</b>	<b>333,071</b>	<b>(640,916)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(307,845)</b>
<b>Net Change in Fund Balances</b>	<b>1,081,428</b>	<b>275,183</b>	<b>(366,763)</b>	<b>(284,698)</b>	<b>-</b>	<b>705,150</b>
<b>Fund Balance, October 1, 2019</b>	<b>1,019,351</b>	<b>877,181</b>	<b>1,669,691</b>	<b>617,439</b>	<b>-</b>	<b>4,183,662</b>
<b>Fund Balance, September 30, 2020</b>	<b>\$ 2,100,779</b>	<b>\$ 1,152,364</b>	<b>\$ 1,302,928</b>	<b>\$ 332,741</b>	<b>\$ -</b>	<b>\$ 4,888,812</b>

**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, 2020**

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

Net change in fund balances - total governmental funds	\$ 705,150
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.	323,735
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.	(14,519)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net revenue of the internal service fund is reported with governmental activities.	5,143
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.	746,687
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>(13,859)</u>
Change in net position of governmental activities	<u>\$ 1,752,337</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, 2020**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,261,249	\$ 161,249
Fines and forfeitures	142,865	142,865	126,200	(16,665)
Licenses and permits	16,000	16,000	104,593	88,593
Franchise taxes	280,000	280,000	267,998	(12,002)
Sales taxes - regular	535,000	535,000	671,489	136,489
Sales taxes - additional 1/2 cent	200,625	200,625	264,164	63,539
Sales tax fees	72,000	72,000	76,440	4,440
Solid waste collections	991,000	991,000	1,023,805	32,805
Zoning and platting fees	250	250	1,068	818
Intergovernmental revenue	135,500	135,500	101,905	(33,595)
Grant revenue	70,000	169,022	165,901	(3,121)
Interest and rent	19,200	19,200	30,751	11,551
Vehicle registration fees	170,000	170,000	180,848	10,848
Miscellaneous income	3,615	3,615	49,307	45,692
<b>Total Revenues</b>	<b>3,736,055</b>	<b>3,835,077</b>	<b>4,325,718</b>	<b>490,641</b>
<b>EXPENDITURES</b>				
Legislative	7,500	7,500	1,110	6,390
General administration	429,508	436,508	435,221	1,287
Treasury and financial	98,562	98,562	90,643	7,919
Tax appraisal and collections	52,577	52,577	52,274	303
Municipal court	279,416	279,416	294,468	(15,052)
Parks/recreation	210,719	210,719	212,676	(1,957)
Community development	72,900	72,900	67,612	5,288
Street and ground maintenance	191,262	191,262	170,667	20,595
Police	1,337,618	1,337,618	1,240,594	97,024
Fire	718,996	718,996	745,001	(26,005)
Sanitation	668,850	668,850	685,051	(16,201)
<b>Total Expenditures</b>	<b>4,067,908</b>	<b>4,074,908</b>	<b>3,995,317</b>	<b>79,591</b>
Revenues Over (Under) Expenditures	(331,853)	(239,831)	330,401	570,232
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	363,350	363,350	333,071	(30,279)
Sale of assets	2,500	2,500	-	(2,500)
<b>Total Other Financing Sources (Uses)</b>	<b>365,850</b>	<b>365,850</b>	<b>333,071</b>	<b>(32,779)</b>
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	33,997	126,019	663,472	537,453
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	417,956	417,956
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	33,997	126,019	1,081,428	955,409
Fund Balance, October 1, 2019	-	-	1,019,351	1,019,351
Fund Balance, September 30, 2020	<b>\$ 33,997</b>	<b>\$ 126,019</b>	<b>\$ 2,100,779</b>	<b>\$ 1,974,760</b>

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, 2020**

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

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Increase in accrued grant revenues earned in the current year  
but received in the following year

\$ 396,088

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

55,373

Uses/Outflows of Resources:

Differences - Budget to GAAP

Increase in accrued expenses

(33,505)

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ 417,956

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020

	UTILITY FUND	INTERNAL SERVICE FUND
Current Assets:		
Cash and certificates of deposit	\$ 2,737,869	\$ 5,143
Accounts receivable (Net)	489,669	-
Total Current Assets	<u>3,227,538</u>	<u>5,143</u>
Restricted Current Assets:		
Temporarily Restricted		
Customer deposits	334,920	-
Total Restricted Current Assets	<u>334,920</u>	<u>-</u>
Noncurrent Assets:		
Water rights - Lake Columbia	230,000	-
Capital Assets:		
Land	25,000	-
Easements	7,800	-
Buildings	369,844	-
Water and sewer system	25,965,917	-
Machinery & equipment	986,308	-
Less: Accumulated depreciation	(11,133,991)	-
Total Capital Assets Net of Accumulated Depreciation	<u>16,220,878</u>	<u>-</u>
Total Noncurrent Assets:	<u>16,450,878</u>	<u>-</u>
Total Assets	<u>20,013,336</u>	<u>5,143</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding (net of amortization)	304,715	-
Deferred charge on other post employment benefits	4,087	-
Deferred charge on TMRS pension	60,656	-
Total Deferred Outflows of Resources	<u>369,458</u>	<u>-</u>

(continued)

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020

	UTILITY FUND	INTERNAL SERVICE FUND
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 71,444	\$ -
Compensated absences	2,077	-
Due to other funds	1,267,510	-
Total Current Liabilities	<u>1,341,031</u>	<u>-</u>
Current liabilities payable from restricted assets:		
Customer deposits	334,920	-
Accrued interest	42,533	-
Notes payable	16,281	-
Revenue bonds payable	1,259,855	-
Total current liabilities payable from restricted assets	<u>1,653,589</u>	<u>-</u>
Noncurrent Liabilities:		
Revenue bonds payable	9,792,000	-
Notes payable	55,483	-
Compensated absences	18,705	-
Other post employment benefits	33,827	-
Net pension liability	145,463	-
Total Noncurrent Liabilities	<u>10,045,478</u>	<u>-</u>
Total Liabilities	<u>13,040,098</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred charge on other postemployment benefits	128	-
Deferred charge on TMRS pension	62,855	-
Total Deferred Inflows of Resources	<u>62,983</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	5,097,259	5,143
Unrestricted	2,182,454	-
Total Net Position	<u>\$ 7,279,713</u>	<u>\$ 5,143</u>

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

## EXHIBIT 8

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	UTILITY FUND	INTERNAL SERVICE FUND
<b>OPERATING REVENUES</b>		
Water sales	\$ 2,087,842	\$ -
Sewer charges	840,229	-
Property taxes	388,900	-
Charges for other services	187,057	-
Total Operating Revenues	3,504,028	-
<b>OPERATING EXPENSES</b>		
Utility administration	542,736	-
Customer service	134,815	-
Water operations	562,878	-
Sewer operations	392,185	-
Water supply	375,909	-
Depreciation	629,102	-
Total Operating Expenses	2,637,625	-
Operating Income	866,403	-
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and fiscal charge expense	(420,814)	-
Debt issuance costs	(30,000)	-
Sale of assets	-	5,143
Interest income	26,591	-
Total non-operating revenue (expenses)	(424,223)	5,143
Income before transfers	442,180	5,143
Transfers in	1,541,942	-
Transfers out	(1,234,097)	-
Total Transfers	307,845	-
Change in Net Position	750,025	5,143
Net Position, October 1, 2019	6,529,688	-
Net Position, September 30, 2020	\$ 7,279,713	\$ 5,143

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, 2020

	UTILITY FUND	INTERNAL SERVICE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and users	\$ 3,560,072	\$ -
Cash paid to suppliers for goods and services	(1,294,524)	-
Cash paid to employees for services	(684,745)	-
	<u>1,580,803</u>	<u>-</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers in	1,541,942	-
Transfers out	(908,446)	-
	<u>633,496</u>	<u>-</u>
Net cash provided by non-capital financing activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases or construction of capital assets	(502,114)	-
Proceeds on sale of assets	-	5,143
Principal paid on notes	(48,064)	-
Interest paid	(420,814)	-
Bond proceeds	635,000	-
Principal paid on bonds	(1,186,780)	-
	<u>(1,522,772)</u>	<u>5,143</u>
Net cash (used in) provided by capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest earned on investments	26,591	-
	<u>26,591</u>	<u>-</u>
Net cash provided by investing activities		
Net increase in cash	688,118	5,143
Cash, beginning of period	2,384,671	-
Cash, end of period	<u>\$ 3,072,789</u>	<u>\$ 5,143</u>
<b>Reconciliation of cash to Exhibit 7:</b>		
Cash - current asset	\$ 2,737,869	\$ 5,143
Cash - restricted current asset	334,920	-
Total cash, end of period	<u>\$ 3,072,789</u>	<u>\$ 5,143</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, 2020

	UTILITY FUND	INTERNAL SERVICE FUND
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>		
Operating income	\$ 866,403	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	629,102	-
Decrease in deferred outflows of resources	31,113	-
Decrease in accounts payable	23,272	-
Increase in accounts receivable	34,459	-
Increase in net pension liability	(93,716)	-
Increase in other post employee benefit liability	5,449	-
Decrease in compensated absences	2,458	-
Increase in customer deposits	21,585	-
Total adjustments	714,400	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,580,803</b>	<b>\$ -</b>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**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, 2020**

**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.

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, 2020**

**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, 2020**

**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, 2020**

**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, 2019. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2019 and September 30, 2020.

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, 2020**

**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, 2019. The City has implemented this statement as applicable for the year ended September 30, 2020.

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 June 15, 2021. 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, 2019. The City has implemented this statement as applicable for the year ended September 30, 2020.

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**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, 2020. 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 \$13,564,633 difference are as follows:

Capital assets, October 1, 2019, net of accumulated depreciation	\$ 13,240,898
Capital asset additions, net of retirements	864,871
Depreciation of capital assets, net of retirements	<u>(541,136)</u>
	<u>\$ 13,564,633</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 \$53,986 difference are as follows:

Allowance account for uncollectible property taxes	\$ (36,512)
Unavailable revenue - property taxes	85,767
Unavailable revenue - fines	<u>4,731</u>
	<u>\$ 53,986</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 \$(6,646,048) difference are as follows:

Long-term liabilities, October 1, 2019	\$ (7,738,319)
Principal paid on debt in current year	741,461
Amortization of bond premium	15,545
Increase in other postemployment benefit liability	(21,459)
Decrease in net pension liability	369,098
Change in compensated absences	<u>(12,374)</u>
	<u>\$ (6,646,048)</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**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 \$323,735 was related to fixed asset additions exceeding current year depreciation expense as follows:

Capital outlay, asset additions	\$	864,871
Depreciation expense		(541,136)
		\$ 323,735
		\$ 323,735

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 \$(14,519) are as follows:

Change in allowance for uncollectible taxes	\$	(4,528)
Change in deferred revenue		(9,991)
		\$ (14,519)
		\$ (14,519)

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 \$746,687 difference are as follows:

Principal payments on debt	\$	741,461
Change in accrued interest		2,055
Amortization on bond premium		15,545
Change in compensated absences		(12,374)
		\$ 746,687
		\$ 746,687

**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, 2020**

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

**A. Deposits and Investments**

Cash and investments as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 4,362,077
Restricted cash and cash equivalents	1,755,852
Total Cash and cash equivalents	\$ 6,117,929
Cash on hand	\$ 1,300
Savings and checking accounts	5,522,461
External investment pools	594,168
Total Cash and Investments	\$ 6,117,929

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	\$ 326,321	0.18	AAAm
Texpool	22	0.10	AAAm
MBIA	267,825	0.15	AAAm
	\$ 594,168		

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, 2020**

**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, 2020**

**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, 2020, the carrying value of the City’s bank deposits was \$6,590,567 while the bank balance was \$6,207,777. 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	\$ 224,379	\$ 55,020	\$ -	\$ -	\$ 279,399
Assessments	-	-	-	45,223	45,223
Grant	396,088	-	-	-	396,088
Accounts (services)	177,134	-	-	502,132	679,266
Other	-	-	-	-	-
Gross receivables	<u>797,601</u>	<u>55,020</u>	<u>-</u>	<u>547,355</u>	<u>1,399,976</u>
Less: Allowance for Uncollectibles	<u>(60,206)</u>	<u>-</u>	<u>-</u>	<u>(57,686)</u>	<u>(117,892)</u>
Net Receivables	<u>\$ 737,395</u>	<u>\$ 55,020</u>	<u>\$ -</u>	<u>\$ 489,669</u>	<u>\$ 1,282,084</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2020 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	-	776,063	(776,063)	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>190,184</b>	<b>776,063</b>	<b>(776,063)</b>	<b>190,184</b>
<b>Capital Assets, Being Depreciated</b>				
Buildings and Improvements	3,206,816	27,765	-	3,234,581
Parks	2,571,986	-	-	2,571,986
Infrastructure	11,639,672	776,063	-	12,415,735
Machinery and Equipment	2,483,689	61,043	-	2,544,732
<b>Total Capital Assets, Being Depreciated</b>	<b>19,902,163</b>	<b>864,871</b>	<b>-</b>	<b>20,767,034</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Improvements	(1,120,474)	(80,903)	-	(1,201,377)
Parks	(323,258)	(72,487)	-	(395,745)
Infrastructure	(3,419,725)	(301,715)	-	(3,721,440)
Machinery and Equipment	(1,987,992)	(86,031)	-	(2,074,023)
<b>Total Accumulated Depreciation</b>	<b>(6,851,449)</b>	<b>(541,136)</b>	<b>-</b>	<b>(7,392,585)</b>
<b>Net Total Assets Being Depreciated</b>	<b>13,050,714</b>	<b>323,735</b>	<b>-</b>	<b>13,374,449</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 13,240,898</b>	<b>\$ 1,099,798</b>	<b>\$ (776,063)</b>	<b>\$ 13,564,633</b>
<b>Business-Type Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Easements	7,800	-	-	7,800
<b>Total Capital Assets, Not Being Depreciated</b>	<b>32,800</b>	<b>-</b>	<b>-</b>	<b>32,800</b>
<b>Capital Assets, Being Depreciated</b>				
Water and Sewer System	25,495,021	470,896	-	25,965,917
Buildings	369,844	-	-	369,844
Machinery and Equipment	984,095	31,218	(29,005)	986,308
<b>Total Capital Assets, Being Depreciated</b>	<b>26,848,960</b>	<b>502,114</b>	<b>(29,005)</b>	<b>27,322,069</b>
<b>Less Accumulated Depreciation For:</b>				
Water and Sewer System	(9,417,718)	(576,294)	-	(9,994,012)
Buildings	(275,184)	(10,020)	-	(285,204)
Machinery and Equipment	(840,992)	(42,788)	29,005	(854,775)
<b>Total Accumulated Depreciation</b>	<b>(10,533,894)</b>	<b>(629,102)</b>	<b>29,005</b>	<b>(11,133,991)</b>
<b>Net Total Assets Being Depreciated</b>	<b>16,315,066</b>	<b>(126,988)</b>	<b>-</b>	<b>16,188,078</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 16,347,866</b>	<b>\$ (126,988)</b>	<b>\$ -</b>	<b>\$ 16,220,878</b>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**C. Capital Assets – Continued**

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

Governmental Activities:	
General Government	\$ 43,128
Public Safety	77,030
Community Development	307,831
Parks and Recreation	113,147
Total depreciation expense, governmental activities	<u>\$ 541,136</u>
Business-Type Activities:	
Water and Sewer Operations	<u>\$ 629,102</u>

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

The composition of interfund balances as of September 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utility Operating fund	\$ 993
General Fund	Utility Debt Service Fund	19,253
Debt Service Fund	Utility Operating fund	38,692
Debt Service Fund	Utility Debt Service Fund	<u>1,208,572</u>
		<u>\$ 1,267,510</u>

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

The composition of interfund transfers as of September 30, 2020, is as follows:

	<u>Transfers In</u>				<u>Total</u>
	<u>Utility Operating Fund</u>	<u>Utility Debt Service Fund</u>	<u>Debt Service Fund</u>	<u>General Fund</u>	
<u>Transfers Out:</u>					
Utility Operating Fund	\$ -	\$ 430,312	\$ 203,056	\$ 333,071	\$ 966,439
Street Maintenance Fund	-	-	-	-	-
Other Governmental Funds	-	-	-	-	-
Debt Service Fund	-	<u>843,972</u>	-	-	<u>843,972</u>
Total transfers out /in	<u>\$ -</u>	<u>\$ 1,274,284</u>	<u>\$ 203,056</u>	<u>\$ 333,071</u>	<u>\$ 1,810,411</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**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, 2020:

	GENERAL OBLIGATION	REVENUE	TOTAL
Bonds payable - October 1, 2019	\$ 6,770,712	\$ 11,603,635	\$ 18,374,347
Additions	-	635,000	635,000
Retirements	(670,545)	(1,186,780)	(1,857,325)
Bonds payable - September 30, 2020	\$ 6,100,167	\$ 11,051,855	\$ 17,152,022

Outstanding bonds at September 30, 2020 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%.	\$ 1,225,000
\$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%.	4,875,167
<b>Total Governmental Bonded Debt</b>	<b>\$ 6,100,167</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%.	\$ 1,110,000
\$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52%.	1,940,000
\$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%.	910,000
\$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%.	6,310,000
\$700,000 series 2016 Tax Note; maturing serially in varying amounts through 2-15-2021 at 2.12%.	146,855
\$635,000 series 2020 Tax Note; maturing serially in varying amounts through 8-15-2035 at 1.51%.	635,000
<b>Total Business-Type Bonded Debt</b>	<b>\$ 11,051,855</b>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**E. Long-term Debt – Continued**

The funding requirements to amortize all bonds outstanding as of September 30, 2020, including interest, are as follows:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2021	\$ 670,000	\$ 196,163	\$ 1,259,855	\$ 333,550	\$ 2,459,568
2022	700,000	173,750	1,157,000	285,114	2,315,864
2023	720,000	150,375	1,203,000	237,648	2,311,023
2024	745,000	126,275	1,248,000	194,737	2,314,012
2025	755,000	101,300	1,287,000	156,592	2,299,892
2026-2030	1,345,000	246,312	4,669,000	225,999	6,486,311
2031-2035	635,000	126,950	228,000	10,434	1,000,384
2036-2038	440,167	27,813	-	-	467,980
	<u>\$ 6,010,167</u>	<u>\$ 1,148,938</u>	<u>\$ 11,051,855</u>	<u>\$ 1,444,074</u>	<u>\$ 19,655,034</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, 2020 be disclosed.

INSURER	POLICY	Limit of Liability			COVERAGE DATE
		Each Occurrence	Annual Aggregate	Deductible	
Texas Municipal League	General Liability	1,000,000	2,000,000	\$ -	10/1/2019 to 10/1/2020
	Law Enforcement	1,000,000	2,000,000	\$ 2,500	10/1/2019 to 10/1/2020
	Errors & Omissions	1,000,000	2,000,000	\$ 5,000	10/1/2019 to 10/1/2020
	Auto Liability	1,000,000	n/a	\$ -	10/1/2019 to 10/1/2020
	Auto Physical Damage	per schedule & endorsements	n/a	\$500/\$10,000	10/1/2019 to 10/1/2020
Texas Municipal League	Information Security & Privacy Liability	25,000	1,000,000	\$ 1,250	10/1/2019 to 10/1/2020
	Regulatory Defense & Penalties	5,000 - 15,000	50,000	\$2,500/\$5,000	10/1/2019 to 10/1/2020
Texas Municipal League	Real & Personal Property	20,224,106	n/a	\$ 1,000	10/1/2019 to 10/1/2020
	Mobile Equipment	518,651	n/a	\$ 500	10/1/2019 to 10/1/2020
	Boiler & Machinery	100,000	n/a	\$ 1,000	10/1/2019 to 10/1/2020
Texas Municipal League	Workers Comp	complies with state statutes	n/a		10/1/2019 to 10/1/2020
	TOTAL	<u>\$ 24,867,757</u>			

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**E. Long-term Debt – Continued**

The funding requirements to amortize all notes outstanding as of September 30, 2020, including interest, are as follows:

	GOVERNMENTAL		BUSINESS TYPE		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2021	\$ 89,269	\$ 4,873	\$ 16,281	\$ 3,139	\$ 113,562
2022	62,509	1,996	16,857	2,465	83,827
2023	-	-	12,306	1,762	14,068
2024	-	-	12,865	1,204	14,069
2025	-	-	13,455	614	14,069
	<u>\$ 151,778</u>	<u>\$ 6,869</u>	<u>\$ 71,764</u>	<u>\$ 9,184</u>	<u>\$ 239,595</u>

**Changes in long-term liabilities**

Long term liability activity for the year ended September 30, 2020 was as follows:

	Beginning Balance 10/1/19	Additions	Reductions	Ending Balance 9/30/20	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 6,665,000	\$ -	\$ 655,000	\$ 6,010,000	\$ 670,000
Bond Premium	105,712	-	15,545	90,167	-
Notes Payable	238,239	-	86,461	151,778	89,269
Net Pension Liability	601,374	-	369,098	232,276	-
Other Postemployment Benefits	69,238	21,459	-	90,697	-
Compensated Absences	58,756	12,374	-	71,130	7,113
<b>Governmental Activity Long-Term Liabilities</b>	<u>7,738,319</u>	<u>33,833</u>	<u>1,126,104</u>	<u>6,646,048</u>	<u>766,382</u>
<b>Business-type Activities:</b>					
Revenue Bonds	11,603,635	635,000	1,186,780	11,051,855	1,259,855
Notes Payable	119,828	-	48,064	71,764	16,281
Net Pension Liability	239,184	-	93,721	145,463	-
Other Postemployment Benefits	28,378	5,449	-	33,827	-
Compensated Absences	18,324	2,458	-	20,782	2,077
<b>Business-type Activity Long-Term Liabilities</b>	<u>\$ 12,009,349</u>	<u>\$ 642,907</u>	<u>\$ 1,328,565</u>	<u>\$ 11,323,691</u>	<u>\$ 1,278,213</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, 2020, 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, 2020**

**E. Long-term Debt – Continued**

	Borrowing Amount	Collateral Description
Governmental activities:		
2017 Note Payable	\$ 25,460	Fire Truck Compressor
2018 Note Payable	91,004	Two 2018 Ford Explorers for the Police department
Total Governmental activities	116,464	
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	\$ 167,676	

**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 \$4,497, and a carrying value of \$3,158. 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, 2020:

Year Ending September 30	Amounts
2021	\$ 18,000
2022	18,000
2023	18,000
2024	18,000
Thereafter	36,000

**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, 2020, \$634,447 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	\$634,447
Total Bonds Defeased (Refunded)		\$634,447

**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, 2020, the City had \$524,128 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, 2020**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The City of Whitehouse participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**Benefits Provided**

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

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

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

	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Year required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating	100% Repeating
Annuity Increase (to retirees)	70% of CPI	70% of CPI

**Employees covered by benefit terms**

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Inactive employees or beneficiaries currently receiving benefits	22	20
Inactive employees entitled to but not yet receiving benefits	42	35
Active employees	41	44
	<u>105</u>	<u>99</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**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 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$153,256, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50% 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, 2020**

**Actuarial assumptions (continued)**

adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2018	\$ 5,462,451	\$ 4,621,893	\$ 840,558
Changes for the year:			
Service cost	214,077	-	214,077
Interest	370,025	-	370,025
Change of benefit terms	-	-	-
Difference between expected and actual experience	(82,184)	-	(82,184)
Changes of assumptions	2,432	-	2,432
Contributions - employer	-	164,914	(164,914)
Contributions - employee	-	91,721	(91,721)
Net investment income	-	714,693	(714,693)
Benefit payments, including refunds of employee contributions	(175,284)	(175,285)	1
Administrative expense	-	(4,037)	4,037
Other changes	-	(121)	121
Net changes	329,066	791,885	(462,819)
Balance at 12/31/2019	<u>\$ 5,791,517</u>	<u>\$ 5,413,778</u>	<u>\$ 377,739</u>

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

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

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,361,016	\$ 377,739	\$ (409,458)
<b>Pension Plan Fiduciary Net Position</b>			

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, 2020, the City recognized pension expense of \$160,173.

At September 30, 2020, 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	\$ 12,510	\$ 76,049
Changes in actuarial assumptions	1,903	-
Difference between projected and actual investment earnings	275,723	438,171
Contributions subsequent to the measurement date	109,836	-
<b>Total</b>	<b>\$ 399,972</b>	<b>\$ 514,220</b>

The City had \$109,836 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, 2020. 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
2020	\$ (60,198)
2021	(65,535)
2022	(7,404)
2023	(90,947)
2024	-
Thereafter	-
	<b>\$ (224,084)</b>

**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

**CITY OF WHITEHOUSE, TEXAS  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**Plan Description (continued)**

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Inactive employees or beneficiaries currently receiving benefits	18	18
Inactive employees entitled to but not yet receiving benefits	10	8
Active employees	41	44
	69	70

**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 2019, the total SDB contribution rate for the City of Whitehouse was 0.18% while the retiree portion of the SDB contribution was between 0.04% - 0.05%. The City’s contributions for the year ended September 30, 2020, were \$902 for the retiree portion and \$3,423 for the total SDB rate. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer’s yearly contributions for retirees.

**Net OPEB Liability**

The City’s Net OPEB Liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**Actuarial Assumptions**

The Total Net OPEB Liability in the December 31, 2019 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, 2019.

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, 2020**

**Changes in the Net OPEB Liability**

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at 12/31/2018	\$ 97,616
Changes for the year:	
Service cost	4,403
Interest	3,690
Change of benefit terms	-
Difference between expected and actual experience	(1,515)
Changes of assumptions	21,064
Benefit payments, including refunds of employee contributions	(734)
Net changes	26,908
Balance at 12/31/2019	\$ 124,524

**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 2.75%, would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<u>1% Decrease in</u>	<u>Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>Discount Rate (3.75%)</u>
City's total OPEB liability	\$	153,974	\$ 124,524	\$ 102,382

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$11,365.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual economic experience	\$ 853	\$ 1,282
Changes in actuarial assumptions	22,623	5,586
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	709	-
Total	\$ 24,185	\$ 6,868

The City had \$709 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, 2020. 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, 2020**

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

Year Ended December 31		
2020	\$	3,272
2021		3,272
2022		3,272
2023		3,099
2024		2,162
Thereafter		1,531
	\$	16,608

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

At September 30, 2020, the Enterprise Debt Service Fund had a deficit net position of \$98,363.

**NOTE 10 – COMMITMENTS**

Effective May 1, 2015, the City signed a contract with Republic Services for the collection and disposal of garbage for residents within the city limits. The service will be paid for in accordance with the rates set forth in the contract. The contract is for a five year period ending September 30, 2020. This contract was renewed for an additional five year period ending September 30, 2025.

In January 1996, the City signed a Water Collection and Resource Recovery Agreement with the Angelina and Neches River Authority. The services provided include collection of wood waste, grinding of wood waste, disposal of wood waste, and dewatering of sludge. The rate for fiscal year ending September 30, 2020 was \$7,234 per month.

Effective October 1, 2008, the City entered into a water delivery contract with the City of Tyler (Tyler) to purchase treated water on an “as need” basis. The contract calls for a monthly demand fee to be paid each month regardless of consumption and a volume rate per each 1,000 gallons consumed. The contract is for a 25 year period and calls for an increase in the demand rate and the volume rate equal to any increase in Tyler’s residential rate plus 1%. During the fiscal year ended September 30, 2020, the City paid a demand fee of \$29,406 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 original agreement, which ended September 30, 2017, has been renewed for another year through September 30, 2020.

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. The contract automatically renews annually. For the year ended September 30, 2020, the City paid Smith County \$61,125 under the agreement.

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

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

January 1, 2019, the City entered into a Youth Sports and Entertainment Programs Agreement with the Rec, to end on December 31, 2023. The Rec agrees to operate and management youth baseball and softball programs, full operation of all concession stands, and operate and manage the Splash Pad. The City provides financial assistance to the Rec concerning these programs for the first two years of the agreement as follows: \$30,000 for year one and \$15,000 for year two.

**NOTE 11 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance and insurance with TML Intergovernmental Risk Pool.

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

As of September 30, 2020, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2020, there was no reduction in insurance coverage from the prior year.

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

For the year ended September 30, 2020, expenditures exceeded appropriations in the following departments of the General Fund: Municipal Court, Parks/Recreation Services, Fire Operations, and Sanitation. These over expenditures were funded by lower expenditures in other categories and higher than expected revenues.

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

**NOTE 13 - UNCERTAINTIES**

During March 2020, the economy was impacted by a viral outbreak (COVID 19) which has affected the United States as well as international economies. The impact of this pandemic initially caused significant market downturns and disrupted many industries as well as local households. Although it has currently not had a significant financial impact on the City, its future impacts cannot be predicted at this time.

**NOTE 14 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 2, 2021, 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, 2020**

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
<b>Total pension liability</b>						
Service Cost	\$ 214,077	\$ 216,979	\$ 187,993	\$ 164,171	\$ 168,558	\$ 148,502
Interest (on the Total Pension Liability)	370,025	345,272	318,220	304,286	266,073	246,432
Changes in benefit terms	-	-	-	383,870	-	-
Difference between expected and actual results	(82,184)	(7,801)	52,437	(116,546)	16,262	10,962
Change of assumptions	2,432	-	-	-	20,359	-
Benefit payments, including refunds of employee contributions	<u>(175,284)</u>	<u>(197,299)</u>	<u>(147,436)</u>	<u>(167,369)</u>	<u>(124,673)</u>	<u>(146,013)</u>
Net Change in Total Pension Liability	329,066	357,151	411,214	568,412	346,579	259,883
Total Pension Liability - Beginning	<u>5,462,451</u>	<u>5,105,300</u>	<u>4,694,086</u>	<u>4,125,674</u>	<u>3,779,095</u>	<u>3,519,212</u>
Total Pension Liability - Ending (a)	<u>\$ 5,791,517</u>	<u>\$ 5,462,451</u>	<u>\$ 5,105,300</u>	<u>\$ 4,694,086</u>	<u>\$ 4,125,674</u>	<u>\$ 3,779,095</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 164,914	\$ 155,774	\$ 140,954	\$ 86,486	\$ 91,796	\$ 92,799
Contributions - Employee	91,721	92,174	81,950	84,624	88,435	83,453
Net Investment Income	714,693	(141,250)	565,106	258,085	5,552	202,022
Benefit payments, including refunds of employee contributions	(175,285)	(197,299)	(147,436)	(167,369)	(124,673)	(146,013)
Administrative Expense	(4,037)	(2,730)	(2,929)	(2,915)	(3,381)	(2,109)
Other	<u>(121)</u>	<u>(141)</u>	<u>(149)</u>	<u>(157)</u>	<u>(167)</u>	<u>(173)</u>
Net Change in Plan Fiduciary Net Position	791,885	(93,472)	637,496	258,754	57,562	229,979
Plan Fiduciary Net Position - Beginning	<u>4,621,893</u>	<u>4,715,365</u>	<u>4,077,869</u>	<u>3,819,115</u>	<u>3,761,553</u>	<u>3,531,574</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,413,778</u>	<u>\$ 4,621,893</u>	<u>\$ 4,715,365</u>	<u>\$ 4,077,869</u>	<u>\$ 3,819,115</u>	<u>\$ 3,761,553</u>
Net Pension Liability - Ending (a)-(b)	377,739	840,558	389,935	616,217	306,559	17,542
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.48%	84.61%	92.36%	86.87%	92.57%	99.54%
Covered Payroll	\$ 1,834,422	\$ 1,843,489	\$ 1,638,998	\$ 1,692,482	\$ 1,768,710	\$ 1,669,056
Net Pension Liability as a Percentage of Covered Payroll	20.59%	45.60%	23.79%	36.41%	17.33%	1.05%

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

**CITY OF WHITEHOUSE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 153,256	\$ 165,523	\$ 153,825	\$ 122,276	\$ 84,016	\$ 90,900	\$ 92,260
Contributions in relation to the actuarially determined contributions	<u>153,256</u>	<u>165,523</u>	<u>153,825</u>	<u>122,276</u>	<u>86,637</u>	<u>90,900</u>	<u>92,260</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (2,621)	\$ -	\$ -
Covered payroll	\$ 1,901,679	\$ 1,872,492	\$ 1,811,734	\$ 1,607,660	\$ 1,636,970	\$ 1,722,060	\$ 1,651,541
Contributions as a percentage of covered payroll	8.06%	8.84%	8.49%	7.61%	5.29%	5.28%	5.59%

**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	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study for the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

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

**CITY OF WHITEHOUSE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
<b>Total OPEB liability</b>			
Service Cost	\$ 4,403	\$ 5,899	\$ 4,589
Interest	3,690	3,259	3,110
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(1,515)	1,205	-
Change of assumptions and other inputs	21,064	(7,884)	8,521
Benefit payments	(734)	(737)	(656)
Net Change in Total OPEB Liability	26,908	1,742	15,564
Total OPEB Liability - Beginning	97,616	95,874	80,310
Total OPEB Liability - Ending (a)	\$ 124,524	\$ 97,616	\$ 95,874
Covered Payroll	\$ 1,834,422	\$ 1,843,489	\$ 1,638,998
Net OPEB Liability as a Percentage of Covered Payroll	6.79%	5.30%	5.85%

**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 11.50% including inflation
Discount Rate	2.75%
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
<b>Other Information:</b>	The Supplemental Death Benefits Fund is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

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

**ADDITIONAL SUPPLEMENTARY INFORMATION**

SCHEDULE 1

CITY OF WHITEHOUSE, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2020

	STORMWATER MAINTENANCE FUND	2018 STREET CONSTRUCTION FUND	POLICE FORFEITURE FUNDS	ECONOMIC DEVELOPMENT FUND	FORESTDALE DEVELOPMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and investments	\$ 126,704	\$ -	\$ -	\$ 75,532	12,501	\$ 214,737
Restricted Assets:						
Temporarily restricted						
Cash and cash equivalents	-	105,257	12,747	-	-	118,004
<b>Total Assets</b>	<b>\$ 126,704</b>	<b>\$ 105,257</b>	<b>\$ 12,747</b>	<b>\$ 75,532</b>	<b>\$ 12,501</b>	<b>\$ 332,741</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Fund Balances:						
Restricted:						
Police forfeitures	-	-	12,747	-	-	12,747
Assigned:						
Capital Projects	126,704	105,257	-	75,532	12,501	319,994
<b>Total Fund Balances</b>	<b>126,704</b>	<b>105,257</b>	<b>12,747</b>	<b>75,532</b>	<b>12,501</b>	<b>332,741</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 126,704</b>	<b>\$ 105,257</b>	<b>\$ 12,747</b>	<b>\$ 75,532</b>	<b>\$ 12,501</b>	<b>\$ 332,741</b>

**CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	STORMWATER MAINTENANCE FUND	2018 STREET CONSTRUCTION FUND	POLICE FORFEITURE FUNDS	ECONOMIC DEVELOPMENT FUND	FORESTDALE DEVELOPMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Maintenance fees	\$ 54,465	\$ -	\$ -	\$ -	\$ -	\$ 54,465
Sales and use tax	-	-	-	71,580	-	71,580
Miscellaneous	-	-	6,782	-	-	6,782
Building/inspection permits	-	-	-	-	12,493	12,493
Interest	868	4,519	59	145	8	5,599
<b>Total Revenues</b>	<b>55,333</b>	<b>4,519</b>	<b>6,841</b>	<b>71,725</b>	<b>12,501</b>	<b>150,919</b>
<b>EXPENDITURES</b>						
Administration	2,000	-	2,509	1,612	-	6,121
Capital outlay	-	394,194	-	-	-	394,194
Streets and grounds	11,689	23,613	-	-	-	35,302
<b>Total Expenditures</b>	<b>13,689</b>	<b>417,807</b>	<b>2,509</b>	<b>1,612</b>	<b>-</b>	<b>435,617</b>
Excess (deficiency) of revenues over (under) expenditures	41,644	(413,288)	4,332	70,113	12,501	(284,698)
Net change in fund balances	41,644	(413,288)	4,332	70,113	12,501	(284,698)
Fund Balance - October 1, 2019	85,060	518,545	8,415	5,419	-	617,439
Fund Balance - September 30, 2020	<u>\$ 126,704</u>	<u>\$ 105,257</u>	<u>\$ 12,747</u>	<u>\$ 75,532</u>	<u>\$ 12,501</u>	<u>\$ 332,741</u>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2020  
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>LEGISLATIVE</b>				
<b>PERSONNEL SERVICES:</b>				
Special projects	\$ 5,000	\$ 5,000	\$ 810	\$ 4,190
Total Personnel Services	5,000	5,000	810	4,190
<b>SUPPLIES AND MATERIALS:</b>				
Educational and training	2,500	2,500	300	2,200
Total Supplies and Materials	2,500	2,500	300	2,200
TOTAL LEGISLATIVE	7,500	7,500	1,110	6,390
<b>GENERAL/ADMINISTRATION</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	50,001	57,001	57,001	-
Clerical	58,273	58,273	58,273	-
Uniforms and Clothing	-	-	93	(93)
Workers compensation	307	307	153	154
Unemployment compensation	270	270	296	(26)
Employee retirement	9,561	9,561	10,230	(669)
Employee insurance	11,987	11,987	11,191	796
Retiree insurance	600	600	600	-
Payroll taxes	8,283	8,283	8,030	253
Total Personnel Services	139,282	146,282	145,867	415
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	4,800	4,800	3,710	1,090
Website and IT	195	195	219	(24)
Laboratory supplies	-	-	58	(58)
Postage and delivery	1,000	1,000	353	647
Fuel	1,000	1,000	282	718
Minor tools	150	150	-	150
Educational and training	2,500	2,500	3,124	(624)
Other supplies	1,500	1,500	4,113	(2,613)
Total Supplies and Materials	11,145	11,145	11,859	(714)
<b>MAINTENANCE OF BUILDING/GROUNDS:</b>				
Building and grounds	2,500	2,500	4,999	(2,499)
Total Maintenance of Building/Grounds	2,500	2,500	4,999	(2,499)
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
HVAC equipment	347	347	36	311
Automotive equipment	800	800	15	785
Communication equipment	100	100	-	100
Total Maintenance of Equipment/ Machinery	1,247	1,247	51	1,196
<b>CONTRACTUAL SERVICES:</b>				
Communication services	7,500	7,500	6,146	1,354
Insurance	6,750	6,750	4,702	2,048
Advertising	4,000	4,000	4,115	(115)
Legal fees	50,000	50,000	20,776	29,224
Contractual and fee base services	111,984	111,984	112,718	(734)
Utility services	70,000	70,000	78,366	(8,366)
Building inspections	18,000	18,000	35,025	(17,025)
Codification	1,895	1,895	2,535	(640)
Miscellaneous expense	-	-	824	(824)
Memberships/subscriptions	5,205	5,205	7,238	(2,033)
Total Contractual Services	275,334	275,334	272,445	2,889

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2020  
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TOTAL GENERAL ADMINISTRATION	\$ 429,508	\$ 436,508	\$ 435,221	\$ 1,287
<u>TREASURY AND FINANCIAL</u>				
<u>PERSONNEL SERVICES:</u>				
Administration	35,446	35,446	28,357	7,089
Workers compensation	100	100	51	49
Unemployment compensation	90	90	144	(54)
Employee retirement	3,130	3,130	2,743	387
Employee insurance	3,567	3,567	3,116	451
Payroll taxes	2,712	2,712	2,330	382
Total Personnel Services	45,045	45,045	36,741	8,304
<u>SUPPLIES AND MATERIALS:</u>				
Educational and training	1,000	1,000	379	621
Total Supplies and Materials	1,000	1,000	379	621
<u>CONTRACTUAL SERVICES:</u>				
Communication Services	-	-	600	(600)
Memberships and Subscriptions	490	490	630	(140)
Employee Banquet	2,500	2,500	896	1,604
Contractual/fee services	49,527	49,527	51,397	(1,870)
Total Contractual Services	52,517	52,517	53,523	(1,006)
TOTAL TREASURY AND FINANCIAL	98,562	98,562	90,643	7,919
<u>TAX APPRAISAL AND COLLECTIONS</u>				
<u>CONTRACTUAL SERVICES:</u>				
Contractual/Fee Services	52,577	52,577	52,274	303
Total Contractual Services	52,577	52,577	52,274	303
TOTAL TAX APPRAISAL AND COLLECTIONS	52,577	52,577	52,274	303
<u>MUNICIPAL COURT</u>				
<u>PERSONNEL SERVICES:</u>				
Clerical	31,075	31,075	29,310	1,765
Workers compensation	88	88	102	(14)
Unemployment compensation	180	180	144	36
Employee retirement	2,744	2,744	2,615	129
Employee insurance	8,232	8,232	8,233	(1)
Payroll taxes	2,377	2,377	1,887	490
Total Personnel Services	44,696	44,696	42,291	2,405
<u>SUPPLIES AND MATERIALS:</u>				
Postage and delivery	500	500	83	417
Educational and training	1,000	1,000	100	900
Total Supplies and Materials	1,500	1,500	183	1,317
<u>MAINTENANCE OF EQUIPMENT</u>				
Office equipment	420	420	447	(27)
Total Maintenance of Equipment	420	420	447	(27)

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CONTRACTUAL SERVICES:</b>				
Communication services	\$ 200	\$ 200	\$ -	\$ 200
Contractual/fee services	17,000	17,000	17,810	(810)
Utility services	1,500	1,500	2,309	(809)
Collection agency fees	8,000	8,000	5,880	2,120
State Fee	55,000	55,000	48,202	6,798
Omni base fee	1,100	1,100	564	536
Vehicle registration	150,000	150,000	176,782	(26,782)
<b>Total Contractual Services</b>	<b>232,800</b>	<b>232,800</b>	<b>251,547</b>	<b>(18,747)</b>
<b>TOTAL MUNICIPAL COURT</b>	<b>279,416</b>	<b>279,416</b>	<b>294,468</b>	<b>(15,052)</b>
<b><u>PARKS/RECREATION SERVICES</u></b>				
<b>PERSONNEL SERVICES:</b>				
Operations and Maintenance	68,578	68,578	68,747	(169)
Overtime	1,000	1,000	234	766
Uniforms and clothing	600	600	804	(204)
Workers compensation	1,818	1,818	1,433	385
Unemployment compensation	360	360	288	72
Employee retirement	6,055	6,055	6,191	(136)
Employee insurance	17,400	17,400	17,915	(515)
Payroll taxes	5,323	5,323	4,282	1,041
<b>Total Personnel Services</b>	<b>101,134</b>	<b>101,134</b>	<b>99,894</b>	<b>1,240</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	1,100	1,100	1,063	37
Tires - flat repairs	1,400	1,400	601	799
Fuel	3,200	3,200	2,621	579
Other supplies	2,500	2,500	2,147	353
<b>Total Supplies and Materials</b>	<b>8,200</b>	<b>8,200</b>	<b>6,451</b>	<b>1,749</b>
<b>MAINTENANCE OF BUILDINGS/LAND</b>				
Maintenance - ball parks	8,500	8,500	12,800	(4,300)
Maintenance - The Rec	2,500	2,500	5,607	(3,107)
Building and grounds	5,000	5,000	5,189	(189)
<b>Total Maintenance of Buildings/Land</b>	<b>16,000</b>	<b>16,000</b>	<b>23,596</b>	<b>(7,596)</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY</b>				
Machinery & Equipment	4,000	4,000	2,175	1,825
HVAC equipment	200	200	-	200
Automotive equipment	1,000	1,000	1,009	(9)
Tools	1,000	1,000	1,134	(134)
Signal and sign system	500	500	372	128
Other maintenacne	32,000	32,000	30,765	1,235
Playground equipment	1,000	1,000	1,000	-
<b>Total Maintenance of Equipment/Machinery</b>	<b>39,700</b>	<b>39,700</b>	<b>36,455</b>	<b>3,245</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CONTRACTUAL SERVICES</b>				
Communication Services	\$ 1,680	\$ 1,680	\$ 1,261	\$ 419
Leases and rentals	-	-	376	(376)
Insurance	4,005	4,005	3,571	434
Contractual services	15,000	15,000	16,176	(1,176)
Utility Services	10,500	10,500	17,168	(6,668)
Miscellaneous	5,500	5,500	2,426	3,074
Memberships and subscriptions	6,000	6,000	2,346	3,654
<b>Total Contractual Services</b>	<b>42,685</b>	<b>42,685</b>	<b>43,324</b>	<b>(639)</b>
<b>CAPITAL OUTLAY</b>				
Machinery and equipment	-	-	2,956	(2,956)
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>2,956</b>	<b>(2,956)</b>
<b>CAPITAL OUTLAY</b>				
Machinery and Equipment	3,000	3,000	2,956	44
<b>Total Capital Outlay</b>	<b>3,000</b>	<b>3,000</b>	<b>2,956</b>	<b>44</b>
<b>TOTAL PARKS/RECREATION SERVICES</b>	<b>210,719</b>	<b>210,719</b>	<b>212,676</b>	<b>(1,957)</b>
<b>COMMUNITY DEVELOPMENT</b>				
<b>MAINTENANCE OF EQUIPMENT:</b>				
Building and grounds	2,500	2,500	212	2,288
<b>Total Maintenance of Building</b>	<b>2,500</b>	<b>2,500</b>	<b>212</b>	<b>2,288</b>
<b>CONTRACTUAL SERVICES:</b>				
Contractual/fee services	65,400	65,400	62,400	3,000
Economic Development	5,000	5,000	5,000	-
<b>Total Contractual Services</b>	<b>70,400</b>	<b>70,400</b>	<b>67,400</b>	<b>3,000</b>
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>72,900</b>	<b>72,900</b>	<b>67,612</b>	<b>5,288</b>
<b>STREET AND GROUNDS MAINTENANCE</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	90,917	90,917	84,583	6,334
Overtime	1,000	1,000	2,722	(1,722)
Uniforms and clothing	1,200	1,200	879	321
Workers compensation	6,037	6,037	9,258	(3,221)
Unemployment compensation	360	360	310	50
Employee retirement	8,028	8,028	7,857	171
Employee insurance	15,317	15,317	13,573	1,744
Payroll taxes	7,032	7,032	6,343	689
<b>Total Personnel Services</b>	<b>129,891</b>	<b>129,891</b>	<b>125,525</b>	<b>4,366</b>
<b>SUPPLIES AND MATERIALS:</b>				
Laboratory supplies	-	-	1	(1)
Tires and tubes	1,200	1,200	1,974	(774)
Fuel	2,000	2,000	1,014	986
Minor tools	500	500	239	261
Chemical and mechanical	500	500	75	425
Safety supplies	100	100	61	39
Continuing education and conferences	-	-	350	(350)
Other supplies	100	100	26	74
<b>Total Supplies and Materials</b>	<b>4,400</b>	<b>4,400</b>	<b>3,740</b>	<b>660</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Streets and alleys	\$ 15,000	\$ 15,000	\$ 2,307	\$ 12,693
Total Maintenance of Buildings/Land	15,000	15,000	2,307	12,693
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	5,000	5,000	7,876	(2,876)
Vehicle maintenance	2,500	2,500	1,643	857
Shop equipment	500	500	-	500
Minor tools and equipment	400	400	-	400
Signal and sign system	3,500	3,500	4,017	(517)
Total Maintenance of Equipment/Machinery	11,900	11,900	13,536	(1,636)
<b>CONTRACTUAL SERVICES</b>				
Communication services	500	500	382	118
Leases and rentals	750	750	-	750
Contractual services	25,600	25,600	22,500	3,100
Insurance	3,221	3,221	2,677	544
Total Contractual Services	30,071	30,071	25,559	4,512
<b>TOTAL STREET AND GROUNDS MAINTENANCE</b>				
	191,262	191,262	170,667	20,595
<b>POLICE OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	136,364	136,364	133,980	2,384
Operations and maintenance	605,382	605,382	547,526	57,856
Overtime	12,000	12,000	15,597	(3,597)
Certificate pay	6,601	6,601	4,270	2,331
Assignment pay	-	-	346	(346)
Uniforms and clothing	5,000	5,000	6,098	(1,098)
Workers compensation	21,388	21,388	17,135	4,253
Unemployment compensation	2,880	2,880	2,578	302
Employee retirement	67,059	67,059	63,160	3,899
Employee insurance	132,324	132,324	103,465	28,859
Payroll taxes	58,098	58,098	49,031	9,067
Total Personnel Services	1,047,096	1,047,096	943,186	103,910
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	2,500	2,500	3,256	(756)
Website & IT	4,600	4,600	150	4,450
Laboratory supplies	3,000	3,000	1,869	1,131
Postage and delivery	500	500	144	356
Fuel	28,000	28,000	24,980	3,020
Emergency medical supplies	500	500	-	500
Minor tools	-	-	10,863	(10,863)
Safety supplies	500	500	1,125	(625)
Educational and training	3,000	3,000	2,911	89
K-9 Miscellaneous	5,000	5,000	5,277	(277)
Lease continuing education	1,500	1,500	1,610	(110)
Community resource supply	200	200	-	200
Evidence processing	1,000	1,000	458	542
CID supplies	550	550	597	(47)
Other supplies	6,500	6,500	7,156	(656)
Total Supplies and Materials	57,350	57,350	60,396	(3,046)

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Buildings and grounds	\$ 2,000	\$ 2,000	\$ 7,936	\$ (5,936)
Gun range	1,000	1,000	799	201
<b>Total Maintenance of Buildings/Land</b>	<b>3,000</b>	<b>3,000</b>	<b>8,735</b>	<b>(5,735)</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	1,320	1,320	1,866	(546)
HVAC equipment	765	765	355	410
Automotive equipment	20,000	20,000	21,003	(1,003)
Minor tools and equipment	1,550	1,550	1,312	238
Communication equipment	25,000	25,000	23,635	1,365
<b>Total Maintenance of Equipment/Machinery</b>	<b>48,635</b>	<b>48,635</b>	<b>48,171</b>	<b>464</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	11,000	11,000	12,797	(1,797)
Insurance	24,912	24,912	19,654	5,258
Contractual/fee services	67,125	67,125	67,696	(571)
Utility services	8,000	8,000	3,861	4,139
Memberships and subscriptions	500	500	641	(141)
<b>Total Contractual Services</b>	<b>111,537</b>	<b>111,537</b>	<b>104,649</b>	<b>6,888</b>
<b>CAPITAL OUTLAY:</b>				
Other equipment	70,000	70,000	75,457	(5,457)
<b>Total Capital Outlay</b>	<b>70,000</b>	<b>70,000</b>	<b>75,457</b>	<b>(5,457)</b>
<b>TOTAL POLICE OPERATIONS</b>	<b>1,337,618</b>	<b>1,337,618</b>	<b>1,240,594</b>	<b>97,024</b>
<b>FIRE OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	70,078	70,078	70,078	-
Operations maintenance	407,284	407,284	412,669	(5,385)
Overtime	1,000	1,000	19,505	(18,505)
Community service	15,000	15,000	454	14,546
Certificate pay	-	-	300	(300)
Uniforms and clothing	3,000	3,000	3,005	(5)
Workers compensation	10,467	10,467	15,761	(5,294)
Unemployment compensation	4,860	4,860	3,122	1,738
Employee retirement	26,276	26,276	30,306	(4,030)
Employee insurance	34,633	34,633	28,815	5,818
Payroll taxes	37,460	37,460	37,347	113
<b>Total Personnel Services</b>	<b>610,058</b>	<b>610,058</b>	<b>621,362</b>	<b>(11,304)</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	400	400	302	98
Laboratory services	320	320	1,111	(791)
Postage & delivery supplies	150	150	1	149
Tires & tubes	1,500	1,500	580	920
COVID Public Health Expenses	24,000	24,000	22,998	1,002
Motor vehicle supplies	5,000	5,000	3,643	1,357
Emergency medical supplies	1,500	1,500	7,486	(5,986)
Minor tools and apparatus	400	400	423	(23)
Janitorial supplies	1,000	1,000	1,024	(24)
FOAM	1,040	1,040	-	1,040
Safety supplies	600	600	227	373
Educational and training	6,000	6,000	4,352	1,648
<b>Total Supplies and Materials</b>	<b>41,910</b>	<b>41,910</b>	<b>42,147</b>	<b>(237)</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**  
**GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE OF BUILDING:</b>				
Building and grounds	\$ 8,000	\$ 8,000	\$ 9,434	\$ (1,434)
<b>Total Maintenance of Equipment/Machinery</b>	<b>8,000</b>	<b>8,000</b>	<b>9,434</b>	<b>(1,434)</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	1,140	1,140	1,113	27
HVAC equipment	180	180	-	180
Automotive equipment	8,000	8,000	16,585	(8,585)
Shop equipment	400	400	339	61
Safety and medical equipment	8,000	8,000	8,312	(312)
Tools	5,000	5,000	4,719	281
Outdoor Warning System	1,200	1,200	3,711	(2,511)
Communication equipment	4,000	4,000	96	3,904
<b>Total Maintenance of Equipment/Machinery</b>	<b>27,920</b>	<b>27,920</b>	<b>34,875</b>	<b>(6,955)</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	13,885	13,885	16,512	(2,627)
Insurance	7,223	7,223	6,093	1,130
Contractual/fee services	2,500	2,500	2,599	(99)
Utility service	5,500	5,500	4,398	1,102
Memberships and subscriptions	1,200	1,200	3,766	(2,566)
Miscellaneous expense	800	800	3,815	(3,015)
<b>Total Contractual Services</b>	<b>31,108</b>	<b>31,108</b>	<b>37,183</b>	<b>(6,075)</b>
<b>TOTAL FIRE OPERATIONS</b>	<b>718,996</b>	<b>718,996</b>	<b>745,001</b>	<b>(26,005)</b>
<b>SANITATION</b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual/fee services	603,850	603,850	624,977	(21,127)
Sales tax	65,000	65,000	60,074	4,926
<b>Total Contractual Services</b>	<b>668,850</b>	<b>668,850</b>	<b>685,051</b>	<b>(16,201)</b>
<b>TOTAL SANITATION</b>	<b>668,850</b>	<b>668,850</b>	<b>685,051</b>	<b>(16,201)</b>
<b>TOTAL EXPENDITURES -       BUDGET BASIS</b>	<b>\$ 4,067,908</b>	<b>\$ 4,074,908</b>	<b>3,995,317</b>	<b>\$ 79,591</b>
<b>Financial Statement Adjustments:</b>				
Increase in accrued expenses			33,505	
<b>TOTAL EXPENDITURES -     GAAP BASIS</b>			<b>\$ 4,028,822</b>	

**CITY OF WHITEHOUSE, TEXAS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
SEPTEMBER 30, 2020**

	<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:	\$ 55,020	\$ -	\$ -	\$ 55,020
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>1,279,650</u>	<u>-</u>	<u>-</u>	<u>1,279,650</u>
TOTAL ASSETS	\$ <u>1,382,814</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,382,814</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	\$ 104,346	\$ -	\$ -	\$ 104,346
Due to Utility Debt Service Fund	<u>71,084</u>	<u>-</u>	<u>-</u>	<u>71,084</u>
Total Liabilities	<u>175,430</u>	<u>-</u>	<u>-</u>	<u>175,430</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes	55,020	-	-	55,020
<b><u>FUND BALANCE</u></b>				
Restricted:				
Debt Service	<u>1,152,364</u>	<u>-</u>	<u>-</u>	<u>1,152,364</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ <u>1,382,814</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,382,814</u>

**CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
DEBT SERVICE FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<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	\$ 1,242,463	\$ 234,500	\$ 388,900	\$ 1,865,863
Interest income	14,768	-	-	14,768
<b>Total Revenues</b>	<b>1,257,231</b>	<b>234,500</b>	<b>388,900</b>	<b>1,880,631</b>
<b><u>EXPENDITURES</u></b>				
Debt Service:				
Bond principal	240,000	175,000	240,000	655,000
Note principal	86,461	-	-	86,461
Interest and fees	14,671	59,500	148,900	223,071
<b>Total Expenditures</b>	<b>341,132</b>	<b>234,500</b>	<b>388,900</b>	<b>964,532</b>
Revenues Over (Under) Expenditures	916,099	-	-	916,099
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	203,056	-	-	203,056
Transfers out	(843,972)	-	-	(843,972)
<b>Total Other Financing Sources (Uses)</b>	<b>(640,916)</b>	<b>-</b>	<b>-</b>	<b>(640,916)</b>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	275,183	-	-	275,183
Fund Balance, October 1, 2019	877,181	-	-	877,181
Fund Balance, September 30, 2020	<b>\$ 1,152,364</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,152,364</b>

CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2020

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
<b>ASSETS</b>			
Current Assets:			
Cash and certificates of deposit	\$ 1,565,873	\$ 1,171,996	\$ 2,737,869
Accounts receivable (net)	489,669	-	489,669
<b>Total Current Assets</b>	<b>2,055,542</b>	<b>1,171,996</b>	<b>3,227,538</b>
Restricted Current Assets:			
Temporarily Restricted			
Customer deposits	334,920	-	334,920
<b>Total Restricted Current Assets</b>	<b>334,920</b>	<b>-</b>	<b>334,920</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	25,965,917	-	25,965,917
Machinery & equipment	986,308	-	986,308
Less: Accumulated depreciation	(11,133,991)	-	(11,133,991)
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>16,220,878</b>	<b>-</b>	<b>16,220,878</b>
<b>Total Noncurrent Assets:</b>	<b>16,450,878</b>	<b>-</b>	<b>16,450,878</b>
<b>Total Assets</b>	<b>18,841,340</b>	<b>1,171,996</b>	<b>20,013,336</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding (net of amortization)	304,715	-	304,715
Deferred charge on other post employment benefits	4,087	-	4,087
Deferred charge on TMRS pension	60,656	-	60,656
<b>Total Deferred Outflows of Resources</b>	<b>369,458</b>	<b>-</b>	<b>369,458</b>

(continued)

CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2020

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 71,444	\$ -	\$ 71,444
Compensated absences	2,077	-	2,077
Due to other funds	39,684	1,227,826	1,267,510
<b>Total Current Liabilities</b>	<b>113,205</b>	<b>1,227,826</b>	<b>1,341,031</b>
<b>Current liabilities payable from restricted assets:</b>			
Customer deposits	334,920	-	334,920
Accrued interest	-	42,533	42,533
Notes payable	16,281	-	16,281
Revenue bonds payable	1,259,855	-	1,259,855
<b>Total current liabilities payable from restricted assets</b>	<b>1,611,056</b>	<b>42,533</b>	<b>1,653,589</b>
<b>Noncurrent Liabilities:</b>			
Revenue bonds payable	9,792,000	-	9,792,000
Notes payable	55,483	-	55,483
Compensated absences	18,705	-	18,705
Other post employment benefits	33,827	-	33,827
Net pension liability	145,463	-	145,463
<b>Total Noncurrent Liabilities</b>	<b>10,045,478</b>	<b>-</b>	<b>10,045,478</b>
<b>Total Liabilities</b>	<b>11,769,739</b>	<b>1,270,359</b>	<b>13,040,098</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on other post employment benefits	128	-	128
Deferred charge on TMRS pension	62,855	-	62,855
<b>Total Deferred Inflows of Resources</b>	<b>62,983</b>	<b>-</b>	<b>62,983</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	5,097,259	-	5,097,259
Unrestricted	2,280,817	(98,363)	2,182,454
<b>Total Net Position</b>	<b>\$ 7,378,076</b>	<b>\$ (98,363)</b>	<b>\$ 7,279,713</b>

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**UTILITY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
<b>OPERATING REVENUES</b>				
Water sales	\$ 2,087,842	\$ -	\$ -	\$ 2,087,842
Sewer charges	840,229	-	-	840,229
Property taxes	-	388,900	-	388,900
Charges for other services	187,057	-	-	187,057
<b>Total Operating Revenues</b>	<b>3,115,128</b>	<b>388,900</b>	<b>-</b>	<b>3,504,028</b>
<b>OPERATING EXPENSES</b>				
Utility administration	542,736	-	-	542,736
Customer service	134,815	-	-	134,815
Water operations	562,878	-	-	562,878
Sewer operations	392,185	-	-	392,185
Water supply	375,909	-	-	375,909
Depreciation	629,102	-	-	629,102
<b>Total Operating Expenses</b>	<b>2,637,625</b>	<b>-</b>	<b>-</b>	<b>2,637,625</b>
<b>Operating Income (Loss)</b>	<b>477,503</b>	<b>388,900</b>	<b>-</b>	<b>866,403</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and fiscal charge expense	-	(420,814)	-	(420,814)
Debt issuance costs	(30,000)	-	-	(30,000)
Interest income	26,591	-	-	26,591
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(3,409)</b>	<b>(420,814)</b>	<b>-</b>	<b>(424,223)</b>
<b>Income before transfers</b>	<b>474,094</b>	<b>(31,914)</b>	<b>-</b>	<b>442,180</b>
Transfers in	1,234,844	1,274,284	(967,186)	1,541,942
Transfers out	(966,439)	(1,234,844)	967,186	(1,234,097)
<b>Total Transfers</b>	<b>268,405</b>	<b>39,440</b>	<b>-</b>	<b>307,845</b>
<b>Change in Net Position</b>	<b>742,499</b>	<b>7,526</b>	<b>-</b>	<b>750,025</b>
<b>Net Position, October 1, 2019</b>	<b>6,635,577</b>	<b>(105,889)</b>	<b>-</b>	<b>6,529,688</b>
<b>Net Position, September 30, 2020</b>	<b>\$ 7,378,076</b>	<b>\$ (98,363)</b>	<b>\$ -</b>	<b>\$ 7,279,713</b>

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**UTILITY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

	<b>BUSINESS-TYPE ACTIVITIES</b>			<b>TOTAL UTILITY FUND</b>
	<b>OPERATING FUND</b>	<b>DEBT SERVICE</b>	<b>ELIMINATIONS</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 3,171,172	\$ 388,900	\$ -	\$ 3,560,072
Cash paid to suppliers for goods and services	(1,294,524)	-	-	(1,294,524)
Cash paid to employees for services	(684,745)	-	-	(684,745)
Net cash provided by operating activities	<u>1,191,903</u>	<u>388,900</u>	<u>-</u>	<u>1,580,803</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,234,844	1,274,284	(967,186)	1,541,942
Transfers out	(908,446)	(967,186)	967,186	(908,446)
Net cash provided by non-capital financing activities	<u>326,398</u>	<u>307,098</u>	<u>-</u>	<u>633,496</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases or construction of capital assets	(502,114)	-	-	(502,114)
Principal paid on notes	(48,064)	-	-	(48,064)
Interest paid	-	(420,814)	-	(420,814)
Bond issue costs	(30,000)	-	-	(30,000)
Bond proceeds	635,000	-	-	635,000
Principal paid on bonds	(1,186,780)	-	-	(1,186,780)
Net cash used in capital and related financing activities	<u>(1,131,958)</u>	<u>(420,814)</u>	<u>-</u>	<u>(1,552,772)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest earned on investments	26,591	-	-	26,591
Net cash provided by investing activities	<u>26,591</u>	<u>-</u>	<u>-</u>	<u>26,591</u>
Net increase in cash	412,934	275,184	-	688,118
Cash, beginning of period	1,487,859	896,812	-	2,384,671
Cash, end of period	<u>\$ 1,900,793</u>	<u>\$ 1,171,996</u>	<u>\$ -</u>	<u>\$ 3,072,789</u>
<b>Reconciliation of cash to Schedule 6:</b>				
Cash - current asset	\$ 1,565,873	\$ 1,171,996	\$ -	\$ 2,737,869
Cash - restricted current asset	334,920	-	-	334,920
Total cash, end of period	<u>\$ 1,900,793</u>	<u>\$ 1,171,996</u>	<u>\$ -</u>	<u>\$ 3,072,789</u>

CITY OF WHITEHOUSE, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 UTILITY FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2020

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	\$ 477,503	\$ 388,900	\$ -	\$ 866,403
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	629,102	-	-	629,102
Decrease in deferred outflows of resources	31,113	-	-	31,113
Increase in accounts payable	23,272	-	-	23,272
Decrease in accounts receivable	34,459	-	-	34,459
Decrease in net pension liability	(93,716)	-	-	(93,716)
Increase in deferred inflows of resources	60,678	-	-	60,678
Increase in other post employee benefit liability	5,449	-	-	5,449
Increase in compensated absences	2,458	-	-	2,458
Increase in customer deposits	21,585	-	-	21,585
<b>Total adjustments</b>	<b>714,400</b>	<b>-</b>	<b>-</b>	<b>714,400</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,191,903</b>	<b>\$ 388,900</b>	<b>\$ -</b>	<b>\$ 1,580,803</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, 2020**

	<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	\$ 1,996,560	\$ 1,996,560	\$ 2,100,592	\$ 104,032
Sewer charges	842,928	842,928	840,229	(2,699)
Tap and connect fees	35,000	35,000	64,430	29,430
Miscellaneous revenue	-	-	13,840	13,840
Penalties	120,000	120,000	104,318	(15,682)
Insurance claims	-	-	6,185	6,185
Anra Compost Rebate	7,000	7,000	12,124	5,124
Loan proceeds	425,000	605,000	635,000	30,000
Interest and rent	<u>1,000</u>	<u>1,000</u>	<u>12,751</u>	<u>11,751</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	 <u>\$ 3,427,488</u>	 <u>\$ 3,607,488</u>	 3,789,469	 <u>\$ 181,981</u>
Financial Statement Adjustments:				
Adjust accounts receivable for cut-off			(12,750)	
Reclassify loan proceeds as liability			(635,000)	
Debt Service Fund payment of principal and fees on bonds and note			<u>1,234,844</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			 <u>\$ 4,376,563</u>	

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**UTILITY OPERATING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>UTILITY ADMINISTRATION</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 165,936	\$ 165,936	\$ 163,848	\$ 2,088
Workers' compensation	3,134	3,134	102	3,032
Unemployment compensation	450	450	144	306
Employee retirement	14,867	14,867	14,693	174
Employee insurance	14,378	14,378	14,667	(289)
Payroll taxes	12,881	12,881	12,128	753
<b>Total Personnel Services</b>	<b>211,646</b>	<b>211,646</b>	<b>205,582</b>	<b>6,064</b>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	2,000	2,000	5,012	(3,012)
Website & IT	-	-	-	-
Postage and delivery service	12,000	12,000	13,328	(1,328)
Educational and training	1,500	1,500	-	1,500
Other supplies	500	500	1,000	(500)
<b>Total Supplies and Materials</b>	<b>16,000</b>	<b>16,000</b>	<b>19,341</b>	<b>(3,341)</b>
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Buildings and grounds	2,000	2,000	7,207	(5,207)
<b>Total Maintenance of Buildings/Land</b>	<b>2,000</b>	<b>2,000</b>	<b>7,207</b>	<b>(5,207)</b>
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Office equipment	3,237	3,237	2,482	755
Automotive equipment	300	300	200	100
HVAC equipment	257	257	-	257
<b>Total Maintenance - Equipment/Machinery</b>	<b>3,794</b>	<b>3,794</b>	<b>2,682</b>	<b>1,112</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	1,500	1,500	4,941	(3,441)
Leases and Rentals	987	987	989	(2)
Advertising	250	250	608	(358)
Legal fees	2,500	2,500	6,834	(4,334)
Contractual and fee basis service	173,512	173,512	211,710	(38,198)
Utility services	15,000	15,000	9,999	5,001
Utility billing - dataprose	7,000	7,000	6,002	998
On-Line / credit card fees	24,000	24,000	37,965	(13,965)
Document shredding	450	450	408	42
Memberships and subscriptions	550	550	40	510
Miscellaneous	2,500	2,500	11,723	(9,223)
<b>Total Contractual Services</b>	<b>228,249</b>	<b>228,249</b>	<b>291,219</b>	<b>(62,970)</b>
<b>TOTAL UTILITY ADMINISTRATION</b>	<b>461,689</b>	<b>461,689</b>	<b>526,031</b>	<b>(64,342)</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**UTILITY OPERATING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>CUSTOMER SERVICE</b>				
<b>PERSONNEL SERVICES:</b>				
Clerical	\$ 95,035	\$ 95,035	\$ 94,472	\$ 563
Overtime	500	500	267	233
Worker's compensation	269	269	306	(37)
Unemployment compensation	675	675	432	243
Employee retirement	8,436	8,436	8,452	(16)
Employee insurance	23,427	23,427	23,430	(3)
Payroll taxes	7,308	7,308	6,505	803
<b>Total Personnel Services</b>	<u>135,650</u>	<u>135,650</u>	<u>133,864</u>	<u>1,786</u>
<b>TOTAL CUSTOMER SERVICE</b>	<u>135,650</u>	<u>135,650</u>	<u>133,864</u>	<u>1,786</u>
<b>WATER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	164,808	165,486	153,599	11,887
Overtime	10,000	10,000	17,258	(7,258)
Certificate Pay	600	600	231	369
Uniforms and clothing	1,450	1,450	1,649	(199)
Workers' compensation	5,908	5,908	5,167	741
Unemployment compensation	900	900	576	324
Employee retirement	15,400	15,400	15,311	89
Employee insurance	29,733	29,733	25,080	4,653
Payroll taxes	13,342	13,342	12,966	376
<b>Total Personnel Services</b>	<u>242,141</u>	<u>242,819</u>	<u>231,837</u>	<u>10,982</u>
<b>SUPPLIES AND MATERIALS:</b>				
Laboratory supplies	-	-	154	(154)
Tires and tubes	2,000	2,000	745	1,255
Motor vehicle supplies	12,000	12,000	7,016	4,984
Water meter supplies	8,000	8,000	17,946	(9,946)
Minor tools and apparatus	1,000	1,000	1,092	(92)
Chemical and mechanical supplies	26,000	26,000	22,796	3,204
Safety Supplies	100	100	94	6
Educational and training	1,500	1,500	2,652	(1,152)
Other supplies	400	400	907	(507)
<b>Total Supplies and Materials</b>	<u>51,000</u>	<u>51,000</u>	<u>53,402</u>	<u>(2,402)</u>
<b>MAINTENANCE - BUILDING/LAND:</b>				
Buildings and grounds	4,000	4,000	2,767	1,233
Chlorination facilities	7,500	7,500	11,636	(4,136)
Water system	25,000	25,000	25,086	(86)
Meters and settings	8,000	8,000	11,313	(3,313)
<b>Total Maintenance - Building/Land</b>	<u>44,500</u>	<u>44,500</u>	<u>50,802</u>	<u>(6,302)</u>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**UTILITY OPERATING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	\$ 10,000	\$ 10,000	\$ 5,598	\$ 4,402
Auto equipment maintenance	2,500	2,500	11,624	(9,124)
Tools	-	-	18	(18)
Contingency	45,145	75,145	75,145	-
Safety and medical equipment	200	200	-	200
<b>Total Maintenance - Equipment/Machinery</b>	<b>57,845</b>	<b>87,845</b>	<b>92,385</b>	<b>(4,540)</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	2,600	2,600	4,202	(1,602)
Leases and rentals	12,882	12,882	2,000	10,882
Insurance	18,661	18,661	11,742	6,919
Contractual and fee basis service	7,000	7,000	29,730	(22,730)
Utility services	138,000	138,000	130,649	7,351
Regulatory inspection fee	7,500	7,500	6,813	687
<b>Total Contractual Services</b>	<b>186,643</b>	<b>186,643</b>	<b>185,136</b>	<b>1,507</b>
<b>CAPITAL OUTLAY:</b>				
Water system improvements	175,000	161,431	161,431	-
<b>Total Capital Outlay</b>	<b>175,000</b>	<b>161,431</b>	<b>161,431</b>	<b>-</b>
<b>TOTAL WATER OPERATIONS</b>	<b>757,129</b>	<b>774,238</b>	<b>774,993</b>	<b>(755)</b>
<b>WASTEWATER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	79,102	79,102	73,310	5,792
Overtime	6,500	6,500	9,884	(3,384)
Certificate Pay	600	600	92	508
Uniforms and clothing	1,000	1,000	874	126
Workers' compensation	1,774	1,774	1,418	356
Unemployment compensation	360	360	288	72
Employee retirement	7,612	7,612	7,501	111
Employee insurance	13,987	13,987	13,950	37
Payroll taxes	6,594	6,594	6,145	449
<b>Total Personnel Services</b>	<b>117,529</b>	<b>117,529</b>	<b>113,462</b>	<b>4,067</b>
<b>SUPPLIES AND MATERIALS:</b>				
Laboratory supplies	100	100	75	25
Tires and tubes	1,200	1,200	845	355
Motor vehicle supplies	7,000	7,000	3,050	3,950
Minor tools and apparatus	750	750	80	670
Chemical and mechanical supplies	40,000	40,000	41,078	(1,078)
Safety supplies	1,200	1,200	447	753
Educational and training	1,000	1,000	585	415
<b>Total Supplies and Materials</b>	<b>51,250</b>	<b>51,250</b>	<b>46,160</b>	<b>5,090</b>
<b>MAINTENANCE - BUILDING/LAND:</b>				
Building and grounds	7,500	7,500	4,573	2,927
Sanitary sewers	25,000	25,000	13,629	11,371
Lift stations	25,000	25,000	37,141	(12,141)
<b>Total Maintenance - Building/Land</b>	<b>57,500</b>	<b>57,500</b>	<b>55,343</b>	<b>2,157</b>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
UTILITY OPERATING FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2020

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	\$ 10,000	\$ 10,000	\$ 17,050	\$ (7,050)
Automotive equipment	2,000	2,000	767	1,233
Contingency	30,000	30,000	8,825	21,175
Shop equipment	250	250	-	250
<b>Total Maintenance - Equipment/Machinery</b>	<b>42,250</b>	<b>42,250</b>	<b>26,642</b>	<b>15,608</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	1,400	1,400	1,012	388
Leases and rentals	200	200	-	200
Insurance	5,237	5,237	5,216	21
Contractual and fee basis service	109,000	109,000	102,165	6,835
Utility services	90,000	90,000	65,557	24,443
Regulatory inspection fee	12,500	12,500	11,101	1,399
<b>Total Contractual Services</b>	<b>218,337</b>	<b>218,337</b>	<b>185,051</b>	<b>33,286</b>
<b>CAPITAL OUTLAY:</b>				
Land improvements	5,000	5,000	4,100	900
Waste water system improvements	250,000	250,000	216,120	33,880
<b>Total Capital Outlay</b>	<b>255,000</b>	<b>255,000</b>	<b>220,220</b>	<b>34,780</b>
<b>TOTAL WASTEWATER OPERATIONS</b>	<b>741,866</b>	<b>741,866</b>	<b>646,878</b>	<b>94,988</b>
<b>WATER SUPPLY</b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual and fee basis service	395,865	395,865	372,140	23,725
<b>Total Contractual Services</b>	<b>395,865</b>	<b>395,865</b>	<b>372,140</b>	<b>23,725</b>
<b>TOTAL WATER SUPPLY</b>	<b>395,865</b>	<b>395,865</b>	<b>372,140</b>	<b>23,725</b>
<b>UTILITY DEBT SERVICE</b>				
<b>DEBT SERVICE:</b>				
Revenue bonds principal	270,000	270,000	270,000	-
Revenue bonds interest	91,668	91,668	102,319	(10,651)
G.O. bonds principal	143,789	143,789	143,780	9
G.O. bonds interest	6,161	6,161	6,161	-
Installment notes principal	23,398	43,127	43,127	-
Installment notes interest	4,515	4,637	4,637	-
Hwy 110 Line/Blower principal	15,000	-	-	-
Hwy 110 Line/Blower interest	25,357	-	-	-
HVAC/key access principal	4,868	4,868	4,868	-
HVAC/key Access interest	483	483	483	-
<b>Total Debt Service</b>	<b>585,239</b>	<b>564,733</b>	<b>575,375</b>	<b>(10,642)</b>
<b>TOTAL UTILITY DEBT SERVICE</b>	<b>585,239</b>	<b>564,733</b>	<b>575,375</b>	<b>(10,642)</b>

**CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
UTILITY OPERATING FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>TRANSFERS</u></b>				
Interfund transfers	\$ 363,350	\$ 363,350	\$ 363,350	\$ -
<b>TOTAL TRANSFERS</b>	<u>363,350</u>	<u>363,350</u>	<u>363,350</u>	<u>-</u>
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<u>\$ 3,440,788</u>	<u>\$ 3,437,391</u>	\$ 3,392,631	<u>\$ 44,760</u>
<b>Financial Statement Adjustments:</b>				
Depreciation			629,102	
Record transfers to other funds			57,993	
TMRS pension adjustment			1,400	
OPEB adjustment			2,119	
Bond issuance costs			30,000	
Increase in accrued expenses			22,933	
Reclassify capital expenditures			<u>(502,114)</u>	
<b>TOTAL EXPENSES AND TRANSFERS - GAAP BASIS</b>			<u>\$ 3,634,064</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, 2020**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Property taxes	\$ 388,900	\$ 388,900	\$ 388,900	\$ -
Transfers in	402,025	372,319	372,319	-
TOTAL REVENUES - BUDGET BASIS	\$ 790,925	\$ 761,219	761,219	\$ -
Record transfer in for bond defeasance			57,993	
Reclassify 2018 Certificates of Obligation payments			(388,900)	
Record transfer in for bond and note principal and interest paid in Governmental debt service fund			1,232,872	
TOTAL REVENUES - GAAP BASIS			\$ 1,663,184	
<b>EXPENSES</b>				
Bond/Note principal:				
2006 Certificates of Obligation	\$ 160,000	\$ 160,000	\$ 160,000	\$ -
2007 Certificates of Obligation	110,000	110,000	110,000	-
2018 Certificates of Obligation	240,000	240,000	240,000	-
Bond/Note interest:				
2006 Certificates of Obligation	49,980	49,980	60,631	(10,651)
2007 Certificates of Obligation	41,688	41,688	41,688	-
Installment Notes	189,257	148,900	148,900	-
TOTAL EXPENSES - BUDGET BASIS	\$ 790,925	\$ 750,568	761,219	\$ (10,651)
Record amortization of bond defeasance			57,993	
Reclassify 2018 Certificates of Obligation payments			(388,900)	
Bond and note principal and interest paid in Governmental debt service fund			1,232,872	
Decrease in accrued interest at September 30, 2020			(7,526)	
TOTAL EXPENSES - GAAP BASIS			\$ 1,655,658	

**OTHER SCHEDULES**

**CITY OF WHITEHOUSE, TEXAS**  
**SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	TOTAL	LAND	CONSTRUCTION IN PROCESS	BUILDINGS & IMPROVEMENTS	PARKS	INFRASTRUCTURE	MACHINERY & EQUIPMENT	
							AUTOS	OTHER EQUIPMENT
Governmental assets - October 1, 2019	\$ 20,092,347	\$ 190,184	\$ -	\$ 3,206,816	\$ 2,571,986	\$ 11,639,672	\$ 1,202,780	\$ 1,280,909
<b>EXPENDITURES FROM GOVERNMENTAL FUNDS:</b>								
<u>GENERAL FUND</u>								
Street Improvements	776,063	-	776,063	-	-	-	-	-
Building Improvements	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Police	61,043	-	-	-	-	-	-	61,043
Fire Apparatus	-	-	-	-	-	-	-	-
Parks	27,765	-	-	27,765	-	-	-	-
COMPLETION OF CAPITAL PROJECTS	-	-	(776,063)	-	-	776,063	-	-
<b>GOVERNMENTAL ASSETS - SEPTEMBER 30, 2020</b>	<b>\$ 20,957,218</b>	<b>\$ 190,184</b>	<b>\$ -</b>	<b>\$ 3,234,581</b>	<b>\$ 2,571,986</b>	<b>\$ 12,415,735</b>	<b>\$ 1,202,780</b>	<b>\$ 1,341,952</b>

**CITY OF WHITEHOUSE, TEXAS  
SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	<u>TOTAL</u>	<u>BONDS PAYABLE</u>			<u>NOTES PAYABLE</u>	<u>COMPENSATED ABSENCES</u>	<u>NET PENSION LIABILITY</u>	<u>OPEB LIABILITY</u>
		<u>2006 SERIES</u>	<u>2013 SERIES</u>	<u>2018 SERIES</u>				
Governmental fund debt, October 1, 2019	\$ 7,738,319	\$ 1,400,000	\$ 240,000	\$ 5,130,712	\$ 238,239	\$ 58,756	\$ 601,374	\$ 69,238
<b><u>ADDITIONS</u></b>								
Compensated Absences	12,374	-	-	-	-	12,374	-	-
Other Post-Employment Benefits	21,459	-	-	-	-	-	-	21,459
Total Additions	33,833	-	-	-	-	12,374	-	21,459
<b><u>RETIREMENTS</u></b>								
Bond principal:								
2006 Limited Tax Refunding Bonds	175,000	175,000	-	-	-	-	-	-
2018 Certificates of Obligation	255,545	-	-	255,545	-	-	-	-
2013 Series Tax Notes	240,000	-	240,000	-	-	-	-	-
Total Bond Retirements	670,545	175,000	240,000	255,545	-	-	-	-
Notes Payable:								
Austin Bank								
2018 Ford Explorers (Police Dept)	22,672	-	-	-	22,672	-	-	-
City Improvements	58,684	-	-	-	58,684	-	-	-
Fire Truck Compressor	5,105	-	-	-	5,105	-	-	-
Total Note Retirements	86,461	-	-	-	86,461	-	-	-
Net Pension Liability	369,098	-	-	-	-	-	369,098	-
Total Other Retirements	369,098	-	-	-	-	-	369,098	-
<b>GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2020</b>	<b>\$ 6,646,048</b>	<b>\$ 1,225,000</b>	<b>\$ -</b>	<b>\$ 4,875,167</b>	<b>\$ 151,778</b>	<b>\$ 71,130</b>	<b>\$ 232,276</b>	<b>\$ 90,697</b>

**CITY OF WHITEHOUSE, TEXAS  
SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE  
FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS AND NOTES ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-20	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-21			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS
					BALANCE 10-1-19	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	\$ 1,270,000	\$ -	\$ 160,000	\$ 1,110,000	\$ 165,000	\$ 43,155	\$ 208,155	\$ 102,375
2007 Tax Refunding Bonds	7/15/07	Payable serially in varying amounts to 2-15-27	4.52%	4,359,000	2,263,000	-	323,000	1,940,000	338,000	80,049	418,049	110,514
2007-Water & Sewer Certificates of Obligation	5/15/07	Payable serially in varying amounts to 2-15-26	4.32%	2,000,000	1,020,000	-	110,000	910,000	115,000	36,828	151,828	106,812
2016 Tax Note	10/27/15	Payable serially in varying amounts to 2-15-21	2.12%	700,000	290,635	-	143,780	146,855	146,855	3,113	149,968	-
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	6,760,000	-	450,000	6,310,000	460,000	157,434	617,434	720,730
2020 Water & Sewer Certificates of Obligation	4/8/20	Payable serially in varying amounts to 8-15-35	1.51%	635,000	-	635,000	-	635,000	35,000	12,971	47,971	70,094
<b>Total Business Type Activities Bonded Debt</b>				<b>20,224,000</b>	<b>11,603,635</b>	<b>635,000</b>	<b>1,186,780</b>	<b>11,051,855</b>	<b>1,259,855</b>	<b>333,550</b>	<b>1,593,405</b>	<b>1,110,525</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	1,400,000	-	175,000	1,225,000	185,000	52,063	237,063	136,212
2013 Tax Note	06/20/13	Payable serially in varying amounts to 2-15-26	1.60%	1,800,000	240,000	-	240,000	-	-	-	-	-
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	5,130,712	-	255,545	4,875,167	485,000	144,100	629,100	816,563
<b>Total Governmental Fund Bonded Debt</b>				<b>10,130,000</b>	<b>6,770,712</b>	<b>-</b>	<b>670,545</b>	<b>6,100,167</b>	<b>670,000</b>	<b>196,163</b>	<b>866,163</b>	<b>952,775</b>
<b>Total Bonded Indebtedness</b>				<b>\$ 30,354,000</b>	<b>\$ 18,374,347</b>	<b>\$ 635,000</b>	<b>\$ 1,857,325</b>	<b>\$ 17,152,022</b>	<b>\$ 1,929,855</b>	<b>\$ 529,713</b>	<b>\$ 2,459,568</b>	<b>\$ 2,063,300</b>
<b>BUSINESS TYPE ACTIVITIES DEBT</b>												
<b>NOTES PAYABLE</b>												
Note Payable - Austin Bank		Maturing 02-15-2021		\$ 25,744	\$ 13,159	\$ -	\$ 13,159	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable - Austin Bank		Maturing 02-15-2022		24,370	14,980	-	4,868	10,112	5,025	326	5,351	166
Note Payable - Austin Bank		Maturing 08-15-2025		85,000	72,408	-	10,756	61,652	11,256	2,813	14,069	5,879
Note Payable - Austin Bank		Maturing 08-15-2022		25,468	19,281	-	19,281	-	-	-	-	-
<b>Total Business Type Activities Notes Payable</b>				<b>160,582</b>	<b>119,828</b>	<b>-</b>	<b>48,064</b>	<b>71,764</b>	<b>16,281</b>	<b>3,139</b>	<b>19,420</b>	<b>6,045</b>
<b>GOVERNMENTAL FUND:</b>												
<b>NOTES PAYABLE</b>												
Note Payable - Austin Bank		Maturing 12-04-2020	2.50%	25,460	10,341	-	5,105	5,236	5,236	133	5,369	-
Note Payable - Austin Bank		Maturing 08-14-2019	2.50%	91,004	46,131	-	22,672	23,459	23,459	809	24,268	-
Note Payable - Austin Bank		Maturing 08-14-2019	2.50%	293,772	181,767	-	58,684	123,083	60,574	3,931	64,505	1,996
<b>Total Governmental Fund Notes Payable</b>				<b>410,236</b>	<b>238,239</b>	<b>-</b>	<b>86,461</b>	<b>151,778</b>	<b>89,269</b>	<b>4,873</b>	<b>94,142</b>	<b>1,996</b>
<b>Total Notes Payable</b>				<b>\$ 570,818</b>	<b>\$ 358,067</b>	<b>\$ -</b>	<b>\$ 134,525</b>	<b>\$ 223,542</b>	<b>\$ 105,550</b>	<b>\$ 8,012</b>	<b>\$ 113,562</b>	<b>\$ 8,041</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, 2020, 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 February 2, 2021.

*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.

*Gollob Morgan Peddy PC*

Certified Public Accountants

Tyler, Texas  
February 2, 2021