

**CITY OF WHITEHOUSE, TEXAS**

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

**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**Gollob Morgan Peddy PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Whitehouse, Texas, as of and for the year ended September 30, 2021, 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, 2021 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 16, 2022 on our consideration of City of Whitehouse, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Whitehouse, Texas' internal control over financial reporting and compliance.

*Gollob Morgan Peddy PC*

Certified Public Accountants

Tyler, Texas  
February 16, 2022

## 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, 2021.

### Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceed its liabilities by \$21,386,204 (net position). Of this amount \$4,415,601 (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 \$2,291,097.
- The total net position of \$21,386,204 is made up of \$15,566,383 in capital assets net of related debt and \$5,819,821 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, 2021 the City's assets exceeded liabilities by \$21,386,204.

By far the largest portion of the City's net position, \$15,566,383, reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related debt used to acquire these assets that are still outstanding. This amount increased \$1,748,251 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, \$4,415,601, increased by \$376,358 during the year.

### City of Whitehouse's Net position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 6,639,987	\$ 5,105,065	\$ 2,485,648	\$ 2,524,948	\$ 9,125,635	\$ 7,630,013
Capital assets	14,314,662	13,564,633	15,813,825	16,220,878	30,128,487	29,785,511
Total Assets	20,954,649	18,669,698	18,299,473	18,745,826	39,254,122	37,415,524
Deferred outflows of resources	101,314	151,887	302,902	369,458	404,216	521,345
Total Deferred Outflows of Resources	101,314	151,887	302,902	369,458	404,216	521,345
Current liabilities	1,167,731	948,571	1,645,138	1,727,110	2,812,869	2,675,681
Non current liabilities	5,248,240	5,879,666	8,846,318	10,045,478	14,094,558	15,925,144
Total Liabilities	6,415,971	6,828,237	10,491,456	11,772,588	16,907,427	18,600,825
Deferred outflows of resources	1,312,094	250,575	52,613	62,983	1,364,707	313,558
Total Deferred Outflows of Resources	1,312,094	250,575	52,613	62,983	1,364,707	313,558
Net invested in capital assets	9,600,041	8,720,873	5,966,342	5,097,259	15,566,383	13,818,132
Restricted	1,404,220	1,165,111	-	-	1,404,220	1,165,111
Unrestricted	2,323,637	1,856,789	2,091,964	2,182,454	4,415,601	4,039,243
Total Net Position	\$ 13,327,898	\$ 11,742,773	\$ 8,058,306	\$ 7,279,713	\$ 21,386,204	\$ 19,022,486

*Governmental activities.* During the current year the governmental activities had an increase in net position of \$1,585,125 which represented an \$167,212 decrease from the previous year.

*Business-type activities.* The City had a \$778,593 increase in net position for its business-type activities during the year. This is a \$28,568 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	\$ 1,929,082	\$ 1,641,634	\$ 3,252,256	\$ 3,115,128	\$ 5,181,338	\$ 4,756,762
Grant revenues	-	561,989	-	-	-	561,989
General revenue:						
Property taxes	3,130,854	3,132,425	629,100	388,900	3,759,954	3,521,325
Franchise taxes	278,757	267,998	-	-	278,757	267,998
Sales taxes	1,290,874	1,139,046	-	-	1,290,874	1,139,046
Gain (loss) on sale of assets	178,250	5,143	(23,452)	-	154,798	5,143
Interest income	22,150	66,224	19,493	26,591	41,643	92,815
Total revenues	6,829,967	6,814,459	3,877,397	3,530,619	10,707,364	10,345,078
Expenses:						
General government	954,951	645,412	-	-	954,951	645,412
Public safety	2,453,492	2,327,640	-	-	2,453,492	2,327,640
Community development	1,313,909	1,274,345	-	-	1,313,909	1,274,345
Parks and recreation	298,128	301,409	-	-	298,128	301,409
Interest	199,423	205,471	387,730	420,814	587,153	626,285
Debt issuance cost	-	-	-	30,000	-	30,000
Water and sewer operations	-	-	2,736,013	2,637,625	2,736,013	2,637,625
Total expenses	5,219,903	4,754,277	3,123,743	3,088,439	8,343,646	7,842,716
Transfers	(24,939)	(307,845)	24,939	307,845	-	-
Change in net position	1,585,125	1,752,337	778,593	750,025	2,363,718	2,502,362
Net position beginning of year	11,742,773	9,990,436	7,279,713	6,529,688	19,022,486	16,520,124
Net position end of year	\$ 13,327,898	\$ 11,742,773	\$ 8,058,306	\$ 7,279,713	\$ 21,386,204	\$ 19,022,486

## 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 \$2,291,097. The total unrestricted fund balance for the governmental funds increased by \$190,318 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 \$2,091,964 at year end as compared to \$2,182,454 at the end of the prior year.

### General Fund Budgetary Highlights

Over the year, the City of Whitehouse made one budget amendment to its original budget for its General Fund. Revenues were \$968,040 over budget while expenditures were over budget by \$43,988. After considering operating transfers, the City had a favorable variance of \$843,356 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, 2021, amounts to \$15,566,383 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 \$438,018 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 \$342,976.

### City of Whitehouse's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
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	2,388,147	2,033,204	89,996	84,640	2,478,143	2,117,844
Parks	2,103,754	2,176,241	-	-	2,103,754	2,176,241
Water and sewer system	-	-	15,608,961	15,971,905	15,608,961	15,971,905
Infrastructure	8,679,989	8,694,295	-	-	8,679,989	8,694,295
Machinery and equipment	952,588	470,709	82,068	131,533	1,034,656	602,242
Total	\$ 14,314,662	\$ 13,564,633	\$ 15,813,825	\$ 16,220,878	\$ 30,128,487	\$ 29,785,511

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

*Long-term debt.* After principal payments of \$1,944,617 were made against debt during the year, and the issuance of new capital leases for the City’s vehicle fleet, the City had total debt and other long-term liabilities outstanding of \$16,150,488 at the end of the fiscal year.

**City of Whitehouse’s Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 5,415,405	\$ 6,100,167	\$ -	\$ -	\$ 5,415,405	\$ 6,100,167
Notes Payable	62,509	151,778	55,483	71,764	117,992	223,542
Compensated absences	83,366	71,130	23,240	20,782	106,606	91,912
Capital leases	343,413	-	-	-	343,413	-
Net Pension Liability	116,722	232,276	116,809	145,463	233,531	377,739
OPEB Liability	104,363	90,697	37,178	33,827	141,541	124,524
Revenue bonds and Certificates of obligation	-	-	9,792,000	11,051,855	9,792,000	11,051,855
<b>Total</b>	<b>\$ 6,125,778</b>	<b>\$ 6,646,048</b>	<b>\$ 10,024,710</b>	<b>\$ 11,323,691</b>	<b>\$ 16,150,488</b>	<b>\$ 17,969,739</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 2021-2022 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, 2021**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,460,507	\$ 2,906,332	\$ 5,366,839
Receivables (net of allowance for doubtful accounts)	466,097	497,294	963,391
Internal balances	1,511,833	(1,511,833)	-
Restricted Assets:			
Temporarily restricted			
Cash and cash equivalents	2,201,550	363,855	2,565,405
Water rights - Lake Columbia	-	230,000	230,000
Capital Assets (net of accumulated depreciation):			
Land	190,184	25,000	215,184
Easements	-	7,800	7,800
Buildings and improvements	2,388,147	89,996	2,478,143
Parks	2,103,754	-	2,103,754
Infrastructure	8,679,989	-	8,679,989
Machinery and equipment	952,588	82,068	1,034,656
Water and sewer system	-	15,608,961	15,608,961
<b>Total Assets</b>	<b>20,954,649</b>	<b>18,299,473</b>	<b>39,254,122</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding (net of amortization)	-	250,730	250,730
Deferred charge on TMRS pension	75,950	45,313	121,263
Deferred charge on other postemployment benefits	25,364	6,859	32,223
<b>Total Deferred Outflows of Resources</b>	<b>101,314</b>	<b>302,902</b>	<b>404,216</b>
<b>LIABILITIES</b>			
Accounts payable	267,992	71,822	339,814
Deposits and other refundable balances	-	363,855	363,855
Accrued interest	22,201	33,527	55,728
Non-current liabilities:			
Due within one year	877,538	1,175,934	2,053,472
Due in more than one year	5,248,240	8,846,318	14,094,558
<b>Total Liabilities</b>	<b>6,415,971</b>	<b>10,491,456</b>	<b>16,907,427</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - grants	1,103,267	-	1,103,267
Deferred charge on TMRS pension	202,069	51,001	253,070
Deferred charge on other postemployment benefits	6,758	1,612	8,370
<b>Total Deferred Inflows of Resources</b>	<b>1,312,094</b>	<b>52,613</b>	<b>1,364,707</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,600,041	5,966,342	15,566,383
Restricted for:			
Police forfeitures	7,491	-	7,491
Grants	36	-	36
Debt service	1,396,693	-	1,396,693
Unrestricted	2,323,637	2,091,964	4,415,601
<b>Total Net Position</b>	<b>\$ 13,327,898</b>	<b>\$ 8,058,306</b>	<b>\$ 21,386,204</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, 2021**

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government	\$ 954,951	\$ 373,578	\$ -	\$ (581,373)	\$ -	\$ (581,373)
Public safety	2,453,492	398,951	-	(2,054,541)	-	(2,054,541)
Community development	1,313,909	1,156,553	-	(157,356)	-	(157,356)
Parks and recreation	298,128	-	-	(298,128)	-	(298,128)
Interest	199,423	-	-	(199,423)	-	(199,423)
Total governmental activities	5,219,903	1,929,082	-	(3,290,821)	-	(3,290,821)
Business-type activities:						
Water and sewer	2,736,013	3,252,256	-	-	516,243	516,243
Interest	387,730	-	-	-	(387,730)	(387,730)
Total business-type activities	3,123,743	3,252,256	-	-	128,513	128,513
Total primary government	\$ 8,343,646	\$ 5,181,338	\$ -	(3,290,821)	128,513	(3,162,308)
General revenues:						
Property taxes				3,130,854	629,100	3,759,954
Franchise taxes				278,757	-	278,757
Sales and use taxes				1,290,874	-	1,290,874
Gain (loss) on sale of assets				178,250	(23,452)	154,798
Interest and rent				22,150	19,493	41,643
Transfers				(24,939)	24,939	-
Total general revenues and transfers				4,875,946	650,080	5,526,026
Change in net position				1,585,125	778,593	2,363,718
Net position - beginning of year				11,742,773	7,279,713	19,022,486
Net position - end of year				\$ 13,327,898	\$ 8,058,306	\$ 21,386,204

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

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	AMERICAN RESCUE PLAN FUND	OTHER GOVERNMENTAL FUNDS	ELIMINATIONS	
<b>ASSETS</b>						
Cash and investments	\$ 2,061,718	\$ -	\$ -	\$ 361,285	\$ -	\$ 2,423,003
Receivables:						
Property taxes	35,622	52,530	-	-	-	88,152
Fines	31,336	-	-	-	-	31,336
Sales taxes	220,233	-	-	-	-	220,233
Charges for services (net)	161,998	-	-	-	-	161,998
Restricted Assets:						
Temporarily restricted						
Cash and cash equivalents	-	-	1,103,303	1,098,247	-	2,201,550
Due from other funds	115,146	1,572,123	-	-	(104,346)	1,582,923
Total Assets	<u>2,626,053</u>	<u>1,624,653</u>	<u>1,103,303</u>	<u>1,459,532</u>	<u>(104,346)</u>	<u>6,709,195</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable and accrued expenses	267,998	-	-	-	-	267,998
Due to other funds	-	175,430	-	-	(104,346)	71,084
Total Liabilities	<u>267,998</u>	<u>175,430</u>	<u>-</u>	<u>-</u>	<u>(104,346)</u>	<u>339,082</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	35,622	52,530	-	-	-	88,152
Unavailable revenue - grants	-	-	1,103,267	-	-	1,103,267
Unavailable revenue - fines	31,336	-	-	-	-	31,336
Total Deferred Inflows of Resources	<u>66,958</u>	<u>52,530</u>	<u>1,103,267</u>	<u>-</u>	<u>-</u>	<u>1,222,755</u>
<b>Fund Balances:</b>						
Restricted:						
Police forfeitures	-	-	-	7,491	-	7,491
Grant expenditures	-	-	36	-	-	36
Debt Service	-	1,396,693	-	-	-	1,396,693
Total Restricted	-	1,396,693	36	7,491	-	1,404,220
Assigned:						
Capital Projects	-	-	-	1,452,041	-	1,452,041
Unassigned	2,291,097	-	-	-	-	2,291,097
Total Fund Balances	<u>2,291,097</u>	<u>1,396,693</u>	<u>36</u>	<u>1,459,532</u>	<u>-</u>	<u>5,147,358</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,626,053</u>	<u>\$ 1,624,653</u>	<u>\$ 1,103,303</u>	<u>\$ 1,459,532</u>	<u>\$ -</u>	
	-	-	-	-	-	

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

CITY OF WHITEHOUSE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

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)	\$ 5,147,358
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	13,814,564
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	83,866
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.	101,314
Deferred inflows represent the consumption of net position that are applicable to a future reporting period.	(208,827)
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	(22,201)
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.	194,189
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>(5,782,365)</u>
Net position of governmental activities	<u>\$ 13,327,898</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 BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	MAJOR FUNDS				ELIMINATIONS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	AMERICAN RESCUE PLAN FUND	OTHER GOVERNMENTAL FUNDS		
<b>REVENUES</b>						
Current and delinquent taxes	1,518,286	\$ 1,609,293	\$ -	\$ -	\$ -	\$ 3,127,579
Fines and forfeitures	275,678	-	-	-	-	275,678
Licenses and permits	89,631	-	-	15,422	-	105,053
Franchise taxes	278,757	-	-	-	-	278,757
Sales taxes - regular	815,387	-	-	97,854	-	913,241
Sales taxes - additional 1/2 cent	293,563	-	-	-	-	293,563
Sales tax fees	84,070	-	-	-	-	84,070
Solid waste collections	1,099,775	-	-	-	-	1,099,775
Intergovernmental revenue	96,668	-	-	-	-	96,668
Street and maintenance fee	-	-	-	56,778	-	56,778
Interest and rent	19,689	1,313	36	1,112	-	22,150
Vehicle registration fees	172,826	-	-	-	-	172,826
Miscellaneous income	55,592	-	-	-	-	55,592
<b>Total Revenues</b>	<b>4,799,922</b>	<b>1,610,606</b>	<b>36</b>	<b>171,166</b>	<b>-</b>	<b>6,581,730</b>
<b>EXPENDITURES</b>						
Legislative	6,605	-	-	-	-	6,605
General administration	483,448	-	-	12,247	-	495,695
Treasury and financial	123,238	-	-	-	-	123,238
Tax appraisal and collections	54,780	-	-	-	-	54,780
Municipal court	371,137	-	-	-	-	371,137
Parks/recreation	213,220	-	-	-	-	213,220
Community development	70,400	-	-	-	-	70,400
Street and ground maintenance	173,442	-	-	38,920	-	212,362
Police	1,250,419	-	-	-	-	1,250,419
Fire	815,305	-	-	-	-	815,305
Sanitation	727,104	-	-	-	-	727,104
Debt service:						
Bond principal	-	670,000	-	-	-	670,000
Note principal	-	89,269	-	-	-	89,269
Interest and fees	-	203,737	-	-	-	203,737
Capital outlay	509,101	-	-	296,136	-	805,237
<b>Total Expenditures</b>	<b>4,798,199</b>	<b>963,006</b>	<b>-</b>	<b>347,303</b>	<b>-</b>	<b>6,108,508</b>
Revenues Over (Under) Expenditures	1,723	647,600	36	(176,137)	-	473,222
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	360,000	169,361	-	-	-	529,361
Transfers out	(171,405)	(572,632)	-	-	-	(744,037)
<b>Total Other Financing Sources (Uses)</b>	<b>188,595</b>	<b>(403,271)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(214,676)</b>
Net Change in Fund Balances	190,318	244,329	36	(176,137)	-	258,546
Fund Balance, October 1, 2020	2,100,779	1,152,364	-	1,635,669	-	4,888,812
Fund Balance, September 30, 2021	<u>\$ 2,291,097</u>	<u>\$ 1,396,693</u>	<u>\$ 36</u>	<u>\$ 1,459,532</u>	<u>\$ -</u>	<u>\$ 5,147,358</u>

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

**CITY OF WHITEHOUSE, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

Net change in fund balances - total governmental funds	\$ 258,546
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.	249,931
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the government wide statements.	29,880
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.	189,046
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.	764,659
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>93,063</u>
Change in net position of governmental activities	<u><u>\$ 1,585,125</u></u>

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

**CITY OF WHITEHOUSE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>REVENUES</b>				
Current and delinquent taxes	\$ 1,310,000	\$ 1,310,000	\$ 1,518,286	\$ 208,286
Fines and forfeitures	142,865	142,865	275,678	132,813
Licenses and permits	38,500	38,500	89,631	51,131
Franchise taxes	280,000	280,000	278,757	(1,243)
Sales taxes - regular	535,000	535,000	782,835	247,835
Sales taxes - additional 1/2 cent	200,625	200,625	293,563	92,938
Sales tax fees	80,980	80,980	78,942	(2,038)
Mixed beverage taxes	7,166	7,166	5,128	(2,038)
Solid waste collections	1,099,775	1,099,775	1,093,344	(6,431)
Zoning and platting fees	250	250	-	(250)
Intergovernmental revenue	131,500	131,500	96,668	(34,832)
Grant revenue	66,879	169,022	396,088	227,066
Interest and rent	19,689	19,689	19,689	-
Vehicle registration fees	170,000	170,000	172,826	2,826
Miscellaneous income	3,615	3,615	55,592	51,977
<b>Total Revenues</b>	<b>4,086,844</b>	<b>4,188,987</b>	<b>5,157,027</b>	<b>968,040</b>
<b>EXPENDITURES</b>				
Legislative	7,500	7,500	6,605	895
General administration	546,531	858,645	782,619	76,026
Treasury and financial	114,925	114,925	122,345	(7,420)
Tax appraisal and collections	55,044	55,044	54,780	264
Municipal court	282,019	282,019	320,583	(38,564)
Parks/recreation	173,780	184,531	212,379	(27,848)
Community development	70,400	70,400	70,400	-
Street and ground maintenance	179,603	179,603	172,200	7,403
Police	1,281,292	1,423,174	1,400,737	22,437
Fire	708,251	748,093	825,982	(77,889)
Sanitation	746,686	746,686	745,978	708
<b>Total Expenditures</b>	<b>4,166,031</b>	<b>4,670,620</b>	<b>4,714,608</b>	<b>(43,988)</b>
Revenues Over (Under) Expenditures	(79,187)	(481,633)	442,419	924,052
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	360,000	360,000
Transfers out	(171,405)	(171,405)	(171,405)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(171,405)</b>	<b>(171,405)</b>	<b>188,595</b>	<b>360,000</b>
Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	(250,592)	(653,038)	631,014	1,284,052
Budget Basis to GAAP Basis Adjustments (Note A)	-	-	(440,696)	(440,696)
Revenues and Other Sources Over (Under) Expenditures and Other Uses - GAAP Basis	(250,592)	(653,038)	190,318	843,356
Fund Balance, October 1, 2020	2,100,779	2,100,779	2,100,779	-
Fund Balance, September 30, 2021	<u>\$ 1,850,187</u>	<u>\$ 1,447,741</u>	<u>\$ 2,291,097</u>	<u>\$ 843,356</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, 2021**

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

Basis Presentation:

Sources/Inflows of Resources:

Differences - Budget to GAAP

Decrease in accrued grant revenues earned in the prior year

but received in the current year

\$ (396,088)

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

but received in following year

38,983

Uses/Outflows of Resources:

Differences - Budget to GAAP

Increase in accrued expenses

(83,591)

Net Change in Budget Basis Presentation and GAAP Basis Presentation

\$ (440,696)

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

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2021

	UTILITY FUND	INTERNAL SERVICE FUND
Current Assets:		
Cash and certificates of deposit	\$ 2,906,332	37,504
Accounts receivable (Net)	497,294	-
Total Current Assets	<u>3,403,626</u>	<u>37,504</u>
Restricted Current Assets:		
Temporarily Restricted		
Customer deposits	363,855	-
Total Restricted Current Assets	<u>363,855</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	26,156,511	-
Machinery & equipment	839,876	585,138
Less: Accumulated depreciation	<u>(11,585,206)</u>	<u>(85,040)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>15,813,825</u>	<u>500,098</u>
Total Noncurrent Assets:	<u>16,043,825</u>	<u>500,098</u>
Total Assets	<u>19,811,306</u>	<u>537,602</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding (net of amortization)	250,730	-
Deferred charge on other post employment benefits	6,859	-
Deferred charge on TMRS pension	45,313	-
Total Deferred Outflows of Resources	<u>302,902</u>	<u>-</u>

(continued)

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

CITY OF WHITEHOUSE, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2021

	UTILITY FUND	INTERNAL SERVICE FUND
	<u>          </u>	<u>          </u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 71,822	\$ -
Compensated absences	2,077	-
Capital leases	-	106,692
Due to other funds	1,511,833	-
Total Current Liabilities	<u>1,585,732</u>	<u>106,692</u>
Current liabilities payable from restricted assets:		
Customer deposits	363,855	-
Accrued interest	33,527	-
Notes payable	16,857	-
Revenue bonds payable	1,157,000	-
Total current liabilities payable from restricted assets	<u>1,571,239</u>	<u>-</u>
Noncurrent Liabilities:		
Revenue bonds payable	8,635,000	-
Notes payable	38,626	-
Capital leases	-	236,721
Compensated absences	18,705	-
Other post employment benefits	37,178	-
Net pension liability	116,809	-
Total Noncurrent Liabilities	<u>8,846,318</u>	<u>236,721</u>
Total Liabilities	<u>12,003,289</u>	<u>343,413</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on other postemployment benefits	1,612	-
Deferred charge on TMRS pension	51,001	-
Total Deferred Inflows of Resources	<u>52,613</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	5,966,342	156,685
Unrestricted	2,091,964	37,504
Total Net Position	<u>\$ 8,058,306</u>	<u>\$ 194,189</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, 2021**

	UTILITY FUND	INTERNAL SERVICE FUND
<b>OPERATING REVENUES</b>		
Water sales	\$ 2,084,359	\$ -
Sewer charges	865,628	-
Property taxes	629,100	-
Charges for other services	302,269	-
	<u>3,881,356</u>	<u>-</u>
Total Operating Revenues	<u>3,881,356</u>	<u>-</u>
<b>OPERATING EXPENSES</b>		
Utility administration	485,963	-
Customer service	132,117	-
Water operations	578,778	-
Sewer operations	520,145	-
Water supply	427,795	-
Fuel	-	60,876
Maintenance	-	59,820
Depreciation	591,215	85,040
	<u>2,736,013</u>	<u>205,736</u>
Total Operating Expenses	<u>2,736,013</u>	<u>205,736</u>
Operating Income	<u>1,145,343</u>	<u>(205,736)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and fiscal charge expense	(387,730)	(13,312)
Sale of assets	(23,452)	178,250
Revenue reimbursement for claims	-	40,107
Interest income	19,493	-
	<u>(391,689)</u>	<u>205,045</u>
Total non-operating revenue (expenses)	<u>(391,689)</u>	<u>205,045</u>
Income before transfers	753,654	(691)
Transfers in	1,902,752	189,737
Transfers out	(1,877,813)	-
	<u>24,939</u>	<u>189,737</u>
Total Transfers	<u>24,939</u>	<u>189,737</u>
Change in Net Position	778,593	189,046
Net Position, October 1, 2020	<u>7,279,713</u>	<u>5,143</u>
Net Position, September 30, 2021	<u>\$ 8,058,306</u>	<u>\$ 194,189</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, 2021

	UTILITY FUND	INTERNAL SERVICE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and users	\$ 3,902,666	\$ -
Cash paid to suppliers for goods and services	(1,411,112)	(120,696)
Cash paid to employees for services	(756,410)	-
Net cash provided by (used in) operating activities	<u>1,735,144</u>	<u>(120,696)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers in	1,902,752	189,737
Transfers out	(1,823,828)	-
Net cash provided by non-capital financing activities	<u>78,924</u>	<u>189,737</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases or construction of capital assets	(207,614)	-
Grant proceeds	-	-
Proceeds on sale of assets	-	178,250
Insurance proceeds	-	40,107
Principal paid on notes	(16,281)	-
Interest paid	(396,736)	(13,312)
Principal paid on leases	-	(241,725)
Principal paid on bonds	(1,259,855)	-
Net cash used in capital and related financing activities	<u>(1,880,486)</u>	<u>(36,680)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest earned on investments	19,493	-
Net cash provided by investing activities	<u>19,493</u>	<u>-</u>
Net increase in cash	197,398	32,361
Cash, beginning of period	3,072,789	5,143
Cash, end of period	<u>\$ 3,270,187</u>	<u>\$ 37,504</u>
<b>Reconciliation of cash to Exhibit 7:</b>		
Cash - current asset	\$ 2,906,332	\$ 37,504
Cash - restricted current asset	363,855	-
Total cash, end of period	<u>\$ 3,270,187</u>	<u>\$ 37,504</u>
<b>Summary on non-cash investing and financing activities:</b>		
Vehicle fleet acquired through capital leases	\$ -	\$ 585,138

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, 2021

	<u>UTILITY FUND</u>	<u>INTERNAL SERVICE FUND</u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>		
Operating income	\$ 1,145,343	\$ (205,736)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	591,215	85,040
Insurance proceeds	-	-
Decrease in deferred outflows of resources	12,571	-
Decrease in accounts payable	378	-
Increase in accounts receivable	(7,625)	-
Increase in net pension liability	(28,654)	-
Increase in other post employee benefit liability	3,351	-
Decrease in compensated absences	-	-
Increase in customer deposits	28,935	-
	<u>589,801</u>	<u>85,040</u>
Total adjustments	589,801	85,040
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,735,144</u>	<u>\$ (120,696)</u>

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

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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, 2021**

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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, 2021**

**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, 2021**

**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, 2021**

**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, 2020. The deferred outflow shows the difference in contributions to the TMRS retirement plan that occurred between December 31, 2020 and September 30, 2021.

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, 2021**

**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 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 and will adopt for the fiscal year ending September 30, 2022.

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 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, 2021**

**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 has implemented this statement as applicable for the year ended September 30, 2021.

**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 13,814,564 difference are as follows:

Capital assets, October 1, 2020, net of accumulated depreciation	\$ 13,564,633
Capital asset additions, net of retirements	479,261
Depreciation of capital assets, net of retirements	<u>(229,330)</u>
	<u><u>\$ 13,814,564</u></u>

Another element states that “Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.” The details of this \$83,866 difference are as follows:

Allowance account for uncollectible property taxes	\$ (35,622)
Unavailable revenue - property taxes	88,152
Unavailable revenue - fines	<u>31,336</u>
	<u><u>\$ 83,866</u></u>

Also, another element states that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.” The details of this \$(5,782,365) difference are as follows:

Long-term liabilities, October 1, 2020	\$ (6,646,048)
Principal paid on debt in current year	759,269
Amortization of bond premium	14,762
Increase in other postemployment benefit liability	(13,666)
Decrease in net pension liability	115,554
Change in compensated absences	<u>(12,236)</u>
	<u><u>\$ (5,782,365)</u></u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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 \$249,931 was related to fixed asset additions exceeding current year depreciation expense as follows:

Capital outlay, asset additons	\$	479,261
Depreciation expense		(229,330)
		\$ 249,931
		\$ 249,931

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 \$29,880 are as follows:

Change in allowance for uncollectible taxes	\$	890
Change in deferred revenue		28,990
		\$ 29,880
		\$ 29,880

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 \$764,659 difference are as follows:

Principal payments on debt	\$	759,269
Change in accrued interest		2,864
Amortization on bond premium		14,762
Change in compensated absences		(12,236)
		\$ 764,659
		\$ 764,659

**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, 2021**

NOTE 4 — DETAILED NOTES ON ALL FUNDS

**A. Deposits and Investments**

Cash and investments as of September 30, 2021 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government	
Cash and cash equivalents	\$ 5,366,839
Restricted cash and cash equivalents	<u>2,565,405</u>
Total Cash and cash equivalents	<u>\$ 7,932,244</u>
Cash on hand	\$ 1,300
Savings and checking accounts	<u>7,930,944</u>
Total Cash and Investments	<u>\$ 7,932,244</u>

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.

**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. At year-end, the City was not exposed to interest rate risk.

**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, 2021, the carrying value of the City’s bank deposits was \$7,930,944 while the bank balance was \$9,059,969. 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.

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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	\$ 262,134	\$ 52,530	\$ -	\$ -	\$ 314,664
Assessments	-	-	-	45,223	45,223
Grant	-	-	-	-	-
Accounts (services)	268,571	-	-	570,760	839,331
Other	-	-	-	-	-
Gross receivables	<u>530,705</u>	<u>52,530</u>	<u>-</u>	<u>615,983</u>	<u>1,199,218</u>
Less: Allowance for Uncollectibles	<u>(117,138)</u>	<u>-</u>	<u>-</u>	<u>(118,689)</u>	<u>(235,827)</u>
Net Receivables	<u><u>\$ 413,567</u></u>	<u><u>\$ 52,530</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 497,294</u></u>	<u><u>\$ 963,391</u></u>

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2021 was as follows:

PRIMARY GOVERNMENT	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 190,184	\$ -	\$ -	\$ 190,184
Construction in Process	-	438,018	(438,018)	-
Total Capital Assets, Not Being Depreciated	<u>190,184</u>	<u>438,018</u>	<u>(438,018)</u>	<u>190,184</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	3,234,581	439,198	-	3,673,779
Parks	2,571,986	-	-	2,571,986
Infrastructure	12,415,735	296,136	-	12,711,871
Machinery and Equipment	2,544,732	655,041	(325,976)	2,873,797
Total Capital Assets, Being Depreciated	<u>20,767,034</u>	<u>1,390,375</u>	<u>(325,976)</u>	<u>21,831,433</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(1,201,377)	(84,255)	-	(1,285,632)
Parks	(395,745)	(72,487)	-	(468,232)
Infrastructure	(3,721,440)	(310,442)	-	(4,031,882)
Machinery and Equipment	(2,074,023)	(173,162)	325,976	(1,921,209)
Total Accumulated Depreciation	<u>(7,392,585)</u>	<u>(640,346)</u>	<u>325,976</u>	<u>(7,706,955)</u>
Net Total Assets Being Depreciated	<u>13,374,449</u>	<u>750,029</u>	<u>-</u>	<u>14,124,478</u>
Governmental Activities Capital Assets, Net	<u><u>\$13,564,633</u></u>	<u><u>\$ 1,188,047</u></u>	<u><u>\$ (438,018)</u></u>	<u><u>\$14,314,662</u></u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**C. Capital Assets – Continued**

Business-Type Activities:

Capital Assets, Not Being Depreciated:

Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Easements	7,800	-	-	7,800
Total Capital Assets, Not Being Depreciated	<u>32,800</u>	-	-	32,800
Capital Assets, Being Depreciated				
Water and Sewer System	25,965,917	198,194	-	26,164,111
Buildings	369,844	9,420	-	379,264
Machinery and Equipment	986,308	-	(163,452)	822,856
Total Capital Assets, Being Depreciated	<u>27,322,069</u>	<u>207,614</u>	<u>(163,452)</u>	<u>27,366,231</u>
Less Accumulated Depreciation For:				
Water and Sewer System	(9,994,012)	(561,138)	-	(10,555,150)
Buildings	(285,204)	(4,064)	-	(289,268)
Machinery and Equipment	(854,775)	(26,013)	140,000	(740,788)
Total Accumulated Depreciation	<u>(11,133,991)</u>	<u>(591,215)</u>	<u>140,000</u>	<u>(11,585,206)</u>
Net Total Assets Being Depreciated	<u>16,188,078</u>	<u>(383,601)</u>	<u>(23,452)</u>	<u>15,781,025</u>
Business-Type Activities Capital Assets, Net	<u>\$16,220,878</u>	<u>\$ (383,601)</u>	<u>\$ (23,452)</u>	<u>\$15,813,825</u>

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

Governmental Activities:

General Government	\$ 79,369
Public Safety	76,153
Community Development	309,498
Transportation Fleet (ISF)	85,040
Parks and Recreation	90,286
Total depreciation expense, governmental activities	<u>\$ 640,346</u>

Business-Type Activities:

Water and Sewer Operations	<u>\$ 591,215</u>
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**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Operating fund	\$ 992
General Fund	Utility Debt Service Fund	19,253
Debt Service Fund	Utility Operating fund	38,692
Debt Service Fund	Utility Debt Service Fund	1,452,896
		<u>\$ 1,511,833</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**D. Interfund Receivables, Payables, and Transfers (continued)**

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, 2021, is as follows:

	Transfers In				
Transfers Out:	Utility Operating Fund	Utility Debt Service Fund	Debt Service Fund	General Fund	Total
Utility Operating Fund	\$ -	\$ 1,043,772	\$ -	\$ 360,000	\$ 1,403,772
Street Maintenance Fund	-	-	-	-	-
Other Governmental Funds	-	-	169,361	-	169,361
Debt Service Fund	<u>1,276,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,276,136</u>
Total transfers out /in	<u>\$ 1,276,136</u>	<u>\$ 1,043,772</u>	<u>\$ 169,361</u>	<u>\$ 360,000</u>	<u>\$ 2,849,269</u>

**E. Long-term Debt**

The following is a summary of bond and certificates of obligation transactions of the City for the year ended September 30, 2021:

	GENERAL OBLIGATION	REVENUE	TOTAL
Bonds payable - October 1, 2020	\$ 6,100,167	\$ 11,051,855	\$ 17,152,022
Additions	-	-	-
Retirements	<u>(684,762)</u>	<u>(1,259,855)</u>	<u>(1,944,617)</u>
Bonds payable - September 30, 2021	<u>\$ 5,415,405</u>	<u>\$ 9,792,000</u>	<u>\$ 15,207,405</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**E. Long-term Debt – Continued**

Outstanding bonds at September 30, 2021 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%.	\$ 1,040,000
\$5,190,000 Series 2018 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-19 through 8-15-38. Interest at 3.0% to 3.12%.	<u>4,375,405</u>
Total Governmental Bonded Debt	<u><u>\$ 5,415,405</u></u>

Business-Type Activities:

\$2,800,000 Series 2006 Combination Tax and Revenue Certificates of Obligation; maturing annually in varying amounts beginning 2-15-07 through 2-15-26. Interest at 4.2%.	\$ 945,000
\$4,359,000 Series 2007 Tax Refunding; maturing annually in varying amounts through 2-15-27 at 4.52%.	1,602,000
\$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%.	795,000
\$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%.	5,850,000
\$700,000 series 2016 Tax Note; maturing serially in varying amounts through 2-15-2021 at 2.12%.	-
\$635,000 series 2020 Tax Note; maturing serially in varying amounts through 8-15-2035 at 1.51%.	<u>600,000</u>
Total Business-Type Bonded Debt	<u><u>\$ 9,792,000</u></u>

The funding requirements to amortize all bonds outstanding as of September 30, 2021, including interest, are as follows:

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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	194,738	2,314,013
2025	755,000	101,300	1,287,000	156,592	2,299,892
2026	715,000	75,962	1,325,000	116,561	2,232,523
2027-2031	750,000	203,150	3,388,000	112,879	4,454,029
2032-2036	655,000	107,900	184,000	6,992	953,892
2037-2038	<u>375,405</u>	<u>27,813</u>	<u>-</u>	<u>-</u>	<u>403,218</u>
	<u><u>\$ 5,415,405</u></u>	<u><u>\$ 966,525</u></u>	<u><u>\$ 9,792,000</u></u>	<u><u>\$ 1,110,525</u></u>	<u><u>\$ 17,284,455</u></u>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**E. Long-term Debt – Continued**

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, 2021 be disclosed.

<u>INSURER</u>	<u>POLICY</u>	<u>Limit of Liability</u>		<u>Deductible</u>	<u>COVERAGE DATE</u>
		<u>Each Occurrence</u>	<u>Annual Aggregate</u>		
Texas Municipal League	General Liability	1,000,000	2,000,000	\$ -	10/01/2020 to 10/10/2021
	Law Enforcement	1,000,000	2,000,000	\$ 2,500	10/01/2020 to 10/10/2021
	Errors & Omissions	1,000,000	2,000,000	\$ 5,000	10/01/2020 to 10/10/2021
	Auto Liability	1,000,000	n/a	\$ -	10/01/2020 to 10/10/2021
	Auto Physical Damage	per schedule & endorsements	n/a	\$500/\$10,000	10/01/2020 to 10/10/2021
Texas Municipal League	Information Security & Privacy Liability	10,000	1,000,000	\$ -	10/01/2020 to 10/10/2021
	Regulatory Defense & Penalties	-	25,000	\$2,500/ \$5,000	10/01/2020 to 10/10/2021
Texas Municipal League	Real & Personal Property	20,768,803	n/a	\$ 1,000	10/01/2020 to 10/10/2021
	Mobile Equipment	518,651	n/a	\$ 500	10/01/2020 to 10/10/2021
	Boiler & Machinery	100,000	n/a	\$ 1,000	10/01/2020 to 10/10/2021
Texas Municipal League	Workers Comp	complies with state statutes	n/a		10/01/2020 to 10/10/2021
	TOTAL	\$ 25,397,454			

The funding requirements to amortize all notes outstanding as of September 30, 2021, including interest, are as follows:

	<u>GOVERNMENTAL</u>		<u>BUSINESS TYPE</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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
	\$ 62,509	\$ 1,996	\$ 55,483	\$ 6,045	\$ 126,033

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**E. Long-term Debt – Continued**

**Changes in long-term liabilities**

Long term liability activity for the year ended September 30, 2021 was as follows:

	Beginning Balance 10/1/20	Additions	Reductions	Ending Balance 9/30/21	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 6,010,000	\$ -	\$ 670,000	\$ 5,340,000	\$ 700,000
Bond Premium	90,167	-	14,762	75,405	-
Notes Payable	151,778	-	89,269	62,509	62,509
Capital Leases	-	585,138	241,725	343,413	106,692
Net Pension Liability	232,276	-	115,554	116,722	-
Other Postemployment Benefits	90,697	13,666	-	104,363	-
Compensated Absences	71,130	12,236	-	83,366	8,337
	<u>6,646,048</u>	<u>611,040</u>	<u>1,131,310</u>	<u>6,125,778</u>	<u>877,538</u>
<b>Governmental Activity Long-Term Liabilities</b>					
	<u>\$ 6,646,048</u>	<u>\$ 611,040</u>	<u>\$ 1,131,310</u>	<u>\$ 6,125,778</u>	<u>\$ 877,538</u>
<b>Business-type Activities:</b>					
Revenue Bonds	11,051,855	-	1,259,855	9,792,000	1,157,000
Notes Payable	71,764	-	16,281	55,483	16,857
Net Pension Liability	145,463	-	28,654	116,809	-
Other Postemployment Benefits	33,827	3,351	-	37,178	-
Compensated Absences	20,782	-	-	20,782	2,077
	<u>11,323,691</u>	<u>3,351</u>	<u>1,304,790</u>	<u>10,022,252</u>	<u>1,175,934</u>
<b>Business-type Activity Long-Term Liabilities</b>					
	<u>\$ 11,323,691</u>	<u>\$ 3,351</u>	<u>\$ 1,304,790</u>	<u>\$ 10,022,252</u>	<u>\$ 1,175,934</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, 2021, the City had the following outstanding notes have the following collateral:

	Borrowing Amount	Collateral Description
<b>Governmental activities:</b>		
2017 Note Payable	\$ 25,460	Fire Truck Compressor
Total Governmental activities	<u>25,460</u>	
Total	<u>\$ 25,460</u>	

**F. Capital Leases**

During the year, the City entered into a master lease agreement with Enterprise Fleet Management as the lessee for financing and managing the City's vehicles. This master agreement accounts for several small leases with differing terms for each vehicle. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future lease payments as of the date of inception. The City accounts for these leases and the related maintenance in the Vehicle Replacement Fund, an internal service fund.

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**F. Capital Leases - Continued**

The assets acquired through capital leases are as follows:

	Activities
Asset:	
Machinery and equipment	\$ 585,138
Less: Accumulated depreciation	(85,040)
Total	\$ 500,098

Depreciation expense on assets under capital lease for the year ended September 30, 2021 was \$85,040.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

Year Ending September 30	Governmental Activities
2022	\$ 120,933
2023	85,481
2024	83,519
2025	79,146
2026	9,814
Total minimum lease payments	378,893
Less: amount representing interest	(35,480)
Present value of future minimum lease payments	\$ 343,413

**G. 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, 2026.

Future minimum rental payments to be received on this operating lease are contractually due as follows as of September 30, 2021:

Year Ending September 30	Amounts
2022	\$ 18,000
2023	18,000
2024	18,000
2025	18,000
2026	18,000

**NOTE 5 — 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, 2021, the City had \$570,760 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, 2021**

NOTE 6 – DEFINED BENEFIT PENSION PLAN

**Plan Description**

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

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

**Benefits Provided**

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

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

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

	Plan Year 2020	Plan Year 2019
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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	12/31/2020	12/31/2019
Inactive employees or beneficiaries currently receiving benefits	22	22
Inactive employees entitled to but not yet receiving benefits	46	42
Active employees	45	41
	113	105

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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 8.49% and 8.66% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$185,320, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 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, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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 2021 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2019	\$ 5,791,517	\$ 5,413,778	\$ 377,739
Changes for the year:			
Service cost	231,025	-	231,025
Interest	392,021	-	392,021
Change of benefit terms	-	-	-
Difference between expected and actual experience	(90,578)	-	(90,578)
Changes of assumptions	-	-	-
Contributions - employer	-	170,125	(170,125)
Contributions - employee	-	98,225	(98,225)
Net investment income	-	411,089	(411,089)
Benefit payments, including refunds of employee contributions	(198,633)	(198,633)	-
Administrative expense	-	(2,659)	2,659
Other changes	-	(104)	104
Net changes	<u>333,835</u>	<u>478,043</u>	<u>(144,208)</u>
Balance at 12/31/2020	<u>\$ 6,125,352</u>	<u>\$ 5,891,821</u>	<u>\$ 233,531</u>

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 1,272,088	\$ 233,531	\$ (598,818)

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$160,173.

At September 30, 2021, 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	\$ -	\$ 118,437
Changes in actuarial assumptions	1,374	-
Difference between projected and actual investment earnings	-	83,632
Contributions subsequent to the measurement date	74,576	-
Total	<u>\$ 75,950</u>	<u>\$ 202,069</u>

The City had \$137,563 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, 2021. 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
2021	\$ (96,285)
2022	(38,154)
2023	(53,019)
2024	(13,237)
2025	-
Thereafter	-
	<u>\$ (200,695)</u>

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 7 – 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

**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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>12/31/2020</u>	<u>12/31/2019</u>
Inactive employees or beneficiaries currently receiving benefits	16	18
Inactive employees entitled to but not yet receiving benefits	9	10
Active employees	45	41
	70	69

**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).

**CITY OF WHITEHOUSE, TEXAS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**Contributions (continued)**

For calendar year 2020, the total SDB contribution rate for the City of Whitehouse was 0.17% while the retiree portion of the SDB contribution was 0.05%. The City’s contributions for the year ended September 30, 2021, were \$2,835 for the retiree portion and \$4,617 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, 2020 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Net OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 11.50% including inflation
Discount rate*	2.00%
Retiree’s share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019Municipal Retirees of TexasMortality Tables with a 4 year setforward for males and a 3 year setforward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2020.

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

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

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**Changes in the Net OPEB Liability**

	Increase (Decrease)
	Total OPEB
	Liability
Balance at 12/31/2019	\$ 124,524
Changes for the year:	
Service cost	5,108
Interest	3,481
Change of benefit terms	-
Difference between expected and actual experience	(10,579)
Changes of assumptions	19,989
Benefit payments, including refunds of employee contributions	(982)
Net changes	17,017
Balance at 12/31/2020	\$ 141,541

**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 2.00%, would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's total OPEB liability	\$ 175,441	\$ 141,541	\$ 115,721

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$13,341.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 6,758
Changes in actuarial assumptions	22,805	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	2,559	-
Total	\$ 25,364	\$ 6,758

The City had \$2,559 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, 2021. 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, 2021**

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

Year Ended December 31	
2021	\$ 4,752
2022	2,127
2023	1,955
2024	3,642
2025	3,011
Thereafter	560
	\$ 16,047

**NOTE 8 – DEFICIT NET POSITION OR FUND BALANCE**

At September 30, 2021, the Enterprise Debt Service Fund had a deficit net position of \$89,357.

**NOTE 9 – COMMITMENTS**

Effective May 1, 2015, the City signed a contract with Republic Services for the collection and disposal of garbage for residents within the city limits. The service will be paid for in accordance with the rates set forth in the contract. The contract is for a five year period ending September 30, 2020. 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, 2021 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, 2021, the City paid a demand fee of \$31,346 per month as outlined in the agreement and notarized by the City of Tyler. The contract contains termination clauses including Whitehouse taking delivery of untreated water from either Lake Striker or Lake Columbia.

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

The City has a contract with Smith County for use of its jail facility. Under this agreement, the City will pay \$35 per prisoner for each day of confinement in the jail. The original agreement, which ended September 30, 2017, has been renewed for another year through September 30, 2021.

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, 2021, the City paid Smith County \$72,385 under the agreement.

**CITY OF WHITEHOUSE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 9 – COMMITMENTS (continued)

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

NOTE 10 – RISK MANAGEMENT

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

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, 2021, the City did not have any liability for unpaid claims or adjustments under policies carried with TML. During the year ended September 30, 2021, there was no reduction in insurance coverage from the prior year.

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2021, 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 12 - 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 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 16, 2022, the date on which the financial statements were available to be issued.

As of the date the financial statements were available, February 16, 2022, the City is in the process of finalizing the issue of \$10 Million in bonds and refunding the 2012 Tax Refunding Bond. The City expects the issue to be finalized by the end of February 2022.

**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, 2021**

	Measurement Year 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	\$ 231,025	\$ 214,077	\$ 216,979	\$ 187,993	\$ 164,171	\$ 168,558	\$ 148,502
Interest (on the Total Pension Liability)	392,021	370,025	345,272	318,220	304,286	266,073	246,432
Changes in benefit terms	-	-	-	-	383,870	-	-
Difference between expected and actual results	(90,578)	(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	(198,633)	(175,284)	(197,299)	(147,436)	(167,369)	(124,673)	(146,013)
Net Change in Total Pension Liability	333,835	329,066	357,151	411,214	568,412	346,579	259,883
Total Pension Liability - Beginning	5,791,517	5,462,451	5,105,300	4,694,086	4,125,674	3,779,095	3,519,212
Total Pension Liability - Ending (a)	\$ 6,125,352	\$ 5,791,517	\$ 5,462,451	\$ 5,105,300	\$ 4,694,086	\$ 4,125,674	\$ 3,779,095
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 170,125	\$ 164,914	\$ 155,774	\$ 140,954	\$ 86,486	\$ 91,796	\$ 92,799
Contributions - Employee	98,225	91,721	92,174	81,950	84,624	88,435	83,453
Net Investment Income	411,089	714,693	(141,250)	565,106	258,085	5,552	202,022
Benefit payments, including refunds of employee contributions	(198,633)	(175,285)	(197,299)	(147,436)	(167,369)	(124,673)	(146,013)
Administrative Expense	(2,659)	(4,037)	(2,730)	(2,929)	(2,915)	(3,381)	(2,109)
Other	(104)	(121)	(141)	(149)	(157)	(167)	(173)
Net Change in Plan Fiduciary Net Position	478,043	791,885	(93,472)	637,496	258,754	57,562	229,979
Plan Fiduciary Net Position - Beginning	5,413,778	4,621,893	4,715,365	4,077,869	3,819,115	3,761,553	3,531,574
Plan Fiduciary Net Position - Ending (b)	\$ 5,891,821	\$ 5,413,778	\$ 4,621,893	\$ 4,715,365	\$ 4,077,869	\$ 3,819,115	\$ 3,761,553
Net Pension Liability - Ending (a)-(b)	233,531	377,739	840,558	389,935	616,217	306,559	17,542
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.19%	93.48%	84.61%	92.36%	86.87%	92.57%	99.54%
Covered Payroll	\$ 1,964,495	\$ 1,834,422	\$ 1,843,489	\$ 1,638,998	\$ 1,692,482	\$ 1,768,710	\$ 1,669,056
Net Pension Liability as a Percentage of Covered Payroll	11.89%	20.59%	45.60%	23.79%	36.41%	17.33%	1.05%

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

**CITY OF WHITEHOUSE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 183,561	\$ 153,256	\$ 165,523	\$ 153,825	\$ 122,276	\$ 84,016	\$ 90,900	\$ 92,260
Contributions in relation to the actuarially determined contributions	<u>185,320</u>	<u>153,256</u>	<u>165,523</u>	<u>153,825</u>	<u>122,276</u>	<u>86,637</u>	<u>90,900</u>	<u>92,260</u>
Contribution deficiency (excess)	\$ (1,759)	\$ -	\$ -	\$ -	\$ -	\$ (2,621)	\$ -	\$ -
Covered payroll	\$ 2,151,038	\$ 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	8.62%	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	25 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, 2021**

	Measurement Year 2020	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017
<b>Total OPEB liability</b>				
Service Cost	\$ 5,108	\$ 4,403	\$ 5,899	\$ 4,589
Interest	3,481	3,690	3,259	3,110
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(10,579)	(1,515)	1,205	-
Change of assumptions and other inputs	19,989	21,064	(7,884)	8,521
Benefit payments	(982)	(734)	(737)	(656)
Net Change in Total OPEB Liability	17,017	26,908	1,742	15,564
Total OPEB Liability - Beginning	124,524	97,616	95,874	80,310
Total OPEB Liability - Ending (a)	<u>\$ 141,541</u>	<u>\$ 124,524</u>	<u>\$ 97,616</u>	<u>\$ 95,874</u>
Covered Payroll	\$ 1,964,495	\$ 1,834,422	\$ 1,843,489	\$ 1,638,998
Net OPEB Liability as a Percentage of Covered Payroll	7.20%	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	2.00%
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.

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

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

**ADDITIONAL SUPPLEMENTARY INFORMATION**

SCHEDULE 1

CITY OF WHITEHOUSE, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2021

	STORMWATER MAINTENANCE FUND	2018 STREET CONSTRUCTION FUND	POLICE FORFEITURE FUNDS	ECONOMIC DEVELOPMENT FUND	FORESTDALE DEVELOPMENT FUND	2018 STORMWATER CONSTRUCTION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>							
Cash and investments	\$ 161,872	\$ -	\$ -	\$ 171,478	\$ 27,935	\$ -	\$ 361,285
Restricted Assets:							
Temporarily restricted							
Cash and cash equivalents	-	105,329	7,491	-	-	985,427	1,098,247
Total Assets	<u>\$ 161,872</u>	<u>\$ 105,329</u>	<u>\$ 7,491</u>	<u>\$ 171,478</u>	<u>\$ 27,935</u>	<u>\$ 985,427</u>	<u>\$ 1,459,532</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Fund Balances:							
Restricted:							
Police forfeitures	-	-	7,491	-	-	-	7,491
Assigned:							
Capital Projects	161,872	105,329	-	171,478	27,935	985,427	1,452,041
Total Fund Balances	<u>161,872</u>	<u>105,329</u>	<u>7,491</u>	<u>171,478</u>	<u>27,935</u>	<u>985,427</u>	<u>1,459,532</u>
Total Liabilities and Fund Balances	<u>\$ 161,872</u>	<u>\$ 105,329</u>	<u>\$ 7,491</u>	<u>\$ 171,478</u>	<u>\$ 27,935</u>	<u>\$ 985,427</u>	<u>\$ 1,459,532</u>
	-	-	-	-	-	-	-

**CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	STORMWATER MAINTENANCE FUND	2018 STREET CONSTRUCTION FUND	POLICE FORFEITURE FUNDS	ECONOMIC DEVELOPMENT FUND	FORESTDALE DEVELOPMENT FUND	2018 STORMWATER CONSTRUCTION FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>							
Maintenance fees	\$ 56,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,778
Sales and use tax	-	-	-	97,854	-	-	97,854
Miscellaneous	-	-	-	-	-	-	-
Building/inspection permits	-	-	-	-	15,422	-	15,422
Interest	96	72	6	77	12	849	1,112
<b>Total Revenues</b>	<b>56,874</b>	<b>72</b>	<b>6</b>	<b>97,931</b>	<b>15,434</b>	<b>849</b>	<b>171,166</b>
<b>EXPENDITURES</b>							
Administration	5,000	-	5,262	1,985	-	-	12,247
Capital outlay	-	-	-	-	-	-	-
Streets and grounds	16,706	-	-	-	-	318,350	335,056
<b>Total Expenditures</b>	<b>21,706</b>	<b>-</b>	<b>5,262</b>	<b>1,985</b>	<b>-</b>	<b>318,350</b>	<b>347,303</b>
Excess (deficiency) of revenues over (under) expenditures	35,168	72	(5,256)	95,946	15,434	(317,501)	(176,137)
Net change in fund balances	35,168	72	(5,256)	95,946	15,434	(317,501)	(176,137)
Fund Balance - October 1, 2020	126,704	105,257	12,747	75,532	12,501	1,302,928	1,635,669
Fund Balance - September 30, 2021	<u>\$ 161,872</u>	<u>\$ 105,329</u>	<u>\$ 7,491</u>	<u>\$ 171,478</u>	<u>\$ 27,935</u>	<u>\$ 985,427</u>	<u>\$ 1,459,532</u>

**CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
GENERAL FUND**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>LEGISLATIVE</u>				
PERSONNEL SERVICES:				
Special projects	\$ 5,000	\$ 5,000	\$ 4,407	\$ 593
Total Personnel Services	5,000	5,000	4,407	593
SUPPLIES AND MATERIALS:				
Educational and training	2,500	2,500	2,198	302
Total Supplies and Materials	2,500	2,500	2,198	302
TOTAL LEGISLATIVE	<u>7,500</u>	<u>7,500</u>	<u>6,605</u>	<u>895</u>
<u>GENERAL/ADMINISTRATION</u>				
PERSONNEL SERVICES:				
Administration	55,000	58,512	58,512	-
Clerical	59,439	59,439	61,680	(2,241)
Uniforms and Clothing	420	420	303	117
Workers compensation	431	431	219	212
Unemployment compensation	360	360	812	(452)
Employee retirement	14,520	14,520	14,512	8
Employee insurance	20,102	20,102	17,203	2,899
Retiree insurance	600	600	600	-
Payroll taxes	12,580	12,580	11,954	626
Total Personnel Services	<u>205,375</u>	<u>208,887</u>	<u>207,718</u>	<u>1,169</u>
SUPPLIES AND MATERIALS:				
Office supplies	4,800	4,800	2,929	1,871
Website and IT	408	408	389	19
Laboratory supplies	-	-	154	(154)
Postage and delivery	1,000	1,000	842	158
Minor tools	150	150	-	150
Educational and training	5,000	5,000	1,540	3,460
Other supplies	1,500	1,500	1,678	(178)
Total Supplies and Materials	<u>12,858</u>	<u>12,858</u>	<u>7,532</u>	<u>5,326</u>
MAINTENANCE OF BUILDING/GROUNDS				
Building and grounds	2,500	6,587	6,587	-
Total Maintenance of Building/Grounds	<u>2,500</u>	<u>6,587</u>	<u>6,587</u>	<u>-</u>
MAINTENANCE OF EQUIPMENT/MACHINERY:				
HVAC equipment	383	383	221	162
Communication equipment	100	100	-	100
Total Maintenance of Equipment/ Machinery	<u>483</u>	<u>483</u>	<u>221</u>	<u>262</u>
CONTRACTUAL SERVICES:				
Communication services	7,500	5,000	3,073	1,927
Leases and rentals	-	-	505	(505)
Insurance	6,751	6,751	4,680	2,071
Advertising	4,000	4,000	3,238	762
Legal fees	50,000	50,000	10,623	39,377
Contractual and fee base services	156,363	156,363	120,083	36,280
Utility services	70,000	70,000	80,697	(10,697)
Building inspections	-	7,500	7,500	-
Codification	2,000	2,000	1,975	25
Miscellaneous expense	-	299,515	300,984	(1,469)
Memberships/subscriptions	7,548	7,548	6,050	1,498
Total Contractual Services	<u>304,162</u>	<u>608,677</u>	<u>539,408</u>	<u>69,269</u>
TOTAL GENERAL ADMINISTRATION	<u>546,531</u>	<u>858,645</u>	<u>782,619</u>	<u>76,026</u>

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>TREASURY AND FINANCIAL</u>				
PERSONNEL SERVICES:				
Administration	\$ 36,155	\$ 36,155	\$ 37,518	\$ (1,363)
Uniforms	60	60	52	8
Workers compensation	95	95	110	(15)
Unemployment compensation	72	72	108	(36)
Employee retirement	3,192	3,192	3,374	(182)
Employee insurance	3,470	3,470	3,501	(31)
Payroll taxes	2,766	2,766	2,871	(105)
Total Personnel Services	45,810	45,810	47,534	(1,724)
SUPPLIES AND MATERIALS:				
Website & IT	204	204	195	9
Postage and delivery services	-	-	16	(16)
Educational and training	1,000	1,000	829	171
Total Supplies and Materials	1,204	1,204	1,040	164
CONTRACTUAL SERVICES:				
Communication Services	600	600	714	(114)
Memberships and Subscriptions	490	490	714	(224)
Employee Banquet	2,500	2,500	1,380	1,120
Contractual/fee services	64,321	64,321	70,963	(6,642)
Total Contractual Services	67,911	67,911	73,771	(5,860)
TOTAL TREASURY AND FINANCIAL	114,925	114,925	122,345	(7,420)
<u>TAX APPRAISAL AND COLLECTIONS</u>				
CONTRACTUAL SERVICES:				
Contractual/Fee Services	55,044	55,044	54,780	264
Total Contractual Services	55,044	55,044	54,780	264
TOTAL TAX APPRAISAL AND COLLECTIONS	55,044	55,044	54,780	264
<u>MUNICIPAL COURT</u>				
PERSONNEL SERVICES:				
Clerical	31,697	31,697	31,428	269
Overtime	-	-	418	(418)
Uniforms	60	60	52	8
Workers compensation	83	83	110	(27)
Unemployment compensation	144	144	260	(116)
Employee retirement	2,799	2,799	2,812	(13)
Employee insurance	7,995	7,995	7,995	-
Payroll taxes	2,425	2,425	2,090	335
Total Personnel Services	45,203	45,203	45,165	38
SUPPLIES AND MATERIALS:				
Postage and delivery	500	500	210	290
Educational and training	1,000	1,000	200	800
Total Supplies and Materials	1,500	1,500	410	1,090
MAINTENANCE OF EQUIPMENT				
Office equipment	420	420	452	(32)
Total Maintenance of Equipment	420	420	452	(32)
CONTRACTUAL SERVICES:				
Communication services	200	200	5	195
Contractual/fee services	19,096	19,096	19,213	(117)
Utility services	1,500	1,500	2,685	(1,185)
Collection agency fees	8,000	8,000	6,060	1,940
State Fee	55,000	55,000	73,363	(18,363)
Omni base fee	1,100	1,100	642	458
Vehicle registration	150,000	150,000	172,588	(22,588)
Total Contractual Services	234,896	234,896	274,556	(39,660)
TOTAL MUNICIPAL COURT	282,019	282,019	320,583	(38,564)

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>PARKS/RECREATION SERVICES</u>				
PERSONNEL SERVICES:				
Operations and Maintenance	\$ 69,949	\$ 69,949	\$ 72,699	\$ (2,750)
Overtime	1,000	1,000	245	755
Assignment pay	2,400	2,400	2,400	-
Uniforms and clothing	600	600	665	(65)
Workers compensation	1,612	1,612	1,237	375
Unemployment compensation	288	288	504	(216)
Employee retirement	6,177	6,177	6,708	(531)
Employee insurance	18,398	18,398	18,738	(340)
Payroll taxes	5,428	5,428	4,567	861
Total Personnel Services	105,852	105,852	107,763	(1,911)
SUPPLIES AND MATERIALS:				
Office supplies	500	500	1,181	(681)
Tires - flat repairs	1,400	1,400	253	1,147
Other supplies	2,500	2,500	7,130	(4,630)
Total Supplies and Materials	4,400	4,400	8,564	(4,164)
MAINTENANCE OF BUILDINGS/LAND				
Maintenance - ball parks	15,500	26,251	31,811	(5,560)
Maintenance - The Rec	3,000	3,000	5,019	(2,019)
Streets and alleys	-	-	15,950	(15,950)
Other	-	-	20	(20)
Building and grounds	6,000	6,000	6,293	(293)
Total Maintenance of Buildings/Land	24,500	35,251	59,093	(23,842)
MAINTENANCE OF EQUIPMENT/MACHINERY				
Machinery & Equipment	1,500	1,500	2,068	(568)
HVAC equipment	315	315	315	-
Automotive equipment	-	-	-	-
Tools	1,000	1,000	450	550
Signal and sign system	500	500	168	332
Other maintenacne	5,000	5,000	5,070	(70)
Total Maintenance of Equipment/Machinery	8,315	8,315	8,071	244
CONTRACTUAL SERVICES				
Communication Services	32	32	398	(366)
Leases and rentals	500	500	-	500
Insurance	4,005	4,005	3,567	438
Contractual services	1,176	1,176	700	476
Utility Services	10,500	10,500	14,154	(3,654)
Miscellaneous	5,500	5,500	5,349	151
Memberships and subscriptions	6,000	6,000	1,120	4,880
Total Contractual Services	27,713	27,713	25,288	2,425
CAPITAL OUTLAY				
Land improvements	3,000	3,000	3,600	(600)
Total Capital Outlay	3,000	3,000	3,600	(600)
TOTAL PARKS/RECREATION SERVICES	173,780	184,531	212,379	(27,848)
<u>COMMUNITY DEVELOPMENT</u>				
CONTRACTUAL SERVICES:				
Contractual/fee services	65,400	65,400	65,400	-
Economic Development	5,000	5,000	5,000	-
Total Contractual Services	70,400	70,400	70,400	-
TOTAL COMMUNITY DEVELOPMENT	70,400	70,400	70,400	-

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>STREET AND GROUNDS MAINTENANCE</u>				
PERSONNEL SERVICES:				
Operations and maintenance	\$ 91,986	\$ 91,986	\$ 95,674	\$ (3,688)
Overtime	1,000	1,000	3,227	(2,227)
Uniforms and clothing	1,200	1,200	783	417
Workers compensation	4,486	4,486	3,585	901
Unemployment compensation	288	288	626	(338)
Employee retirement	8,122	8,122	8,791	(669)
Employee insurance	14,880	14,880	15,450	(570)
Payroll taxes	6,941	6,941	6,941	-
Total Personnel Services	128,903	128,903	135,077	(6,174)
SUPPLIES AND MATERIALS:				
Minor tools	500	500	222	278
Chemical and mechanical	500	500	539	(39)
Safety supplies	100	100	49	51
Other supplies	100	100	21	79
Total Supplies and Materials	1,200	1,200	831	369
MAINTENANCE OF BUILDINGS/LAND:				
Streets and alleys	10,000	10,000	1,834	8,166
Total Maintenance of Buildings/Land	10,000	10,000	1,834	8,166
STREET AND GROUNDS MAINTENANCE (cont'd.)				
MAINTENANCE OF EQUIPMENT/MACHINERY:				
Machinery and heavy equipment	5,000	5,000	5,005	(5)
Shop equipment	500	500	45	455
Minor tools and equipment	400	400	208	192
Signal and sign system	3,500	3,500	1,505	1,995
Total Maintenance of Equipment/Machinery	9,400	9,400	6,763	2,637
CONTRACTUAL SERVICES				
Communication services	379	379	393	(14)
Leases and rentals	500	500	755	(255)
Contractual services	26,000	26,000	24,039	1,961
Insurance	3,221	3,221	2,508	713
Total Contractual Services	30,100	30,100	27,695	2,405
TOTAL STREET AND GROUNDS MAINTENANCE	179,603	179,603	172,200	7,403
<u>POLICE OPERATIONS</u>				
PERSONNEL SERVICES:				
Administration	210,000	210,000	213,379	(3,379)
Technology equipment	1,000	1,000	17,940	(16,940)
Operations and maintenance	566,951	566,951	564,539	2,412
Overtime	12,000	12,000	20,178	(8,178)
Certificate pay	6,301	6,301	8,978	(2,677)
Assignment pay	8,000	8,000	4,001	3,999
Uniforms and clothing	9,654	9,654	11,696	(2,042)
Workers compensation	21,731	21,731	14,320	7,411
Unemployment compensation	2,304	2,304	4,531	(2,227)
Employee retirement	70,221	70,221	72,346	(2,125)
Employee insurance	124,243	124,243	110,252	13,991
Payroll taxes	60,837	60,837	57,786	3,051
Total Personnel Services	1,093,242	1,093,242	1,099,946	(6,704)

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>POLICE OPERATIONS (Con't)</u>				
<u>SUPPLIES AND MATERIALS:</u>				
Office supplies	\$ 2,750	\$ 2,750	\$ 2,623	\$ 127
Website & IT	4,600	4,600	195	4,405
Laboratory supplies	2,000	2,000	1,858	142
Postage and delivery	500	500	186	314
Safety supplies	1,000	1,000	1,125	(125)
Educational and training	7,000	7,000	4,665	2,335
K-9 Miscellaneous	5,000	5,000	30	4,970
LEOSE continuing education	1,500	1,500	2,385	(885)
Community resource supply	500	500	1,989	(1,489)
Evidence processing	1,000	1,000	889	111
CID supplies	500	500	282	218
Other supplies	5,300	5,300	6,320	(1,020)
Total Supplies and Materials	31,650	31,650	22,547	9,103
<u>MAINTENANCE OF BUILDINGS/LAND:</u>				
Buildings and grounds	4,000	4,000	2,638	1,362
Gun range	4,000	4,000	1,777	2,223
Total Maintenance of Buildings/Land	8,000	8,000	4,415	3,585
<u>MAINTENANCE OF EQUIPMENT/MACHINERY:</u>				
Office equipment	1,320	1,320	1,439	(119)
HVAC equipment	765	765	927	(162)
Communication equipment	-	-	525	(525)
Total Maintenance of Equipment/Machinery	2,085	2,085	2,891	(806)
<u>CONTRACTUAL SERVICES:</u>				
Communication services	11,000	11,000	9,480	1,520
Insurance	24,912	24,912	20,909	4,003
Contractual/fee services	103,403	103,403	94,368	9,035
Utility services	6,000	6,000	3,974	2,026
Memberships and subscriptions	1,000	1,000	325	675
Total Contractual Services	146,315	146,315	129,056	17,259
<u>CAPITAL OUTLAY:</u>				
Land improvements	-	141,882	141,882	-
Total Capital Outlay	-	141,882	141,882	-
TOTAL POLICE OPERATIONS	1,281,292	1,423,174	1,400,737	22,437
<u>FIRE OPERATIONS</u>				
<u>PERSONNEL SERVICES:</u>				
Administration	80,078	80,078	82,773	(2,695)
Operations maintenance	415,181	415,181	460,781	(45,600)
Overtime	15,000	15,000	29,163	(14,163)
Community service	1,000	1,000	833	167
Certificate pay	300	300	623	(323)
Uniforms and clothing	3,000	3,000	3,210	(210)
Workers compensation	15,388	15,388	16,586	(1,198)
Unemployment compensation	3,888	3,888	7,867	(3,979)
Employee retirement	25,278	25,278	30,734	(5,456)
Employee insurance	34,932	34,932	30,005	4,927
Payroll taxes	39,058	39,058	42,778	(3,720)
Total Personnel Services	633,103	633,103	705,353	(72,250)

CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
FISCAL YEAR ENDED SEPTEMBER 30, 2021  
GENERAL FUND

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>FIRE OPERATIONS (Con't)</b>				
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	\$ 400	\$ 400	\$ 182	\$ 218
Laboratory services	320	320	1,440	(1,120)
Postage & delivery supplies	100	100	201	(101)
Tires & tubes	1,500	1,500	759	741
Emergency medical supplies	1,500	1,500	1,349	151
Minor tools and apparatus	400	400	585	(185)
Janitorial supplies	1,000	1,000	1,145	(145)
FOAM	1,200	1,200	1,283	(83)
Safety supplies	400	400	70	330
Educational and training	5,000	5,000	5,918	(918)
<b>Total Supplies and Materials</b>	<b>11,820</b>	<b>11,820</b>	<b>12,932</b>	<b>(1,112)</b>
<b>MAINTENANCE OF BUILDING:</b>				
Building and grounds	6,000	6,000	5,062	938
<b>Total Maintenance of Equipment/Machinery</b>	<b>6,000</b>	<b>6,000</b>	<b>5,062</b>	<b>938</b>
<b>MAINTENANCE OF EQUIPMENT/MACHINERY:</b>				
Office equipment	1,140	1,140	1,206	(66)
Machinery	-	-	4,978	(4,978)
HVAC equipment	180	180	180	-
Shop equipment	400	400	255	145
Safety and medical equipment	8,000	8,000	8,631	(631)
Tools	5,000	33,199	33,199	-
Outdoor Warning System	4,000	15,643	16,342	(699)
Communication equipment	3,800	3,800	1,412	2,388
<b>Total Maintenance of Equipment/Machinery</b>	<b>22,520</b>	<b>62,362</b>	<b>66,203</b>	<b>(3,841)</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	18,685	18,685	19,129	(444)
Insurance	7,223	7,223	6,629	594
Contractual/fee services	2,500	2,500	3,208	(708)
Utility service	5,000	5,000	5,400	(400)
Memberships and subscriptions	600	600	577	23
Miscellaneous expense	800	800	1,489	(689)
<b>Total Contractual Services</b>	<b>34,808</b>	<b>34,808</b>	<b>36,432</b>	<b>(1,624)</b>
<b>TOTAL FIRE OPERATIONS</b>	<b>708,251</b>	<b>748,093</b>	<b>825,982</b>	<b>(77,889)</b>
<b>SANITATION</b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual/fee services	681,686	681,686	681,686	-
Sales tax	65,000	65,000	64,292	708
<b>Total Contractual Services</b>	<b>746,686</b>	<b>746,686</b>	<b>745,978</b>	<b>708</b>
<b>TOTAL SANITATION</b>	<b>746,686</b>	<b>746,686</b>	<b>745,978</b>	<b>708</b>
<b>TOTAL EXPENDITURES - BUDGET BASIS</b>	<b>\$ 4,166,031</b>	<b>\$ 4,670,620</b>	<b>4,714,608</b>	<b>\$ (43,988)</b>
<b>Financial Statement Adjustments:</b>				
Payments to internal service fund for vehicle maintenance and lease payments			171,405	
Increase in accrued expenses			83,591	
<b>TOTAL EXPENDITURES - GAAP BASIS</b>			<b>\$ 4,969,604</b>	

**CITY OF WHITEHOUSE, TEXAS  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
SEPTEMBER 30, 2021**

	<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:	\$ 52,530	\$ -	\$ -	\$ 52,530
Due from other funds				
Due from General Fund	9,452	-	-	9,452
Due from Utility Fund	38,692	-	-	38,692
Due from Utility Debt Service Fund	1,523,979	-	-	1,523,979
	<u>\$ 1,624,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,624,653</u>
TOTAL ASSETS				
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	71,084	-	-	71,084
	<u>175,430</u>	<u>-</u>	<u>-</u>	<u>175,430</u>
Total Liabilities				
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes	52,530	-	-	52,530
<b><u>FUND BALANCE</u></b>				
Restricted:				
Debt Service	1,396,693	-	-	1,396,693
	<u>\$ 1,624,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,624,653</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	TAX NOTE & GENERAL OBLIGATION NOTES	2006 SERIES REFUNDING FUND	2018 SERIES CERTIFICATES OF OBLIGATION	TOTAL
<b>REVENUES</b>				
Current and delinquent taxes	\$ 743,130	\$ 237,063	\$ 629,100	\$ 1,609,293
Interest income	1,313	-	-	1,313
	<u>744,443</u>	<u>237,063</u>	<u>629,100</u>	<u>1,610,606</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bond principal	-	185,000	485,000	670,000
Note principal	89,269	-	-	89,269
Interest and fees	7,574	52,063	144,100	203,737
	<u>96,843</u>	<u>237,063</u>	<u>629,100</u>	<u>963,006</u>
Total Expenditures				
Revenues Over (Under) Expenditures	647,600	-	-	647,600
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	169,361	-	-	169,361
Transfers out	(572,632)	-	-	(572,632)
	<u>(403,271)</u>	<u>-</u>	<u>-</u>	<u>(403,271)</u>
Total Other Financing Sources (Uses)				
Revenues and Other Sources Over (Under) Expenditures and Other Uses	244,329	-	-	244,329
Fund Balance, October 1, 2020	1,152,364	-	-	1,152,364
Fund Balance, September 30, 2021	<u>\$ 1,396,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,396,693</u>

CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2021

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
<b>ASSETS</b>			
Current Assets:			
Cash and certificates of deposit	\$ 1,490,013	\$ 1,416,319	\$ 2,906,332
Accounts receivable (net)	497,294	-	497,294
Total Current Assets	1,987,307	1,416,319	3,403,626
Restricted Current Assets:			
Temporarily Restricted			
Customer deposits	363,855	-	363,855
Total Restricted Current Assets	363,855	-	363,855
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	26,156,511	-	26,156,511
Machinery & equipment	839,876	-	839,876
Less: Accumulated depreciation	(11,585,206)	-	(11,585,206)
Total Capital Assets (net of accumulated depreciation)	15,813,825	-	15,813,825
Total Noncurrent Assets:	16,043,825	-	16,043,825
Total Assets	18,394,987	1,416,319	19,811,306
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (net of amortization)	250,730	-	250,730
Deferred charge on other post employment benefits	6,859	-	6,859
Deferred charge on TMRS pension	45,313	-	45,313
Total Deferred Outflows of Resources	302,902	-	302,902

(continued)

CITY OF WHITEHOUSE, TEXAS  
COMBINING STATEMENT OF NET POSITION  
UTILITY FUND  
SEPTEMBER 30, 2021

	BUSINESS-TYPE ACTIVITIES		
	OPERATING FUND	DEBT SERVICE	TOTAL UTILITY FUND
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 71,822	\$ -	\$ 71,822
Compensated absences	2,077	-	2,077
Due to other funds	39,684	1,472,149	1,511,833
<b>Total Current Liabilities</b>	<b>113,583</b>	<b>1,472,149</b>	<b>1,585,732</b>
Current liabilities payable from restricted assets:			
Customer deposits	363,855	-	363,855
Accrued interest	-	33,527	33,527
Notes payable	16,857	-	16,857
Revenue bonds payable	1,157,000	-	1,157,000
<b>Total current liabilities payable from restricted assets</b>	<b>1,537,712</b>	<b>33,527</b>	<b>1,571,239</b>
Noncurrent Liabilities:			
Revenue bonds payable	8,635,000	-	8,635,000
Notes payable	38,626	-	38,626
Compensated absences	18,705	-	18,705
Other post employment benefits	37,178	-	37,178
Net pension liability	116,809	-	116,809
<b>Total Noncurrent Liabilities</b>	<b>8,846,318</b>	<b>-</b>	<b>8,846,318</b>
<b>Total Liabilities</b>	<b>10,497,613</b>	<b>1,505,676</b>	<b>12,003,289</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charge on other post employment benefits	1,612	-	1,612
Deferred charge on TMRS pension	51,001	-	51,001
<b>Total Deferred Inflows of Resources</b>	<b>52,613</b>	<b>-</b>	<b>52,613</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	5,966,342	-	5,966,342
Unrestricted	2,181,321	(89,357)	2,091,964
<b>Total Net Position</b>	<b>\$ 8,147,663</b>	<b>\$ (89,357)</b>	<b>\$ 8,058,306</b>

**CITY OF WHITEHOUSE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**UTILITY FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
OPERATING REVENUES				
Water sales	\$ 2,084,359	\$ -	\$ -	\$ 2,084,359
Sewer charges	865,628	-	-	865,628
Property taxes	-	629,100	-	629,100
Charges for other services	302,269	-	-	302,269
Total Operating Revenues	<u>3,252,256</u>	<u>629,100</u>	<u>-</u>	<u>3,881,356</u>
OPERATING EXPENSES				
Utility administration	485,963	-	-	485,963
Customer service	132,117	-	-	132,117
Water operations	578,778	-	-	578,778
Sewer operations	520,145	-	-	520,145
Water supply	427,795	-	-	427,795
Depreciation	591,215	-	-	591,215
Total Operating Expenses	<u>2,736,013</u>	<u>-</u>	<u>-</u>	<u>2,736,013</u>
Operating Income (Loss)	<u>516,243</u>	<u>629,100</u>	<u>-</u>	<u>1,145,343</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and fiscal charge expense	-	(387,730)	-	(387,730)
Loss on sale of assets	(23,452)	-	-	(23,452)
Interest income	19,493	-	-	19,493
Total Non-Operating Revenue (Expenses)	<u>(3,959)</u>	<u>(387,730)</u>	<u>-</u>	<u>(391,689)</u>
Income before transfers	512,284	241,370	-	753,654
Transfers in	1,276,136	1,043,772	(417,156)	1,902,752
Transfers out	<u>(1,018,833)</u>	<u>(1,276,136)</u>	<u>417,156</u>	<u>(1,877,813)</u>
Total Transfers	<u>257,303</u>	<u>(232,364)</u>	<u>-</u>	<u>24,939</u>
Change in Net Position	769,587	9,006	-	778,593
Net Position, October 1, 2020	<u>7,378,076</u>	<u>(98,363)</u>	<u>-</u>	<u>7,279,713</u>
Net Position, September 30, 2021	<u>\$ 8,147,663</u>	<u>\$ (89,357)</u>	<u>-</u>	<u>\$ 8,058,306</u>

CITY OF WHITEHOUSE, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 UTILITY FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

Increase (Decrease) in Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES			TOTAL UTILITY FUND
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 3,273,566	\$ 629,100	\$ -	\$ 3,902,666
Cash paid to suppliers for goods and services	(1,411,112)	-	-	(1,411,112)
Cash paid to employees for services	(756,410)	-	-	(756,410)
Net cash provided by operating activities	<u>1,106,044</u>	<u>629,100</u>	<u>-</u>	<u>1,735,144</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,276,136	1,043,772	(417,156)	1,902,752
Transfers out	(964,848)	(1,276,136)	417,156	(1,823,828)
Net cash provided by non-capital financing activities	<u>311,288</u>	<u>(232,364)</u>	<u>-</u>	<u>78,924</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases or construction of capital assets	(207,614)	-	-	(207,614)
Principal paid on notes	(16,281)	-	-	(16,281)
Interest paid	-	(396,736)	-	(396,736)
Advances from other funds	-	244,323	-	244,323
Principal paid on bonds	(1,259,855)	-	-	(1,259,855)
Net cash used in capital and related financing activities	<u>(1,483,750)</u>	<u>(152,413)</u>	<u>-</u>	<u>(1,636,163)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest earned on investments	19,493	-	-	19,493
Net cash provided by investing activities	<u>19,493</u>	<u>-</u>	<u>-</u>	<u>19,493</u>
Net increase in cash	(46,925)	244,323	-	197,398
Cash, beginning of period	1,900,793	1,171,996	-	3,072,789
Cash, end of period	<u>\$ 1,853,868</u>	<u>\$ 1,416,319</u>	<u>\$ -</u>	<u>\$ 3,270,187</u>
<b>Reconciliation of cash to Schedule 6:</b>				
Cash - current asset	\$ 1,490,013	\$ 1,416,319	\$ -	\$ 2,906,332
Cash - restricted current asset	363,855	-	-	363,855
Total cash, end of period	<u>\$ 1,853,868</u>	<u>\$ 1,416,319</u>	<u>\$ -</u>	<u>\$ 3,270,187</u>

CITY OF WHITEHOUSE, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 UTILITY FUND  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

Increase (Decrease) in Cash and Cash Equivalents

	BUSINESS-TYPE ACTIVITIES			
	OPERATING FUND	DEBT SERVICE	ELIMINATIONS	TOTAL UTILITY FUND
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>				
Operating income	\$ 516,243	\$ 629,100	\$ -	\$ 1,145,343
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	591,215	-	-	591,215
Decrease in deferred outflows of resources	12,571	-	-	12,571
Increase in accounts payable	378	-	-	378
Increase in accounts receivable	(7,625)	-	-	(7,625)
Decrease in net pension liability	(28,654)	-	-	(28,654)
Decrease in deferred inflows of resources	(10,370)	-	-	(10,370)
Increase in other post employee benefit liability	3,351	-	-	3,351
Increase in compensated absences	-	-	-	-
Increase in customer deposits	28,935	-	-	28,935
Total adjustments	589,801	-	-	589,801
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,106,044</b>	<b>\$ 629,100</b>	<b>\$ -</b>	<b>\$ 1,735,144</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, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>				
Charges for services:				
Water sales	\$ 1,996,560	\$ 1,996,560	\$ 2,067,747	\$ 71,187
Sewer charges	842,928	842,928	865,628	22,700
Tap and connect fees	40,000	40,000	55,263	15,263
Miscellaneous revenue	-	-	17,804	17,804
Penalties	120,000	120,000	129,759	9,759
Insurance claims	-	-	112,806	112,806
Anra Compost Rebate	7,000	7,000	4,441	(2,559)
Interest and rent	<u>1,000</u>	<u>1,000</u>	<u>1,689</u>	<u>689</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES - BUDGET BASIS	<u>\$ 3,007,488</u>	<u>\$ 3,007,488</u>	3,255,137	<u>\$ 247,649</u>
Financial Statement Adjustments:				
Adjust accounts receivable for cut-off			16,612	
Loss from sale of assets			(23,452)	
Debt Service Fund payment of principal and fees on bonds and note			<u>1,276,136</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES - GAAP BASIS			<u>\$ 4,524,433</u>	

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**UTILITY OPERATING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>UTILITY ADMINISTRATION</b>				
<b>PERSONNEL SERVICES:</b>				
Administration	\$ 173,255	\$ 173,255	\$ 181,226	\$ (7,971)
Workers' compensation	2,661	2,661	1,263	1,398
Unemployment compensation	288	288	252	36
Employee retirement	15,298	15,298	16,132	(834)
Employee insurance	15,596	15,596	15,532	64
Uniforms and clothing	0	-	325	(325)
Payroll taxes	13,254	13,254	13,389	(135)
Total Personnel Services	<u>220,352</u>	<u>220,352</u>	<u>228,119</u>	<u>(7,767)</u>
<b>SUPPLIES AND MATERIALS:</b>				
Office supplies	1,354	1,354	1,354	-
Postage and delivery service	12,000	12,000	13,769	(1,769)
Educational and training	-	-	136	(136)
Other supplies	500	500	82	418
Total Supplies and Materials	<u>13,854</u>	<u>13,854</u>	<u>15,341</u>	<u>(1,487)</u>
<b>MAINTENANCE OF BUILDINGS/LAND:</b>				
Buildings and grounds	2,000	2,000	12,800	(10,800)
Total Maintenance of Buildings/Land	<u>2,000</u>	<u>2,000</u>	<u>12,800</u>	<u>(10,800)</u>
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Office equipment	2,443	2,443	2,443	-
HVAC equipment	257	257	221	36
Total Maintenance - Equipment/Machinery	<u>2,700</u>	<u>2,700</u>	<u>2,664</u>	<u>36</u>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	1,500	1,500	1,055	445
Leases and Rentals	987	987	996	(9)
Advertising	250	250	-	250
Legal fees	2,500	2,500	-	2,500
Contractual and fee basis service	191,565	191,565	213,947	(22,382)
Utility services	15,000	15,000	9,909	5,091
Utility billing - dataprose	7,000	7,000	7,921	(921)
On-Line / credit card fees	24,000	24,000	33,630	(9,630)
Document shredding	450	450	442	8
Memberships and subscriptions	550	550	40	510
Miscellaneous	2,500	2,500	1,407	1,093
Total Contractual Services	<u>246,302</u>	<u>246,302</u>	<u>269,347</u>	<u>(23,045)</u>
<b>TOTAL UTILITY ADMINISTRATION</b>	<u><u>485,208</u></u>	<u><u>485,208</u></u>	<u><u>528,271</u></u>	<u><u>(43,063)</u></u>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**UTILITY OPERATING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>CUSTOMER SERVICE</u>				
PERSONNEL SERVICES:				
Clerical	\$ 97,515	\$ 97,515	\$ 97,708	\$ (193)
Overtime	500	500	1,129	(629)
Worker's compensation	256	256	329	(73)
Unemployment compensation	432	432	823	(391)
Employee retirement	8,655	8,655	8,727	(72)
Employee insurance	22,757	22,757	22,759	(2)
Payroll taxes	7,498	7,498	6,848	650
Total Personnel Services	<u>137,769</u>	<u>137,769</u>	<u>138,479</u>	<u>(710)</u>
TOTAL CUSTOMER SERVICE	<u>137,769</u>	<u>137,769</u>	<u>138,479</u>	<u>(710)</u>
<u>WATER OPERATIONS</u>				
PERSONNEL SERVICES:				
Operations and maintenance	159,438	165,486	172,784	(7,298)
Overtime	10,000	10,000	19,091	(9,091)
Certificate Pay	600	600	312	288
Uniforms and clothing	1,450	1,450	1,616	(166)
Workers' compensation	4,704	4,704	5,646	(942)
Unemployment compensation	576	576	1,008	(432)
Employee retirement	14,926	14,926	17,082	(2,156)
Employee insurance	27,173	27,173	26,851	322
Payroll taxes	12,931	12,931	14,570	(1,639)
Total Personnel Services	<u>231,798</u>	<u>237,846</u>	<u>258,960</u>	<u>(21,114)</u>
SUPPLIES AND MATERIALS:				
Laboratory supplies	-	-	50	(50)
Tires and tubes	2,000	2,000	1,071	929
Water meter supplies	10,000	10,000	9,842	158
Minor tools and apparatus	1,000	1,000	1,467	(467)
Chemical and mechanical supplies	24,000	24,000	22,067	1,933
Safety Supplies	100	100	150	(50)
Educational and training	1,500	1,500	3,124	(1,624)
Other supplies	400	400	235	165
Total Supplies and Materials	<u>39,000</u>	<u>39,000</u>	<u>38,006</u>	<u>994</u>
MAINTENANCE - BUILDING/LAND:				
Buildings and grounds	4,000	4,000	3,771	229
Chlorination facilities	7,500	7,500	3,556	3,944
Water system	25,000	25,000	56,368	(31,368)
Meters and settings	10,000	10,000	14,478	(4,478)
Total Maintenance - Building/Land	<u>46,500</u>	<u>46,500</u>	<u>78,173</u>	<u>(31,673)</u>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**UTILITY OPERATING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	\$ 10,000	\$ 10,000	\$ 3,266	\$ 6,734
Contingency	25,000	55,000	18,078	36,922
Safety and medical equipment	200	200	13	187
<b>Total Maintenance - Equipment/Machinery</b>	<b>35,200</b>	<b>65,200</b>	<b>21,357</b>	<b>43,843</b>
<b>CONTRACTUAL SERVICES:</b>				
Communication services	2,960	2,960	5,207	(2,247)
Leases and rentals	13,382	13,382	15,442	(2,060)
Insurance	18,661	18,661	16,004	2,657
Memberships and subscriptions	-	-	420	(420)
Contractual and fee basis service	20,000	20,000	10,641	9,359
Utility services	135,000	135,000	146,783	(11,783)
Regulatory inspection fee	7,500	7,500	6,813	687
<b>Total Contractual Services</b>	<b>197,503</b>	<b>197,503</b>	<b>201,310</b>	<b>(3,807)</b>
<b>TOTAL WATER OPERATIONS</b>	<b>550,001</b>	<b>586,049</b>	<b>597,806</b>	<b>(11,757)</b>
<b>WASTEWATER OPERATIONS</b>				
<b>PERSONNEL SERVICES:</b>				
Operations and maintenance	81,406	81,406	88,785	(7,379)
Overtime	6,500	6,500	9,285	(2,785)
Certificate Pay	600	600	-	600
Uniforms and clothing	1,000	1,000	786	214
Workers' compensation	2,042	2,042	1,588	454
Unemployment compensation	288	288	504	(216)
Employee retirement	7,815	7,815	8,717	(902)
Employee insurance	13,594	13,594	13,598	(4)
Payroll taxes	6,771	6,771	7,453	(682)
<b>Total Personnel Services</b>	<b>120,016</b>	<b>120,016</b>	<b>130,716</b>	<b>(10,700)</b>
<b>SUPPLIES AND MATERIALS:</b>				
Laboratory supplies	100	100	-	100
Tires and tubes	1,200	1,200	1,215	(15)
Minor tools and apparatus	750	750	339	411
Chemical and mechanical supplies	35,000	35,000	35,501	(501)
Safety supplies	1,200	1,200	522	678
Educational and training	750	750	1,161	(411)
<b>Total Supplies and Materials</b>	<b>39,000</b>	<b>39,000</b>	<b>38,738</b>	<b>262</b>
<b>MAINTENANCE - BUILDING/LAND:</b>				
Building and grounds	7,000	7,000	4,326	2,674
Sanitary sewers	25,000	25,000	24,867	133
Lift stations	30,000	30,000	12,869	17,131
<b>Total Maintenance - Building/Land</b>	<b>62,000</b>	<b>62,000</b>	<b>42,062</b>	<b>19,938</b>

**CITY OF WHITEHOUSE, TEXAS**  
**DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**(NON-GAAP BUDGET BASIS)**  
**UTILITY OPERATING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>MAINTENANCE - EQUIPMENT/MACHINERY:</b>				
Machinery and heavy equipment	\$ 10,000	\$ 10,000	\$ 7,330	\$ 2,670
Contingency	25,000	25,000	27,295	(2,295)
Total Maintenance - Equipment/Machinery	35,000	35,000	34,625	375
<b>CONTRACTUAL SERVICES:</b>				
Communication services	1,400	1,400	1,002	398
Leases and rentals	200	200	0	200
Insurance	5,237	5,237	5,152	85
Contractual and fee basis service	110,000	110,000	130,402	(20,402)
Utility services	75,000	75,000	132,181	(57,181)
Regulatory inspection fee	12,500	12,500	11,101	1,399
Total Contractual Services	204,337	204,337	279,838	(75,501)
<b>CAPITAL OUTLAY:</b>				
Waste water system improvements	-	250,000	190,594	59,406
Total Capital Outlay	-	250,000	190,594	59,406
<b>TOTAL WASTEWATER OPERATIONS</b>	<b>460,353</b>	<b>710,353</b>	<b>716,573</b>	<b>(6,220)</b>
<b><u>WATER SUPPLY</u></b>				
<b>CONTRACTUAL SERVICES:</b>				
Contractual and fee basis service	395,865	395,865	436,170	(40,305)
Total Contractual Services	395,865	395,865	436,170	(40,305)
<b>TOTAL WATER SUPPLY</b>	<b>395,865</b>	<b>395,865</b>	<b>436,170</b>	<b>(40,305)</b>
<b><u>UTILITY DEBT SERVICE</u></b>				
<b>DEBT SERVICE:</b>				
Revenue bonds principal	280,000	280,000	280,000	-
Revenue bonds interest	79,983	79,983	89,184	(9,201)
G.O. bonds principal	146,837	146,837	146,828	9
G.O. bonds interest	3,113	3,113	3,113	-
Installment notes principal	24,357	44,086	11,227	32,859
Installment notes interest	3,554	3,676	2,842	834
Hwy 110 Line/Blower principal	35,000	35,000	35,000	-
Hwy 110 Line/Blower interest	12,971	12,971	12,971	-
HVAC/key access principal	5,025	5,025	5,025	-
HVAC/key Access interest	326	326	326	-
Total Debt Service	591,166	611,017	586,516	24,501
<b>TOTAL UTILITY DEBT SERVICE</b>	<b>591,166</b>	<b>611,017</b>	<b>586,516</b>	<b>24,501</b>

**CITY OF WHITEHOUSE, TEXAS  
DETAILED SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
(NON-GAAP BUDGET BASIS)  
UTILITY OPERATING FUND  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>TRANSFERS</u>				
Interfund transfers	\$ 360,000	\$ 360,000	\$ 378,332	\$ (18,332)
TOTAL TRANSFERS	<u>360,000</u>	<u>360,000</u>	<u>378,332</u>	<u>(18,332)</u>
TOTAL EXPENSES - BUDGET BASIS	<u>\$ 2,980,362</u>	<u>\$ 3,286,261</u>	\$ 3,382,147	<u>\$ (95,886)</u>
Financial Statement Adjustments:				
Depreciation			591,215.00	
Record transfers to other funds			53,985	
TMRS pension adjustment			(25,165)	
OPEB adjustment			2,063	
Decrease in accrued expenses			(41,785)	
Reclassify capital expenditures			<u>(207,614)</u>	
TOTAL EXPENSES AND TRANSFERS - GAAP BASIS			<u>\$ 3,754,846</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, 2021**

	<u>BUDGET ORIGINAL</u>	<u>BUDGET FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>				
Property taxes	\$ 629,100	\$ 629,100	\$ 629,100	\$ -
Transfers in	417,156	417,156	417,156	-
<b>TOTAL REVENUES - BUDGET BASIS</b>	<b><u>1,046,256</u></b>	<b><u>1,046,256</u></b>	1,046,256	<b><u>-</u></b>
Record transfer in for bond defeasance			53,985	
Reclassify 2018 Certificates of Obligation payments			(629,100)	
Record transfer in for bond and note principal and interest paid in Governmental debt service fund			<u>1,201,732</u>	
<b>TOTAL REVENUES - GAAP BASIS</b>			<b><u>1,672,873</u></b>	<b>-</b>
<b><u>EXPENSES</u></b>				
Bond/Note principal:				
2006 Certificates of Obligation	165,000	165,000	165,000	-
2007 Certificates of Obligation	115,000	115,000	115,000	-
2018 Certificates of Obligation	485,000	485,000	485,000	-
Installment notes	35,000	35,000	35,000	
Bond/Note interest:				
2006 Certificates of Obligation	43,155	43,155	52,356	(9,201)
2007 Certificates of Obligation	36,828	36,828	36,828	-
2018 Certificates of Obligation	144,100	144,100	144,100	
Installment Notes	12,971	12,971	12,971	-
<b>TOTAL EXPENSES - BUDGET BASIS</b>	<b><u>\$ 1,037,054</u></b>	<b><u>\$ 1,037,054</u></b>	1,046,255	<b><u>\$ (9,201)</u></b>
Record amortization of bond defeasance			53,985	
Reclassify 2018 Certificates of Obligation payments			(629,100)	
Bond and note principal and interest paid in Governmental debt service fund			<u>1,201,732</u>	
Decrease in accrued interest at September 30, 2021			<u>(9,005)</u>	
<b>TOTAL EXPENSES - GAAP BASIS</b>			<b><u>\$ 1,663,867</u></b>	

## **OTHER SCHEDULES**

CITY OF WHITEHOUSE, TEXAS  
 SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS - BY SOURCE  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	TOTAL	LAND	CONSTRUCTION IN PROCESS	BUILDINGS & IMPROVEMENTS	PARKS	INFRASTRUCTURE	MACHINERY & EQUIPMENT	
							AUTOS	OTHER EQUIPMENT
Governmental assets - October 1, 2020	\$ 20,957,218	\$ 190,184	\$ -	\$ 3,234,581	\$ 2,571,986	\$ 12,415,735	\$ 1,202,780	\$ 1,341,952
EXPENDITURES FROM GOVERNMENTAL FUNDS:								
<u>GENERAL FUND</u>								
Street Improvements	592,272	-	296,136	-	-	296,136	-	-
Building Improvements	283,764	-	141,882	141,882	-	-	-	-
Community Development	318,469	-	-	297,316	-	-	-	21,153
Police	17,940	-	-	-	-	-	-	17,940
Fire Apparatus	30,810	-	-	-	-	-	-	30,810
Parks	15,950	-	15,950	-	-	-	-	-
Police Vehicles	-	-	-	-	-	-	-	-
RETIREMENTS FROM GOVERNMENTAL FUNDS:								
<u>GENERAL FUND</u>								
Police Vehicles	(325,976)	-	-	-	-	-	(325,976)	-
Machinery & Equipment	-	-	-	-	-	-	-	-
Construction in Progress	-	-	-	-	-	-	-	-
COMPLETION OF CAPITAL PROJECTS	(438,018)	-	(438,018)	-	-	-	-	-
GOVERNMENTAL ASSETS - SEPTEMBER 30, 2021	<u>\$ 21,452,429</u>	<u>\$ 190,184</u>	<u>\$ 15,950</u>	<u>\$ 3,673,779</u>	<u>\$ 2,571,986</u>	<u>\$ 12,711,871</u>	<u>\$ 876,804</u>	<u>\$ 1,411,855</u>

**CITY OF WHITEHOUSE, TEXAS  
SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	TOTAL	BONDS PAYABLE		NOTES PAYABLE	CAPITAL LEASES	COMPENSATED ABSENCES	NET PENSION LIABILITY	OPEB LIABILITY
		2006 SERIES	2018 SERIES					
Governmental fund debt, October 1, 2020	\$ 6,646,048	\$ 1,225,000	\$ 4,875,167	\$ 151,778	\$ -	\$ 71,130	\$ 232,276	\$ 90,697
<b>ADDITIONS</b>								
Compensated Absences	12,236	-	-	-	-	12,236	-	-
Capital Leases - Vehicle Fleet	585,138	-	-	-	585,138	-	-	-
Other Post-Employment Benefits	13,666	-	-	-	-	-	-	13,666
Total Additions	611,040	-	-	-	585,138	12,236	-	13,666
<b>RETIREMENTS</b>								
Bond principal:								
2006 Limited Tax Refunding Bonds	185,000	185,000	-	-	-	-	-	-
2018 Certificates of Obligation	499,762	-	499,762	-	-	-	-	-
Total Bond Retirements	684,762	185,000	499,762	-	-	-	-	-
Notes Payable:								
Austin Bank								
2018 Ford Explorers (Police Dept)	23,459	-	-	23,459	-	-	-	-
City Improvements	60,574	-	-	60,574	-	-	-	-
Fire Truck Compressor	5,236	-	-	5,236	-	-	-	-
Total Note Retirements	89,269	-	-	89,269	-	-	-	-
Capital Leases - Vehicle Fleet	241,725	-	-	-	241,725	-	-	-
Net Pension Liability	115,554	-	-	-	-	-	115,554	-
Total Other Retirements	115,554	-	-	-	-	-	115,554	-
<b>GOVERNMENTAL FUND DEBT, SEPTEMBER 30, 2021</b>	<b>\$ 6,125,778</b>	<b>\$ 1,040,000</b>	<b>\$ 4,375,405</b>	<b>\$ 62,509</b>	<b>\$ 343,413</b>	<b>\$ 83,366</b>	<b>\$ 116,722</b>	<b>\$ 104,363</b>

CITY OF WHITEHOUSE, TEXAS  
 SCHEDULE OF REVENUE AND GENERAL OBLIGATION BONDS AND NOTES PAYABLE  
 FISCAL YEAR ENDED SEPTEMBER 30, 2021

	ISSUE DATE	MATURITY	BOND NUMBERS AND INTEREST RATE	BONDS AND NOTES ISSUED	BOND/NOTE PRINCIPAL			OUTSTANDING 9-30-21	BOND/NOTE PRINCIPAL AND INTEREST REQUIREMENTS YEAR ENDING 9-30-22			BOND/NOTE INTEREST TO BE PROVIDED IN FUTURE YEARS
					BALANCE 10-1-20	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	\$ 1,110,000	\$ -	\$ 165,000	\$ 945,000	\$ 175,000	\$ 36,015	\$ 211,015	\$ 66,360
2007 Tax Refunding Bonds	7/15/07	Payable serially in varying amounts to 2-15-27	4.52%	4,359,000	1,940,000	-	338,000	1,602,000	648,000	57,766	705,766	52,748
2007-Water & Sewer Certificates of Obligation	5/15/07	Payable serially in varying amounts to 2-15-26	4.32%	2,000,000	910,000	-	115,000	795,000	120,000	31,752	151,752	75,060
2016 Tax Note	10/27/15	Payable serially in varying amounts to 2-15-21	2.12%	700,000	146,855	-	146,855	-	-	-	-	-
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	6,310,000	-	460,000	5,850,000	175,000	150,520	325,520	570,210
2020 Water & Sewer Certificates of Obligation	4/8/20	Payable serially in varying amounts to 8-15-35	1.51%	635,000	635,000	-	35,000	600,000	39,000	9,061	48,061	61,033
Total Business Type Activities Bonded Debt				20,224,000	11,051,855	-	1,259,855	9,792,000	1,157,000	285,114	1,442,114	825,411
<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	1,225,000	-	185,000	1,040,000	190,000	44,200	234,200	92,012
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	4,875,167	-	499,762	4,375,405	510,000	129,550	639,550	687,013
Total Governmental Fund Bonded Debt				8,330,000	6,100,167	-	684,762	5,415,405	700,000	173,750	873,750	779,025
Total Bonded Indebtedness				\$ 28,554,000	\$ 17,152,022	\$ -	\$ 1,944,617	\$ 15,207,405	\$ 1,857,000	\$ 458,864	\$ 2,315,864	\$ 1,604,436
<b>BUSINESS TYPE ACTIVITIES DEBT</b>												
<b>NOTES PAYABLE</b>												
Note Payable - Austin Bank		Maturing 02-15-2022		\$ 24,370	\$ 10,112	\$ -	\$ 5,025	\$ 5,087	\$ 5,087	\$ 166	\$ 5,253	\$ -
Note Payable - Austin Bank		Maturing 08-15-2025		85,000	61,652	-	11,256	50,396	11,770	2,299	14,069	3,580
Total Business Type Activities Notes Payable				109,370	71,764	-	16,281	55,483	16,857	2,465	19,322	3,580
<b>GOVERNMENTAL FUND:</b>												
<b>NOTES PAYABLE</b>												
Note Payable - Austin Bank		Maturing 12-04-2020	2.50%	25,460	5,236	-	5,236	-	-	-	-	-
Note Payable - Austin Bank		Maturing 08-14-2019	2.50%	91,004	23,459	-	23,459	-	-	-	-	-
Note Payable - Austin Bank		Maturing 08-14-2019	2.50%	293,772	123,083	-	60,574	62,509	62,509	1,996	64,505	-
Total Governmental Fund Notes Payable				410,236	151,778	-	89,269	62,509	62,509	1,996	64,505	-
Total Notes Payable				\$ 519,606	\$ 223,542	\$ -	\$ 105,550	\$ 117,992	\$ 79,366	\$ 4,461	\$ 83,827	\$ 3,580
<b>INTERNAL SERVICE FUND</b>												
<b>CAPITAL LEASE PAYABLE</b>												
Lease Payable - Enterprise Fleet Management		Maturing 11-01-2025	0.10% to 6.39%	585,138	-	585,138	241,725	343,413	106,692	14,241	120,933	21,239
Total Capital Leases Payable				\$ 585,138	\$ -	\$ 585,138	\$ 241,725	\$ 343,413	\$ 106,692	\$ 14,241	\$ 120,933	\$ 21,239

## **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, 2021, 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 16, 2022.

***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 16, 2022