

City of Whitewright, Texas

Annual Financial Report

For the Year Ended September 30, 2021

This Page Left Intentionally Blank.

City of Whitewright, Texas
Annual Financial Report
For the Year Ended September 30, 2021

TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
Independent Auditor's Report.....	1-2
<u>Required Supplementary Information:</u>	
Management's Discussion and Analysis.....	3-8
<u>Basic Financial Statements:</u>	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position.....	9
Statement of Activities.....	10
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Fund.....	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund.....	13
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	14
Statement of Net Position - Proprietary Fund.....	15
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund.....	16
Statement of Cash Flows - Proprietary Fund.....	17
Notes to the Financial Statements.....	19-44
<u>Required Supplementary Information:</u>	
General Fund Budgetary Comparison - Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	47
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS- Last Ten Measured Years	48-49
Schedule of Contributions to Pension Plan - TMRS - Last Ten Fiscal Years.....	50-51
Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS - Last Ten Measured Years.....	53
Schedule of Contributions to OPEB Plan - TMRS - Last Ten Fiscal Years.....	54

Other Supplementary Information:

Discretely Presented Component Unit - Whitewright Economic Development Corporation:

Balance Sheet.....	57
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	58
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	59
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	60
Budgetary Comparison Schedule - Discretely Presented Component Unit.....	61

Discretely Presented Component Unit - Whitewright Community Development Corporation:

Balance Sheet.....	62
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	63
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	64
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	65
Budgetary Comparison Schedule - Discretely Presented Component Unit.....	66

FINANCIAL SECTION

This Page Left Intentionally Blank.



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Whitewright, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Whitewright, Texas (City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 City'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 City'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Whitewright, Texas as of and for the year ended 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 3-8, General Fund Budgetary Comparison Schedule on page 47, and TMRS Pension and OPEB information on pages 48-54 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 the City's basic financial statements. The individual fund budgetary comparison schedules and individual fund financial statements presented on pages 57-66 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison schedules and individual fund financial statements are the responsibility of management and were derived from and relate 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 individual fund budgetary comparison schedules and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



LaFollett & Company PLLC
Tom Bean, Texas
December 6, 2022

City of Whitewright, Texas
Management's Discussion and Analysis
September 30, 2021

Our discussion and analysis of City of Whitewright's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of FY21 by \$4,852,281. This is an increase of \$470,523 from FY20's restated net position value of \$4,381,758. Unrestricted net position at the close of FY21 is \$807,593 and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$470,523 or 11%, as a result of an overall increase in property tax and municipal court revenue.
- The City's General Fund on page 11 and 13 reported an ending fund balance of \$439,883, which is an increase of \$105,579.
- The unassigned General Fund balance of \$418,481 (95%) is available for spending at the City's discretion. The remainder of the governmental fund balance is nonspendable or restricted for the library, court security and technology, and streets. For 2021, the General Fund had approximately \$143,172 in monthly expenses, so the unassigned fund balance of \$418,481 represents 2.92 months of expenses.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the City as a whole and present a long-term view of the City's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 11) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. Governmental fund statements tell how services were financed in short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for funding requests. Proprietary fund financial statements report activity for the City's water, sewer, and sanitation operations.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

Reporting the City as a Whole – Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Government-wide financial statements, which provide an analysis of the City's overall financial condition and operation, begin on page 9. The primary objective of these statements is to show whether the City's financial condition has improved or deteriorated as a result of the year's activities.

City of Whitewright, Texas
Management's Discussion and Analysis
September 30, 2021

The Statement of Net Position includes all the City's assets, deferred inflow and outflows, and liabilities (including long-term items) while the Statement of Activities includes all the revenue and expenses generated by the City's operations during the year.

Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The City's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions, 4) general revenues not associated with any specific program function. All of the City's assets are reported whether they serve the current or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the City's net position and changes in them. The City's net position (the difference between assets and liabilities) provide one measure of the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City however, you should consider non-financial factors as well, such as changes in the City's request for services from citizens and the condition of the City's facilities.

In the Statement of Net Position and the Statement of Activities, the City has two kinds of activities, as well as, the component units:

Governmental Activities – City services such as general government, police, fire protection and ambulance services, municipal court, library, City administration, and interest on long-term debt are reported here. City property taxes and charges for services finance most of these activities.

Business-Type Activities - The City uses proprietary (business-type) funds to account for its water, sewer, and sanitation operations. The services are supported by monthly charges to citizens.

Discretely Presented Component Units - The Economic Development Corporation (EDC) and Community Development Corporation (CDC) are reported in separate columns to emphasize that they are separate entities.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 11 and provide detailed information about the most significant funds. The City's two kinds of funds-governmental and proprietary – use different accounting approaches.

Governmental Funds – The City reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides.

City of Whitewright, Texas
Management's Discussion and Analysis
September 30, 2021

We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found on pages 12 and 14.

Proprietary Funds – The City uses proprietary (business-type) funds to account for its water, sewer, and sanitation operations. The full-accrual basis of accounting is used for all proprietary type funds, which are found on pages 15-17.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government's financial position. In the case of the City, net position is \$4,852,281 at the close of FY21. Fifty-two percent (52%) of the City's net position is invested in capital assets; land, buildings, infrastructure, machinery and equipment, less any outstanding debt used to acquire these assets. The City uses capital assets to provide services to the citizens they serve; consequently, these assets are not available for future spending. The following is a summary of the Statement of Net Position and the Statement of activities as of and for the year ended September 30, 2021:

City of Whitewright - Statement of Net Position

	<u>FY21</u>	<u>FY20</u>
Current and other assets	\$5,059,745	\$4,633,473
Capital assets	4,497,849	4,064,475
Total assets	<u>9,557,594</u>	<u>\$8,697,948</u>
Deferred outflow of resources	<u>32,537</u>	<u>32,027</u>
Total deferred outflow of resources	<u>32,537</u>	<u>32,027</u>
Current liabilities	960,225	463,680
L-T liabilities	3,692,487	3,688,481
Total liabilities	<u>4,652,712</u>	<u>4,152,161</u>
Deferred inflow of resources	<u>85,138</u>	<u>143,834</u>
Total deferred inflow of resources	<u>85,138</u>	<u>143,834</u>
Net position		
Net investment in capital assets	2,539,392	2,547,680
Restricted	1,505,296	1,063,205
Unrestricted	<u>807,593</u>	<u>823,095</u>
Total net position	<u>\$4,852,281</u>	<u>\$4,433,980</u>

City of Whitewright, Texas
Management's Discussion and Analysis
September 30, 2021

City of Whitewright - Statement of Activities

Revenues:	<u>FY21</u>	<u>FY20</u>
Charges for services	\$ 1,701,352	\$ 1,805,567
Operating grants and contributions	79,262	18,733
Capital grants and contributions	245,601	1,180,593
General revenues	<u>975,800</u>	<u>1,019,446</u>
Total revenues	<u>3,002,015</u>	<u>4,024,339</u>
Expenses:		
Water, sewer, and sanitation	1,024,406	1,220,662
General government	519,414	536,539
Police and municipal court	340,894	281,526
Fire protection and ambulance	537,832	460,318
Library	105,111	77,034
Interest	<u>3,835</u>	<u>3,102</u>
Total expenses	<u>2,531,492</u>	<u>2,579,181</u>
Increase in net position	470,523	1,445,158
Net position - beginning of year	4,433,980	2,918,452
Prior period adjustment	<u>(52,222)</u>	<u>70,370</u>
Net position - end of year	<u>\$4,852,281</u>	<u>\$4,433,980</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Net position of the City's governmental activities increased from \$1,439,662 to \$1,490,577. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements is \$615,950 for governmental activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's General Fund (as presented in the balance sheet on page 11) reported a fund balance of \$439,883 compared to \$334,304, as restated, in FY20. This represents an increase of \$105,579. Most of this increase fund balance in FY21 was caused by an increase in property tax revenue and municipal court revenue.

Revenues for the City's General Fund (as shown on page 13) were \$1,823,647 while total expenditures were \$1,718,068. This resulted in an excess of revenues over expenditures in the amount of \$105,579 from operating activities and other financing sources. Last year's result was an excess of revenues over expenditures of \$82,764.

The City's Water and Sewer Funds (as presented in the Statement of Net Position on page 15) reported a net position of \$3,361,704 compared to the net position \$2,942,096 in FY20. This represents an increase of \$419,608. This increase is primarily due to increased CDBG grant funding received in FY21.

City of Whitewright, Texas
Management's Discussion and Analysis
September 30, 2021

Revenues for the City's Water and Sewer Fund (as shown on page 16) were \$1,439,266 while total operating expenses were \$986,479. These totals plus non-operating items resulted in an increase in net position of \$419,608. Last year's result was a net increase of \$1,306,684. FY20 unrestricted net position of \$244,655 was decreased to \$191,643 in FY21.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original adopted budget for the General Fund was not amended. See General Fund Budgetary Comparison presented on page 47. A review of the actual expenditures compared to the appropriations in the General Fund budget yields several significant variances, as discussed below, as well as an excess of expenditures over appropriations, as disclosed in the Notes to the Financial Statements. The following is a summary discussion of General Fund budget variances for FY21:

Revenues were \$235,578 more than budgeted

- Property tax revenues were \$59,208 (10%) more than budgeted due to overall growth of the City and conservative budgeting.
- Grant revenues were \$78,734 more than budgeted because the City did not budget for grants during FY21.

Expenditures were \$337,073 more than budgeted

- Capital outlay expenditures were \$279,562 more than budgeted because the City did not budget for capital outlay during the year or amend their budget.
- General government expenditures were \$52,942 more than budgeted due to the City not amending their budget during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets net of accumulated depreciation for all activities as of September 30, 2021 amounts to \$4,497,849, compared to \$4,064,475 at September 30, 2020. This investment in capital assets includes land, buildings and improvements, street improvements, city parks, machinery and equipment, and water and sewer facilities. Major capital asset purchases during the current fiscal year included the purchase of equipment and water and sewer system improvements in the net amount of \$707,540.

Long-term Debt

At year-end, the City had total contractual obligations, bonds, notes and other debt outstanding of \$3,884,200. The City entered into new debt during the year in the original principal amount of \$255,103 for the purchase of capital assets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic factors currently affect the City and were considered in developing the 2021 – 2022 budget.

- The FY 2020-21 adopted overall property tax rate is \$0.570973. This is a decrease of 5.87% from the FY 2020-21 adopted rate of \$0.606605.
- The FY2021-22 budgeted expenditures in the General Fund reflected an increase of 7.8% from the FY2020-21 actual expenditures, from \$1,718,068 actual expenditures in FY2020-21 to \$1,851,492 budgeted expenditures in FY2021-22.

City of Whitewright, Texas
Management's Discussion and Analysis
September 30, 2021

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, write to City Hall, at 206 W Grand Avenue, Whitewright, Texas 75491 or call (903) 364-2219.

City of Whitewright, Texas

Statement of Net Position

September 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
ASSETS					
Cash and cash equivalents	\$ 572,380	\$ 148,608	\$ 720,988	\$ 103,087	\$ 261,802
Certificates of deposit	55,445	60,075	115,520	422,616	-
Prepaid assets	5,317	-	5,317	-	-
Receivables, net	267,501	335,382	602,883	23,786	23,786
Internal balances	14,185	(14,185)	-	-	-
Notes receivable	-	-	-	915	-
Net pension asset	121,633	41,596	163,229	-	-
Due from other governments	20,200	-	20,200	23,181	23,181
Restricted assets:					
Deposits held in trust by GTUA	-	3,431,608	3,431,608	-	-
Capital assets not being depreciated:					
Land	156,737	-	156,737	-	-
Capital assets net of accumulated depreciation:					
Land improvements	18,662	-	18,662	-	-
Buildings and improvements	56,506	-	56,506	89,515	-
Construction in progress	-	961,767	961,767	-	-
Furniture and equipment	592,096	142,140	734,236	-	-
Infrastructure	354,488	2,215,453	2,569,941	-	-
Total assets	<u>2,235,150</u>	<u>7,322,444</u>	<u>9,557,594</u>	<u>663,100</u>	<u>308,769</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pension	14,673	5,018	19,691	-	-
Deferred outflows - OPEB	9,572	3,274	12,846	-	-
Total deferred outflows of resources	<u>24,245</u>	<u>8,292</u>	<u>32,537</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable and accrued liabilities	77,108	261,526	338,634	665	13,350
Accrued interest	-	30,833	30,833	-	-
Customer deposits	-	73,266	73,266	-	-
Due to other governments	46,362	-	46,362	10,555	9,645
Unearned revenue	213,220	-	213,220	-	-
Due within one year:					
Long term debt	59,542	195,309	254,851	-	-
Compensated absences	2,255	804	3,059	-	-
Due in more than one year:					
Long term debt	259,841	3,369,508	3,629,349	-	-
Total OPEB liability	47,048	16,090	63,138	-	-
Total liabilities	<u>705,376</u>	<u>3,947,336</u>	<u>4,652,712</u>	<u>11,220</u>	<u>22,995</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	62,215	21,277	83,492	-	-
Deferred inflows - OPEB	1,227	419	1,646	-	-
Total deferred inflows of resources	<u>63,442</u>	<u>21,696</u>	<u>85,138</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	858,542	1,680,850	2,539,392	89,515	-
Restricted for:					
Deposits held in trust by GTUA	-	1,489,211	1,489,211	-	-
Library	2,372	-	2,372	-	-
Court security and technology	11,398	-	11,398	-	-
Streets	2,315	-	2,315	-	-
Development (economic or community)	-	-	-	562,365	285,774
Unrestricted	615,950	191,643	807,593	-	-
Total net position	<u>\$ 1,490,577</u>	<u>\$ 3,361,704</u>	<u>\$ 4,852,281</u>	<u>\$ 651,880</u>	<u>\$ 285,774</u>

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

City of Whitewright, Texas
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation	
Primary government:										
Governmental activities:										
General government	\$ 519,414	\$ 47,235	\$ 79,262	\$ -	\$ (392,917)		\$ (392,917)			
Police department and municipal court	340,894	72,419	-	-	(268,475)		(268,475)			
Emergency medical services	439,151	333,004	-	-	(106,147)		(106,147)			
Library	105,111	8,680	-	-	(96,431)		(96,431)			
Fire department	98,681	31,307	-	-	(67,374)		(67,374)			
Interest	3,835	-	-	-	(3,835)		(3,835)			
Total governmental activities	1,507,086	492,645	79,262	-	(935,179)		(935,179)			
Business-type activities:										
Water, sewer, and sanitation	1,024,406	1,193,665	-	245,601	-	414,860	414,860			
Total business-type activities	1,024,406	1,193,665	-	245,601	-	414,860	414,860			
Total primary government	\$ 2,531,492	\$ 1,686,310	\$ 79,262	\$ 245,601	(935,179)	414,860	(520,319)			
Component units:										
Economic Development Corporation	37,503	\$ -	\$ -	\$ -				\$ (37,503)	\$ -	
Community Development Corporation	80,533	-	-	-				-	(80,533)	
Total component units	\$ 118,036	\$ -	\$ -	\$ -				(37,503)	(80,533)	
General revenues:										
Property taxes					634,850	-	634,850	-	-	
General sales and use taxes					272,042	-	272,042	131,208	131,208	
Franchise taxes					55,957	-	55,957	-	-	
Miscellaneous					21,036	-	21,036	5,651	-	
Investment earnings					2,209	4,748	6,957	-	5	
Total general revenues and transfers					986,094	4,748	990,842	136,859	131,213	
Change in net position					50,915	419,608	470,523	99,356	50,680	
Net position- beginning, as restated					1,439,662	2,942,096	4,381,758	552,524	235,094	
Net position - ending					\$ 1,490,577	\$ 3,361,704	\$ 4,852,281	\$ 651,880	\$ 285,774	

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

City of Whitewright, Texas

Balance Sheet Governmental Funds September 30, 2021

	General Fund
ASSETS	
Cash and cash equivalents	\$ 572,380
Certificates of deposits	55,445
Prepaid assets	5,317
Receivables, net of allowances:	
Emergency medical services	71,958
Court	76,881
Property taxes	59,603
Sales taxes	47,573
Franchise taxes	11,486
Due from other funds	14,185
Due from other governments	20,200
Total assets	<u>935,028</u>
LIABILITIES	
Accounts payable and accrued liabilities	77,108
Due to other governments	46,362
Unearned revenue	213,220
Total liabilities	<u>336,690</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues:	
Court fines	76,881
Property taxes	53,798
Emergency medical services and other	27,776
Total deferred inflows of resources	<u>158,455</u>
FUND BALANCES	
Nonspendable	5,317
Restricted for:	
Library	2,372
Court security and technology	11,398
Streets	2,315
Unassigned	418,481
Total fund balances	<u>439,883</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 935,028</u>

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

City of Whitewright, Texas
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
For the Year Ended September 30, 2021

Amounts reported for the governmental activities in the Statement of Net Position (pg. 9) are different because:

Total fund balances - governmental fund (pg. 11)	\$ 439,883
Capital assets used in governmental activities are not financial resources. Therefore, they are not reported in the governmental funds.	1,178,489
Delinquent property taxes, ambulance revenue, and court fines are not current financial resources. Therefore, they are deferred in the governmental funds.	158,455
Long term liabilities, including bonds payable and compensated absences, are not due and payable in the current period. Therefore, they are not reported in the governmental funds.	(321,638)
Net pension asset is not a current financial use; therefore, it is not reported in the governmental funds.	121,633
Total OPEB liability is not a current financial use; therefore, it is not reported in the governmental funds.	(47,048)
Deferred outflows (inflows) of resources represent a consumption (source) of net position that applies to a future period(s) and are not recognized as an outflow (inflow) of resources (expense/expenditure) until then.	
Pension amounts	(47,542)
OPEB amounts	8,345
Net position of governmental activities (pg. 9)	<u><u>\$ 1,490,577</u></u>

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

City of Whitewright, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended September 30, 2021

	General Fund
REVENUES	
Taxes:	
Property	\$ 639,208
Sales	262,416
Franchise	55,957
Mixed beverage	9,626
Emergency medical services	348,008
Grants	78,734
Police department and municipal court	63,600
Permits and fees	47,235
Fire department	31,307
Miscellaneous	21,036
Library	8,680
Interest	2,208
Donations	528
Total revenues	<u>1,568,543</u>
EXPENDITURES	
Current:	
Emergency medical services	451,380
General government	440,937
Police department and municipal court	333,823
Fire department	82,817
Library	70,205
Debt service:	
Principal	32,593
Interest	4,751
Capital outlay:	
Public safety	278,962
General government	22,600
Total expenditures	<u>1,718,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(149,525)</u>
OTHER FINANCING SOURCES(USES)	
Proceeds from issuance of debt	255,104
Total other financing sources (uses)	<u>255,104</u>
Net change in fund balances	105,579
Fund balances - beginning, as restated	334,304
Fund balances - ending	<u><u>\$ 439,883</u></u>

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

City of Whitewright, Texas

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Year Ended September 30, 2021

Amounts reported for the governmental activities in the Statement of Activities (pg. 10)
are different because:

Net change in fund balances - total governmental funds (pg. 13)	\$ 105,579
---	------------

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.

Capital outlays	301,562
Depreciation expense	(152,237)

Governmental funds repayment of debt principal as an expenditure and proceeds of new debt as a financing source. However, in the Statement of Activities, these transactions are only considered changes in long-term debt balances.

Long-term debt principal repaid in current year	32,593
Proceeds from issuance of new debt	(255,104)

Governmental funds report some prior year tax, court, and ambulance revenues as income in the current year. However, in the Statement of Activities, the revenue is recognized in the year in which it is earned.

(10,543)

Changes to accrued compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.

(1,697)

Full accrual based pension expense is not recorded in the governmental fund financials but the (increase) decrease from adjusting the City's contribution expense is realized on the government-wide financial statements.

34,928

Full accrual based OPEB expense is not recorded in the governmental fund financials but the (increase) decrease from adjusting the City's contribution expense is realized on the government-wide financial statements.

(4,166)

Change in net position of governmental activities (pg. 10)	
--	--

\$ 50,915

City of Whitewright, Texas

Statement of Net Position

Proprietary Fund

September 30, 2021

	Water and Sewer Fund
ASSETS	
Cash and cash equivalents	\$ 148,608
Certificates of deposit	60,075
Receivables, net of allowances	335,382
Net pension asset	41,596
Restricted assets:	
Restricted deposits held by GTUA	3,431,608
Capital assets, net of accumulated depreciation:	
Construction in progress	961,767
Furniture and equipment	473,214
Infrastructure	4,049,248
Less accumulated depreciation	(2,164,869)
Total assets	<u>7,336,629</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension	5,018
Deferred outflows - OPEB	3,274
Total deferred outflows of resources	<u>8,292</u>
LIABILITIES	
Accounts payable and accrued liabilities	261,526
Accrued interest payable	30,833
Due to other funds	14,185
Customer deposits payable	73,266
Accrued compensated absences	804
Due within one year:	
Notes payable	60,725
Bonds payable	115,000
Time warrants payable	19,584
Due in more than one year:	
Notes payable	144,508
Bonds payable	3,225,000
Time warrants payable	-
Total OPEB liability	16,090
Total liabilities	<u>3,961,521</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	21,277
Deferred inflows - OPEB	419
Total deferred inflows of resources	<u>21,696</u>
NET POSITION	
Net investment in capital assets	1,680,850
Restricted deposits with GTUA	1,489,211
Unrestricted	191,643
Total net position	<u>\$ 3,361,704</u>

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

City of Whitewright, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2021

	Water & Sewer Fund
OPERATING REVENUES	
Water	\$ 558,455
Sewer	377,513
Solid waste	226,325
Grants	245,601
Other services and fees	31,372
Total operating revenues	<u>1,439,266</u>
OPERATING EXPENSES	
Salaries and benefits	272,533
Solid waste expense	257,811
Depreciation	121,925
Maintenance and repairs	82,285
Contractual services and other operating expenses	80,174
Utilities	63,613
Sanitation plant	54,394
Materials and supplies	53,744
Total operating expenses	<u>986,479</u>
Operating income	<u>452,787</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	4,748
Interest expense	(37,927)
Total nonoperating revenue (expenses)	<u>(33,179)</u>
Income before transfers	<u>419,608</u>
Change in net position	419,608
Net position - beginning	2,942,096
Net position - ending	<u>\$ 3,361,704</u>

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

City of Whitewright, Texas
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2021

	Water & Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers and users	\$ 1,598,309
Cash paid to employees	(263,260)
Cash paid to suppliers	(769,185)
Net cash provided by operating activities	<u>565,864</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net cash provided by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash paid for acquisition and construction of capital assets	(361,292)
Net cash from GTUA restricted deposits	8,887
Interest paid on long-term debt	(58,327)
Principal payments on debt	(199,216)
Net cash provided by (used for) capital and related financing activities	<u>(609,948)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	4,748
Net cash provided by investing activities	<u>4,748</u>
Net increase (decrease) in cash and cash equivalents	(39,336)
Cash and cash equivalents, October 1, 2020	<u>248,019</u>
Cash and cash equivalents, September 30, 2021	<u><u>208,683</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	452,787
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	121,925
(Increase) decrease in accounts receivable	(151,743)
(Increase) decrease in deferred outflows - pension balances	1,625
(Increase) decrease in deferred outflows - OPEB balances	(1,348)
(Increase) decrease in net pension asset	4,667
Increase (decrease) in accounts payable	144,868
Increase (decrease) in customer deposits	7,300
Increase (decrease) in compensated absences	804
Increase (decrease) in deferred inflows - pension balances	(16,987)
Increase (decrease) in deferred inflows - OPEB balances	198
Increase (decrease) in total OPEB liability	1,768
Net cash provided by operating activities	<u><u>\$ 565,864</u></u>

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

This Page Left Intentionally Blank.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

Note 1: Summary of Significant Accounting Policies

A. Description of Government-wide 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. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Whitewright, Texas (City), operates under a council-mayor form of government and provides the following general government functions: general administrative services, police and municipal court services, fire and emergency medical services, and library services. A Proprietary Fund is used to account for the operations of the City's water, sewer, and sanitation services.

The financial statements of the City of Whitewright are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publications entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (where applicable.) The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accompanying financial statements present the primary government, the City, and its component units, entities that are legally separate but are included in the financial statements because the primary government is considered to be financially accountable. The component units presented are those separately administered organizations that are controlled by or dependent on the City. Control or dependency of the component unit to the City is determined on the basis of the appointment of the respective governing board, ability to influence projects, whether a financial benefit/burden relationship exists, and other factors. Further, the presentation in the financial statements is determined by whether the component unit's governing body is substantially the same as the City, who is the primary beneficiary of the services provided, and the expectation of what resources will be used to pay debts.

The Whitewright Economic Development Corporation (EDC) and the Whitewright Community Development Corporation (CDC) are discretely presented component units of the City. The EDC and CDC are non-profit organizations established on behalf of the City under the Development Act of 1979. The transactions of the EDC and CDC are maintained in separate funds and are discretely presented in separate columns in the financial statements.

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

The discretely presented methodology was selected after evaluation of the circumstances and standards, as noted above. The EDC and CDC fund financials are presented as Other Supplementary Information and they do not issue separate financial statements.

B. Upcoming and Newly Implemented Accounting Pronouncements

The GASB has issued the following statements:

GASB Statement No. 87, Leases, will increase the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City is currently evaluating the impact of this Statement.

GASB Statement No. 91, Conduit Debt Obligations, will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The adoption of Statement No. 91 has no impact on the City's financial statements.

GASB Statement No. 92, Omnibus 2020, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement are effective for various reporting periods beginning after June 15, 2021. The City is currently evaluating the impact of this Statement.

GASB Statement No. 93, Replacement of Interbank Offered Rates, provides exceptions to the existing provisions for hedge accounting termination and lease modifications to ease the accounting requirements related to the transition away from interbank offered rates. It also identifies appropriate benchmark interest rates for hedging derivative instruments. Some requirements of this Statement will take effect for reporting periods ending after December 31, 2021 while other requirements are effective beginning with fiscal years that end June 30, 2022. The adoption of Statement No. 93 has no impact on the City's financial statements.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, improves financial reporting by addressing these relationships and availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The City is currently evaluating the impact of this Statement.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), provides guidance on the accounting and financial reporting of contractual arrangements. It defines SBITA; establishes that a SBITA results in a right-to-use subscription asset; provides capitalization criteria; and requires note disclosures. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The City is currently evaluating the impact of this Statement.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which potential component unit does not have a governing board and the primary government performs the duties that governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension, OPEB and benefit plans other than pension or OPEB plans; and enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The City is currently evaluating the impact of this Statement for the requirements effective in fiscal year 2022.

GASB Statement No. 98, The Annual Comprehensive Financial Report, establishes the term annual comprehensive financial report and its acronym ACFR. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The City does not intend to issue an Annual Comprehensive Financial Report in this fiscal year.

C. Basis of Presentation – Government-wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary (business-type activity) fund. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of the 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 when eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. 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) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes or other items not included among functional revenues are reported instead as general revenues.

D. Basis of Presentation – Fund Financial Statements

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 City 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.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as current assets. Reimbursement basis grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Gross receipts and sales taxes are considered measurable and recognizable when in the control of the intermediary collecting government that presents information for individual major funds rather than by fund type. Non-major funds are presented in total in one column; however, there are no non-major funds for the year ended September 30, 2021.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of fund's assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenses, as appropriate. Government resources are allocated to and for individual funds based on the purposes and functions for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories as follows:

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

Water and Sewer Fund – This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to recover costs (expenses, including depreciation) of providing goods or services to the general public through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes. The Water and Sewer Fund is accounted for under this proprietary fund type. Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities, deferred inflows and outflows are included on the Statement of Net Position.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the 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.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

Similarly, balances between funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at the 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 funds included in the business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued, unless those pronouncements conflict with or contradict GASB pronouncements.

E. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance

Cash and Cash Equivalents

The City considers all cash on hand, demand deposits, and highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Inter-fund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is recorded as “Amounts Due To” and “Amounts Due From” other funds appropriately.

Receivables

The City uses the allowance method of valuing water and tax receivables. The City has established an allowance for doubtful accounts for delinquent receivables to the extent that their collection is doubtful.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as an asset in the government-wide and fund financial statements.

Inventory

Inventories of governmental funds are reported as expenditures when purchased. These amounts are not considered significant to the financial statements.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

Capital Assets

Capital assets, which include, property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date of donation. Repair and maintenance costs are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and an estimated useful life over one year. Land and construction in progress are not depreciated. Depreciation has been calculated on each class of depreciable property using the straight-line method. The estimated useful lives by classification are as follows:

Furniture, equipment, & machinery	5-15 years
Land improvements	20 years
Infrastructure	20-35 years
Buildings & improvements	40 years
Water & sewer systems	20-50 years
Water & sewer improvements	50 years

Pension and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability and total OPEB liability, pension/OPEB related deferred outflows and inflows of resources, and pension/OPEB expense, City specific information about the Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's 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.

Information regarding the City's net pension liability and total OPEB liability is obtained from the TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68. Accounting and Financial Reporting for Pensions and GASB No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the Statement of Financial Position and/or Balance Sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

The City has several items that qualify for reporting as deferred outflows of resources. These deferred outflows result from pension and OPEB contributions after the measurement date (deferred and recognized in the following year) and differences in pension and OPEB assumption changes and experiences.

The City has several items that qualify for reporting as deferred inflows of resources. Deferred inflows of resources described as unavailable revenues only arise under modified accrual basis of accounting and are reported in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from court fines, emergency medical services, and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Also, the City reports deferred inflows of resources for pension and OPEB amounts that relate to the differences in expected and actual economic experience and assumption changes.

Long-Term Debt

All long-term debts to be repaid from the governmental and business-type resources are reported as liabilities in the government-wide financial statements. Presently, the City's long-term debt consists of notes payable, bonds payable, and contractual obligations. Long-term debt arising from cash transactions for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest as expenditures. As the proprietary funds are accounted for using the accrual method, the amounts are reported the same in the fund and government-wide financial statements.

Compensated Absences

City employees earn 40 hours of vacation leave after twelve full months of service. After that, regular full-time employees earn 80 to 160 hours of paid vacation leave based on years of service. It is the City's policy to not carryover any unused employee vacation time as of each fiscal year-end unless granted by the Mayor for special situations. However, due to the pandemic the Mayor allowed for the accrual of compensated absences during fiscal year 2021. The accrued compensated absences for governmental and business-type activities at September 30, 2021 are \$2,255 and \$804, respectively.

Net Position

Net position invested in net capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At September 30, 2021, the governmental activities had restricted net position of \$11,398 for court security and technology, \$2,372 for library, and \$2,315 for streets. At September 30, 2021, the Water Fund, EDC, and CDC had restricted net position in the amount of \$1,489,211, \$562,365, and \$285,774, respectively.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

This amount includes funds held at Greater Texoma Utility Authority (GTUA) to be used exclusively for water and sewer system capital projects and repayment of contractual obligations.

Fund Balances

The City has adopted the Governmental Accounting Standards Board's (GASB) *Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes in the fund financial statements for governmental type funds. It does not apply for the government-wide financial statements.

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable – such fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the Council (the City's highest level of decision-making authority),

Assigned – fund balance classification is intended to be used by the City's General Fund for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned – fund balance is the residual classification for the City's General Fund and includes amounts not contained in the other classifications, and other fund's that have total negative fund balances.

For the classification of Governmental Fund balances, the City considers expenditures to be made from the most restrictive first when more than one classification is available.

F. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *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. All taxes, including those dedicated for a specific purpose, are reported as general revenues.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of October 1st each year and become delinquent on February 1st. Delinquent real property taxes are expected to be collected, as the delinquent amounts are a lien against the related property until paid. Revenue from property taxes not collected during the current period is deferred until such collection is made. Property subject to taxation consists of real property and certain personal property situated in the City. Certain properties of religion, education and charitable organizations, as well as the Federal government and the State of Texas are exempt from taxation. Additionally, certain exemptions are granted to property owners in arriving at the net assessed valuation of property subject to City taxation. The effective property ad valorem tax rate for property tax year 2020 was 0.627856 per \$100 of assessed value for General Fund operations and debt service.

Sales Taxes

The City levies a two percent (2%) sales tax on taxable sales within the City. Fifty percent (50%) of the sales tax is allocated to the General Fund, twenty-five percent (25%) is allocated to the EDC, and twenty-five percent (25%) is allocated to the CDC.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and products in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. The Water and Sewer Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Budget and Budgetary Accounting

Prior to September 1, the City Council submits a proposed budget for the ensuing fiscal year. At the meeting of the City Council at which the budget is submitted, the City Council fixes the time and place of the public hearing on the budget and causes to be published a notice of the budget hearing. After the budget hearing the budget may be adopted by a favorable vote of the majority vote of the Council.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

For the year ended September 30, 2021, General Fund expenditures exceeded appropriations at the legal level of control by the net amount of \$337,073 as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual – General Fund. The City will ensure that the budget is amended, as necessary, to assure that expenditures are appropriately monitored.

In accordance with state law, the City adopts an annual budget before September 30 for the subsequent year. The budget is prepared on the same basis of accounting as applied to the governmental funds in the basic financial statements.

I. Whitewright Economic Development Corporation – 4A

The Whitewright Economic Development (EDC) was established on October 3, 1997 for the exclusive purpose of benefiting and accomplishing public purposes of the City by promoting, assisting, and enhancing economic development activities for the City as provided by the Development Corporation Act and may issue bonds on behalf of the City. The EDC is managed by a board of directors that is comprised of five persons appointed by the City Council. The EDC is funded by twenty-five percent (25%) of City sales taxes.

J. Whitewright Community Development Corporation – 4B

The Whitewright Community Development (CDC) was established on October 3, 1997 for the exclusive purpose of benefiting and accomplishing public purposes authorized in the Development Corporation Act. The CDC is managed by a board of directors that is comprised of seven persons appointed by the City Council. The CDC is funded by twenty-five percent (25%) of City sales taxes.

Note 2: Deposits

At September 30, 2021, the primary government had total cash and cash equivalents and certificates of deposit held by depository banks with a carrying amount of \$720,988 and \$115,520, respectively. At September 30, 2021, the City's deposits held by depository banks are fully insured by the Federal Depositary Insurance Corporation (FDIC).

At September 30, 2021, the EDC had total cash and cash equivalents and certificates of deposit held by depository banks with a carrying amount of \$103,087 and \$422,616, respectively. At September 30, 2021, the EDC's deposits held by depository banks are fully insured by FDIC.

At September 30, 2021, the CDC had total cash and cash equivalents held by depository banks with a carrying amount of \$261,802. At September 30, 2021, the CDC's deposits held by depository banks are fully insured by the FDIC, except for \$11,802.

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

Note 3: Receivables

Government-wide receivables as of September 30, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water and Sewer Fund	Total	Component Units	
				EDC	CDC
Emergency medical services	\$ 587,862	\$ -	\$ 587,862	\$ -	\$ -
Municipal court	371,601	-	371,601	-	-
Customer accounts	-	182,269	182,269	-	-
Ad valorem	62,740	-	62,740	-	-
Franchise & other	11,486	31,754	43,240	-	-
Sales taxes	47,573	-	47,573	23,786	23,786
Notes receivable	-	-	-	915	-
Grants	-	175,363	175,363	-	-
	<u>1,081,262</u>	<u>389,386</u>	<u>1,470,648</u>	<u>24,701</u>	<u>23,786</u>
Less: allowance for doubtful accounts	<u>(813,761)</u>	<u>(54,004)</u>	<u>(867,765)</u>	<u>-</u>	<u>-</u>
Net	<u>\$ 267,501</u>	<u>\$ 335,382</u>	<u>\$ 602,883</u>	<u>\$ 24,701</u>	<u>\$ 23,786</u>

Note 4: Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2021:

	Beginning Balance 9/30/2020	Additions	Retirements & Reclasses	Ending Balance 9/30/2021
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 156,737	\$ -	\$ -	\$ 156,737
Depreciable capital assets:				
Land improvements	54,500	-	-	54,500
Buildings and improvements	738,804	22,600	-	761,404
Furniture and equipment	2,096,234	278,962	-	2,375,196
Infrastructure	<u>703,640</u>	<u>-</u>	<u>-</u>	<u>703,640</u>
Totals	3,749,915	301,562	-	4,051,477
Less: accumulated depreciation	<u>(2,720,751)</u>	<u>(152,237)</u>	<u>-</u>	<u>(2,872,988)</u>
Governmental activities capital assets, net	<u>\$ 1,029,164</u>	<u>\$ 149,325</u>	<u>\$ -</u>	<u>\$ 1,178,489</u>

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

	Beginning Balance 9/30/2020	Additions	Retirements & Reclasses	Ending Balance 9/30/2021
Business-type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ 653,372	\$ 308,395	\$ -	\$ 961,767
Depreciable capital assets:				
Sewer system	1,391,705	32,692	-	1,424,397
Sewer system improvements	1,776,023	-	-	1,776,023
Water system	807,827	40,989	-	848,816
Furniture and equipment	449,324	23,902	-	473,226
Totals	5,078,251	405,978	-	5,484,229
Less: accumulated depreciation	(2,042,944)	(121,925)	-	(2,164,869)
Business-type activities capital assets, net	<u>\$ 3,035,307</u>	<u>\$ 284,053</u>	<u>\$ -</u>	<u>\$ 3,319,360</u>
Component unit - EDC				
Depreciable capital assets:				
Buildings	\$ 231,083	\$ -	\$ -	\$ 231,083
Totals	231,083	-	-	231,083
Less: accumulated depreciation	(130,014)	(11,554)	-	(141,568)
EDC capital assets, net	<u>\$ 101,069</u>	<u>\$ (11,554)</u>	<u>\$ -</u>	<u>\$ 89,515</u>
Component unit - CDC				
Depreciable capital assets:				
Furniture and equipment	\$ 16,779	\$ -	\$ -	\$ 16,779
Totals	16,779	-	-	16,779
Less: accumulated depreciation	(16,779)	-	-	(16,779)
CDC capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended September 30, 2021 was charged to functions of the primary government, business-type activities, and component units as follows:

Governmental Activities:

General Government	\$ 83,019
Library	36,616
Fire Department	15,864
Police Department	16,738
	<u>\$ 152,237</u>

Business-type Activities:

Water and Sewer	\$ 121,925
	<u>\$ 121,925</u>

Component units:

EDC	\$ 11,554
	<u>\$ 11,554</u>

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

Note 5: Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the primary government for the year ended September 30, 2021:

	Balance 9/30/2020	Additions	Retirements	Balance 9/30/2021	Due within one year
Governmental Activities					
Notes Payable:					
Government Capital Loan - 2018 Dodge Charger	\$ 13,387	\$ -	\$ (6,497)	\$ 6,890	\$ 6,890
Government Capital Loan - Ladder Truck	68,750	-	(10,445)	58,305	10,831
Government Capital Loan - Flex Financial Lifepak	15,651	-	(15,651)	-	-
2021 Ford Ambulance	-	193,357	-	193,357	29,472
Stryker EMS Equipment	-	61,746	(915)	60,831	12,349
Total Notes Payable:	97,788	255,103	(33,508)	319,383	59,542
Other liabilities:					
Compensated Absences	564	2,255	(564)	2,255	2,255
Total OPEB Liability	39,203	7,845	-	47,048	-
Total Other Liabilities:	39,767	10,100	(564)	49,303	2,255
Total Long Term Liabilities:	\$ 137,555	\$ 265,203	\$ (34,072)	\$ 368,686	\$ 61,797
Business-type Activities					
Contractual obligations and bonds payable:					
Cendera Bank - Time Warrant 2012-1A	\$ 37,095	\$ -	\$ (17,511)	\$ 19,584	\$ 19,584
Government Capital Loan - Auger	80,454	-	(41,077)	39,377	39,377
Government Capital Loan - Dump Truck	186,490	-	(20,634)	165,856	21,348
GTUA, Series 2004	40,000	-	(10,000)	30,000	5,000
GTUA, Series 2015	505,000	-	(30,000)	475,000	30,000
GTUA, Series 2019	300,000	-	(25,000)	275,000	25,000
GTUA, Series 2019A	1,620,000	-	(25,000)	1,595,000	25,000
GUTA, Series 2019B	995,000	-	(30,000)	965,000	30,000
Total Contractual Obligations and Bonds:	3,764,039	-	(199,222)	3,564,817	195,309
Other liabilities:					
Compensated Absences	-	804	-	804	804
Total OPEB Liability	14,322	1,768	-	16,090	-
Total Other Liabilities:	14,322	2,572	-	16,894	804
Total Long Term Liabilities:	\$ 3,778,361	\$ 2,572	\$ (199,222)	\$ 3,581,711	\$ 196,113

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

Long-term liabilities for the primary government are comprised of the following at September 30, 2021:

	Governmental Activities	Business-type Activities
\$110,000, Series 2004 GTUA Water Supply and Sewer Service Contract Obligation, due in annual installments of \$5,000 through 2025, interest from 2.79% to 5.64%.	\$ -	\$ 30,000
\$154,004, Time Warrant, issued August 16, 2012, due in monthly installments of \$1,548 through August 2022, bearing an interest rate of 3.85%.	-	19,584
\$271,236, Government Capital Loan, issued June 3, 2014, due in annual installments of \$43,299 through October 1, 2021, bearing an interest rate of 5.00%.	-	39,377
\$640,000 GTUA Contract Revenue Bonds, Series 2015, (City of Whitewright Project) due in annual installments of \$25,000 to \$40,000 through October 2035, bearing an interest rate of 0.09% to 2.59%.	-	475,000
\$225,449, Governmental Capital Loan, issued September 1, 2017, due in annual installments of \$27,079 through November 2027, bearing an interest rate of 3.46%.	-	165,856
\$25,351, Government Capital Loan, issued May 29, 2018, due in annual installments of \$7,214, through July 2022, bearing an interest rate of 5.23%.	6,890	-
\$68,750, Government Capital Loan, issued April 3, 2020, due in annual installments of \$12,983, through April 2026, bearing an interest rate of 3.691%.	58,305	-
\$325,000, GTUA Contract Revenue Bonds, Series 2019 (City of Whitewright Project) due in annual installments of \$11,887 to \$44,950, through October 1, 2029, bearing an interest rate of 5.75%.	-	275,000
\$1,645,000, GTUA Contract Revenue Bonds, Series 2019A due in installments of \$25,000 to \$80,000, through October 1, 2049, bearing an interest rate of 1.34%.	-	1,595,000
\$1,025,000, GTUA Contract Revenue Bonds, Series 2019B due in installments of \$30,000 to \$35,000, through October 1, 2049, bearing a 0% interest rate.	-	965,000
\$193,357, Governmental Capital Loan, Stryker Flex Financial for a 2021 Ford Ambulance in the amount of \$193,357, bearing an interest rate of 3.14%.	193,357	-
\$61,746, Stryker Flex Financial for total equipment in the amount of \$49,912.94 and total service coverage in the amount of \$11,833.40, bearing an interest rate of 4.70%.	60,831	-
Total Long Term Debt	<u>\$ 319,383</u>	<u>\$ 3,564,817</u>

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

The principal and interest requirements related to the notes payable for the governmental activities at September 30, 2021 are as follows:

	Principal	Interest	Total
2022	\$ 59,542	\$ 10,504	\$ 70,046
2023	54,360	8,437	62,797
2024	55,743	7,054	62,797
2025	57,171	5,626	62,797
2026	57,617	4,023	61,640
2027	34,950	1,095	36,046
	<u>\$ 319,383</u>	<u>\$ 36,740</u>	<u>\$ 356,123</u>

The principal and interest requirements related to the contractual obligations and notes payable for the business-type activities at September 30, 2021 are as follows:

	Principal	Interest	Total
2022	\$ 195,309	\$ 56,427	\$ 251,736
2023	137,085	50,911	187,996
2024	147,849	47,616	195,465
2025	158,638	43,956	202,594
2026	159,455	40,035	199,490
2027-2031	761,481	145,895	907,376
2032-2036	650,000	91,540	741,540
2037-2041	510,000	59,796	569,796
2042-2046	535,000	36,098	571,098
2047-2050	310,000	9,334	319,334
	<u>\$ 3,564,817</u>	<u>\$ 581,606</u>	<u>\$ 4,146,423</u>

GTUA Certification of Obligation

The City entered into long-term water supply and sewer service contracts with Greater Texoma Utility Authority (GTUA) in 2004, 2015, and 2019. The City has an obligation to make payments specified by the contracts to GTUA to pay the principal and interest on the bonds, maintain a Reserve Fund for the security and payment of bonds similarly secured, and pay the administrative and overhead expenses by GTUA in connection with the bonds.

Under terms of the contracts, the City's obligation to make payments to GTUA and GTUA's ownership interest in the facilities will terminate when all of GTUA's bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding. The City is obligated for the repayment of principal and interest on the debt through a pledging of water and sewer revenues. The structure of the transaction has the qualities of a capital lease therefore the amounts are included in long-term liabilities and capital assets with the associated accumulated depreciation.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

In conjunction with the issuance of the GTUA Contract Revenue Bonds, Series 2019A and 2019B, the Texas Water Development Board (TWDB) determined that the City qualifies for principal forgiveness as a disadvantaged community and agreed to provide financial assistance in the amount of \$3,758,106 on behalf of the City for water projects with \$2,670,000 in bonds payable and \$1,088,106 in principal forgiveness. Pursuant to the Principal Forgiveness Agreement Drinking Water State Revolving Fund between TWDB and GTUA on behalf of the City of Whitewright the \$1,088,106 is forgiven. These funds originate from the Federal grant Capitalization Grants for Drinking Water State Revolving Funds CFDA# 66.468. As such, the amount was classified as Federal grant – loan forgiveness in the prior year’s Statement of Revenue, Expenses, and Changes in Net Position for the year ended September 30, 2020. The amount of expense incurred with this project in the current year was \$44,687.

Note 6: Interfund Due To/From

The due to and due from transactions during FY21 were in relation to payroll transactions between the CDC, EDC, and General Fund.

	Due From Other Funds	Due To Other Funds	Internal Balances
Governmental Funds:			
General	\$ 14,185	\$ -	
	<u>\$ 14,185</u>	<u>\$ -</u>	<u>\$ 14,185</u>
Proprietary Funds:			
Water and Wastewater	\$ -	\$ 14,185	
	<u>\$ -</u>	<u>\$ 14,185</u>	<u>\$ (14,185)</u>
Total	<u>\$ 14,185</u>	<u>\$ 14,185</u>	<u>\$ -</u>

Note 7: Insurance Coverage and Other Information

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, injuries to employees; and natural disaster. The City purchases commercial insurance through Texas Municipal League. The City retains no risk of loss for these coverages. The City accounts for risk management issues in accordance with GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.”

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

The Texas Municipal League Inter-Governmental Risk Pool provides insurance coverage for the City. For the period October 1, 2020 to September 30, 2021 the City maintained insurance coverage as follows:

Types of Coverage

General Liability

Errors & Omissions Liability

Law Enforcement Liability

Real & Personal Property

Boiler and Machinery

Mobile Equipment

Auto Physical Damage

Crime – Public Employee Dishonesty

Crime – Forgery or Alteration

Crime – Theft, Disappearance, and Destruction

Crime – Computer Fraud

Workers' Compensation

Auto Liability

Note 8: Pension Plan

Plan Description

The City of Whitewright participates as one of 895 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS.

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity.

Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of 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.

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

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:

Employee deposit rate	5%
Matching ratio (City to employee)	1.5 to 1
Years required for vesting	5
Service retirement eligibility	Vested and age 60 or 20 years and any age
Updated service credit	Last adopted 1992 – Auto Readoption – 100% - Transfers

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	38
Active employees	19
	<hr/>
	67

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 were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 3.13% and 2.86% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$21,741 and were equal to the required contributions.

Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) (NPA) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

Actuarial Assumptions:

The Total Pension Liability (Asset) in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.5%-11.5% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 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 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability (Asset) 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 (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at 12/31/2019	\$ 1,289,195	\$ 1,462,096	\$ (172,901)
Changes for the year:			
Service cost	65,188	-	65,188
Interest	87,150	-	87,150
Change of benefit terms	-	-	-
Difference between expected and actual experience	29,459	-	29,459
Changes of assumptions	-	-	-
Contributions - employer	-	23,802	(23,802)
Contributions - employee	-	38,033	(38,033)
Net investment income	-	111,036	(111,036)
Benefit payments, including refunds of employee contributions	(61,352)	(61,352)	-
Administrative expense	-	(718)	718
Other changes	-	(28)	28
Net changes	120,445	110,773	9,672
Balance at 12/31/2020	\$ 1,409,640	\$ 1,572,869	\$ (163,229)

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

Sensitivity of the Net Pension Liability (Asset) 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 (Asset) to Changes in the Discount Rate		
1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$53,785	(\$163,229)	(\$338,183)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2021, the City recognized pension income of \$25,686. 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	\$ -	\$ (41,802)
Changes in actuarial assumptions	4,747	-
Difference between projected and actual investment earnings	-	(41,690)
Contributions subsequent to the measurement date	14,944	-
Total	<u>\$ 19,691</u>	<u>\$ (83,492)</u>

\$14,944 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 ended September 30, 2022.

City of Whitewright, Texas

Notes to the Financial Statements

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	Net Deferred (Inflows) Outflows of Resources
2022	\$ (40,623)
2023	(10,989)
2024	(24,664)
2025	(2,469)
2026	-
Thereafter	-
Total	<u>\$ (78,745)</u>

Note 9: Other Post-Employment Benefits (OPEB) Plan

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). 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. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer other postemployment benefit plan (OPEB) (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

Benefits Provided

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 another post-employment 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:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	2
Active employees	19
	<u>29</u>

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. 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.

There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The City's contributions to the SDBF for the year ended September 30, 2021 were \$1,767, and were equal to the required contributions. The contribution rates to the SDBF for the City are as follows:

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2021	0.28%	0.21%
2020	0.14%	0.06%

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

Actuarial Assumptions:

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

Methods and Assumptions Used to Determine Contribution Rates:

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

The actuarial assumptions used in the December 31, 2020, valuation were developed primarily from an actuarial experience study of 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-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, TMRS adopted the Entry Age Normal actuarial cost method. Salary increases were based on a service-related table.

Discount Rate:

A single discount rate of 2.00% was used to measure the Total OPEB Liability and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	\$ 53,525
Changes for the year:	
Service cost	2,130
Interest on Total OPEB Liability	1,495
Change of benefit terms	-
Difference between expected and actual experience	(1,170)
Changes of assumptions or other inputs	7,614
Benefit payments	(456)
Net changes	9,613
Balance at 12/31/2020	\$ 63,138

City of Whitewright, Texas

Notes to the Financial Statements

September 30, 2021

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability 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:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease	Current Discount Rate	1% Increase
1.00%	2.00%	3.00%
\$75,816	\$63,138	\$53,261

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$5,842. 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
Difference in expected and actual experience	\$ -	\$ (1,646)
Difference in assumption changes	11,383	-
Contributions made subsequent to measurement date	1,463	-
	<u>\$ 12,846</u>	<u>\$ (1,646)</u>

The \$1,463 contributions made after the measurement date of the total OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the total OPEB liability in the subsequent fiscal period. The other amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	Net Deferred Outflows (Inflows) of Resources
2022	\$ 2,317
2023	2,317
2024	1,925
2025	2,100
2026	1,078
Thereafter	-
Total	<u>\$ 9,737</u>

City of Whitewright, Texas
Notes to the Financial Statements
September 30, 2021

Note 10: Prior Period Adjustment

The General Fund and Governmental Activities had the following restatements to net position due to a sales tax error.

	Governmental Activities	General Fund
Beginning balances as previously reported	\$ 1,491,884	\$ 386,526
Prior period adjustment	<u>(52,222)</u>	<u>(52,222)</u>
Restated beginning balances	<u>\$ 1,439,662</u>	<u>\$ 334,304</u>

Note 11: Subsequent Events

Management has evaluated subsequent events that occurred through the date of the financial statements, which is the date they were available for issuance. There are no subsequent events that require disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION**

This Page Left Intentionally Blank.

City of Whitewright, Texas
General Fund Budgetary Comparison
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes:				
Property	\$ 580,000	\$ 580,000	\$ 639,208	\$ 59,208
Sales	230,000	230,000	262,416	32,416
Franchise	46,250	46,250	40,915	(5,335)
Mixed beverage	6,500	6,500	9,626	3,126
Emergency medical services	311,000	311,000	348,008	37,008
Grants	-	-	78,734	78,734
Police department and municipal court	82,775	82,775	63,600	(19,175)
Permits and fees	20,200	20,200	47,235	27,035
Fire department	32,700	32,700	46,349	13,649
Miscellaneous	11,600	11,600	21,036	9,436
Library	8,940	8,940	8,680	(260)
Interest	1,500	1,500	2,208	708
Donations	1,500	1,500	528	(972)
Total revenues	<u>1,332,965</u>	<u>1,332,965</u>	<u>1,568,543</u>	<u>235,578</u>
EXPENDITURES				
Current:				
Emergency medical services	417,525	417,525	451,380	33,855
General government	387,995	387,995	440,937	52,942
Police department and municipal court	380,430	380,430	333,823	(46,607)
Fire department	87,730	87,730	82,817	(4,913)
Library	71,315	71,315	70,205	(1,110)
Debt service:				
Principal	14,000	14,000	32,593	18,593
Interest	-	-	4,751	4,751
Capital outlay:				
Public safety	7,000	7,000	278,962	271,962
General government	15,000	15,000	22,600	7,600
Total expenditures	<u>1,380,995</u>	<u>1,380,995</u>	<u>1,718,068</u>	<u>337,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,030)</u>	<u>(48,030)</u>	<u>(149,525)</u>	<u>(101,495)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	255,104	(255,104)
Transfers in	48,030	48,030	-	48,030
Total other financing sources (uses)	<u>48,030</u>	<u>48,030</u>	<u>255,104</u>	<u>(207,074)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,579</u>	<u>\$ (308,569)</u>

City of Whitewright, Texas

Schedule of Changes in Net Pension Liability and Related Ratios ¹ Texas Municipal Retirement System Last Ten Measured Years

	2020	2019	2018
Total Pension Liability			
Service Cost	\$ 65,188	\$ 61,750	\$ 70,339
Interest (on the Total Pension Liability)	87,150	84,562	77,769
Changes of benefit terms	-	-	-
Difference between expected and actual experience	29,459	(57,888)	17,474
Change of assumptions	-	9,851	-
Benefit payments, including refunds of employee contributions	(61,352)	(61,959)	(59,328)
Net Change in Total Pension Liability	120,445	36,316	106,254
Total Pension Liability - Beginning	1,289,195	1,252,879	1,146,625
Total Pension Liability - Ending (a)	<u>\$ 1,409,640</u>	<u>\$ 1,289,195</u>	<u>\$ 1,252,879</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 23,802	\$ 20,277	\$ 29,508
Contributions - Employee	38,033	35,326	40,658
Net Investment Income	111,036	196,879	(39,008)
Benefit payments, including refunds of employee contributions	(61,352)	(61,959)	(59,328)
Administrative Expense	(718)	(1,112)	(754)
Other	(28)	(33)	(39)
Net Change in Plan Fiduciary Net Position	110,773	189,378	(28,963)
Plan Fiduciary Net Position - Beginning	1,462,096	1,272,718	1,301,681
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,572,869</u>	<u>\$ 1,462,096</u>	<u>\$ 1,272,718</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (163,229)</u>	<u>\$ (172,901)</u>	<u>\$ (19,839)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.58%	113.41%	101.58%
Covered Payroll	\$ 760,658	\$ 706,526	\$ 813,162
Net Pension Liability as a Percentage of Covered Payroll	-21.46%	-24.47%	-2.44%

Notes to Schedule of Net Pension Liability

¹ The schedule above reflects the changes in the net pension liability for the current year. GASB 68 requires ten fiscal years of data to be provided in this schedule. However, until a full ten-year trend is compiled, only available information is shown.

City of Whitewright, Texas

Schedule of Changes in Net Pension Liability and Related Ratios ¹ Texas Municipal Retirement System Last Ten Measured Years

2017	2016	2015	2014
\$ 64,676	\$ 70,928	\$ 72,871	\$ 58,482
78,328	78,880	74,448	68,648
-	-	-	-
(97,845)	(65,482)	20,654	(3,114)
-	-	22,159	-
(53,220)	(125,531)	(42,698)	(53,995)
(8,061)	(41,205)	147,434	70,021
1,154,686	1,195,891	1,048,457	978,436
<u>\$ 1,146,625</u>	<u>\$ 1,154,686</u>	<u>\$ 1,195,891</u>	<u>\$ 1,048,457</u>
\$ 38,874	\$ 32,981	\$ 33,188	\$ 21,401
37,778	36,827	39,604	37,813
155,726	74,723	1,586	57,904
(53,220)	(125,531)	(42,698)	(53,995)
(807)	(844)	(966)	(605)
(41)	(55)	(48)	(50)
178,310	18,101	30,666	62,468
1,123,371	1,105,260	1,074,594	1,012,126
<u>\$ 1,301,681</u>	<u>\$ 1,123,361</u>	<u>\$ 1,105,260</u>	<u>\$ 1,074,594</u>
\$ (155,056)	\$ 31,325	\$ 90,631	\$ (26,137)
113.52%	97.29%	92.42%	102.49%
\$ 755,557	\$ 736,537	\$ 792,075	\$ 756,260
-20.52%	4.25%	11.44%	-3.46%

City of Whitewright, Texas
Schedule of Contributions to Pension Plan ¹
Texas Municipal Retirement System
Last Ten Fiscal Years

	2021	2020	2019
Actuarially Determined Contribution	\$ 21,741	\$ 22,106	\$ 22,899
Contributions in relation to the actuarially determined contribution	21,741	22,106	22,899
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 738,658	\$ 720,995	\$ 741,595
Contributions as a percentage of covered payroll	2.94%	3.07%	3.09%

Notes to Schedule of Contributions to Pension Plan

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

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	N/A
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 of the period 2014-2018.

Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with a 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:

Notes	There were no benefit changes during the year.
-------	--

City of Whitewright, Texas
Schedule of Contributions to Pension Plan ¹
Texas Municipal Retirement System
Last Ten Fiscal Years

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 38,874	\$ 32,981	\$ 33,188	\$ 21,401
<u>38,874</u>	<u>32,981</u>	<u>33,188</u>	<u>21,401</u>
\$ -	\$ -	\$ -	\$ -
\$ 846,750	\$ 736,537	\$ 738,229	\$ 756,260
4.59%	4.48%	4.50%	2.83%

This Page Left Intentionally Blank.

City of Whitewright, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios ¹

Texas Municipal Retirement System

Last Ten Measured Years

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 2,130	\$ 1,342	\$ 1,626	\$ 1,284
Interest (on the Total OPEB Liability)	1,495	1,659	1,488	1,476
Effect of plan changes	-	-	-	3,360
Effect of assumption changes or inputs	(1,170)	(1,233)	(3,077)	-
Effect of economic/demographic (gains) or losses	7,614	7,919	337	-
Benefit payments	(456)	(424)	(488)	(302)
Net Change in Total OPEB Liability	9,613	9,263	(114)	5,818
Total OPEB Liability - Beginning	53,525	44,262	44,376	38,558
Total OPEB Liability - Ending (a)	<u>\$ 63,138</u>	<u>\$ 53,525</u>	<u>\$ 44,262</u>	<u>\$ 44,376</u>
 Covered Payroll	 \$ 760,658	 \$ 706,526	 \$ 813,162	 \$ 755,557
Total OPEB Liability as a Percentage of Covered Payroll	8.30%	7.58%	5.44%	5.87%

NOTES TO SCHEDULE OF TOTAL OPEB LIABILITY

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Whitewright, Texas
Schedule of Contributions to OPEB Plan ¹
Texas Municipal Retirement System
Last Ten Fiscal Years

	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 1,767	\$ 992	\$ 943	\$ 971
Contributions in relation to the actuarially determined contribution	<u>1,767</u>	<u>992</u>	<u>943</u>	<u>971</u>
Contribution deficiency (excess)	-	-	-	-
Covered payroll	\$ 738,658	\$ 720,995	\$ 741,595	\$ 846,750
Contributions as a percentage of covered payroll	0.2%	0.1%	0.1%	0.1%

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS

¹ This schedule is presented to illustrate the requirement to show for ten years. However, until a full ten-year trend is compiled, only available information is shown.

Valuation Timing: Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation 2.5%
Salary Increases 3.5% to 11.5% 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:
Service Retirees 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
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:

Notes The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**OTHER SUPPLEMENTARY
INFORMATION**

This Page Left Intentionally Blank.

City of Whitewright, Texas
Whitewright Economic Development Corporation
Balance Sheet - Discretely Presented Component Unit
September 30, 2021

Assets

Cash and cash equivalents	\$	525,703
Receivables, net		23,786
Notes receivable		915
Due from other governments		23,181
Total Assets		<u>573,585</u>

Liabilities

Accounts payable and accrued liabilities		665
Due to other governments		10,555
Total Liabilities		<u>11,220</u>

Fund Balances

Restricted - economic development		562,365
Total Fund Balances		<u>562,365</u>

Total Liabilities and Fund Balances	\$	<u>573,585</u>
-------------------------------------	----	----------------

City of Whitewright, Texas
Whitewright Economic Development Corporation
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
Discretely Presented Component Unit
September 30, 2021

Fund Balances - Discretely Presented Component Unit	\$ 562,365
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	89,515
Net Position of Discretely Presented Component Unit - Statement of Net Position	<u><u>\$ 651,880</u></u>

City of Whitewright, Texas
Whitewright Economic Development Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit
For the Year Ended September 30, 2021

Revenue

Taxes:

Sales	\$ 131,208
Miscellaneous	5,651
Total Revenues	<u>136,859</u>

Expenditures

Current:

Development services	25,949
Capital outlay	-
Total Expenditures	<u>25,949</u>

Excess (Deficiency) of Revenues	
Over (Under) Expenditures	110,910

Net Change in Fund Balances	110,910
------------------------------------	---------

Fund Balances - Beginning	451,455
Fund Balances - Ending	<u><u>\$ 562,365</u></u>

City of Whitewright, Texas
Whitewright Economic Development Corporation
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Discretely Presented Component Unit
For the Year Ended September 30, 2021

Net Change in Fund Balances - Discretely Presented Component Unit	\$ 110,910
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(11,554)
Change in Net Position of the Discretely Presented Component Unit	<u><u>\$ 99,356</u></u>

City of Whitewright, Texas
Whitewright Economic Development Corporation
Budgetary Comparison Schedule - Discretely Presented Component Unit
For the Year Ended September 30, 2021

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes:				
Sales taxes	\$ 115,000	\$ 115,000	\$ 131,208	\$ 16,208
Miscellaneous	7,000	7,000	5,651	(1,349)
Interest income	600	600	-	(600)
Total Revenues	<u>122,600</u>	<u>122,600</u>	<u>136,859</u>	<u>14,259</u>
Expenditures				
Current:				
Development services	<u>30,867</u>	<u>30,867</u>	<u>25,949</u>	<u>(4,918)</u>
Total Expenditures	<u>30,867</u>	<u>30,867</u>	<u>25,949</u>	<u>(4,918)</u>
Revenues Over (Under) Expenditures	91,733	91,733	110,910	9,341
Net Change in Fund Balances	91,733	91,733	110,910	9,341
Fund Balances - Beginning	<u>451,455</u>	<u>451,455</u>	<u>451,455</u>	
Fund Balances - Ending	<u>\$ 543,188</u>	<u>\$ 543,188</u>	<u>\$ 562,365</u>	

City of Whitewright, Texas
Whitewright Community Development Corporation
Balance Sheet - Discretely Presented Component Unit
September 30, 2021

Assets

Cash and cash equivalents	\$	261,802
Accounts receivable		23,786
Due from other governments		23,181
Total Assets		<u>308,769</u>

Liabilities

Accounts payable		13,350
Due to other governments		9,645
Total Liabilities		<u>22,995</u>

Fund Balances

Restricted - community development		285,774
Total Fund Balances		<u>285,774</u>

Total Liabilities and Fund Balances	\$	<u>308,769</u>
-------------------------------------	----	----------------

City of Whitewright, Texas
Whitewright Community Development Corporation
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
Discretely Presented Component Unit
September 30, 2021

Fund Balances - Total Discretely Presented Component Unit	\$ 285,774
Amounts reported for component unit activities in the Statement of Net Position that are different at the fund level.	-
Net Position of Discretely Presented Component Unit - Statement of Net Position	<u><u>\$ 285,774</u></u>

City of Whitewright, Texas
Whitewright Community Development Corporation
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Discretely Presented Component Unit
For the Year Ended September 30, 2021

Revenues

Taxes:		
Sales	\$	131,208
Interest revenue		5
	Total Revenues	<u>131,213</u>

Expenditures

Current:		
Community development		80,533
	Total Expenditures	<u>80,533</u>
	Excess (Deficiency) of Revenues	
	Over (Under) Expenditures	50,680

Net Change in Fund Balances 50,680

Fund Balances -Beginning	235,094
Fund Balances - Ending	<u>\$ 285,774</u>

City of Whitewright, Texas
Whitewright Community Development Corporation
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Discretely Presented Component Unit
For the Year Ended September 30, 2021

Net Change in Fund Balances - Discretely Presented Component Unit	\$ 50,680
--	-----------

Amounts reported for governmental activities in the Statement of Activities are different because at the fund level.

-

Change in Net Position of the Discretely Presented Component Unit	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">\$ 50,680</div>
--	--

City of Whitewright, Texas
Whitewright Community Development Corporation
Budgetary Comparison Schedule - Discretely Presented Component Unit
For the Year Ended September 30, 2021

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes:				
Sales taxes	\$ 115,000	\$ 115,000	\$ 131,208	\$ 16,208
Interest revenue	-	-	5	5
Total Revenues	<u>115,000</u>	<u>115,000</u>	<u>131,213</u>	<u>16,213</u>
Expenditures				
Current:				
Community development	115,000	115,000	80,533	(34,467)
Total Expenditures	<u>115,000</u>	<u>115,000</u>	<u>80,533</u>	<u>(34,467)</u>
Revenues Over (Under) Expenditures	-	-	50,680	(18,254)
Net Change in Fund Balances	-	-	50,680	(18,254)
Fund Balances -Beginning	<u>235,094</u>	<u>235,094</u>	<u>235,094</u>	
Fund Balances - Ending	<u>\$ 235,094</u>	<u>\$ 235,094</u>	<u>\$ 285,774</u>	