

City of Whitewright, Texas

Report of Audit

Fiscal Year Ended September 30, 2010

City of Whitewright, Texas  
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Year Ended September 30, 2010

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Independent Auditors' Report

Honorable Mayor and City Council  
City of Whitewright, Texas

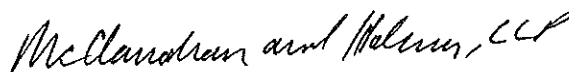
We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate discretely presented component units of the City of Whitewright, Texas (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The City has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

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, and the aggregate discretely presented component units of the City of Whitewright, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

The budgetary comparison schedule on page 28 and the Texas Municipal Retirement System schedule of funding progress on page 29 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
Certified Public Accountants

Bonham, Texas  
May 23, 2011

CITY OF WHITEWRIGHT, TEXAS  
Statement of Net Assets  
September 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	Community Development Corporation
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 164,072	\$ 20,185	\$ 184,257	\$ 125,223	\$ 136,132
Current Investments	20,203	53,882	74,085	-	-
Prepaid Assets	5,317	-	5,317	1,759	-
Property Taxes Receivable, net	48,652	-	48,652	-	-
Sales Taxes Receivable, net	24,910	-	24,910	12,455	12,455
Other Receivables, net	29,133	55,282	84,415	81,269	-
Internal Balances	36,339	(36,339)	-	-	-
Restricted Assets:					
Cash - Fire Department	7,984	-	7,984	-	-
Cash - Library	5,073	-	5,073	-	-
Cash - Debt Service	3,301	-	3,301	-	-
Deposits Held in Trust by GTUA	-	157,813	157,813	-	-
Capital Assets Not Being Depreciated:					
Land	156,737	-	156,737	-	-
Construction in Progress	31,606	-	31,606	-	-
Capital Assets Net of Accumulated Depreciation:					
Buildings and Improvements	177,940	-	177,940	216,610	-
Furniture, Equipment & Machinery	563,020	55,528	618,548	-	10,379
Public Infrastructure	397,724	1,675,539	2,073,263	-	-
Total Assets	1,672,011	1,981,890	3,653,901	437,316	158,966
<u>LIABILITIES</u>					
Accounts Payable	38,084	7,370	45,454	-	-
Customer Deposits Payable	-	48,130	48,130	-	-
Deferred Revenues	-	-	-	81,269	-
Accrued Interest Payable	-	9,758	9,758	-	-
Non-Current Liabilities:					
Portion Due or Payable Within One Year	10,139	104,236	114,375	11,583	-
Portion Due or Payable After One Year	12,608	259,220	271,828	48,351	-
Total Liabilities	60,831	428,714	489,545	141,203	-
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	1,304,280	1,362,575	2,666,855	156,676	10,379
Restricted for:					
Fiscal Agent	-	157,813	157,813	-	-
Fire Department	7,984	-	7,984	-	-
Library	10,390	-	10,390	-	-
Debt Service	3,301	-	3,301	-	-
Unrestricted	285,225	32,788	318,013	139,437	148,587
Total Net Assets	\$ 1,611,180	\$ 1,553,176	\$ 3,164,356	\$ 296,113	\$ 158,966

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

CITY OF WHITEWRIGHT, TEXAS  
Statement of Activities  
Year Ended September 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Economic Development Corporation	Community Development Corporation
					Governmental Activities	Business-Type Activities	Total		
<b>Primary Government:</b>									
Governmental Activities:									
General Government	\$ 559,796	\$ 183,231	\$ -	\$ 120,000	\$ (256,565)	\$ -	\$ (256,565)		
Emergency Medical Service	320,397	304,708	205	-	(15,484)	-	(15,484)		
Police and Court	241,885	57,148	-	-	(184,737)	-	(184,737)		
Fire Protection	28,945	-	37,847	-	8,902	-	8,902		
Library	18,820	5,425	9,753	6,524	2,882	-	2,882		
Interest on Long Term Debt	4,243	-	-	-	(4,243)	-	(4,243)		
Total Governmental Activities	<u>1,174,086</u>	<u>550,512</u>	<u>47,805</u>	<u>126,524</u>	<u>(449,245)</u>	<u>-</u>	<u>(449,245)</u>		
<b>Business-Type Activities:</b>									
Water and Sewer - Debt Service	21,496	-	-	-	-	(21,496)	(21,496)		
Water and Sewer - Operating	409,801	508,128	-	-	-	98,327	98,327		
Total Business-Type Activities	<u>431,297</u>	<u>508,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,831</u>	<u>76,831</u>		
<b>Component Units:</b>									
Economic Development Corporation	78,770	-	-	-	-	-	-	\$ (78,770)	\$ -
Community Development Corporation	263,204	-	-	6,086	-	-	-	-	(257,118)
Total Component Units	<u>\$ 341,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(78,770)</u>	<u>(257,118)</u>
<b>General Revenues:</b>									
<b>Taxes:</b>									
Property Taxes					350,308	-	350,308	-	-
General Sales and Use Taxes					158,679	-	158,679	78,448	78,448
Franchise Taxes					52,968	-	52,968	-	-
Investment Earnings					1,364	1,158	2,522	-	-
Gain on Sale of Assets					-	2,900	2,900	-	-
Miscellaneous					-	-	-	36,747	4,153
Contributions					258,189	-	258,189	-	-
Transfers					18,187	(18,187)	-	-	-
Total General Revenues					<u>839,695</u>	<u>(14,129)</u>	<u>825,566</u>	<u>115,195</u>	<u>82,601</u>
Changes in Net Assets					390,450	62,702	453,152	36,425	(174,517)
Net Assets - Beginning					1,082,088	1,412,678	2,494,766	259,688	333,483
Prior Period Adjustment					138,642	77,796	216,438	-	-
Net Assets - Ending					<u>\$ 1,611,180</u>	<u>\$ 1,553,176</u>	<u>\$ 3,164,356</u>	<u>\$ 296,113</u>	<u>\$ 158,966</u>

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

CITY OF WHITEWRIGHT, TEXAS  
Balance Sheet  
Governmental Funds  
September 30, 2010

General  
Fund

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 164,072
Investments	20,203
Prepaid Assets	5,317
Due from Other Funds	36,339
Receivables, net	
Property Taxes	48,652
Other	54,043
Total Current Assets	<u>328,626</u>
Restricted Assets:	
Cash - Fire Department	7,984
Cash - Library	5,073
Cash - Debt Service	3,301
Total Restricted Assets	<u>16,358</u>
Total Assets	<u><u>\$ 344,984</u></u>

LIABILITIES AND FUND BALANCES

Current Liabilities:	
Accounts Payable	\$ 38,084
Deferred Revenue	48,652
Total Current Liabilities	<u>86,736</u>
Fund Balances:	
Reserved Fund Balances:	
Fire Department	7,984
Library	10,390
Debt Service	3,301
Unreserved	236,573
Total Fund Balances	<u>258,248</u>
Total Liabilities and Fund Balances	<u><u>\$ 344,984</u></u>

Fund Balance(s) of Governmental Funds	\$ 258,248
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Amounts reported for governmental activities on the Statement of Net Assets differ from the Balance Sheet for the following reasons:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in Governmental Funds.	1,327,027
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Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in Governmental Funds.	(22,747)
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Delinquent property taxes are reported as deferred income on the fund financial statement, but the amount should not be shown as a liability on the Statement of Net Assets.	<u>48,652</u>
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Net Assets of Governmental Activities	<u><u>\$ 1,611,180</u></u>
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The accompanying notes to the financial statements are  
an integral part of this statement.

CITY OF WHITEWRIGHT, TEXAS  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended September 30, 2010

	General Fund
Revenues	
Taxes:	
Property	\$ 348,378
General Sales and Use	158,679
Franchise	52,968
Emergency Medical Service	304,708
Solid Waste Disposal	133,683
Police Department and Court	57,148
Fire Department	37,462
Contributions	8,142
Other Revenue	34,974
Permits and Fees	14,574
Library	7,047
Grants	127,103
Interest Revenue	1,364
Total Revenues	<u>1,286,230</u>
Expenditures	
Current:	
General Government	518,527
Emergency Medical Service	302,433
Police Department and Court	225,570
Fire Department	21,438
Library	4,515
Debt Service:	
Principal Retirement	23,372
Interest and Fiscal Charges	4,243
Capital Outlay:	
Equipment	212,827
Streets	127,685
Total Expenditures	<u>1,440,610</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(154,380)</u>
Other Financing Sources (Uses)	
Operating Transfers In (Out)	18,187
Debt Issuance	20,000
Total Other Financing Sources (Uses)	<u>38,187</u>
Net Changes in Fund Balances	(116,193)
Fund Balances - Beginning of Year	364,385
Prior Period Adjustment	10,056
Fund Balances - End of Year	<u>\$ 258,248</u>

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

CITY OF WHITEWRIGHT, TEXAS  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended September 30, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (116,193)
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 as depreciation expense. This is the amount by which capital outlays (\$340,512) exceeded depreciation (\$105,719) in the current year.	234,793
The issuance of long-term debt provides current financial resources to Governmental Funds while the repayment of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	11,731
Governmental Funds report some prior year tax 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. The net effect of deferred revenue is to increase net assets.	1,930
The effect of donations involving capital assets is to increase net assets.	<u>258,189</u>
Change in Net Assets - Governmental Activities	<u>\$ 390,450</u>

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



CITY OF WHITEWRIGHT, TEXAS  
Statement of Net Assets  
Proprietary Fund  
September 30, 2010

<u>ASSETS</u>	<u>Proprietary Fund</u>
Current Assets	
Cash and Cash Equivalents	\$ 20,185
Investments	53,882
Accounts Receivables (Net of Allowance for Uncollectibles)	55,282
Total Current Assets	<u>129,349</u>
Restricted Assets	
Deposit Held by GTUA	<u>157,813</u>
Capital Assets	
Machinery and Equipment	103,665
Water and Sewer System	2,736,534
Less Accumulated Depreciation	(1,109,132)
Total Capital Assets	<u>1,731,067</u>
Total Assets	<u>2,018,229</u>
 <u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	7,370
Due to Other Funds	36,339
Compensated Absences	3,861
Note Payable	5,375
Bonds Payable	95,000
Accrued Interest Payable	9,758
Customer Deposits Payable	48,130
Total Current Liabilities	<u>205,833</u>
Long-Term Liabilities	
Bonds Payable (Net of Unamortized Bond Issue Costs)	251,103
Note Payable	8,117
Total Long-Term Liabilities	<u>259,220</u>
Total Liabilities	<u>465,053</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets	1,362,575
Restricted Deposits	157,813
Unrestricted	32,788
Total Net Assets	<u>\$ 1,553,176</u>

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

CITY OF WHITEWRIGHT, TEXAS  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Fund  
Year Ended September 30, 2010

	Proprietary Fund
Operating Revenues	
Charges for Sales and Services	
Water	\$ 308,423
Sewer	198,275
Miscellaneous	1,430
	<u>508,128</u>
Total Operating Revenues	
Operating Expenses	
Salaries	116,799
Utilities	72,525
Depreciation	62,641
Sanitation Plant Expense	41,943
Other Operating Expenses	55,226
Employee Benefits	19,587
Maintenance and Repairs	19,028
Water Expense	13,284
Supplies	8,768
	<u>409,801</u>
Total Operating Expenses	
Operating Income (Loss)	<u>98,327</u>
Non-Operating Revenues (Expenses)	
Interest Income	1,158
Gain on Sale of Assets	2,900
Interest Expense	(20,082)
Amortization of Bond Expense	(1,414)
	<u>(17,438)</u>
Total Non-Operating Revenues (Expenses)	
Income before Transfers and Capital Contribution	80,889
Transfers Out	<u>(18,187)</u>
Changes in Fund Net Assets	62,702
Net Assets - Beginning of Year	1,412,678
Prior Period Adjustment	<u>77,796</u>
Net Assets - End of Year	<u>\$ 1,553,176</u>

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

CITY OF WHITEWRIGHT, TEXAS  
Statement of Cash Flows  
Proprietary Fund  
Year Ended September 30, 2010

	Proprietary Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 501,092
Cash Payments to Employees	(113,282)
Cash Payments to Suppliers for Goods and Services	(249,533)
Net Cash from Operating Activities	<u>138,277</u>
Cash Flows from Noncapital Financing Activities	
Transfers to/from Other Funds	(18,187)
Net Cash from Noncapital Financing Activities	<u>(18,187)</u>
Cash Flows from Capital and Related Financing Activities	
Cash from Borrowing	16,500
Cash from Restricted Account held by GTUA	467
Cash from Sale of Assets	2,900
Interest Paid and Fees to Agent	(22,422)
Acquisition and Construction of Capital Assets	(93,008)
Principal Paid on Capital Debt	(14,500)
Net Cash Flows from Capital and Related Financing Activities	<u>(110,063)</u>
Cash Flows from Investing Activities	
Interest Received	153
Net Cash from Investing Activities	<u>153</u>
Net Decrease in Cash and Cash Equivalents	10,180
Cash and Cash Equivalents, September 30, 2009	<u>10,005</u>
Cash and Cash Equivalents, September 30, 2010	<u><u>\$ 20,185</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating Income	\$ 98,327
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Depreciation	62,641
Increase in Accounts Receivable	(16,536)
Decrease in Accounts Payable	(924)
Decrease in Due to Other Funds	(10,698)
Increase in Customer Deposits Payable	1,950
Increase in Compensated Absences	3,517
Net Cash from Operating Activities (above)	<u><u>\$ 138,277</u></u>

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

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
September 30, 2010

Note 1: Summary of Significant Accounting Policies

The City of Whitewright, Texas (the City), operates under a council-mayor form of government and provides the following general government functions: law enforcement, fire and other public safety activities, streets, sanitation, public improvements, public charities, parks and recreation, library services, zoning, and general administrative services. A Proprietary Fund is used to account for the operations of the City's water and sewer services.

The City complies with accounting principles generally accepted in the United States of America as applicable to governments. Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary fund and similar component units, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For business-type activities and enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. The Reporting Entity

The financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In evaluating how to define the City for financial statement purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Generally Accepted Accounting Principles and Government Accounting Standards Board Statement No. 14. The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability to exercise oversight responsibility, includes, but is not limited to: the selection of governing authority, the designation of management, the ability of significantly influence operations and accountability for fiscal matters.

Based on the criteria stated above, the Whitewright Public Library and Whitewright Volunteer Fire Department are related organizations that are included in the reporting entity. The City exercises material financial control or managerial influence and is accountable for fiscal matter of these organizations. For these reasons, it has been concluded that these organizations are part of the City's reporting entity.

The City has two component units, the Whitewright Economic Development Corporation (EDC) and the Whitewright Community Development Corporation (CDC), which are funded by a 4B and 4A sales tax, respectively, approved by the City Council. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Government-Wide Statements

The statement of net assets and statement of activities display information on all of the non-fiduciary activities of the primary government. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from the statements. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the 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 program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid in financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made. The City has presented the following major governmental fund:

General Fund - 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.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary Fund

Enterprise Fund - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or 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 City's one enterprise fund is the Water and Sewer Fund which is used to account for the provision of water and sewer services to the City's residents.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported on the statement of net assets, rather than governmental funds. Accumulated depreciation has been provided on such property, plant, and equipment. Depreciation expense is allocated in the general fund by function and is included as expense on the statement of activities. 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 donated. Repairs and maintenance on these assets are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$1,000 or more and useful life in excess of 1 year. Depreciation on capital assets has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 Years
Furniture, Fixtures, Equipment and Vehicles	5-15 Years
Water and Sewer Systems	20-50 Years
Water and Sewer Improvements	50 Years
Infrastructure	20-35 Years

D. Basis of Accounting

The City of Whitewright prepares its financial statements on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as current assets. 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.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

E. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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. The Water Fund owes the General Fund \$36,339 at September 30, 2010, for various operating expenses.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes all cash on hand, demand deposits, time deposits, and other highly liquid investments with a maturity of three months or less when purchased.

G. Property Taxes

Ad valorem taxes are levied on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are recognized when they become available. Available includes those property taxes receivable, which are expected to be collected within sixty days after year end.

H. Bad Debts

The City uses the allowance method of recording wastewater, ambulance, court fines, and forfeiture bad debts. The City has established an allowance for doubtful accounts for delinquent taxes to the extent that their collection is improbable.

I. Prepaid Items

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

J. Long-Term Debt

All long-term debts arising from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Presently, the City's long-term debt consists of notes payable, leases payable, and compensated absences. 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 payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

It is the City's policy to permit employees to accumulate certain earned but unused sick and holiday pay benefits. When an employee separates from service with the City, the employee is entitled to receive pay for all earned but unused sick and holiday pay. All such vacation and sick pay is accrued when incurred in the government-wide financial statements.

L. 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.

M. Restricted Net Assets

The City reserves a portion of each fund's equity balance, which represents assets not available for general operating use. For the year ended September 30, 2010, the General Fund's reserved portion of fund balance was \$7,984 for the fire department, \$10,390 for the library, and \$3,301 for debt service. The Water Fund's reserved portion of net assets totaled \$157,813. This amount represents funds held at GTUA to be used exclusively for water and sewer system capital projects and repayment of contractual obligations.

N. 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 of the Council. The City adopts a budget for the Governmental Fund Type and Proprietary Fund Type during the month of September.

O. Whitewright Community Development Corporation – 4B

The Whitewright Community Development Corporation (CDC) (a non-profit corporation) was established October 3, 1997, exclusively for the public purposes authorized in the Development Corporation Act and may issue bonds on behalf of the City. Specifically, the CDC is authorized to study and fund all permissible projects prescribed in the Development Corporation Act and for the promotion and development of new or expanded business promotion and development of new or expanded business enterprises, Main Street (downtown Whitewright), parks, and any other purpose authorized by the Development Corporation Act. The CDC is managed by a board of directors that is composed of seven persons appointed by the City Council of the City of Whitewright, Texas. The CDC is funded by a one-half percent increase in the city sales tax rate.



CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

P. Whitewright Economic Development Corporation – 4A

The Whitewright Economic Development Corporation (EDC) (a non-profit corporation) was established October 3, 1997, for the exclusive purpose of benefiting and accomplishing public purposes of the City of Whitewright, Texas, by promoting, assisting, and enhancing economic development activities for the City as provided by the Development Corporation Act . The EDC is managed by a board of directors that is composed of five persons appointed by the City Council of Whitewright, Texas. The EDC is funded by a one-half percent increase in the city sales tax rate.

Note 2: Stewardship, Compliance and Accountability

A. Compliance

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. There were no instances of noncompliance considered material to the financial statements.

B. Prior Period Adjustment

The accompanying financial statements include a prior period adjustment of \$77,796 to the Water and Sewer Fund for September 30, 2009. Net assets of \$77,796 related to debt should have been included as assets and liabilities rather than expense in the previous year. A prior period adjustment of \$138,642 is included in the General Fund for September 30, 2009. Net assets of \$10,056 related to investments should have been included as an asset rather than expense in the previous year. Net assets of \$128,586 relating to capital assets of the library (net of accumulated depreciation) should have been capitalized rather than expensed in previous year.

Note 3: Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested in certificates of deposit in institutions that are domiciled in the State of Texas. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of the City Council. As of September 30, 2010, the City was not exposed to custodial credit risk since deposits are insured or collateralized with securities pledged held in the name of the City in the amount of \$313,418. The bank balances were \$274,400.

A Certificate of Deposit in the amount of \$74,085 is considered a deposit for this footnote but is classified as an investment on the face of the financial statements.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 4: Receivables

Government-wide receivables as of September 30, 2010, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Proprietary Fund Wastewater	Component Units	Total
Receivables:				
Ad Valorem Taxes	\$ 51,111	\$ -	\$ -	\$ 51,111
Sales Taxes	24,910	-	24,910	49,820
Fines and Forfeitures - Court	64,442	-	-	64,442
Ambulance Services	1,267,658	-	-	1,267,658
Other	16,456	168	81,269	97,893
Accounts	-	71,080	-	71,080
Gross Receivables	1,424,577	71,248	106,179	1,602,004
Less: Uncollectible Allowance	(1,321,882)	(15,966)	-	(1,337,848)
Net Total Receivables	<u>\$ 102,695</u>	<u>\$ 55,282</u>	<u>\$ 106,179</u>	<u>\$ 264,156</u>

The Component Unit receivable of \$81,269 is a note due from Royal Case (RC) for the sale of a building and land in 2005. The land sold for \$30,000 at 0% interest, payable May 1, 2010. The building sold for \$140,000 with an annual interest rate of 5.5% and monthly payments of \$1,519 payable May 1, 2005 through May 1, 2015. RC made principal payments in the amount of \$36,247 for the year ended September 30, 2010. The following is a schedule of the future receivables for the note receivable at September 30, 2010:

Fiscal Year Ending	Principal	Interest	Totals
2011	\$ 14,540	\$ 3,692	\$ 18,232
2012	15,352	2,880	18,232
2013	16,226	2,006	18,232
2014	17,141	1,091	18,232
2015	18,010	222	18,232
Totals	<u>\$ 81,269</u>	<u>\$ 9,891</u>	<u>\$ 91,160</u>

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 5: Capital Assets

A summary of changes in fixed assets for the year ended September 30, 2010, follows:

	<u>Balance 9/30/2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/2010</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 125,237	\$ 31,500	\$ -	\$ 156,737
Construction in Progress	<u>3,096</u>	<u>28,510</u>	<u>-</u>	<u>31,606</u>
Total Capital Assets Not Being Depreciated	<u>128,333</u>	<u>60,010</u>	<u>-</u>	<u>188,343</u>
Capital Assets Being Depreciated:				
Buildings	659,346	11,970	-	671,316
Infrastructure	306,238	127,685	-	433,923
Furniture and Equipment	<u>1,115,785</u>	<u>399,036</u>	<u>(29,533)</u>	<u>1,485,288</u>
Total Capital Assets Being Depreciated	<u>2,081,369</u>	<u>538,691</u>	<u>(29,533)</u>	<u>2,590,527</u>
Less Accumulated Depreciation for:				
Buildings	(470,431)	(22,945)	-	(493,376)
Infrastructure	(20,888)	(15,312)	-	(36,200)
Furniture and Equipment	<u>(884,338)</u>	<u>(67,462)</u>	<u>29,533</u>	<u>(922,267)</u>
Total Accumulated Depreciation	<u>(1,375,657)</u>	<u>(105,719)</u>	<u>29,533</u>	<u>(1,451,843)</u>
Total Capital Assets Being Depreciated, Net	<u>705,712</u>	<u>432,972</u>	<u>-</u>	<u>1,138,684</u>
Governmental Activities Total Capital Assets, Net	<u>\$ 834,045</u>	<u>\$ 492,982</u>	<u>\$ -</u>	<u>\$ 1,327,027</u>

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 5: Capital Assets (Continued)

	Balance 9/30/2009	Additions	Retirements	Balance 9/30/2010
Business-Type Activities:				
Capital Assets Being				
Depreciated:				
Sewer System	\$ 1,151,645	\$ -	\$ -	\$ 1,151,645
Sewer System Improvements	1,180,852	-	-	1,180,852
Water Tower	404,037	-	-	404,037
Furniture and Equipment	118,931	14,500	(29,766)	103,665
	<u>2,855,465</u>	<u>14,500</u>	<u>(29,766)</u>	<u>2,840,199</u>
Total Capital Assets				
Being Depreciated				
	<u>2,855,465</u>	<u>14,500</u>	<u>(29,766)</u>	<u>2,840,199</u>
Less Accumulated				
Depreciation for:				
Sewer System	(336,204)	(20,689)	-	(356,893)
Sewer System Improvements	(336,202)	(23,617)	-	(359,819)
Water Tower	(336,202)	(8,081)	-	(344,283)
Furniture and Equipment	(67,649)	(10,254)	29,766	(48,137)
	<u>(1,076,257)</u>	<u>(62,641)</u>	<u>29,766</u>	<u>(1,109,132)</u>
Total Accumulated				
Depreciation				
	<u>(1,076,257)</u>	<u>(62,641)</u>	<u>29,766</u>	<u>(1,109,132)</u>
Total Capital Assets Being				
Depreciated, Net				
	<u>1,779,208</u>	<u>(48,141)</u>	<u>-</u>	<u>1,731,067</u>
Business-Type Activities				
Total Capital Assets, Net	<u>\$ 1,779,208</u>	<u>\$ (48,141)</u>	<u>\$ -</u>	<u>\$ 1,731,067</u>

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 5: Capital Assets (Continued)

	<u>Balance 9/30/2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 9/30/2010</u>
Component Units Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 31,500	\$ -	\$ (31,500)	\$ -
Construction in Progress	<u>197,466</u>	<u>29,223</u>	<u>(226,689)</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>228,966</u>	<u>29,223</u>	<u>(258,189)</u>	<u>-</u>
Capital Assets Being Depreciated:				
Buildings	217,583	13,500	-	231,083
Equipment	<u>4,200</u>	<u>11,379</u>	<u>-</u>	<u>15,579</u>
Total Capital Assets Being Depreciated	<u>221,783</u>	<u>24,879</u>	<u>-</u>	<u>246,662</u>
Less Accumulated Depreciation for:				
Buildings	(3,594)	(10,879)	-	(14,473)
Equipment	<u>(4,200)</u>	<u>(1,000)</u>	<u>-</u>	<u>(5,200)</u>
Total Accumulated Depreciation	<u>(7,794)</u>	<u>(11,879)</u>	<u>-</u>	<u>(19,673)</u>
Total Capital Assets Being Depreciated, Net	<u>213,989</u>	<u>13,000</u>	<u>-</u>	<u>226,989</u>
Governmental Activities				
Total Capital Assets, Net	<u>\$ 442,955</u>	<u>\$ 42,223</u>	<u>\$ (258,189)</u>	<u>\$ 226,989</u>

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 5: Capital Assets (Continued)

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

Governmental Activities:	
General Government	\$ 49,628
Police & Court	16,315
Fire Protection	7,507
Emergency Medical Services	17,964
Library	<u>14,305</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 105,719</u>

Business-Type Activities:	
Water and Sewer	<u>\$ 62,641</u>

Component Units Activities:	
Economic Development Corporation	\$ 10,879
Community Development Corporation	<u>1,000</u>
	<u>\$ 11,879</u>

Note 6: Delinquent Property Tax

Delinquent property taxes at September 30, 2010, are as follows:

<u>Tax Year</u>	<u>Amount</u>
2008 and prior	\$ 49,181
2009	<u>1,930</u>
Subtotal	51,111
Less allowance for doubtful accounts	<u>(2,459)</u>
Total Delinquent Property Taxes, net	<u>\$ 48,652</u>

Note 7: Property Tax Revenue

Property and personal taxes are billed and collected by the Office of John Ramsey, Grayson County Tax Assessor/Collector. For the year ended September 30, 2010, the tax rate was \$.639500 per \$100 assessed valuation.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 8: Long-Term Debt

A summary of the City's long-term debt transactions for the year ended September 30, 2010, follows:

	<u>Balance</u> <u>10/1/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/10</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental-Type Activities</u>					
Note Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Leases Payable	22,364	20,000	(23,372)	18,992	6,384
Compensated Absences	<u>12,114</u>	<u>-</u>	<u>( 8,359)</u>	<u>3,755</u>	<u>3,755</u>
Total Governmental Activities	<u>\$ 34,478</u>	<u>\$ 20,000</u>	<u>\$ 31,731)</u>	<u>\$ 22,747</u>	<u>\$ 10,139</u>
<u>Business-Type Activities</u>					
Bonds Payable	\$ 445,000	\$ -	\$ (90,000)	\$ 355,000	\$ 100,375
Less Deferred Amounts:					
For Issuance Discounts	<u>(10,311)</u>	<u>-</u>	<u>1,414</u>	<u>(8,897)</u>	<u>-</u>
Total Bonds Payable	434,689		(88,586)	346,103	100,375
Note Payable	-	16,500	(3,008)	13,492	
Compensated Absences	<u>344</u>	<u>3,517</u>	<u>-</u>	<u>3,861</u>	<u>3,861</u>
Total Business- Type Activities	<u>\$ 435,033</u>	<u>\$ 20,017</u>	<u>\$ (91,594)</u>	<u>\$ 363,456</u>	<u>\$ 104,236</u>

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CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 8: Long-Term Debt (Continued)

Long-term debt is comprised of the following:	<u>Governmental</u>	<u>Business-Type</u>	<u>Component Units</u>
\$920,000, Series 1991 GTUA Water Supply and Sewer Service Contract Obligation, due in annual installments of \$75,000 through 2011, interest of 5.50%.	\$ -	\$ 75,000	\$ -
\$180,000, Series 1996 GTUA Water Supply and Sewer Service Contract Obligation, due in annual installments of \$10,000 through 2017, interest from 4.45% to 6.45%.	-	90,000	-
\$150,000, Series 2000 GTUA Water Supply and Sewer Service Contract Obligation, due in annual installments of \$5,000 through 2021, interest from 3.30% to 5.30%.	-	105,000	-
\$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%.	-	85,000	-
\$16,500, Note Payable issued February 18, 2010, due in monthly installments of \$496.30 through February 2013, bearing an interest rate of 5.25%.	-	13,492	-
\$112,000, Note Payable issued May 13, 2005, due in monthly installments of \$1215.74 through May 2015, bearing an interest rate of 5.50% from May 13, 2005 to May 13, 2008, and from May 13, 2008 to May 13, 2015, the interest rate will be the sum of the current index annum at that time.	-	-	59,934
\$20,000, Note Payable issued July 12, 2010, due in monthly installments of \$602.43 through July 18, 2013, bearing an interest rate of 5.25%.	<u>18,992</u>	<u>-</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 18,992</u>	<u>\$ 368,492</u>	<u>\$ 59,934</u>



CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 8: Long-Term Debt (Continued)

Annual requirements to retire debt obligations are as follows:

Fiscal Year <u>Due</u>	<u>Governmental Activities</u>		Total Debt <u>Requirement</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 6,384	\$ 843	\$ 7,227
2012	6,726	501	7,227
2013	<u>5,882</u>	<u>141</u>	<u>6,023</u>
	<u>\$ 18,992</u>	<u>\$ 1,485</u>	<u>\$ 20,477</u>

Fiscal Year <u>Due</u>	<u>Business-Type Activities</u>		Total Debt <u>Requirement</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 100,375	\$ 17,610	\$ 117,985
2012	25,664	14,198	39,862
2013	22,453	12,860	35,313
2014	25,000	11,571	36,571
2015	23,000	7,397	30,397
2016	23,000	7,397	30,397
2017	23,000	7,397	30,397
2018	23,000	7,397	30,397
2019	23,000	7,397	30,397
2020	14,000	2,082	16,082
2021	14,000	2,082	16,082
2022	14,000	2,082	16,082
2023	14,000	2,082	16,082
2024	14,000	2,081	16,081
2025	<u>10,000</u>	<u>564</u>	<u>10,564</u>
	<u>\$ 368,492</u>	<u>\$ 104,197</u>	<u>\$ 472,689</u>

Fiscal Year <u>Due</u>	<u>Component Units Activities</u>		Total Debt <u>Requirement</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 11,583	\$ 3,006	\$ 14,589
2012	12,229	2,360	14,589
2013	12,926	1,663	14,589
2014	13,655	934	14,589
2015	<u>9,541</u>	<u>198</u>	<u>9,739</u>
	<u>\$ 59,934</u>	<u>\$ 8,161</u>	<u>\$ 68,095</u>

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 9: Number of Water and Sewer System Customers

At year end, 800 customers were connected to the water system and 720 to the sewer system.

Note 10: Pension Plan

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by TMRS. This report may be obtained by writing TMRS, P.O. Box 149153, Austin, TX 78717-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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 are as follows:

	<u>Plan Year 2009</u>	<u>Plan Year 2010</u>
Employee Deposit Rate	5%	5%
Matching Ratio (City to Employee)	1 to 1.5	1 to 1.5
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5,0/25	60/5,0/25
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	0% of CPI Repeating	0% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 10: Pension Plan (Continued)

Contributions (Continued)

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Schedule of Actuarial Liabilities and Funding Progress

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007
Actuarial Value of Assets	\$ 467,717	\$ 406,763	\$ 481,935
Actuarial Accrued Liability	<u>498,795</u>	<u>391,144</u>	<u>462,698</u>
Unfunded Actuarial Accrued Liability	\$ 31,078	\$ (15,619)	\$ (19,237)
Percentage Funded	93.8%	104.0%	104.2%
Annual Covered Payroll	\$ 585,748	\$ 494,015	\$ 476,444
Ratio of Unfunded to Annual Covered Payroll	5.3%	(3.2%)	(4.0%)
Annual Required Contribution (ARC)	\$ 15,722	\$ 20,717	\$ 24,335
Contributions Made	<u>15,722</u>	<u>20,717</u>	<u>24,335</u>
NPO at the End of the Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 10: Pension Plan (Continued)

Contributions (continued)

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2009, actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009 follows:

Valuation Date	<u>12/31/2007</u>	<u>12/31/2008</u>	<u>12/31/2009</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 yrs: Closed Period	24 yrs: Closed Period	27 yrs: Closed Period
Asset Valuation Method	Amortized Cost	Amortized Cost	10-Yr Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.5%	7.5%
Projected Salary Increases*	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
*Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	0%	0%	0%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	\$467,717	\$ 498,795	93.8%	\$ 31,078	\$585,748	5.3%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF WHITEWRIGHT, TEXAS  
Notes to Financial Statements  
(Continued)  
September 30, 2010

Note 11: Transfers

The transfers were for operating purposes. Interfund transfers for the year ended September 30, 2010, consisted of the following amounts:

Transfers to the General Fund from:

Water and Sewer Fund	<u>\$ 18,187</u>
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Note 12: Commitments and Contingencies

The City has been awarded a grant in the amount of \$54,156 for street repairs for the 2011 fiscal year. It is a matching project for which the City will use an additional grant for the matching requirement.

CITY OF WHITEWRIGHT, TEXAS  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property Taxes	\$ 316,000	\$ 316,000	\$ 348,378	\$ 32,378
Emergency Medical Service	305,500	305,500	304,708	(792)
General Sales and Use Taxes	187,000	187,000	158,679	(28,321)
Solid Waste Disposal	137,000	137,000	133,683	(3,317)
Police Department and Court	96,930	96,930	57,148	(39,782)
Franchise Taxes	50,000	50,000	52,968	2,968
Fire Department	27,000	27,000	37,462	10,462
Contributions	6,100	6,100	8,142	2,042
Other Revenue	23,600	23,600	34,974	11,374
Permits and Fees	18,950	18,950	14,574	(4,376)
Library	5,400	5,400	7,047	1,647
Grants	5,900	5,900	127,103	121,203
Interest Revenue	1,500	1,500	1,364	(136)
Total Revenue	<u>1,180,880</u>	<u>1,180,880</u>	<u>1,286,230</u>	<u>105,350</u>
Expenditures				
General Government	614,308	614,308	518,527	95,781
Emergency Medical Services	329,130	329,130	302,433	26,697
Police & Court	249,270	249,270	225,570	23,700
Library	11,500	11,500	4,515	6,985
Fire	25,920	25,920	21,438	4,482
Debt Service	19,277	19,277	23,372	(4,095)
Interest	-	-	4,243	(4,243)
Capital Outlay	115,000	115,000	340,512	(225,512)
Total Expenditures	<u>1,364,405</u>	<u>1,364,405</u>	<u>1,440,610</u>	<u>(76,205)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(183,525)</u>	<u>(183,525)</u>	<u>(154,380)</u>	<u>29,145</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	18,187	18,187
Operating Transfers Out	-	-	-	-
Loan Proceeds	30,000	30,000	20,000	(10,000)
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>38,187</u>	<u>8,187</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	<u>(153,525)</u>	<u>(153,525)</u>	<u>(116,193)</u>	<u>37,332</u>
Fund Balances - October 1, 2009	<u>374,441</u>	<u>374,441</u>	<u>374,441</u>	<u>-</u>
Fund Balances - September 30, 2010	<u>\$ 220,916</u>	<u>\$ 220,916</u>	<u>\$ 258,248</u>	<u>\$ 37,332</u>

CITY OF WHITEWRIGHT, TEXAS  
Texas Municipal Retirement System  
Schedule of Funding Progress  
September 30, 2010

Texas Municipal Retirement System  
Schedule of Funding Progress:  
(unaudited)

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2006	\$ 439,521	\$ 483,266	91.0%	\$ 43,745	\$ 318,598	13.7%
12/31/2007	481,935	462,698	104.2%	19,237	476,444	-4.0%
12/31/2008	406,763	391,144	104.0%	15,619	494,015	-3.2%
12/31/2009	467,717	498,795	93.8%	31,078	585,748	5.3%