

CITY OF WHITE HOUSE, TENNESSEE

Comprehensive Annual Financial Report

For the Year Ended June 30, 2004

Prepared By:

Finance Department

INTRODUCTORY SECTION

CITY OF WHITE HOUSE, TENNESSEE

Table of Contents

Page Number

INTRODUCTORY SECTION

Letter of Transmittal	i - v
GFOA Certificate of Achievement	vi
City Organizational Chart	vii
Officials of the City of White House, Tennessee	viii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	2 - 15
Basic Financial Statements:	
Government - Wide Financial Statements:	
Statement of Net Assets.	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet to the Statement of Net Assets of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	21
Statement of Net Assets - Proprietary Fund	22
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund	24
Notes to the Financial Statements	25 - 38
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	40 - 45
Notes to Required Supplementary Information	46

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND SCHEDULES:

Combining Balance Sheet - Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	49

CITY OF WHITE HOUSE, TENNESSEE

Table of Contents, Continued

Page Number

**COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND SCHEDULES
(Continued):**

Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget (GAAP Basis) and Actual- Nonmajor Governmental Fund:

State Street Aid Fund	50
Drug Fund	51
Industrial Development Fund	52
Solid Waste Fund	53
Impact Fee Fund	54
Cemetery Fund	55
Parks Nutrition Fund	56

FINANCIAL SCHEDULES:

Capital Assets Used in the Operations of the Governmental Funds:

Schedule by Function and Activity	58
Schedule of Changes by Function and Activity	59
Schedule of Cash and Cash Equivalents - By Depository - All Funds.	60
Schedule of Changes in Property Taxes Receivable	61
Schedule of Debt Service Requirements - General Obligation Debt	62
Schedule of Debt Service Requirements - Enterprise (Sewer) Fund	63
Schedule of Federal and State Financial Assistance	64
Schedule of Expenditure of Federal Awards	65

STATISTICAL SECTION:

Schedule of Governmental Fund Revenues, Expenditures and Other Financing Sources and Uses - Ten Year Summary	67
Schedule of Property Tax Levies and Collections - Ten Year Summary	68
Schedule of Assessed and Appraised Value of Taxable Property - Ten Year Summary	69
Schedule of Property Tax Rates - Ten Year Summary	70
General Bonded Debt, Property Tax Rates and Tax Levies- Direct and Overlapping - Ten Year Summary	71
Computation of Direct and Overlapping Debt	72
Schedule of Ratios of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Ten Year Summary	73
Schedule of Ratio of Annual Debt Service for General Bonded Debt to Total Governmental Expenditures - Ten Year Summary	74
Revenue Bond Coverage - Sewer Bonds - Ten Year Summary	75
Principal Taxpayers	76

CITY OF WHITE HOUSE, TENNESSEE

Table of Contents

Page Number

STATISTICAL SECTION, (Continued):

Property Values and Construction - Ten Year Summary	77
Principal Officials' Salaries and Surety Bonds	78
Insurance Coverage	79
Miscellaneous Statistical and Demographic Data	80
Utility Statistical Data	81

OTHER REPORTS SECTION:

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	83
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	84-85
Schedule of Findings and Questioned Costs	86-87

CITY OF WHITE HOUSE

Billy S. Hobbs Municipal Center
105 COLLEGE STREET
WHITE HOUSE, TENNESSEE 37188
www.CityofWhiteHouse.com
(615) 672-4350
FAX (615) 672-2939

December 13, 2004

To the Board of Mayor and Aldermen, and Citizens of the City of White House:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of White House for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the City of White House. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City of White House has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of White House's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of White House's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of White House's financial statements have been audited by Yeary, Howell and Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of White House for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of White House's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of White House was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of White House's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of White House's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of White House, incorporated in 1971, is located in middle Tennessee, 22 miles north of Metropolitan Nashville, adjacent to Interstate 65 and South Highway 31W. The population of the City of White House is 7,220 per the Census of 2000. The City of White House is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Board of Mayor and Aldermen.

The City of White House currently operates under a Mayor-Aldermen form of government exercising the City Administrator plan. Policy-making and legislative authority are vested in a governing board consisting of the mayor and four aldermen, two from each Ward. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the Board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Board is elected on a non-partisan basis. Aldermen serve four-year staggered terms, with two members elected every two years. The Mayor is elected to serve a four-year term.

The City of White House provides a full range of services, including police and fire protection; sanitation and recycling services; wastewater utility services; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for the City of White House's financial planning and control. All departments of the City of White House are required to submit requests for appropriation to the City Administrator before April 1 of each year. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed budget to the Board of Mayor and

Aldermen for review. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by June 30, the close of the City of White House's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The finance director may make transfers of appropriations of less than \$10,000 within a department. Transfers of appropriations between departments, however, require the special approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and debt service fund, this comparison is presented on pages 40-45 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which is on pages 50-55.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of White House operates.

Local economy. The City of White House currently enjoys a climate of healthy residential and commercial growth. The middle Tennessee region also is experiencing growth in these areas, and in general has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate.

The region, which includes both Robertson and Sumner Counties, in which the City of White House lies, has an unemployment rate of 4.0% to 4.3%. The City's commercial growth is mainly on the Robertson County side of town along Interstate 65 and consists of mostly retail businesses. The City is also home to several small manufacturing/distribution facilities.

The City of White House offers many amenities, including active parks and recreational programs. The neighborhoods are walkable and interconnected with a substantial Greenway system that will eventually encompass the entire community. The City has an outstanding school system that consistently scores substantially above statewide test scores in all subjects. New home prices average in the mid to upper 100,000's, with various types and styles of neighborhoods from traditional one half acre lots, to new neo-traditional neighborhoods. These factors have resulted in continued and steady residential growth.

Long-term financial planning. Numerous initiatives are underway to identify future major capital spending. The City began in FY 2003 to compile a six-year capital improvements plan (CIP) and began to make five-year forecasts of future revenues, expenditures and potential debt requirements.

Of particular note in the current six-year CIP planning are results of the Wastewater Drainage Basin Analysis and list of engineering recommendations for upgrades to the

City's sewer collection system. The City has also begun an inventory and assessment of its physical infrastructure such as roads, bridges, culverts, etc.

The Board of Mayor and Aldermen's Action Plan includes several important future City projects that will impact future City finances such as a proposed indoor recreation center, second fire station, and upgraded Public Works facility.

Finally, the Board continually assesses current taxing rates and City services to ensure an adequate level of resources for the community's public services.

Cash management policies and practices. Cash temporarily idle during the year was primarily invested in demand deposits, certificate of deposit, and the State of Tennessee Local Government Investment Pool. The government's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized by pledged securities.

Risk Management. The City relies primarily upon third party coverage for workmen's compensation claims and all other potential losses through the Tennessee Municipal League Pooled program. An active loss control program identifies risks and takes measures to reduce City exposure to claims and losses.

Pension Benefits. Employees of the City of White House are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The City of White House requires employees to contribute 5.0 percent of earnable compensation. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2004 was 3.96% of annual covered payroll. A more thorough analysis of the Pension Benefits may be found in the Notes to the Financial Statements on page 33.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of White House for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the 14th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government staff published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Administration departments. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Mayor and Aldermen for their support for maintaining the highest standard of professionalism in the management of the City of White House's finances.

Respectfully submitted,

Charlotte Soporowski
Finance Director

M. Timothy Williams
City Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of White House,
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



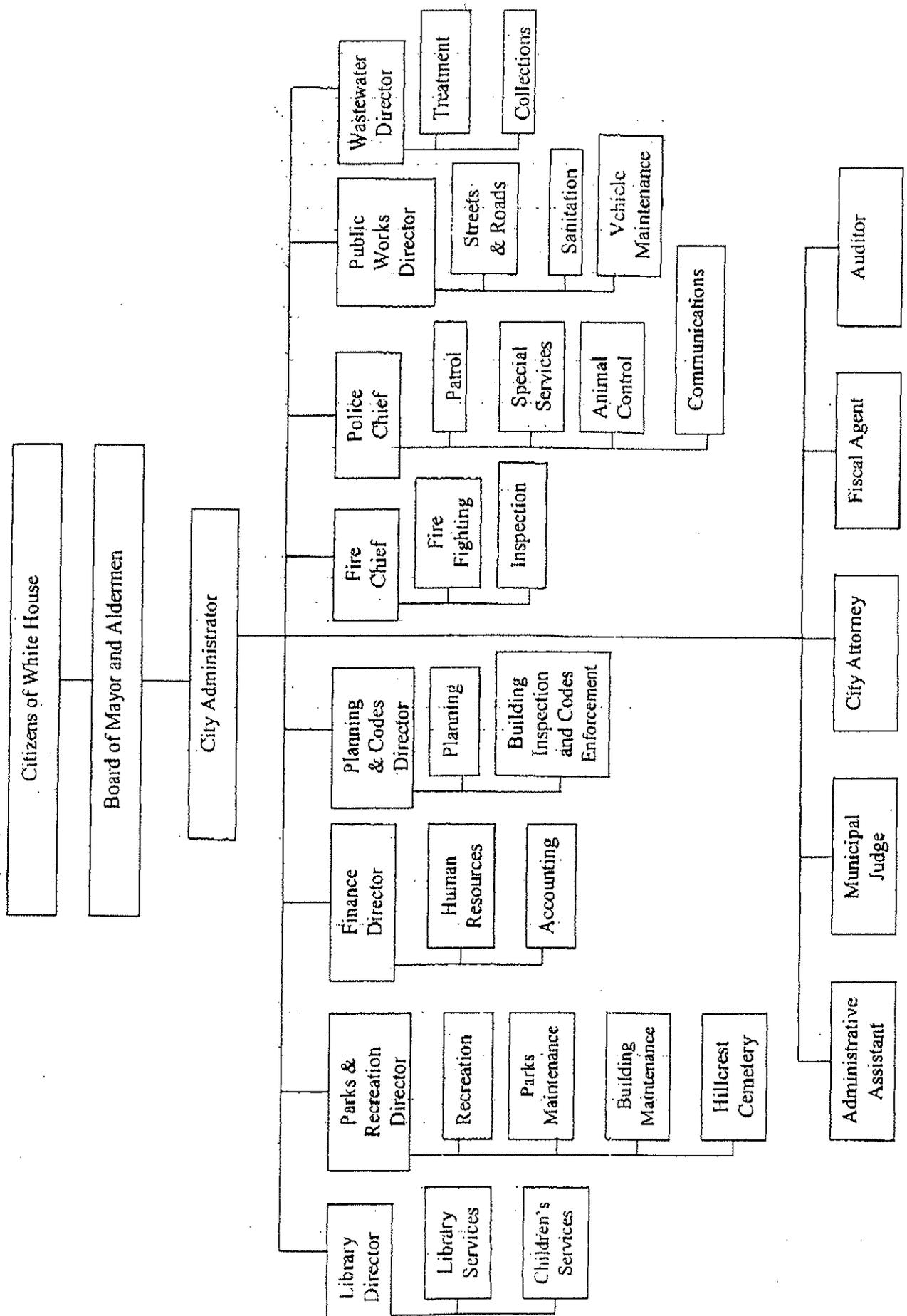
Nancy L. Ziehl

President

Jeffrey R. Egan

Executive Director

City of White House Organizational Chart



CITY OF WHITE HOUSE, TENNESSEE

Directory

For the Year Ended June 30, 2004

Mayor	Stan McAfee
Vice Mayor - Alderman	John Decker
Alderman	Farris H. Bibb, Jr.
Alderman	Randy Cline
Alderman	Darrell Leftwich
City Administrator	Tim Williams
City Recorder	Julie High
Building Inspector	Addam McCormick
City Attorney	David Amonette
City Judge	Susan Johnson
Chief of Police	Stan H. Hilgadiack
Director of Public Works	Randy Briley
Director of Parks and Recreation	Adam Rider
Chief of Fire Department	Joe Palmer
Director of Utilities	Phyllis West
Director of Municipal Library	Judy Speight

FINANCIAL SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

INDEPENDENT AUDITOR'S REPORT

Mayor and Aldermen of the
City of White House
White House, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of the City of White House, Tennessee (the City), as of and for the year ended June 30, 2004, 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 of White House's management. Our responsibility is to express an opinion on these financial statements based on our audit.

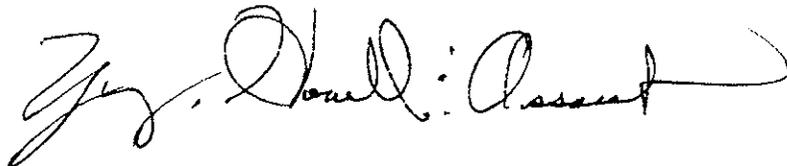
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of the City of White House, Tennessee at June 30, 2004 and the respective changes in financial position and cash flows where applicable for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2004 on our consideration of the City of White House's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2 - 15, the Required Supplementary Information on pages 40 - 46 are not a required part of the financial statements but are supplementary information required by the Government Accounting Standards Board. 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 do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of White House's basic financial statements. The Introductory Section (Pages i through viii), Combining and Individual Nonmajor Fund Statements and Schedules, and Financial Schedules (Pages 48 - 64) and Statistical Section (Pages 66 - 80) as listed in the Table of Contents are not a required part of the basic financial statements. The accompanying Schedule of Expenditure of Federal Awards on page 64 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements of the City. The Combining and Individual Nonmajor Fund Statements and Schedule, the Financial Schedules and the Schedule to Expenditure of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is stated fairly, in all material respects, in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



October 15, 2004

Management's Discussion and Analysis Fiscal Year Ended June 30, 2004

As management of the City of White House, Tennessee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of White House government for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to the financial statements.

THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of White House, Tennessee (the "City") using the integrated approach as prescribed by GASB statement number 34.

The Government – wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities, including long-term debt. Additionally, certain changes and eliminations have been made as prescribed by the GASB statement with regards to interfund activities, payables, and receivables.

The Fund Financial Statements include statements for each of the types of activities, governmental and business type. The governmental activities are prepared using the current financial resource measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Reconciliation of the Fund financial statements to the Government wide financial statements is provided to explain the differences created by the integrated approach.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is very similar to the accounting used by most private companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net assets and changes to them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health or financial position. Over time, increases and decreases in the City's net assets are one indicator of whether its financial health is improving or declining.

In the Statement of Net Assets and the Statement of Activities, we separate the City's Activities as follows:

Governmental Activities – Most of the City’s basic services are reported in this area, including General Government, Police, Fire, Public Works, Planning, Library, Parks and Recreation, and Sanitation. Property Taxes, Sales Taxes, User Fees, Franchise Fees, and Intergovernmental Revenues are the types of revenues that pay for these activities.

Business Type Activities – The City charges a fee to customers for the collection and treatment of sanitary sewage. This activity is reported under Business Type Activities.

REPORTING THE CITY’S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, but not the City as a whole. Some funds are required to be established by State Law and by bond covenants. However, management established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, federal or state grants or loans.

Governmental Funds – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences of results in the Governmental Fund financial statements to those in the Government – wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary Funds – When the City charges customers for services it provides to cover the entire cost of the service, it becomes a proprietary fund type. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City’s enterprise fund is the same as the business type activity we report in the government-wide statement but provides more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City has provided comparative financial information for the prior fiscal year to the current fiscal year. As the City compiles more information in the new GASB 34 format, additional comparative data and analysis will be used in future CAFR’s. The analysis below focuses on the net assets of the City’s governmental and business type activities:

**Financial Analysis of the Financial Statements
City of White House's Net Assets**

	Governmental Activities	Business -type Activities	FY 2003-2004 Total	FY 2002-2003 Total
Current and other assets	\$ 5,684,066	\$ 2,472,649	\$ 8,156,715	\$ 7,414,355
Capital assets	10,792,092	15,246,056	26,038,148	24,321,476
Total assets	16,476,158	17,718,705	34,194,863	31,735,830
Long-term liabilities due in more than one year	7,265,248	5,903,709	13,168,957	10,690,230
Long-term liabilities due in within one year	618,605	550,760	1,169,365	870,720
Other liabilities	2,138,673	306,134	2,444,807	4,618,614
Total liabilities	10,022,526	6,760,603	16,783,129	16,179,564
Net assets:				
Invested in capital assets, net of related debt	2,697,571	9,342,347	12,039,918	10,317,141
Restricted	236,858	0	236,858	566,296
Unrestricted	3,519,203	1,615,755	5,134,958	4,672,829
Total net assets	\$ 6,453,632	\$ 10,958,102	\$ 17,411,734	\$ 15,556,266

At the close of the 2003-2004 fiscal year, the City's government wide assets exceeded liabilities by \$ 17,411,734. The greatest portion of the City's assets are attributable to its investment in capital assets such as land, buildings and equipment, less any outstanding debt used to acquire these assets. Capital assets such as parks, police and fire stations, and roads are all used to serve citizens. However, these assets cannot be used for future spending, nor can they be utilized for the retirement of debt. Debt payments are normally generated from other current sources of revenue.

At the end of the fiscal year, the City reported a positive balance in both its governmental and business type activities. Net assets for the Government as a whole increased by \$ 1,855,468 during the fiscal year. The largest contributory to the increase in net assets came in the General Fund as the City received additional grant funding from the Tennessee Department of Transportation for completion of the Greenway project. This is reflected in the \$ 896,298 for capital grants and contributions. Sales Tax income rose by \$ 276,962 as the general economy began to improve in late 2003. Governmental expenses were down in FY 2004, as the City moved aggressively to cut operating costs in the last fiscal year as a result of a tight budget picture. Finally, while the costs of operating the Wastewater Department increased last year, operating income and capital contributions both contributed to a \$376,586 increase in net assets in business-type activities.

The next table shows the changes in net assets of the City's governmental and business type activities.

City of White House's Changes in Net Assets

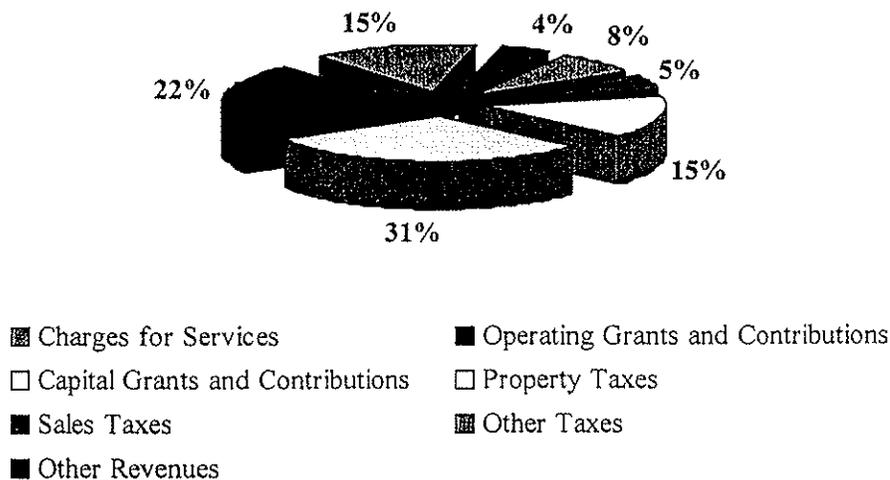
	<i>Current Year</i>			<i>Prior Year</i>		
	Governmental Activities	Business -type Activities	FY 2003-2004 Total	Governmental Activities	Business -type Activities	FY 2002-2003 Total
Revenues:						
Program revenues:						
Charges for services	\$ 459,916	\$ 1,478,393	\$ 1,938,309	\$ 525,535	\$ 1,372,386	\$ 1,897,921
Operating grants and contributions	313,614	0	313,614	399,152	0	399,152
Capital grants and contributions	896,298	450,097	1,346,395	264,350	393,514	657,864
General revenues:						
Property taxes	1,795,626	0	1,795,626	1,781,280	0	1,781,280
Sales taxes	1,290,226	0	1,290,226	1,013,264	0	1,013,264
Other taxes	892,626	0	892,626	894,112	0	894,112
Other	260,425	14,877	275,302	421,051	24,842	445,893
Total revenues	5,908,731	1,943,367	7,852,098	5,298,744	1,790,742	7,089,486
Expenses:						
General government	780,626	0	780,626	850,522	0	850,522
City court	55,417	0	55,417	114,393	0	114,393
Police	1,361,469	0	1,361,469	1,238,082	0	1,238,082
Fire	429,855	0	429,855	438,148	0	438,148
Streets	463,148	0	463,148	382,933	0	382,933
Planning and Codes	158,585	0	158,585	175,332	0	175,332
Parks and recreation	614,796	0	614,796	497,669	0	497,669
Library	150,758	0	150,758	149,523	0	149,523
Government buildings	77,411	0	77,411	84,163	0	84,163
Public works	642,197	0	642,197	684,673	0	684,673
Senior citizen activities	40,398	0	40,398	35,056	0	35,056
Miscellaneous (primarily employee benefits and insurance)	61,977	0	61,977	425,920	0	425,920
Interest expense on long-term debt	134,787	0	134,787	152,689	0	152,689
Water & Sewer	0	1,481,781	1,481,781	0	1,264,681	1,264,681
Total expenses	4,971,424	1,481,781	6,453,205	5,274,102	1,264,681	6,538,783
Increases in net assets before transfer	937,307	461,586	1,398,893	24,641	526,061	550,702
Transfers	85,000	(85,000)	0	0	0	0
Increases in net assets	1,022,307	376,586	1,398,893	24,641	526,061	550,702
Net assets, beginning of year, as restated	5,431,325	10,581,516	16,012,841	4,950,107	10,055,456	15,005,563
Net assets, end of year	\$ 6,453,632	\$ 10,958,102	\$ 17,411,734	\$ 4,974,749	\$ 10,581,517	\$ 15,556,266

GOVERNMENT ACTIVITIES

The cost of all Governmental Activities this year was \$ 4,971,424. However, portions of the City's costs were financed through direct user fees, such as Building Inspection Fees and Court Fines and Costs, by those directly impacted by the service. State and Federal Grants, such as the COPS Grant or State Gasoline Tax payments, support another portion of operating costs. Overall, the City's governmental program revenues, including intergovernmental aid, grants and fees for service was \$ 1,669,828. General Revenues amounted to \$ 4,238,903. General Revenues were derived from taxes assessed to property owners, sales and use taxes, investment earnings, and other general tax assessments. Overall revenues from Governmental activities were \$ 5,908,731 for FY 2004, an increase of \$ 609,987 over FY 2003.

The City experienced increased sales taxes of nearly \$ 300,000 over last fiscal year. This is the result of a pickup in the local economy and several new businesses locating in the community. The special Parks Sales Tax levy of ½ percent increased from \$ 313,572 in FYE 2003 to \$399,760 in FYE 2004. This revenue category is designated for parks and recreational facilities, including the future construction of an indoor community center. Most other revenue categories were relatively flat from the previous year. As mentioned previously, Capital Grants increased significantly as money flowed from the Tennessee Department of Transportation to the City for phases II-IV of the Greenway project. The following graph highlights Governmental Revenues for FY 2003-2004:

FY 2004 Governmental Activities Revenue



The City's programs include General Government, Public Safety (Police, Fire), Public Works (Streets & Roads, Sanitation), and Community Services (Parks, Library, Planning and Codes enforcement). Expenses are also tracked for miscellaneous and long-term debt expense. Each Program's Net Cost is presented below:

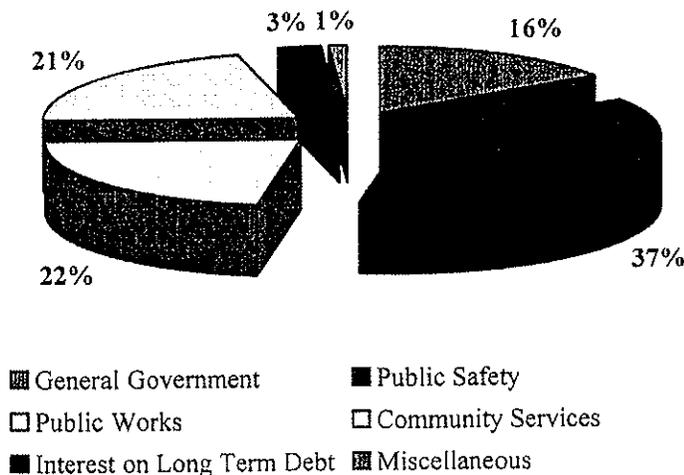
COST OF GOVERNMENTAL ACTIVITIES

Governmental Activities:	FY 2003-2004 <u>Net (Expense)</u>	FY 2002-2003 <u>Net (Expense)</u>
General Government	\$ (780,626)	\$ (850,522)
Public Safety	(1,846,741)	(1,835,623)
Public Works	(1,105,345)	(1,067,606)
Community Services	(1,041,948)	(941,743)
Interest on Long Term Debt	(134,787)	(152,689)
Miscellaneous	<u>(61,977)</u>	<u>(425,920)</u>
 Total Government Activities	 \$ (4,971,424)	 \$ (5,274,102)

Spending was somewhat curtailed in the last fiscal year, as the City instituted cutbacks in positions and operating expenses to balance the budget. Funds were also shifted from a miscellaneous category to individual Departments for employee health insurance and other benefits. Thus, individual Department's budgets increased as the miscellaneous category dropped from \$ 425,920 to \$ 61,977. The City did experience some unanticipated costs in Public Works and Parks and Recreation over the last year, as a new Brush truck purchase was accelerated and several additional capital projects were added to the Municipal Park.

The following graph shows the breakdown of spending from Governmental Activities:

FY 2004 Governmental Program Expenses



BUSINESS TYPE ACTIVITIES

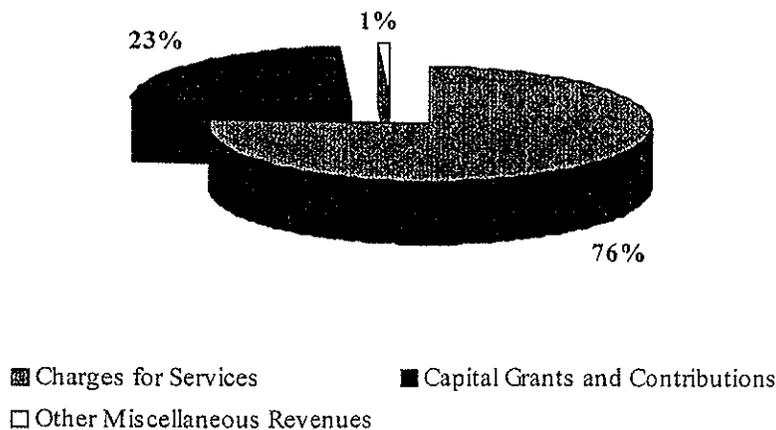
The cost of all proprietary (Business Type) activities this year was \$ 1,481,781, an increase of \$ 217,100 over FYE 2003 or approximately 17%. As shown in the Statement of Activities, the amounts paid by users of the system were \$ 1,478,393, and capital grants and contributions were \$ 450,097. Other revenues contributed \$ 14,877 to operations.

The Proprietary Fund (Business Type) Activities include the operation of the City's Wastewater Collection, Transmission, and Treatment System. The System underwent a major expansion during FY 2003, with the 3.6 million dollar addition to the treatment plant. This project was substantially completed in the last fiscal year, and the new mechanical treatment plant came online in October of 2003.

Total resources available during the year to finance Proprietary Fund Activities were \$ 12,524,883; consisting of net assets at the beginning of the year of \$ 10,581,516 and program revenues of \$ 1,943,367. Total Proprietary Fund expenses were \$ 1,481,781, resulting in a gain to net assets of \$ 376,586. The total increase in net assets was approximately \$ 150,000 less than FYE 2003, as the City instituted a more aggressive maintenance and repair regime in the collection system.

The following graph highlights the Proprietary Fund Revenues for the 2003 Fiscal Year:

FY 2004 Business Type Activities Revenues



THE CITY'S FUNDS

The following is an analysis of balances in the City's major individual funds. The Government throughout the fiscal year carefully tracks ending reserves, and adjustments to spending are made to ensure fund balances remain adequate to cover unexpected emergencies.

General Major Governmental Functions

The focus of the City of White House's governmental funds is to provide information on near term revenues, expenditures, and the balances of spendable resources. Such information is useful in assessing the City's financial requirements. Specifically, unreserved fund balance serves as a useful measure to assess the City's net resources available for spending at the end of the fiscal year, or to provide contingency or rainy day funds.

At the end of the 2003-2004 fiscal year, the City's governmental funds reported combined ending fund balances of \$ 3,410,601, an increase of \$ 494,699 over the prior year ending balance. Over eighty percent of this total is an unreserved fund balance, available for spending at the Governments discretion. However, the funds accumulated in the special parks sales tax of \$ 1,325,463 are reserved through ballot initiative for parks and recreational facilities, including the construction and operation of a community recreational center. The remainder of the Fund balance (\$571,921) within non-major funds is restricted to road and street maintenance, capital projects, cemetery maintenance, and other specific purposes.

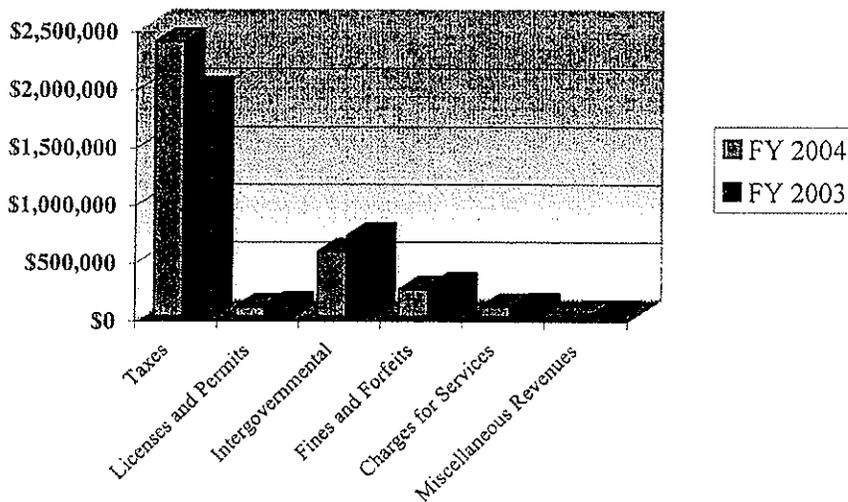
The General Fund is the chief operating fund for the City. It accounts for most City activities including Police, Fire, Parks, and Public Works. General tax levies such as property taxes and local option sales taxes fund these programs. One can measure a fund's liquidity by looking at the percentage of unreserved fund balance. The ending General Fund balance of \$ 576,585 represents approximately sixteen and one-half percent of total expenditures. While the ending fund balance in the General Fund has stabilized the last two years, financial pressures continue to provide a challenge for the City to maintain a comfortable reserve.

The information below compares revenues of the General Fund for FY 2004 and FY 2003:

Revenues by Source	<u>FY 2004</u>	<u>FY 2003</u>
Taxes	\$ 2,381,207	\$1,966,780
Licenses and Permits	86,211	102,795
Intergovernmental	565,481	705,156
Fines and Forfeits	238,889	273,750
Charges for Services	91,189	94,564
Miscellaneous	<u>28,400</u>	<u>30,327</u>
Total Revenues	\$ 3,391,377	\$3,173,372

The following graph highlights the sources of General Fund Revenue:

General Fund Revenues by Source



The table below compares the distribution of expenditures within the General Fund.

Expenditure by Function	<u>FY 2004</u>	<u>FY 2003</u>
General Government	\$ 699,242	\$ 850,522
City Court	54,144	114,217
Public Safety	1,578,720	1,458,666
Streets and Roads	152,806	45,020
Planning & Codes	156,483	167,557
Parks and Recreation	441,053	309,023
Library	131,707	117,157
Government Buildings	81,547	82,397
Public Works	642,197	212,844
Senior Activities	40,398	35,056
Miscellaneous	6,061	377,546
Capital Outlay*	<u> </u>	<u>51,260</u>
Total Expenditures	\$ 3,477,883	\$ 3,352,308

**Capital Outlay included in Department expenditures for FY 2004*

General Fund revenues increased over the prior year due primarily to growth in local option sales taxes and property taxes. The Board of Mayor and Aldermen instituted a seven-cent property tax increase in the 2003-2004 fiscal year in order to balance the budget. This increase and continued growth in commercial buildings, produced an increase of \$ 175,173 in the General Fund during FY 2004. The local option sales tax continued to grow during the year, increasing from \$ 699,317 in FY 2003 to \$ 890,466 in FY 2004.

Expenditures increased for Public Safety (Police and Fire) and Public Works in the past year. Some of the increase was a result of moving employee health insurance and other benefits into the individual departments rather than tracking it collectively in a miscellaneous account. Several major projects were undertaken in Public Works, which also increased spending over the prior year. Finally, spending in Parks and Recreation rose with the addition of several capital projects during the year, including the rebuilding of the outdoor basketball courts and construction of a new outdoor sand volleyball court. Costs were down in the City Court program, as the City dropped its exercise of General Sessions Court after several years of operation. Overall, General Fund expenses increased by approximately 3.8%.

Proprietary Fund

The City's only major Enterprise Fund, the Wastewater Fund, increased in net assets by \$ 376,586. This is the result of total revenues and capital grants exceeding expenses. Interestingly, even without the addition of capital grants, the Wastewater Fund's cost of operation was \$ 11,489 less than user charges, adding cash back to the system.

The table below demonstrates return on ending net assets:

RETURN ON NET ASSETS IN THE PROPRIETARY FUND

Total Net Assets	\$ 10,958,102
Change in Net Assets	376,586
Return on Ending Net Assets	(3.44%)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset Management

The capital assets of the City are those assets which are used in the performance of the City's functions, including infrastructure assets. At June 30, 2004, net capital assets of the governmental and business type activities totaled \$ 26,038,149 (net of accumulated depreciation). The City's investment in capital assets include land, buildings, machinery and equipment, park facilities, roads, bridges, sidewalks, and plant in service. The total increase in capital assets during the fiscal year was 8.1%, 5.8% in governmental activities and 2.3% in business-type (Proprietary Fund) activities.

The major additions to capital assets came with the completion of the new wastewater treatment plant and related facilities and the addition of new pumps, force mains, and appurtenances in the collection system. The City added several new pieces of equipment in governmental funds, including a new fire pumper truck, vehicles, and improvements to facilities.

The Board of Mayor and Aldermen have been concerned about the future viability of the City's core infrastructure, including the sanitary sewer collection system, streets, roads, sidewalks, curbs, bridges, and storm drains. As an outgrowth of this ongoing concern, the Board voted in last year's Action Plan to prioritize an accurate inventory and assessment of City infrastructure, and prepare a long range plan of replacements, upgrades, and improvements to core infrastructure. The inventory was completed during the past fiscal year, and City staff will now work with an engineer to provide an assessment of the condition of this infrastructure for long range capital planning. This is one of the single most significant future costs within the City government, as roads, bridges, drainage systems, and the sewer collection system must be maintained and in some cases improved in the next several years.

The following table lists the City of White House's Capital Assets at the end of the 2003-2004 Fiscal Year:

**City of White House's Capital Assets
Fiscal Year Ending June 30, 2004**

	Governmental Activities	Business - Type Activities	Total
Land	\$ 3,529,712	\$ 779,366	\$ 4,309,078
Buildings and utility plant	5,366,106	15,371,273	20,737,379
Improvements other than buildings	0	0	0
Equipment and furniture	3,603,155	449,818	4,052,973
Construction in progress	1,524,519	3,447,466	4,971,985
Infrastructure	415,494	0	415,494
	<u>14,438,986</u>	<u>20,047,923</u>	<u>34,486,909</u>
Less accumulated depreciation	3,646,893	4,801,867	8,448,760
Net Capital Assets	<u>\$ 10,792,093</u>	<u>\$ 15,246,056</u>	<u>\$ 26,038,149</u>

Debt Administration

Debt, considered a liability of government activities, increased by \$ 585,041 during the 2004 fiscal year. Total debt outstanding was \$ 14,339,295, or approximately \$ 1,738 per capita. Approximately 7.7 million of the total debt outstanding is backed by the full faith and credit of the City, while the remaining balance is backed by both specific revenue sources and the City's general taxing power.

City of White House's Outstanding Debt

	Governmental Activities	Business -type Activities	Total
General obligation bonds and capital outlay notes	\$ 7,675,248	\$ 0	\$ 7,675,248
Revenue and tax bonds	0	6,664,047	6,664,047
Total Outstanding Debt	<u>\$ 7,675,248</u>	<u>\$ 6,664,047</u>	<u>\$ 14,339,295</u>

State Statutes in Tennessee impose no limit on the amount of debt that can be issued by the local government. However, all debt issuance, both short and long term, must first be approved in form by the State Auditor, Division of Municipal Audit.

Additional information on the City's Debt can be found within the notes to the financial report on pages 33 through 35.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Adoption of the annual budget assures the most efficient, effective, and practical use of the City's resources and citizen's tax dollars. The budgetary process also assures that the Board of Mayor and Aldermen has ensured funding for the highest priority services and initiatives. With the adopted budget, the Board of Mayor and Aldermen allocates City resources within adopted goals and plans (the Action Plan).

Historical Trend

As the City enters fiscal year 2004-2005, we continue to carefully marshal our resources and prepare for new service demands as the result of new residential and commercial growth. Due to increases in local option sales taxes and the seven-cent property tax increase, the City's primary fund, the General Fund, ended the year with a fund balance of \$ 576,585. This was nearly unchanged from the prior year ending fund balance. Overall, total City reserves increased by \$ 240,392 during the year. This increase was the result of new commercial growth, and ended several years of stagnant growth in local option sales taxes. In fact, flat growth in all revenue categories coupled with strong growth in spending resulted in a successive draw down of fund balances in the early 2000's, as expenditures outpaced revenues. The following table shows local option sales tax collections since FY 2000:

<u>Fiscal Year</u>	<u>Amount Collected</u>
2000	\$ 676,574
2001	\$ 623,146
2002	\$ 603,287
2003	\$ 699,317
2004	\$ 890,466

The City's Proprietary Fund, the Wastewater Fund, has stabilized with the passage of new rates and charges in FY 2001. The rate increases covered a two-year period and were set to fund the major upgrade to the treatment plant as well as fully fund depreciation necessary for replacements and repairs to the system. Spending has risen within the sewer collection activity over the previous year, as the City began an aggressive program of maintenance and repairs to the lift stations and collection lines.

The Budget

The adopted budget for the current fiscal year (FY 2004-2005) calls for total General Fund Expenditures of \$ 3,855,465, an increase of 11% over the prior fiscal year. Significant increases were anticipated in employee health insurance, a 2% general salary adjustment, and capital outlay spending of \$ 154,000.

The FY 2004-2005 budget was adopted without an increase in property taxes, however, the ending General Fund balance is anticipated to decline by approximately \$ 200,000. The Board voted to delay several capital purchases, including a new or renovated public works garage and

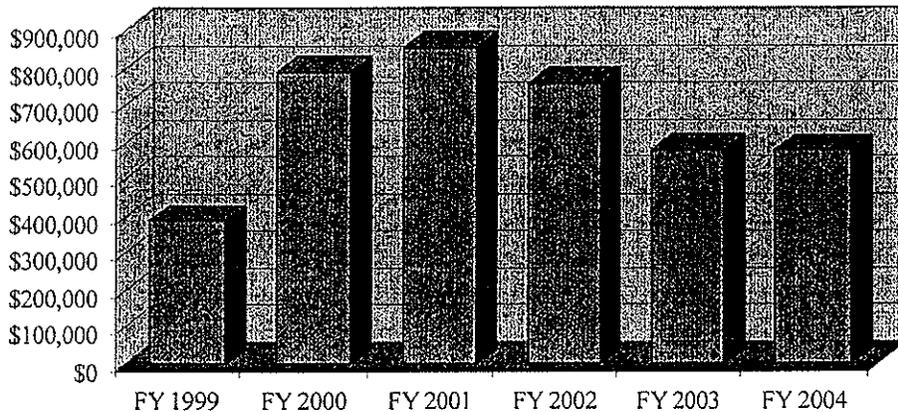
replacement of police vehicles. Pressure continues on most of the governmental funds of the City, as the cost to provide high quality services to residents continues to outpace revenue growth.

While the Wastewater Fund operating budget increases in the new fiscal year, the overall budget declines as the City has now completed the major upgrades to the wastewater treatment plant. Revenues are anticipated to increase slightly, reflecting new growth in residential and commercial buildings in the last year. The results of a recently completed comprehensive sewer collection analysis will add substantial new costs to the Wastewater Fund over the next ten to twelve years, and will certainly effect the system's rates and charges to customers.

Revenue/Surplus

As anticipated, the City's revenues in both governmental and business type activities have begun to pick up with the improvement in the overall economy. This growth in revenues, coupled with a general constriction in spending over the last two years, has produced stable fund balances in the General Fund and Wastewater Fund. Unfortunately, pressure continues on many of the smaller funds, particularly in Sanitation and State Street Aid. The following chart shows the history of the General Fund Balance over the last six years:

**General Fund Ending Fund Balance
FY 1999 to FY 2004**



Future Projections

White House remains poised for additional growth in the foreseeable future. The City's proximity to metropolitan Nashville and easy Interstate access should bode well for the local economy over the next several years. In fact, a new surge of growth has recently begun with the increase in residential building permits and the new activity in commercial development. However, with this growth comes major challenges, particularly in keeping up with demands for new and improved services from residents. As the local economy grows, and especially with the addition of new commercial businesses, the tax base will expand and provide the City better opportunities to meet those needs. Substantial growth in residential subdivisions over the past

ten years, without corresponding increases in commercial businesses has placed the City government in a difficult position to meet service demands. Those demands have far outstripped the City's ability to add additional employees, equipment, and facilities. The City must constantly monitor its expenses, while keeping an eye on properly planning for the future.

The Board of Mayor and Aldermen have provided good stewardship over the last few years in adopting a City Action Plan laying out specific goals and objectives to meet the future needs of White House. The Action Plan details many initiatives from public safety to parks to wastewater over the next several years. The Board has also wisely adopted a set of financial and budgetary policies and procedures to set parameters for reserves, debt issuance, and taxing policies. Adjustments have been made to City expenses, and increased property taxes levied to ensure a sound financial picture.

In the next several years, the City will address problems with adequate compensation for employees, significant upgrades to the wastewater collection system, improvements to operating equipment and facilities, and balancing service demands to the existing revenue streams.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors 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 any questions about this report or the information provided, or need additional information, please contact the office of the Director of Finance at 105 College Street, White House, TN 37188, (615) 672-4350, or email at csoporowski@cityofwhitehouse.com.

CITY OF WHITE HOUSE, TENNESSEE

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business Activities	Total
Assets			
Cash and cash investments	\$ 2,489,756	1,060,381	3,550,137
Cash and cash equivalents - restricted:			
Bond reserve accounts	-	199,445	199,445
Construction account	-	788,270	788,270
Total Cash and Cash Equivalents	<u>2,489,756</u>	<u>2,048,096</u>	<u>4,537,852</u>
Receivables:			
Property tax	1,991,684	-	1,991,684
Customer	-	280,111	280,111
Other governments	449,901	-	449,901
Other	639,479	-	639,479
Total Receivables	<u>3,081,064</u>	<u>280,111</u>	<u>3,361,175</u>
Internal balances	28,545	(28,545)	-
Supply inventory, at cost	-	162,147	162,147
Depreciable capital assets, net of accumulated depreciation	5,737,862	11,019,224	16,757,086
Non depreciable capital assets	5,054,230	4,226,832	9,281,062
Other assets	84,701	10,840	95,541
	<u>16,476,158</u>	<u>17,718,705</u>	<u>34,194,863</u>
Total Assets	\$ 16,476,158	17,718,705	34,194,863
Liabilities			
Liabilities:			
Accounts payable	\$ 28,148	20,727	48,875
Accrued liabilities	166,415	41,450	207,865
Customer deposits	-	44,700	44,700
Accrued interest payable	-	46,990	46,990
Contracts payable	-	152,267	152,267
Unearned revenue	1,884,160	-	1,884,160
Performance bonds payable	59,950	-	59,950
Long-term liabilities:			
Due within one year	618,605	550,760	1,169,365
Due in more than one year	7,265,248	5,903,709	13,168,957
Total Liabilities	<u>10,022,526</u>	<u>6,760,603</u>	<u>16,783,129</u>
Net Assets			
Investment in capital assets, net of related debt	2,697,571	9,342,347	12,039,918
Restricted for:			
Street maintenance and improvements	55,987	-	55,987
Capital projects	149,661	-	149,661
Other projects	31,210	-	31,210
Unrestricted	3,519,203	1,615,755	5,134,958
	<u>6,453,632</u>	<u>10,958,102</u>	<u>17,411,734</u>
Total Net Assets	\$ 6,453,632	10,958,102	17,411,734

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2004

Functions / Programs: Primary Government:	Net (Expenses) Revenue and Changes in Net Assets					Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental		
					Governmental Activities		Business-type Activities
General government	\$ 461,704	-	32,412	-	(429,292)	(429,292)	
City court	55,417	-	-	-	(55,417)	(55,417)	
Financial administration	318,922	-	-	-	(318,922)	(318,922)	
Police	1,361,469	282,516	59,427	-	(1,019,526)	(1,019,526)	
Fire	429,855	-	-	-	(429,855)	(429,855)	
Streets	463,148	-	221,775	-	(241,373)	(241,373)	
Planning and zoning	95,491	86,211	-	-	(9,280)	(9,280)	
Parks and recreation	614,796	91,189	-	896,298	372,691	372,691	
Codes and inspection	63,094	-	-	-	(63,094)	(63,094)	
Library	150,758	-	-	-	(150,758)	(150,758)	
Government buildings	77,411	-	-	-	(77,411)	(77,411)	
Public works	609,176	-	-	-	(609,176)	(609,176)	
Senior citizen activities	40,398	-	-	-	(40,398)	(40,398)	
City garage	33,021	-	-	-	(33,021)	(33,021)	
Miscellaneous	61,977	-	-	-	(61,977)	(61,977)	
Interest expense on long-term debt	134,787	-	-	-	(134,787)	(134,787)	
Total Government Activities	4,971,424	459,916	313,614	896,298	(3,301,596)	(3,301,596)	
Business-type Activities							
Sewer	1,481,781	1,478,393	-	450,097	446,709	446,709	
Total Business-type Activities	1,481,781	1,478,393	-	450,097	446,709	446,709	
Total Primary Government	\$ 6,453,205	\$ 1,938,309	\$ 313,614	\$ 1,346,395	\$ (3,301,596)	\$ (2,854,887)	
General Revenues:							
Property taxes		\$ 1,795,626				1,795,626	
Sales taxes		1,290,226				1,290,226	
Other locally assessed taxes		403,086				403,086	
Other state shared taxes		489,540				489,540	
Impact fees		150,174				150,174	
Unrestricted investment earnings		6,948			13,739	20,687	
Miscellaneous		103,303			1,138	104,441	
Transfers		85,000			(85,000)	-	
Total general revenues and transfers		4,323,903			(70,123)	4,253,780	
Change in net assets		1,022,307			376,586	1,398,893	
Net assets - beginning of year, as previously reported		4,974,749			10,581,516	15,556,265	
Restatement		456,576			-	456,576	
Net assets - beginning of year, as restated		5,431,325			10,581,516	16,012,841	
Net assets - end of year		\$ 6,453,632			10,958,102	17,411,734	

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Balance Sheet
Governmental Funds

June 30, 2004

<u>Assets</u>	General Fund	Park Sales Tax Fund	Multi-purpose Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 333,483	1,191,559	37,803	381,389	545,522	2,489,756
Accounts receivable:						
Property tax	1,231,279	-	-	368,617	406,876	2,006,772
Other governments	313,254	101,732	414,090	-	34,915	863,991
Other	121,872	-	103,517	-	-	225,389
Total Receivables	1,666,405	101,732	517,607	368,617	441,791	3,096,152
Due from other funds	37,338	32,172	-	2,169	106,295	177,974
Total Assets	\$ 2,037,226	1,325,463	555,410	752,175	1,093,608	5,763,882
<u>Liabilities</u>						
Accounts payable	\$ 3,738	-	5,749	-	18,660	28,147
Accrued costs	116,040	-	-	-	8,268	124,308
Due to other funds	57,854	-	-	-	91,575	149,429
Unearned revenue	1,223,060	-	-	365,204	403,183	1,991,447
Performance bonds payable	59,950	-	-	-	-	59,950
Total Liabilities	1,460,642	-	5,749	365,204	521,686	2,353,281
<u>Fund Equity</u>						
Fund Balance:						
Unreserved reported in:						
Special revenue funds	-	-	-	-	484,725	484,725
Reserved specific projects	-	-	-	-	87,197	87,197
Unreserved - undesignated	576,584	1,325,463	549,661	386,971	-	2,838,679
Total Fund Equity and Other Credits	576,584	1,325,463	549,661	386,971	571,922	3,410,601
Total Liabilities and Fund Equity	\$ 2,037,226	1,325,463	555,410	752,175	1,093,608	5,763,882

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Reconciliation of the Balance Sheet to the Statement of Net Assets
of Governmental Activities

June 30, 2004

Amounts reported for fund balance - total governmental funds		\$	3,410,601
Amounts reported for governmental activities in the statement of net assets are different because:			
Restatement of prior years as a result of recording:			
Investment in capital assets, net of related debt			2,376,807
Property tax revenue			74,848
Accrued vacation and sick leave			(238,967)
Accrued interest on bonded debt			(39,891)
Bond costs			88,229
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			1,005,038
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds			
Property tax revenue			17,351
Liabilities not due and payable currently and not recorded in the governmental funds			
Compensated absences	30,361		
Accrued interest	(2,216)		
			28,145
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not recorded in the funds			
Bonds payments	385,000		
Bonds issuance	(650,000)		
Bond issue costs	(3,529)		
			(268,529)
Net assets of governmental activities		\$	<u>6,453,632</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Statement of Revenues, Expenditures
and Changes in Fund Balances

All Governmental Fund Types

For the Year Ended June 30, 2004

	General Fund	Park Sales Tax Fund	Multi-purpose Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 2,381,207	399,760	-	330,726	359,894	3,471,587
Licenses and permits	86,211	-	-	-	150,174	236,385
Intergovernmental	565,481	-	896,298	-	237,673	1,699,452
Fines and forfeits	238,889	-	-	-	43,627	282,516
Charges for services	91,189	-	-	-	-	91,189
Miscellaneous	28,400	8,131	1,985	1,976	69,757	110,249
Total Revenues	<u>3,391,377</u>	<u>407,891</u>	<u>898,283</u>	<u>332,702</u>	<u>861,125</u>	<u>5,891,378</u>
Expenditures:						
Current:						
General government	404,041	-	-	-	-	404,041
City court	54,144	-	-	-	-	54,144
Financial administration	290,243	-	-	-	-	290,243
Public safety	1,567,256	-	-	-	39,772	1,607,028
Streets	152,806	-	-	-	310,342	463,148
Planning and zoning	93,389	-	-	-	-	93,389
Parks and recreation	441,053	-	-	-	14,491	455,544
Codes and inspection	63,094	-	-	-	-	63,094
Library	131,707	-	-	-	-	131,707
Government buildings	81,547	-	-	-	-	81,547
Public works	97,095	-	-	-	410,389	507,484
Senior citizens activities	40,398	-	-	-	-	40,398
City garage	33,021	-	-	-	-	33,021
Miscellaneous (primarily employee benefits and insurance)	6,061	13,385	-	2,488	49,899	71,833
Debt service	-	64,373	-	399,276	53,922	517,571
Capital outlay	22,028	2,499	1,132,288	-	415,070	1,571,885
Total Expenditures	<u>3,477,883</u>	<u>80,257</u>	<u>1,132,288</u>	<u>401,764</u>	<u>1,293,885</u>	<u>6,386,077</u>
Excess (deficiency) of revenues over expenditures	<u>(86,506)</u>	<u>327,634</u>	<u>(234,005)</u>	<u>(69,062)</u>	<u>(432,760)</u>	<u>(494,699)</u>
Other Financing Sources (Uses)						
Bond issuance	-	-	400,000	-	250,000	650,000
Transfer from other funds	85,000	-	-	-	-	85,000
Total Other Financing Sources (Uses)	<u>85,000</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>250,000</u>	<u>735,000</u>
Net Change in Fund Balance	<u>(1,506)</u>	<u>327,634</u>	<u>165,995</u>	<u>(69,062)</u>	<u>(182,760)</u>	<u>240,301</u>
Fund Balance, July 1, 2003	<u>578,091</u>	<u>997,829</u>	<u>383,666</u>	<u>456,033</u>	<u>754,681</u>	<u>3,170,300</u>
Fund Balance, June 30, 2004	<u>\$ 576,585</u>	<u>1,325,463</u>	<u>549,661</u>	<u>386,971</u>	<u>571,921</u>	<u>3,410,601</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2004

Net change in fund balances-total governmental funds:		\$	240,301
Amounts reported for governmental activities in the statement of net assets are different because:			
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. Gross sale proceeds are recognized in the Governmental Funds, only net gain (loss) is shown in the Government - Wide statement of activities.			
Acquisition of capital assets	1,503,941		
Depreciation expense	<u>(498,903)</u>		1,005,038
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
Property tax			17,353
The issuance of long-term debt provides current financial resources to governmental funds. while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Debt payments	385,000		
Bond issuance	<u>(650,000)</u>		(265,000)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.			
Bond issue cost			
Amortization of bond related costs	<u>(3,529)</u>		(3,529)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds			
Compensated absences	30,361		
Interest	<u>(2,216)</u>		28,145
Change in net assets of governmental activities		\$	<u>1,022,307</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Statement of Net Assets
Proprietary Fund

June 30, 2004

Assets

Assets

Current Assets:

Cash and cash equivalents - unrestricted	\$ 1,060,381
Cash and cash equivalents - restricted:	
Bond reserve accounts	199,445
Construction accounts	788,270
Total Cash and Cash Equivalents	2,048,096
Customer accounts receivable, net of allowance for doubtful accounts of \$15,000	280,111
Due from other funds	654
Inventory	162,147
Total Current Assets	2,491,008

Property, Plant and Equipment:

Utility plant in service	20,047,923
Less accumulated depreciation	(4,801,867)
Total Property, Plant and Equipment, Net	15,246,056

Other Assets - bond issue costs

10,840

Total Assets

\$ 17,747,904

Liabilities

Current Liabilities (payable from current assets):

Accounts payable	\$ 20,727
Accrued expenses	41,450
Customer deposits	44,700
Due to other funds	29,199
Total Current Liabilities (payable from current assets)	136,076

Current Liabilities (payable from restricted assets):

Contracts payable	152,267
Accrued interest payable	46,990
Current maturities - long-term debt	550,760
Total Current Liabilities (payable from restricted assets)	750,017

Long-Term Debt

Long-Term Debt, net of current portion	5,903,709
Total Long-Term Debt	5,903,709

Total Liabilities

6,789,802

Net Assets

Invested in capital assets, net of related debt	9,342,347
Unrestricted	1,615,755
Total Net Assets	\$ 10,958,102

See accompanying notes to the financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Fund

For the Year Ended June 30, 2004

Operating Revenues:	
Customer charges	\$ 1,465,652
Sewer inspection and service charges	12,741
Total Operating Revenues	<u>1,478,393</u>
Operating Expenses:	
Salaries	341,615
Employee benefits	77,725
Supplies	215,149
Contractual services	159,000
Fixed charges	45,601
Other operating costs	17,229
Depreciation and amortization	355,838
Total Operating Expenses	<u>1,212,157</u>
Operating Income	<u>266,236</u>
Nonoperating Revenues (Expenses):	
Interest income	13,739
Interest expense	(269,624)
Other	1,138
Nonoperating Revenues (Expenses), Net	<u>(254,747)</u>
Net Income Before Operating Transfers and Contributions	11,489
Operating transfers	(85,000)
Capital Contributions - Tap Fees	<u>450,097</u>
Change in net assets	376,586
Net Assets, July 1, 2003	<u>10,581,516</u>
Net Assets, June 30, 2004	<u>\$ 10,958,102</u>

See accompanying notes to the financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2004

Cash Flows from Operating Activities:

Cash received from customers	\$ 1,464,335
Cash paid to suppliers	(515,198)
Cash paid to employees	(341,615)
Other	1,137
Net Cash Provided by Operating Activities	608,659

Cash Flows from Capital and Related Financing Activities:

Acquisition of plant and equipment	(856,320)
Tap fees	450,097
Interest paid	(232,789)
Proceeds from issuance of debt	986,321
Repayment of debt principal	(666,280)
Net Cash Used by Capital and Related Financing Activities	(318,971)

Cash Flows from Non Capital and Related Financing Activities

Customer deposits	23,200
Operating transfers	(85,000)
Increase in due to other funds	(28,830)
Net Cash Used by Non Capital and Related Financing Activities	(90,630)

Cash Flows from Investing Activities:

Interest received	13,739
Net Cash Provided by Investing Activities	13,739

Net Increase in Cash and Cash Equivalents 212,797

Cash and Cash Equivalents, July 1, 2003 1,835,299

Cash and Cash Equivalents, June 30, 2004 \$ 2,048,096

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	\$ 266,236
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation of property, plant and equipment	352,531
Amortization of bond issuance costs	3,307
Other	1,137
Change in assets (increase) decrease:	
Accounts receivable	(14,058)
Inventory	(39,243)
Change in liabilities increase (decrease):	
Accounts payable	19,327
Accrued expenses	19,422
Net Cash Provided by Operating Activities	\$ 608,659

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements

June 30, 2004

(1) Summary of Significant Accounting Policies

Nature of Entity

The City of White House, Tennessee, was incorporated January 30, 1971, under Section 6-101 through 6-134, *Tennessee Code Annotated*. The City operates under a mayor-aldermen form of government exercising the City Administrator Plan, with currently two aldermen from each Ward of the City, and a mayor elected at large. The City provides the following services, as authorized by its charter and duly passed ordinances: public safety (police and fire), sewerage, streets, sanitation, recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of White House have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the government and its component unit. Component units are entities for which the government is considered to be financially accountable. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation.

As of June 30, 2004, the City had no component units which were required to be included in these financial statements.

Accounting Pronouncements

The City has adopted GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis— for State and Local Governments*, Statement No. 37, *Basic Financial Statements— and Management's Discussion and Analysis for the State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34*, Statement No. 38, *Certain Financial Statement Note Disclosures* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major fund rather than by fund type and all nonmajor funds are presented in one column.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund 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.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(1) **Summary of Significant Accounting Policies (Continued):**

Government-wide and Fund Financial Statements (Continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

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

The Park Sales Tax Fund is used to account for the receipt of a special ½¢ local option sales tax levied by City ordinance to finance the operation and development of park and recreation programs.

The Multi-purpose Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by proprietary funds. Capital projects are funded primarily by general obligation bonds, notes and grants.

The Debt Service Fund is used by the City to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

The government reports the following major proprietary fund:

The Sewer Fund accounts for waste water services provided to customers of the system

The City has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting". Accordingly, the City applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The City, however, has elected not to apply FASB pronouncements issued subsequent to that date.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (i) charges to customers or applicants for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the various utility funds are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies (Continued)

Related Organizations

The White House Industrial Development Corporation - The City's Mayor and Board of Aldermen appoint the members of the Industrial Development Corporation. The Corporation may issue industrial development bonds for private enterprises after approval by the City Board. The bonds would not constitute debt of the City and would be secured solely by revenues received from the commercial organizations on whose behalf the bonds are issued. Presently, there are no outstanding bond issues. The Corporation's Board serves without compensation and the Corporation has no financial operations or activities and therefore does not issue financial statements.

Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits, savings accounts, money market accounts and short-term certificates of deposit maturing within three months or less of initial maturity dates.

Supply Inventory

Inventory items are considered expenditures/expenses when used (consumption method). Inventories are valued as follows:

Governmental Funds - Inventory, principally materials and supplies, is valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Enterprise (Sewer) Fund - Inventory, principally materials, supplies and replacement parts, is valued at the lower of cost (first-in, first-out) or market.

Restricted Assets

Certain assets of the Enterprise (Sewer) Fund are classified as restricted assets because their use is limited by applicable debt or other agreement.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government systems-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Infrastructure (roads, bridges)	40 years
Buildings	10-40 years
Distribution systems	15-50 years
Equipment	3-20 years
Furniture and fixtures	3-20 years

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, (Continued)

Employee Benefits

Compensated Absences:

General policy of the City permits the accumulation, within certain limitations, of unused sick leave with vesting of one-half of the unused amounts upon retirement. Employees are encouraged to take vacations annually, with carryover of unused vacation days limited to the employees vacation of the prior year.

Dental Plan:

The City provides reimbursement, on a pay-as-you-go basis, to employees for dental expenses incurred up to a maximum of \$510 per employee per year. The employee also has a lifetime limitation on orthodontic expenses of \$1,000 per family member.

Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of assessed market value:

- Public Utility Property	55%
- Industrial and Commercial Property	
- Real	40%
- Personal	30%
- Farm and Residential Property	25%

Taxes were levied at a rate of \$1.34 per \$100 of assessed valuation for the fiscal year ended June 30, 2004.

Payments may be made during the period from October 1 through February 28. Current tax collections of \$1,716,476 for the fiscal year ended June 30, 2004 were approximately 96 percent of the tax levy.

Taxes become delinquent in March of the year subsequent to the levy date; at that time delinquent taxes are turned over to the County Clerk and Master for collection proceedings.

At June 30, 2004 property taxes receivable amounted to \$2,006,772, of this amount, property taxes assessed January 1, 2004 and levied October 1, 2004 amounted to \$1,881,214. Property taxes are recognized as revenue if available, if not available, amounts are presented as deferred revenue in the governmental fund financial statements. Property tax receivable are presented net of an allowance for doubtful accounts of \$15,088 in the government - wide financial statements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are amortized over the term of the related debt and are presented in the accompanying financial statements as other assets.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, (Continued)

Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement Number 14, "The Financial Reporting Entity" requires that general purpose financial statements present the reporting entity which consists of the primary government and any "Component Unit" organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's general purpose financial statements to be misleading or incomplete.

As required by generally accepted accounting principals, the General Purpose Financial Statements present the reporting entity which consists of the City (the Primary Government); there were no Component Units requiring blended or discrete presentation under the requirements of GASB Statement Number 14.

Cash and Cash Equivalents

The City is authorized to invest in U.S. Treasury Bills and certificates of deposit in local banks as well as to participate in the State of Tennessee Local Government Investment Pool. The investment pool contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements backed by the U.S. Treasury securities. Highly-liquid financial instruments having a maturity of three months or less when purchased are considered to be cash equivalents for purposes of the statement of cash flows.

Cash and cash equivalents at June 30, 2004 consist primarily of demand deposits with financial institutions and amounts deposited with the State of Tennessee Local Government Investment Pool. Due to high liquidity, the City considers deposits in the investment pool to be cash equivalents. Deposits in the investment pool are carried at cost which approximates fair value.

(2) Cash Deposits and Investments

During the year, the City invested idle funds in interest-bearing checking accounts with various financial institutions and in the State of Tennessee Local Government Investment Pool. The investment pool is a component of the State of Tennessee State Pooled Investment Fund that is an external investment pool not registered with the Securities and Exchange Commission. The State Pooled Investment Fund is administered by the State Treasurer and is authorized by State statute to invest funds in accordance with the policy guidelines approved by the Funding Board of the State of Tennessee which exercises oversight responsibility, including the ability to significantly influence operations, designation of management and accountability for all fiscal matters. The Fund is audited annually by the office of the State Comptroller.

State statutes require deposits in financial institutions to be secured and collateralized by the institutions and the collateral to meet certain requirements. More specifically, the statutes require funds to be deposited in an escrow account with another financial institution for the benefit of the City in an amount equal to at least 105% of the value of the deposits that exceed FDIC coverage. Funds deposited with the Local Government Investment Pool are not required to be categorized in accordance with GASB Number 3, because they are not evidenced by securities that exist in physical or book-entry form. Investments in the Investment Pool are valued at fair value, which is the same as the value of the pool shares.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(2) Cash Deposits and Investments, (Continued)

The City's cash deposits are categorized below to give an indication of the level of risk assumed by the City at year-end.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Cash Deposits:</u>		
Insured (FDIC)	\$ 155,224	155,224
Category One:		
Collateralized with securities held by the City's agent in the City's name	<u>2,916,238</u>	<u>3,445,793</u>
Cash on hand	3,071,462	3,601,017
Total Cash Deposits	<u>550</u>	<u>-</u>
	<u>\$3,072,012</u>	<u>3,601,017</u>
 <u>Cash Investments</u>		
Deposits in State Local Government Investment Pool (carrying amount approximates fair value)	<u>\$1,465,840</u>	<u>1,465,840</u>
Total Cash and Cash Investments	<u>\$4,537,852</u>	<u>5,066,857</u>

(3) Capital Assets

Governmental Activities:

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statement is as follows:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
<u>Capital Asset-Cost</u>				
Non depreciable:				
Land	\$ 3,529,711	-	-	3,529,711
Construction in progress*	<u>456,576</u>	<u>1,124,925</u>	<u>(56,982)</u>	<u>1,524,519</u>
	<u>3,986,287</u>	<u>1,124,925</u>	<u>(56,982)</u>	<u>5,054,230</u>
Depreciable:				
Buildings and improvements	5,327,000	39,106	-	5,366,106
Equipment	3,263,245	397,910	(58,000)	3,603,155
Infrastructure	<u>358,512</u>	<u>56,982</u>	-	<u>415,494</u>
	<u>8,948,757</u>	<u>493,998</u>	<u>(58,000)</u>	<u>9,384,755</u>
Total Cost	<u>\$ 12,935,044</u>	<u>1,618,923</u>	<u>(114,982)</u>	<u>14,438,985</u>
 <u>Accumulated Depreciation</u>				
Buildings and improvements	\$ 1,407,555	187,346	-	1,594,901
Equipment	1,711,421	351,922	(50,750)	2,012,593
Infrastructure	<u>29,013</u>	<u>10,386</u>	-	<u>39,399</u>
Total Accumulated Depreciation	<u>3,147,989</u>	<u>549,654</u>	<u>-</u>	<u>3,646,893</u>
Depreciable Capital Assets - net	<u>\$ 5,800,768</u>			<u>5,737,862</u>

* During 2004, the cost of capital assets of governmental activities were restated in the aggregate amount of \$456,576 as a result of the inadvertent omission of Construction in Progress at June 30, 2003.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(3) Capital Assets (Continued):

Governmental Activities (Continued):

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

General Government		\$	77,454
Police Department			129,600
Fire Department			103,472
Parks and Recreation			117,448
Planning and codes			4,453
Library			19,685
Public works			<u>97,542</u>
Total			<u>\$ 549,654</u>

Business - Type Activities:

A summary of changes in property, plant and equipment of the Enterprise (Sewer) Fund follows:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
Non depreciable:				
Land	\$ 707,125	72,241	-	779,366
Construction in progress	<u>3,172,351</u>	<u>275,115</u>	-	<u>3,447,466</u>
	<u>3,879,476</u>	<u>347,356</u>	-	<u>4,226,832</u>
Depreciable:				
Utility plant in service	15,145,421	225,852	-	15,371,273
Machinery and equipment	<u>415,436</u>	<u>34,382</u>	-	<u>449,818</u>
	<u>15,560,857</u>	<u>260,234</u>	-	<u>15,821,091</u>
Total Cost	<u>19,440,333</u>	<u>607,590</u>	-	<u>20,047,923</u>
Less accumulated depreciation:				
Utility plant in service	4,123,943	323,805	-	4,447,748
Machinery and equipment	<u>325,393</u>	<u>28,726</u>	-	<u>354,119</u>
	<u>4,449,336</u>	<u>352,531</u>	-	<u>4,801,867</u>
Depreciable capital assets, net	<u>\$11,111,521</u>			<u>11,019,224</u>

Depreciation expense for 2004 amounted to \$352,531.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(5) Long-Term Debt and Other Obligations Payable

Governmental Activities:

The following schedule reflects the changes in long-term debt during the year:

<u>General Long-Term Debt</u>	<u>Interest</u>	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
<u>Account Group</u>	<u>Rate %</u>	<u>7-1-03</u>	<u>Additions</u>	<u>Retirements</u>	<u>6-30-04</u>	<u>Within</u>
						<u>One Year</u>
General Obligation Bonds:						
Refunding Series 1999	3.25-4.25	1,145,000	-	(140,000)	1,005,000	95,000
Refunding Series 2002	1.75-4.00	965,000	-	(90,000)	875,000	95,000
Capital outlay notes:						
Series 2004	3.8	-	650,000	-	650,000	55,000
Refunding Series 2002	1.75-3.45	855,000	-	(95,000)	760,000	100,000
Loans:						
Public Building Authority of Sevier County, TN:						
Series II-F-2	Varies	1,185,000	-	(60,000)	1,125,000	65,000
Series IV-E-5	Varies	3,260,248	-	-	3,260,248	-
Compensated absences		<u>238,966</u>	<u>-</u>	<u>(30,361)</u>	<u>208,605</u>	<u>208,605</u>
Total		<u>\$7,649,214</u>	<u>650,000</u>	<u>(415,361)</u>	<u>7,883,853</u>	<u>618,605</u>

General obligation bonds and capital outlay notes are secured by the City, which is obligated to levy ad valorem taxes to the extent necessary to service this debt. The General Fund is responsible for paying compensated absence included above.

Loan - Public Building Authority of Sevier County, Tennessee:

The City has two loan agreements with the Public Building Authority of Sevier County, Tennessee to borrow a total of \$5,000,000 for general improvements at a variable rate of interest which is based upon the current market rate for municipal borrowing as determined weekly. As of June 30, 2004, gross proceeds from borrowings under the loan agreements amounted to \$4,760,248. Repayment of the loans is being made in principal equal to amounts required assuming the total debt were outstanding with interest paid on the outstanding balances. The loans are secured by the City, which is obligated to levy taxes to the extent necessary to service this debt. The outstanding principal balances of the loans totaled \$4,385,248 at June 30, 2004 with an interest rate of approximately 2% per annum.

Business - Type Activities:

The following schedule reflects the changes in long-term debt, as shown in the Enterprise (Sewer) Fund during the fiscal year:

<u>Enterprise (Sewer) Fund</u>	<u>Interest</u>	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
<u>Revenue & Tax Bonds:</u>	<u>Rates %</u>	<u>7-1-03</u>	<u>Additions</u>	<u>Retirements</u>	<u>6-30-04</u>	<u>Within</u>
						<u>One Year</u>
Revenue & Tax Bonds:						
Refunding Series 2002	2.00-4.00	2,590,000	-	(255,000)	2,335,000	270,000
Loans:						
Public Building Authority of Sevier County, TN -						
Series II-F-1	Varies	1,335,000	-	(145,000)	1,190,000	155,000
State of Tennessee	Varies	225,384	-	(225,384)	-	-
State of Tennessee	3.7	<u>2,193,622</u>	<u>986,321</u>	<u>(40,896)</u>	<u>3,139,047</u>	<u>125,760</u>
Total		6,344,006	<u>986,321</u>	<u>(666,280)</u>	6,664,047	<u>550,760</u>
Less deferred amount arising from refunding		<u>(218,968)</u>			<u>(209,578)</u>	
Net Total		<u>\$ 6,125,038</u>			<u>6,454,469</u>	

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(5) Long-Term Debt and Other Obligations Payable, (Continued)

Revenue and tax bonds and loans from the State of Tennessee were issued to finance the City's sewer facilities. Revenue and tax bonds and the State loan are secured by revenues of the sewer system and the taxing power of the City. The State loan is additionally secured by a sewer user fee.

The revenue and tax bonds are secured by revenues of the City sewer facilities and the taxing authority of the City. The bond agreements require sinking funds and reserve funds to be maintained and funded with required minimum amounts. As of June 30, 2004, such funds were adequately maintained.

Loan - Public Building Authority of Sevier County, Tennessee:

The loan is secured by the City, which is obligated to levy taxes to the extent necessary to service this debt and by the revenues of the City's sewer facilities. The outstanding principal balance of the loan totaled \$1,190,000 at June 30, 2004 with an interest rate of approximately 2% per annum.

Debt service requirements to maturity for Governmental Activities as of June 30, 2004, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 410,000	207,498
2006	422,000	195,625
2007	439,000	183,359
2008	451,000	171,086
2009	463,000	156,563
2010 - 2014	2,445,000	546,471
2015 - 2019	2,660,000	228,900
2020 - 1022	<u>625,000</u>	<u>12,500</u>
Total	\$ 7,915,000	<u>1,702,002</u>
Less unused loan proceeds	<u>(239,752)</u>	
	<u>\$ 7,675,248</u>	

Debt service requirements to maturity for Enterprise (Sewer) Fund debt, as of June 30, 2004, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 550,760	138,053
2006	560,488	128,761
2007	565,396	116,350
2008	590,484	103,667
2009	490,764	90,061
2010 - 2014	2,040,232	237,415
2015 - 2019	1,200,424	
2020 - 2024	<u>1,093,552</u>	<u>27,516</u>
	<u>7,092,100</u>	<u>841,823</u>
Less unused loan proceeds	<u>(428,053)</u>	
	<u>\$ 6,664,047</u>	

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(5) Long-Term Debt and Other Obligations Payable, (Continued)

Prior Year Advance Refunding:

The City, in prior years, defeased certain bonds by placing the proceeds of the new bonds in irrevocable Trusts to provide for all future debt service requirements of the refunded bonds. Accordingly, the Trust assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2004 outstanding bonds considered as defeased were as follows:

General Obligation Bond Issue-Series 1990	\$ 350,000
Sewer System Revenue Bonds-Series 1991	\$ 1,415,000
Sewer System Revenue Bonds-Series 1992 A&B	\$ 920,000

(6) Pension Plan

Plan Description

Employees of White House are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 (five) years of service or at any age with 30 years of service. A reduced retirement benefits is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as White House participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Policy

The City of White House requires employees to contribute 5.0 percent of earnable compensation.

The City of White House is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2004 was 3.96% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the City of White House are established and may be amended by the TCRS Board of Trustees.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(6) Pension Plan (Continued)

Annual Pension Cost

For the year ending June 30, 2004, the City of White House's annual pension cost of \$82,865 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 4.75% annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. The City of White House's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2001 was 16 years. An actuarial valuation was performed as of July 1, 2003, which established contribution rates effective July 1, 2004.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	\$ 58,224	100%	-
6/30/03	\$ 79,173	100%	-
6/30/04	\$ 82,865	100%	-

Schedule of Funding Progress for the City of White House (dollar amounts in thousands):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage Of Covered Payroll</u>
	<u>(A)</u>	<u>(B)</u>	<u>(B) - (A)</u>	<u>(A/B)</u>	<u>(C)</u>	<u>((B-A)/C)</u>
7/01/03	\$1,744	\$1,846	\$102	94.47%	\$2,067	4.93%
7/01/01	\$1,377	\$1,497	\$120	91.98%	\$1,477	8.12%
7/01/99	\$1,112	\$1,166	\$ 54	95.37%	\$1,334	4.05%

(7) Interfund Receivables, Payables and Transfers

Individual interfund receivable and payable balances are as follows at June 30, 2004:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 37,338	57,854
Park Sales Tax Fund	32,172	-
Drug Fund	3,702	-
State Street Aid Fund	17,498	83,095
Industrial Development Fund	83,095	-
Solid Waste Fund	2,000	8,057
Cemetery Fund	-	423
Debt Service Fund	2,169	-
Sewer Fund	654	29,199
Total	\$ <u>178,628</u>	<u>178,628</u>

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(7) Interfund Receivables, Payables and Transfers, (Continued)

Individual interfund transfers were as follows for the year ended June 30, 2004:

<u>Fund</u>	<u>Transfer From</u>	<u>Transfer To</u>
General Fund	\$ 85,000	-
Sewer Fund	<u>-</u>	<u>85,000</u>
Total	\$ <u>85,000</u>	<u>85,000</u>

(8) Risk Management

The City of White House is exposed to various risks to general liability and property and casualty losses. The City has decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The City joined TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member Cities. The City pays an annual premium to the TML for its general liability and property and casualty insurance coverage. The pool reinsures through commercial insurance companies for claims in excess of \$130,000 for each insured event. The City continues to carry commercial insurance for all other risks of loss, including workers' compensation, employee health and accident and environmental. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Commitments and Contingencies

The City is defendant in various lawsuits. Although the ultimate outcome of these lawsuits is not presently determinable, the City's attorney is of the opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, could become a liability of applicable funds.

(10) Restrictions of Fund Balance

The City records reserves to indicate that a portion of the fund balance is not available for appropriation or is legally segregated. The following list describes the reserves used by the City:

Restricted for Street Maintenance and Repair:

The fund balance of the State Street Aid Fund is restricted under State Law for use in the repair and maintenance of City streets.

Restricted for Capital Projects:

The fund balances of the Capital Projects Funds are restricted for amounts specifically identified for the acquisition or construction of capital facilities in future periods.

Restricted for Other Purposes:

The fund balances of the Drug Fund is restricted primarily for drug related activities.

CITY OF WHITE HOUSE, TENNESSEE

Notes to Financial Statements, Continued

(11) Restatement

During 2004, the cost of capital assets of governmental activities were restated in the aggregate amount of \$456,576 as a result of the inadvertent omission of Construction in Progress at June 30, 2003. Accordingly, net assets for the Governmental Activities has been increased by \$456,576 at July 1, 2003.

Required Supplementary Information

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property and utility taxes	\$ 1,025,500	1,025,500	1,087,655	62,155
Local option sales tax	800,000	800,000	890,466	90,466
Wholesale beer tax	140,000	140,000	154,471	14,471
Business tax	52,000	52,000	96,168	44,168
Tax penalties and interest	7,000	7,000	11,003	4,003
Natural gas franchise tax	78,000	94,110	90,615	(3,495)
Cable TV franchise tax	40,000	40,000	50,206	10,206
Other assessments	-	-	623	623
Total Taxes	2,142,500	2,158,610	2,381,207	222,597
Licenses and Permits:				
Building permits	82,000	82,000	80,218	(1,782)
Sign permits	3,000	3,000	1,503	(1,497)
Other permits	6,000	6,000	4,490	(1,510)
Total Licenses and Permits	91,000	91,000	86,211	(4,789)
Intergovernmental:				
Income tax	31,850	31,850	4,487	(27,363)
Beer tax	4,097	4,097	3,621	(476)
Sales tax	393,891	393,891	427,266	33,375
Gasoline inspection fee	15,012	15,012	16,514	1,502
T.V.A. in lieu of taxes	43,231	43,231	48,189	4,958
Corporate excise tax	11,830	11,830	4,814	(7,016)
State telecommunications tax	-	-	1,163	1,163
Federal and State grants	88,383	88,383	59,427	(28,956)
Total Intergovernmental	588,294	588,294	565,481	(22,813)
Fines and Forfeits:				
Fines and costs	200,000	200,000	238,889	38,889
Charges for Services:				
Auditorium and community center charges	74,066	70,066	69,804	(262)
Stadium receipts	8,750	8,750	2,454	(6,296)
Park concessions	6,000	6,000	6,931	931
Rents	12,000	12,000	12,000	-
Total Charges for Services	100,816	96,816	91,189	(5,627)
Miscellaneous Revenues:				
Interest income	5,400	5,400	4,343	(1,057)
Police camera receipts	5,000	5,000	708	(4,292)
Insurance recoveries	-	-	12,409	12,409
Other miscellaneous revenue	13,500	13,500	10,940	(2,560)
Total Miscellaneous Revenue	23,900	23,900	28,400	4,500
Total Revenue	\$ 3,146,510	3,158,620	3,391,377	232,757

Continued next page.

CITY OF WHITE HOUSE, TENNESSEE
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued
General Fund
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Current:				
Salaries and wages	\$ 106,670	106,670	106,993	(323)
Employee benefits	64,720	68,270	52,437	15,833
Alderman's expense	14,400	14,400	14,400	-
Contractual services	40,841	38,941	61,356	(22,415)
Supplies and materials	3,600	3,600	3,985	(385)
Fixed charges	135,040	135,040	162,879	(27,839)
Other	1,140	1,140	1,991	(851)
Capital outlay	-	-	985	(985)
Total General Government	<u>366,411</u>	<u>368,061</u>	<u>405,026</u>	<u>(36,965)</u>
City Court:				
Current:				
Salaries	31,100	31,100	33,099	(1,999)
Employee benefits	21,840	23,290	18,689	4,601
Contractual services	1,700	1,504	1,120	384
Supplies	400	400	77	323
Other	2,549	2,549	1,159	1,390
Capital outlay	-	-	-	-
Total City Court	<u>57,589</u>	<u>58,843</u>	<u>54,144</u>	<u>4,699</u>
Financial Administration				
Current:				
Salaries	158,920	158,920	170,555	(11,635)
Employee benefits	27,160	27,800	29,170	(1,370)
Contractual services	88,050	87,656	53,034	34,622
Supplies	7,500	7,500	34,753	(27,253)
Other	11,870	11,870	2,731	9,139
Capital outlay	2,850	2,850	3,973	(1,123)
Total Financial Administration	<u>296,350</u>	<u>296,596</u>	<u>294,216</u>	<u>2,380</u>
Public Safety:				
Police Department:				
Current:				
Salaries	792,976	792,976	861,667	(68,691)
Employee benefits	283,876	298,826	240,391	58,435
Contractual services	30,726	26,671	34,045	(7,374)
Supplies	61,222	61,222	45,743	15,479
Other	9,920	9,920	10,753	(833)
Capital outlay	-	-	11,688	(11,688)
Total Police Department	<u>1,178,720</u>	<u>1,189,615</u>	<u>1,204,287</u>	<u>(14,672)</u>

Continued next page.

CITY OF WHITE HOUSE, TENNESSEE
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued
General Fund
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Fire Department:				
Current:				
Salaries	\$ 256,573	259,346	262,319	(2,973)
Employee benefits	99,127	104,154	88,754	15,400
Contractual services	8,660	8,660	10,808	(2,148)
Supplies	24,970	23,624	12,756	10,868
Other	4,590	4,590	20	4,570
Capital outlay	-	-	(224)	224
Total Fire Department	<u>393,920</u>	<u>400,374</u>	<u>374,433</u>	<u>25,941</u>
Total Public Safety	<u>1,572,640</u>	<u>1,589,989</u>	<u>1,578,720</u>	<u>11,269</u>
Streets:				
Current:				
Salaries	86,490	86,490	98,630	(12,140)
Employee benefits	30,400	32,060	28,730	3,330
Contractual services	8,800	8,800	9,624	(824)
Supplies	20,050	20,050	13,802	6,248
Other	2,280	2,280	2,020	260
Capital outlay	-	-	-	-
Total Streets	<u>148,020</u>	<u>149,680</u>	<u>152,806</u>	<u>(3,126)</u>
Planning and Zoning:				
Current:				
Salaries	53,330	53,330	59,986	(6,656)
Employee benefits	22,374	23,594	16,286	7,308
Contractual services	17,576	17,576	13,680	3,896
Supplies	1,155	1,155	2,701	(1,546)
Other	1,140	1,140	736	404
Capital outlay	-	-	-	-
Total Planning and Zoning	<u>95,575</u>	<u>96,795</u>	<u>93,389</u>	<u>3,406</u>
Parks and Recreation:				
Current:				
Salaries	177,190	177,190	195,694	(18,504)
Employee benefits	58,800	61,700	47,139	14,561
Contractual services	112,584	110,180	123,622	(13,442)
Supplies	58,808	58,808	71,307	(12,499)
Other	4,845	4,845	3,291	1,554
Capital outlay	-	-	-	-
Total Parks and Recreation	<u>412,227</u>	<u>412,723</u>	<u>441,053</u>	<u>(28,330)</u>
Codes and Inspection:				
Current:				
Salaries	48,076	49,292	45,904	3,388
Employee benefits	15,505	16,290	13,403	2,887
Contractual services	7,434	6,853	2,499	4,354
Supplies	2,085	2,085	1,101	984
Other	1,160	1,160	187	973
Capital outlay	-	-	-	-
Total Codes and Inspection	<u>74,260</u>	<u>75,680</u>	<u>63,094</u>	<u>12,586</u>

Continued next page.

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual, Concluded

General Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued:				
Library:				
Current:				
Salaries	\$ 65,320	65,320	76,224	(10,904)
Employee benefits	22,610	23,770	22,167	1,603
Contractual services	9,591	9,591	10,937	(1,346)
Supplies	31,454	48,008	20,636	27,372
Other	1,710	1,710	1,743	(33)
Capital outlay	-	-	-	-
Total Library	<u>130,685</u>	<u>148,399</u>	<u>131,707</u>	<u>16,692</u>
Public Works:				
Current:				
Salaries	62,030	62,030	63,847	(1,817)
Employee benefits	15,150	15,790	13,801	1,989
Contractual services	1,540	1,540	8,190	(6,650)
Supplies	2,626	2,626	10,398	(7,772)
Other	1,140	1,140	859	281
Capital outlay	-	-	5,606	(5,606)
Total Public Works	<u>82,486</u>	<u>83,126</u>	<u>102,701</u>	<u>(19,575)</u>
Government Buildings:				
Current:				
Salaries	45,620	45,620	47,312	(1,692)
Employee benefits	13,140	13,780	12,639	1,141
Contractual services	7,125	7,125	4,518	2,607
Supplies	14,250	14,250	16,498	(2,248)
Other	640	640	580	60
Capital outlay	-	-	-	-
Total Government Buildings	<u>80,775</u>	<u>81,415</u>	<u>81,547</u>	<u>(132)</u>
Senior Citizen Activities:				
Current:				
Salaries	22,370	22,370	25,679	(3,309)
Employee benefits	2,680	2,680	10,362	(7,682)
Contractual services	9,000	8,650	1,343	7,307
Supplies	3,550	3,550	2,315	1,235
Other	-	-	699	(699)
Total Senior Citizen Activities	<u>37,600</u>	<u>37,250</u>	<u>40,398</u>	<u>(3,148)</u>
City Garage:				
Current:				
Salaries	23,520	23,520	17,626	5,894
Employee benefits	6,710	7,030	4,516	2,514
Contractual services	583	583	270	313
Supplies	3,800	3,800	9,263	(5,463)
Other	570	570	1,346	(776)
Capital outlay	-	-	-	-
Total City Garage	<u>35,183</u>	<u>35,503</u>	<u>33,021</u>	<u>2,482</u>
Miscellaneous:				
Current:				
Employee benefits	-	-	3,321	(3,321)
Supplies	-	-	494	(494)
Other	-	-	2,246	(2,246)
Total Miscellaneous	<u>-</u>	<u>-</u>	<u>6,061</u>	<u>(6,061)</u>

Continued next page.

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual, Concluded

General Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Expenditures	3,389,801	3,434,060	3,477,883	(43,823)
Excess (deficiency) of revenues over expenditures	(243,291)	(275,440)	(86,506)	188,934
Other Financing Sources (Uses):				
Transfer from (to) other Funds	85,000	85,000	85,000	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	(158,291)	(190,440)	(1,506)	188,934
Fund Balance, July 1, 2003	578,091	578,091	578,091	-
Fund Balance, June 30, 2004	<u>\$ 419,800</u>	<u>387,651</u>	<u>576,585</u>	<u>188,934</u>

See accompanying notes to the required supplementary information.

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Park Sales Tax Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Special local option sales tax	\$ 350,000	350,000	399,760	49,760
Miscellaneous:				
Interest	3,500	3,500	8,131	4,631
Total Revenues	353,500	353,500	407,891	54,391
Expenditures:				
Current:				
Miscellaneous program costs	43,750	43,750	13,385	30,365
Capital outlay	-	-	2,499	(2,499)
Debt service	71,750	71,750	64,373	7,377
Total Expenditures	115,500	115,500	80,257	35,243
Excess (deficiency) of revenues over expenditures	238,000	238,000	327,634	89,634
Fund Balance, July 1, 2003	997,829	997,829	997,829	-
Fund Balance, June 30, 2004	\$ 1,235,829	1,235,829	1,325,463	89,634

See accompanying notes to the required supplementary information.

CITY OF WHITE HOUSE, TENNESSEE

Notes to the Required Supplementary Information

(1) Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the Board of Aldermen the proposed operating budget for the fiscal year. The operating budgets for the General, Special Revenue and Debt Service Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into fund balance of the respective funds at the end of the fiscal year.
2. The budgets passed on the first reading and each of the following readings, and was adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.
3. The amounts in the adopted budgets for each fund constitute its total annual appropriation and no expenditure may be made which will result in the annual appropriation for the fund being exceeded, unless an additional appropriation is made.

The Mayor may transfer appropriations within the same department, other changes in appropriations require board approval. Budgetary control is considered established at the department level.

4. Budgeted amounts shown are those originally adopted and amended by the Mayor and Board of Aldermen. During 2004, there were amendments increasing appropriations of the General by \$44,259. All balances of appropriations in the current operating budgets lapse into the fund balance of the fund from which appropriations were made at the end of the fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

(2) Budget Overages

As of June 30, 2004, the following budget overages were noted. Funding of any deficiencies is the ultimate responsibility of the City of White House, Tennessee.

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund:			
General Government	\$ 368,061	405,026	36,965
Police Department	1,189,615	1,204,287	14,672
Streets	149,680	152,806	3,126
Parks and Recreation	412,723	441,053	28,330
Public Works	83,126	102,701	19,575
Government Buildings	81,415	81,547	132
Senior Citizens	37,250	40,398	3,148
Miscellaneous	-	6,061	6,061

COMBINING AND INDIVIDUAL NONMAJOR STATEMENTS AND SCHEDULES

Nonmajor Funds

State Street Aid Fund - To account for the receipt and usage of the City's share of State gasoline taxes. State law requires the gasoline taxes to be used to maintain streets.

Drug Fund - To account for drug fines received and usage of those monies for further drug investigations.

Industrial Development Fund - To account for the receipt of State-shared hotel/motel tax and related expenditures for industrial development.

Solid Waste Fund - To account for the operations of the City's Sanitation Department.

Impact Fee Fund - To account for the receipt of impact fees collected and their usage which is restricted primarily to construction or public facilities and police and fire protection.

Cemetery Fund - To account for the maintenance and care of a local cemetery.

Parks Nutrition Fund - To account for the operations of a weekly meal program provided to senior citizens who are residents of the City.

CITY OF WHITE HOUSE, TENNESSEE

Combining Balance Sheet

Non Major Governmental Funds

June 30, 2004

	Special Revenue Funds							Total Nonmajor Government Funds
	State Street Aid Fund	Drug Fund	Industrial Development Fund	Solid Waste Fund	Impact Fee Fund	Cemetery Fund	Parks Nutrition Fund	
Assets								
Cash and cash investments	\$ 89,975	27,508	43,922	55,159	271,211	53,880	3,867	545,522
Accounts receivable:								
Property tax	-	-	-	406,876	-	-	-	406,876
Other governments	34,915	-	-	-	-	-	-	34,915
Due from other funds	17,498	3,702	83,095	2,000	-	-	-	106,295
Total Assets	\$ 142,388	31,210	127,017	464,035	271,211	53,880	3,867	1,093,608
Liabilities and Fund Balance								
Liabilities:								
Accounts payable	\$ 3,306	-	-	11,330	1,675	2,350	-	18,661
Accrued expense	-	-	-	8,268	-	-	-	8,268
Due to other funds	83,095	-	-	8,057	-	423	-	91,575
Unearned revenue	-	-	-	403,183	-	-	-	403,183
Total Liabilities	86,401	-	-	430,838	1,675	2,773	-	521,687
Fund balance:								
Reserved for:								
Specific purposes	55,987	31,210	-	-	-	-	-	87,197
Unreserved:								
Designated for specific projects	-	-	127,017	33,197	269,536	51,107	3,867	484,724
Total Fund Balance	55,987	31,210	127,017	33,197	269,536	51,107	3,867	571,921
Total Liabilities and Fund Balance	\$ 142,388	31,210	127,017	464,035	271,211	53,880	3,867	1,093,608

CITY OF WHITE HOUSE, TENNESSEE

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non Major Governmental Funds

For the Year Ended June 30, 2004

	Special Revenue Funds						Total Nonmajor Government Funds	
	State Street Aid Fund	Drug Fund	Industrial Development Fund	Solid Waste Fund	Impact Fee Fund	Cemetery Fund		Parks Nutrition Fund
Revenues:								
Taxes:								
Property tax	\$ -	-	-	359,894	-	-	-	359,894
Licenses and permits								
Impact fees	-	-	-	-	150,174	-	-	150,174
Intergovernmental:								
State gasoline tax	205,261	-	-	-	-	-	-	205,261
County allocation	-	-	32,412	-	-	-	-	32,412
Fines and Forfeits:								
Drug related fines	-	43,627	-	-	-	-	-	43,627
Miscellaneous:								
Interest	982	129	123	29	1,330	-	12	2,605
Other	-	1,613	8,365	24,083	-	20,881	12,210	67,152
Total Revenues	<u>206,243</u>	<u>45,369</u>	<u>40,900</u>	<u>384,006</u>	<u>151,504</u>	<u>20,881</u>	<u>12,222</u>	<u>861,125</u>
Expenditures:								
Current:								
Public safety	-	10,991	-	-	28,781	-	-	39,772
Streets	276,118	-	-	-	34,224	-	-	310,342
Sanitation	-	-	-	410,389	-	-	-	410,389
Parks and recreation	-	-	-	-	389	-	14,102	14,491
Miscellaneous	-	-	24,779	-	-	25,120	-	49,899
Debt service	-	-	-	-	53,922	-	-	53,922
Capital outlay	28,918	31,018	-	21,790	333,344	-	-	415,070
Total Expenditures	<u>305,036</u>	<u>42,009</u>	<u>24,779</u>	<u>432,179</u>	<u>450,660</u>	<u>25,120</u>	<u>14,102</u>	<u>1,293,885</u>
Excess (deficiency) of revenues over expenditures	(98,793)	3,360	16,121	(48,173)	(299,156)	(4,239)	(1,880)	(432,760)
Other Financing Sources (Uses):								
Debt issuance	-	-	-	-	250,000	-	-	250,000
Excess (deficiency) of revenues over expenditures and other sources (uses)	(98,793)	3,360	16,121	(48,173)	(49,156)	(4,239)	(1,880)	(182,760)
Fund Balance, July 1, 2003	<u>154,780</u>	<u>27,850</u>	<u>110,896</u>	<u>81,370</u>	<u>318,692</u>	<u>55,346</u>	<u>5,747</u>	<u>754,681</u>
Fund Balance, June 30, 2004	\$ <u>55,987</u>	<u>31,210</u>	<u>127,017</u>	<u>33,197</u>	<u>269,536</u>	<u>51,107</u>	<u>3,867</u>	<u>571,921</u>

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

State Street Aid Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gasoline tax	\$ 200,000	200,000	205,261	5,261
Miscellaneous:				
Interest	500	500	982	482
Total Revenues	200,500	200,500	206,243	5,743
Expenditures:				
Current:				
Streets:				
Maintenance	-	-	-	-
Lighting	205,000	205,000	250,445	(45,445)
Supplies	33,500	33,500	25,673	7,827
Capital outlay	3,900	3,900	28,918	(25,018)
Total Expenditures	242,400	242,400	305,036	(62,636)
Excess (deficiency) of revenues over expenditures	(41,900)	(41,900)	(98,793)	(56,893)
Fund Balance, July 1, 2003	154,780	154,780	154,780	-
Fund Balance, June 30, 2004	\$ 112,880	112,880	55,987	(56,893)

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Drug Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeits:				
Drug-related fines	\$ 35,000	35,000	43,627	8,627
Miscellaneous:				
Other	-	-	1,613	1,613
Interest	300	300	129	(171)
Total Revenues	<u>35,300</u>	<u>35,300</u>	<u>45,369</u>	<u>10,069</u>
Expenditures:				
Current:				
Public Safety:				
Drug enforcement	-	-	500	(500)
Contractual services	4,000	4,000	6,936	(2,936)
Supplies	2,500	2,500	1,310	1,190
Other	6,070	6,070	2,245	3,825
Capital Outlay	<u>29,377</u>	<u>29,377</u>	<u>31,018</u>	<u>(1,641)</u>
Total Expenditures	<u>41,947</u>	<u>41,947</u>	<u>42,009</u>	<u>(62)</u>
Excess (deficiency) of revenues over expenditures	(6,647)	(6,647)	3,360	10,007
Fund Balance, July 1, 2003	<u>27,850</u>	<u>27,850</u>	<u>27,850</u>	-
Fund Balance, June 30, 2004	<u>\$ 21,203</u>	<u>21,203</u>	<u>31,210</u>	<u>10,007</u>

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Industrial Development Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
County allocation	\$ 28,000	28,000	32,412	4,412
Miscellaneous:				
Interest and other	850	850	8,488	7,638
Total Revenues	28,850	28,850	40,900	12,050
Expenditures:				
Current:				
Miscellaneous:				
Contractual services	8,500	8,500	8,598	(98)
Grants and donations	13,000	13,000	13,000	-
Operating supplies	-	-	3,181	(3,181)
Total Expenditures	21,500	21,500	24,779	(3,279)
Excess (deficiency) of revenues over expenditures	7,350	7,350	16,121	8,771
Fund Balance, July 1, 2003	110,896	110,896	110,896	-
Fund Balance, June 30, 2004	\$ 118,246	118,246	127,017	8,771

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Solid Waste Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 320,000	358,000	359,894	1,894
Miscellaneous:				
Interest	1,500	-	29	29
Sale of materials	22,000	17,000	24,083	7,083
Total Revenues	<u>343,500</u>	<u>375,000</u>	<u>384,006</u>	<u>9,006</u>
Expenditures:				
Current:				
Sanitation:				
Salaries and wages	152,053	151,350	156,347	(4,997)
Employee benefits	39,370	53,670	47,098	6,572
Supplies	13,265	41,569	48,523	(6,954)
Contractual services	80,836	108,430	138,682	(30,252)
Fixed charges	80,836	14,250	17,746	(3,496)
Other	4,220	4,220	1,993	2,227
Capital outlay	-	-	21,790	(21,790)
Total Expenditures	<u>370,580</u>	<u>373,489</u>	<u>432,179</u>	<u>(58,690)</u>
Excess (deficiency) of revenues over expenditures	(27,080)	1,511	(48,173)	(49,684)
Fund Balance, July 1, 2003	<u>81,370</u>	<u>81,370</u>	<u>81,370</u>	<u>-</u>
Fund Balance, June 30, 2004	<u>\$ 54,290</u>	<u>82,881</u>	<u>33,197</u>	<u>(49,684)</u>

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Impact Fee Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits:				
Impact fees	\$ 140,000	140,000	150,174	10,174
Miscellaneous:				
Interest	500	500	1,330	830
Total Revenues	140,500	140,500	151,504	11,004
Expenditures:				
Current:				
Police:				
Contracted services	57,530	57,530	28,781	28,749
Streets:				
Contracted services	141,000	141,000	34,224	106,776
Parks and recreation:				
Contracted services	-	-	389	(389)
Debt service	60,060	60,060	53,922	6,138
Capital outlay	310,000	310,000	333,344	(23,344)
Total Expenditures	568,590	568,590	450,660	117,930
Excess (deficiency) of revenues over expenditures	(428,090)	(428,090)	(299,156)	128,934
<u>Other Financing Sources (Uses)</u>				
Transfer from other funds	210,000	210,000	250,000	(40,000)
Total Other Financing Sources (Uses)	210,000	210,000	250,000	(40,000)
Net Change in Fund Balance	(218,090)	(218,090)	(49,156)	168,934
Fund Balance, July 1, 2003	318,692	318,692	318,692	-
Fund Balance, June 30, 2004	\$ 100,602	100,602	269,536	168,934

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Cemetery Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Cemetery fees	\$ 15,500	15,500	20,881	5,381
Total Revenues	15,500	15,500	20,881	5,381
Expenditures:				
Current:				
Miscellaneous program costs	26,395	26,395	25,120	1,275
Capital outlay	9,000	9,000	-	9,000
Total Expenditures	35,395	35,395	25,120	10,275
Excess (deficiency) of revenues over expenditures	(19,895)	(19,895)	(4,239)	15,656
Fund Balance, July 1, 2003	55,346	55,346	55,346	-
Fund Balance, June 30, 2004	\$ 35,451	35,451	51,107	15,656

CITY OF WHITE HOUSE, TENNESSEE

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Parks Nutrition Fund

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Meal charges	\$ 15,500	15,500	12,222	(3,278)
Total Revenues	15,500	15,500	12,222	(3,278)
Expenditures:				
Current:				
Miscellaneous program costs	15,500	15,500	14,102	1,398
Total Expenditures	15,500	15,500	14,102	1,398
Excess (deficiency) of revenues over expenditures	-	-	(1,880)	(1,880)
Fund Balance, July 1, 2003	5,747	5,747	5,747	-
Fund Balance, June 30, 2004	\$ 5,747	5,747	3,867	(1,880)

FINANCIAL SCHEDULES

CITY OF WHITE HOUSE, TENNESSEE

**Capital Assets Used in the Operations of Governmental Funds
Schedule By Function and Activity**

June 30, 2004

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>
General government	\$ 1,538,763	74,000	1,165,363	299,400	-
Police	2,291,860	116,831	1,223,361	951,668	-
Fire department	1,034,333	-	64,630	969,703	-
Parks and recreation	6,032,803	3,338,880	2,350,794	343,129	-
Public works	1,439,183	-	87,069	936,620	415,494
Library	536,027	-	474,889	61,138	-
Planning and codes	41,497	-	-	41,497	-
Construction in progress	1,524,519	-	-	-	1,524,519
Total General Fixed Assets	\$ 14,438,985	3,529,711	5,366,106	3,603,155	1,940,013

CITY OF WHITE HOUSE, TENNESSEE

**Capital Assets Used in the Operations of Governmental Funds
Schedule of Changes By Function and Activity**

For the Year Ended June 30, 2004

<u>Function and Activity</u>	Cost / Estimated Cost			Balance June 30, 2004
	Balance	Additions	Deletions	
	June 30, 2003			
General government	\$ 1,538,763	-	-	1,538,763
Police	2,254,983	36,877	-	2,291,860
Fire department	810,602	281,731	(58,000)	1,034,333
Parks and recreation	5,991,604	41,200	-	6,032,804
Public works	1,304,993	134,190	-	1,439,183
Library	536,027	-	-	536,027
Planning and codes	41,496	-	-	41,496
Construction in progress	456,576	1,124,925	(56,982)	1,524,519
Totals	\$ 12,935,044	1,618,923	(114,982)	14,438,985

<u>Function and Activity</u>	Accumulated Depreciation			Balance June 30, 2004
	Balance	Additions	Deletions	
	June 30, 2003			
General government	\$ 605,205	77,454	-	682,659
Police	417,340	129,600	-	546,940
Fire department	536,718	103,471	(50,750)	589,439
Parks and recreation	763,832	117,448	-	881,280
Public works	483,625	97,542	-	581,167
Library	317,714	19,685	-	337,399
Planning and codes	23,555	4,454	-	28,009
Totals	\$ 3,147,989	549,654	(50,750)	3,646,893

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Cash and Cash Equivalents

All Funds

June 30, 2004

	Interest	Carrying Amount
General Fund:		
Petty cash	-	\$400
Demand deposits	Various	312,390
Local Government Investment Pool	Various	20,693
		<u>333,483</u>
Special Revenue Funds:		
Park Sales Tax Fund:		
Demand deposits	Various	542,647
Local Government Investment Pool	Various	648,912
		<u>1,191,559</u>
Other Special Revenue Funds:		
Demand deposits	Various	408,794
Local Government Investment Pool	Various	136,728
		<u>545,522</u>
Debt Service Fund:		
Demand deposits	Various	296,696
Local Government Investment Pool	Various	84,693
		<u>381,389</u>
Capital Projects Fund:		
Demand deposits	Various	3,322
Local Government Investment Pool	Various	34,481
		<u>37,803</u>
Enterprise (Sewer) Fund:		
Unrestricted:		
Petty cash	Various	150
Demand deposits	Various	1,060,231
Total Unrestricted		<u>1,060,381</u>
Restricted:		
Bond reserve:		
Demand deposits	Various	743
Local Government Investment Pool	Various	198,702
Construction funds:		
Demand deposits	Various	446,639
Local Government Investment Pool	Various	341,631
Total Restricted		<u>987,715</u>
Total Enterprise (Sewer) Fund		<u>2,048,096</u>
Cash and Cash Investments - All Funds		<u>\$4,537,852</u>

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2004

<u>Tax Year</u>	<u>Balance 7-1-03</u>	<u>Levy</u>	<u>Collections</u>	<u>Balance 6-30-04</u>
2003	\$ -	1,794,975	(1,716,476)	78,499
2002	58,711	-	(33,697)	25,014
2001	20,767	-	(10,035)	10,732
2000	10,339	-	(2,351)	7,988
1999	3,665	-	(428)	3,237
1998	25	-	-	25
1997	42	-	-	42
1996	21	-	-	21
Total	<u>\$93,570</u>	<u>1,794,975</u>	<u>(1,762,987)</u>	125,558
Tax year 2004 unlevied taxes receivable				1,881,214
				<u>2,006,772</u>
Less allowance for doubtful accounts				15,088
Government - wide financial statements				<u>\$1,991,684</u>

Note: All the above taxes are delinquent and were subject to collection proceedings by the City Recorder. Effective in 1997 (Ordinance 96.08) all real property taxes delinquent for two years as of April 1 will be turned over to the Clerk & Master of the County Chancery Court for collection.

CITY OF WHITE HOUSE, TENNESSEE
 Schedule of Debt Service Requirements -
 General Obligation Debt

June 30, 2004

Fiscal Year	General Obligation Refundin Series 2002		Bonds-Refunding Series 1999		General Obligation Capital Outlay Notes - Series 2002		General Obligation Capital Outlay Notes - Series 2004		Loan - Series II-F-2* Sevier County Building Authority		Loan - Series IV-E-5* Sevier County Building Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$95,000	28,283	95,000	39,100	100,000	22,915	55,000	24,700	65,000	22,500	-	70,000	410,000	207,498
2006	95,000	26,050	100,000	35,200	105,000	20,565	57,000	22,610	65,000	21,200	-	70,000	422,000	195,625
2007	100,000	23,818	110,000	31,100	100,000	18,098	59,000	20,444	70,000	19,900	-	70,000	439,000	183,359
2008	105,000	20,868	105,000	28,369	110,000	15,148	61,000	18,202	70,000	18,500	-	70,000	451,000	171,086
2009	110,000	17,770	105,000	23,906	110,000	11,903	63,000	15,884	75,000	17,100	-	70,000	463,000	156,563
2010	110,000	14,085	110,000	19,338	115,000	8,108	66,000	13,490	80,000	15,600	-	70,000	481,000	140,621
2011	50,000	10,400	120,000	14,556	120,000	4,140	68,000	10,982	85,000	14,000	-	70,000	443,000	124,078
2012	50,000	8,400	125,000	9,456	-	-	71,000	8,398	90,000	12,300	150,000	70,000	486,000	108,554
2013	55,000	6,400	135,000	3,931	-	-	74,000	5,700	95,000	10,500	150,000	67,000	509,000	93,531
2014	50,000	4,200	-	-	-	-	76,000	2,888	100,000	8,600	300,000	64,000	526,000	79,688
2015	55,000	2,200	-	-	-	-	-	-	105,000	6,600	315,000	58,000	475,000	66,800
2016	-	-	-	-	-	-	-	-	110,000	4,500	395,000	51,700	505,000	56,200
2017	-	-	-	-	-	-	-	-	115,000	2,300	415,000	43,800	530,000	46,100
2018	-	-	-	-	-	-	-	-	-	-	560,000	35,500	560,000	35,500
2,019	-	-	-	-	-	-	-	-	-	-	590,000	24,300	590,000	24,300
2,020	-	-	-	-	-	-	-	-	-	-	625,000	12,500	625,000	12,500
	<u>\$875,000</u>	<u>162,473</u>	<u>1,005,000</u>	<u>204,956</u>	<u>760,000</u>	<u>100,875</u>	<u>650,000</u>	<u>143,298</u>	<u>1,125,000</u>	<u>173,600</u>	<u>3,500,000</u>	<u>916,800</u>	<u>7,915,000</u>	<u>1,702,002</u>

Less: Unused loan proceeds at June 30, 2004

General Long-Term Debt Principal at June 30, 2004

(239,752)

\$3,260,248

* Variable rate bonds, interest calculated using effective rate of 2% which approximated current year rate

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Debt Service Requirements -
Enterprise (Sewer) Fund

June 30, 2004

Fiscal Year	Bonds - Refunding Series 2002		Loan - State of Tennessee		Loan - Series II-F-1* Sevier Co. Building Authority		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$270,000	83,700	125,760	129,720	155,000	23,800	550,760	237,220
2006	275,000	75,600	130,488	124,992	155,000	20,700	560,488	221,292
2007	275,000	67,350	135,396	120,096	155,000	17,600	565,396	205,046
2008	290,000	58,412	140,484	114,996	160,000	14,500	590,484	187,908
2009	295,000	48,262	145,764	109,716	50,000	11,300	490,764	169,278
2010	305,000	37,200	151,236	104,244	55,000	10,300	511,236	151,744
2011	305,000	25,000	156,924	98,556	55,000	9,200	516,924	132,756
2012	320,000	12,800	162,828	92,652	60,000	8,100	542,828	113,552
2013	-	-	168,948	86,532	60,000	6,900	228,948	93,432
2014	-	-	175,296	80,184	65,000	5,700	240,296	85,884
2015	-	-	181,884	73,596	70,000	4,400	251,884	77,996
2016	-	-	188,724	66,756	75,000	3,000	263,724	69,756
2017	-	-	195,816	59,664	75,000	1,500	270,816	61,164
2018	-	-	203,184	52,296	-	-	203,184	52,296
2019	-	-	210,816	44,664	-	-	210,816	44,664
2020	-	-	218,748	36,732	-	-	218,748	36,732
2021	-	-	226,968	28,512	-	-	226,968	28,512
2022	-	-	235,500	19,980	-	-	235,500	19,980
2023	-	-	244,356	11,124	-	-	244,356	11,124
2024	-	-	167,980	2,336	-	-	167,980	2,336
	<u>\$2,335,000</u>	<u>408,324</u>	<u>3,567,100</u>	<u>1,457,348</u>	<u>1,190,000</u>	<u>137,000</u>	<u>7,092,100</u>	<u>2,002,672</u>
Less: Unused loan proceeds at June 30, 2004			<u>(428,053)</u>				<u>(428,053)</u>	
General Long-Term Debt Principal at June 30, 2004			<u>\$3,139,047</u>				<u>\$6,664,047</u>	

* Variable rate bonds, interest calculated using effective rate of 2% which approximated current year rate

CITY OF WHITE HOUSE, TENNESSEE
Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2004

CFDA Number	State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance June 30, 2003	Adjustments	Grant Receipts	Grant Expenditures	Receivable (Deferred) Balance June 30, 2004
Federal Programs:								
16.588	Z0009387700	STOP Violence Against Women	U.S. Department of Justice	\$ 1,897	-	(1,897)	-	-
16.607	N/A	Bullet Proof Vest Program	U.S. Department of Justice	-	-	(3,000)	3,000	-
20.205	HPP-8300(45)	Greenway Bicycle Path Corridor	U.S. Department of Transportation	242,578	-	(724,752)	896,264	414,090
66.458	N/A	Capitalization Grant for Clean Water State Revolving Funds	Environmental Protection Agency	-	-	(821,901)*	821,901	-
Total Federal Programs				\$ 244,475	-	(1,551,549)	1,721,165	414,090

* Grant receipts represent 83% federal share of grant.

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Expenditure of Federal Awards

For the Year Ended June 30, 2004

<u>Federal Financial Assistance Program</u>	<u>Grantor Agency</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Bullet Proof Vest Program	U.S. Department of Justice	16.607	\$ 3,000
Greenway Bicycle Path Corridor	* U.S. Department of Transportation	20.205	896,264 *
Capitalization Grant for Clean Water State Revolving Funds	* Environmental Protection Agency	66.458	821,901 *
			\$ 1,721,165

* Major federal program.

Note: All Federal Financial Assistance Programs utilize the accrual basis of accounting.

STATISTICAL SECTION

CITY OF WHITE HOUSE, TENNESSEE
Schedule of Governmental Fund Revenues, Expenditures,
and Other Financing Sources and Uses

Ten Year Summary

Fiscal Years Ended June 30,

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Revenues and Other Financing Sources:										
Taxes	\$3,071,827	\$3,100,448	2,629,767	2,666,081	2,594,920	2,094,248	1,779,473	1,586,757	1,436,191	1,275,765
Licenses and permits	236,385	352,443	283,888	350,876	405,639	533,304	360,428	366,070	206,688	83,550
Intergovernmental revenues	803,154	1,202,633	1,596,503	1,883,769	974,566	694,511	664,051	497,764	428,703	405,634
Fines and forfeits	282,516	328,176	362,756	283,035	325,772	240,817	216,040	137,016	114,835	112,895
Charges for services	91,189	94,564	90,165	78,857	67,950	-	-	-	-	-
Miscellaneous	100,133	241,404	124,156	430,663	200,268	235,477	201,297	149,938	136,813	88,573
Total Revenues	4,585,204	5,319,668	5,087,235	5,693,281	4,569,115	3,798,357	3,221,289	2,737,545	2,323,230	1,966,417
Other financing sources:										
Debt issuance	650,000	1,950,000	2,500,000	1,292,575	300,000	3,150,000	465,985 (1)	160,000	1,545,000	-
Lease purchase	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	65,000	125,311	159,828	-	-	-	-	-
Total Other Financing Sources	650,000	1,950,000	2,565,600	1,417,886	459,828	3,150,000	465,985	160,000	1,545,000	-
Total Revenues and Other Financing Sources	\$5,235,204	\$7,269,668	7,652,835	7,111,167	5,028,943	6,948,357	3,687,274	2,897,545	3,868,230	1,966,417
Expenditures and Other Financing Uses:										
General government	\$404,041	\$381,565	286,261	267,790	209,565	165,969	161,687	179,456	165,583	167,798
City court	54,144	114,217	98,520	63,909	53,003	33,003	28,810	32,609	25,123	25,604
Public safety	1,607,028	1,481,008	1,103,693	930,549	851,515	729,627	681,092	569,379	511,686	495,821
Streets	463,148	382,933	267,961	184,052	202,605	177,715	143,756	197,440	122,067	128,893
Sanitation	410,389	379,706	327,842	283,348	243,451	242,480	209,826	178,175	142,521	130,751
Planning and zoning	93,389	167,557	119,076	106,021	112,246	105,002	94,407	86,437	73,509	68,182
Parks and recreation	452,544	377,798	294,447	236,055	266,281	213,681	197,141	166,664	180,582	170,899
Library	131,707	117,157	86,490	77,724	77,429	67,234	62,100	70,841	47,819	52,084
Government buildings	81,547	82,397	68,889	86,725	75,815	107,979	45,121	-	-	-
Public works	97,095	212,844	141,748	137,225	112,333	125,079	99,762	93,309	86,863	90,473
Senior citizens	40,398	35,056	17,959	23,786	-	-	-	-	-	-
Miscellaneous	58,448	424,149	749,303	644,443	582,119	613,712	634,030	540,484	377,999	335,077
Capital outlay	427,519	1,075,265	2,834,456	3,063,136	617,256	1,675,290	472,092	508,153	230,677	47,940
Debt service	517,571	659,558	547,457	729,364	617,976	479,924	332,375	389,105	590,420	334,310
Total Expenditures	4,841,968	5,891,210	6,944,102	6,834,127	4,021,594	4,736,695	3,162,199	3,012,052	2,554,849	2,047,832
Other financing uses:										
Debt refunded	(85,000)	1,858,241	-	-	159,828	-	-	-	652,407	-
Transfers out	-	-	-	125,311	159,828	-	-	-	-	-
Total Other Financing Uses	(85,000)	1,858,241	-	125,311	159,828	-	-	-	652,407	-
Total Expenditures and Other Financing Uses	\$4,756,968	\$7,749,451	6,944,102	6,959,438	4,181,422	4,736,695	3,162,199	3,012,052	3,207,256	2,047,832

(1) FY 1998 debt issuance restated effective 7-1-98

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Property Tax Levies and Collections

Ten Year Summary

<u>Tax Year</u>	<u>Original Tax Levy</u>	<u>Amount Uncollected at Year-End</u>	<u>Percentage of Levy</u>
2003	\$1,794,975	78,499	4.37%
2002	1,624,325	58,711	3.61%
2001	1,516,863	75,617	4.99%
2000	1,446,944	88,986	6.15%
1999	1,295,362	89,874	6.94%
1998	1,112,496	101,656	9.14%
1997	944,472	100,702	10.66%
1996	898,487	101,350	11.28%
1995	830,882	101,330	12.20%
1994	729,462	82,310	11.28%

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Assessed and Appraised Value of Taxable Property

Ten Year Summary

Tax Year	Assessed Value			Appraised Value				
	Realty	Personal	Public Utilities	Total	Realty	Personal	Public Utilities	Total
2003	123,202,028	5,576,474	4,818,278	133,596,780	438,823,100	22,305,895	8,760,505	469,889,500
2002	112,019,610	5,716,937	4,773,958	122,510,505	398,609,800	22,867,747	8,679,924	430,157,471
2001	97,467,827	6,037,080	4,359,936	107,864,843	350,276,400	24,148,319	7,927,156	382,351,875
2000	92,596,505	6,226,039	4,466,083	103,288,627	320,841,349	24,904,156	8,120,151	353,865,656
1999	84,844,015	5,803,110	4,546,762	95,193,887	291,025,960	23,212,439	8,266,840	322,505,239
1998	76,865,787	3,600,395	4,390,279	84,856,461	260,754,075	14,401,579	7,982,325	283,137,979
1997	66,693,657	2,701,190	3,477,400	72,872,247	224,560,269	10,804,771	6,935,431	242,300,471
1996	49,014,692	3,561,293	3,430,728	56,006,713	173,186,300	19,429,713	6,237,687	198,853,700
1995	45,596,066	4,272,539	3,412,784	53,281,389	155,322,100	17,090,154	6,205,062	178,617,316
1994	38,121,827	3,852,591	3,018,703	44,993,121	129,716,400	12,841,971	5,488,551	148,046,922

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Property Tax Rates*

Ten Year Summary

Tax Year	General Fund	Debt Service Fund	Solid Waste Fund	Total Tax Rate
2003 - Sumner & Robertson Counties	\$0.81	\$0.25	\$0.28	1.34
2002 - Sumner & Robertson Counties	0.59	0.52	0.29	1.40
	0.53	0.46	0.26	1.25
2001 - Sumner & Robertson Counties	0.59	0.52	0.29	1.40
2000 - Sumner & Robertson Counties	0.59	0.52	0.29	1.40
1999 - Sumner & Robertson Counties	0.54	0.52	0.30	1.36
1998 - Sumner & Robertson Counties	0.43	0.62	0.26	1.31
1997 - Sumner County	0.45	0.63	0.26	1.34
- Robertson County	0.48	0.67	0.28	1.43
1996 - Sumner County	0.44	0.67	0.26	1.37
- Robertson County	0.53	0.82	0.32	1.67
1995 - Sumner County	0.44	0.67	0.26	1.37
- Robertson County	0.53	0.82	0.32	1.67
1994 - Sumner & Robertson Counties	0.52	0.80	0.30	1.62

* Per \$100 of assessed value

CITY OF WHITE HOUSE, TENNESSEE
 General Bonded Debt, Property Tax Rates and Tax Levies
 Direct and Overlapping
 Ten Year Summary

Fiscal Year	(In Thousands) General Bonded Debt			Tax Rates			(In Thousands) Tax Levies on Property		
	**	County*		City	County*		City	County*	
	City	Robertson	Sumner		Robertson	Sumner		Robertson	Sumner
1994-95	2,710	29,508	43,741	1.62	3.42	3.15	736	12,143	31,687
1995-96	3,350	34,650	35,700	1.37 (S) 1.67 (R)	3.42	2.90	836	14,395	36,975
1996-97	3,350	34,250	33,800	1.37 (S) 1.67 (R)	3.42	2.90	898	13,136	38,280
1997-98	3,340	35,620	35,755	1.43 (S) 1.34 (R)	2.62	2.90	944	13,521	40,060
1998-99	4,558	41,305	68,400	1.31 (S) 1.31 (R)	2.63	2.42	1,112	15,684	40,954
1999-2000	4,665	39,700	61,700	1.36 (S) 1.36 (R)	2.63	2.54	1,295	18,693	45,659
2000-01	4,608	34,930	55,000	1.40 (S) 1.40 (R)	2.63	2.54	1,447	17,438	48,099
2001-02	7,725	45,989	79,000	1.40 (S) 1.40 (R)	3.02	2.54	1,517	19,632	48,674
2002-03	7,140	52,915	108,500	1.40 (S) 1.25 (R)	2.57	2.54	1,624	20,483	50,649
2003-04	7,675	46,881	126,500	1.34 (S) 1.34 (R)	2.66	2.59	1,795	23,167	63,947

Tax levies are based upon applicable rates per \$100 assessed valuation.
 Taxes are assessed as of January 1 and are due on October 1 for City and County.
 Taxes are delinquent on February 28 for City and County.

* Source: County Tax Assessor - White House City limits lie within boundaries of Robertson and Sumner County, Tennessee

** Excludes compensated absences.

(R) Robertson County

(S) Sumner County

(I) FY 1997-98 Bond debt restated effective 7-1-98.

CITY OF WHITE HOUSE, TENNESSEE

Computation of Direct and Overlapping Debt

<u>Taxing Jurisdiction</u>	<u>General Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable to City*</u>	<u>Direct and Estimated Overlapping Bonded Debt</u>
City of White House	\$7,675,248	100.00%	\$7,675,248
Sumner County	126,500,000	5.08%	6,431,901
Robertson County	46,881,000	12.16%	5,700,250
Total Direct and Estimated Overlapping Bonded Debt			\$19,807,399

* Based on 2000 Census:

City population	7,220
County population (including City):	
Sumner County	142,000
Robertson County	59,380
	201,380

CITY OF WHITE HOUSE, TENNESSEE

**Schedule of Ratios of Net General Bonded
Debt to Assessed Value and
Net Bonded Debt Per Capita**

Ten Year Summary

<u>Tax Year</u>	<u>Net General Bonded Debt *</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Net General Bonded Debt To</u>	
				<u>Assessed Value</u>	<u>Per Capita</u>
2003	\$7,288,277	\$133,596,780	7,220 (1)	5.46%	\$1,009.46
2002	6,684,216	122,510,505	7,220 (1)	5.46%	925.79
2001	7,434,595	107,864,843	7,220 (1)	6.89%	1,029.72
2000	4,406,760	103,288,627	7,220 (1)	4.27%	610.35
1999	4,481,546	95,193,887	5,596 (2)	4.71%	800.85
1998	4,390,787	84,856,461	5,596 (2)	5.17%	784.63
1997	3,165,276	72,872,247	5,596 (2)	4.34%	565.63
1996	3,197,670	56,006,713	5,596 (2)	5.71%	571.42
1995	2,971,530	53,281,386	4,260 (3)	5.58%	697.54
1994	2,631,130	44,993,121	4,260 (3)	5.85%	617.64

* Net General Bonded Debt excludes compensated absences and is net of Debt Service Fund Balance

- (1) Per 2000 Special Census
- (2) Per 1997 Special Census
- (3) Per 1994 Special Census
- (4) Net General Bonded Debt for Tax Year 1997 was restated effective 7-1-98.

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Ratios of Annual Debt Service for
General Bonded Debt to Total Governmental Fund Expenditures

Ten Year Summary

Fiscal Year Ended <u>June 30,</u>	GOB Debt Service <u>Requirements *</u>	Governmental Fund <u>Expenditures</u>	Percentage of Debt Service Requirements to Governmental <u>Fund Expenditures</u>
2004	\$428,173	4,841,968	8.84%
2003	461,065	5,891,210	7.83%
2002	309,963	6,944,102	4.46%
2001	323,047	6,834,127	4.73%
2000	314,335	4,021,594	7.82%
1999	320,029	4,736,695	6.76%
1998	357,490	3,162,199	11.31%
1997	352,863	3,012,052	11.72%
1996	293,905	2,554,849	11.50%
1995	289,030	2,047,832	14.11%

* Includes only general obligation bonds

CITY OF WHITE HOUSE, TENNESSEE

Revenue Bond Coverage

Sewer Bonds

Ten Year Summary

Fiscal Year	Gross Revenues**	Direct Operating Expenses***	Net Revenue Available for Debt Service	Debt Service Requirements****			Coverage
				Principal	Interest	Total	
2004	\$1,493,270	\$856,319	\$636,951	\$225,000	\$140,322	\$365,322	174.35%
2003	1,397,228	689,201	708,027	225,000	140,322	365,322	193.81%
2002	1,350,118	647,423	702,695	220,000	146,776	366,776	191.59%
2001	1,248,015	594,871	653,144	210,000	156,023	366,023	178.44%
2000	1,295,915	567,237	728,678	205,000	167,745	372,745	195.49%
1999	1,164,826	433,241	731,585	190,000	159,720	349,720	209.19%
1998	1,018,201	486,271	531,930	185,000	180,087	365,087	145.70%
1997	903,124	369,456	533,668	210,000	245,480	455,480	117.17%
1996	899,776	422,269	477,507	180,000	325,151	505,151	94.53%
1995	812,047	353,154	458,893	155,000	351,646	506,646	90.57%

** Includes nonoperating revenues and excludes tap fees

*** Net of depreciation and amortization

**** Does not include loans

(1) Includes capitalized construction period interest of \$182,580

(2) Includes capitalized construction period interest of \$216,683

CITY OF WHITE HOUSE, TENNESSEE

Principal Taxpayers*

June 30, 2004

	Assessed Value*	Ratio of Assessed Value to Appraised Value	Percentage of	
			Total	Total Levy
Osh Kosh	3,719,414	40%	18.66%	3.04%
White House Partners L.P	3,704,680	40%	18.58%	3.02%
CEMC	1,567,484	55%	7.86%	1.28%
Kroger Limited	1,522,316	40%	7.64%	1.24%
Piedmont Natural Gas Co.	1,520,844	55%	7.63%	1.24%
BellSouth Telecommunications	1,509,383	55%	7.57%	1.23%
Kyle Properties	1,209,160	40%	6.06%	0.99%
Tate	897,720	30%	4.50%	0.73%
Farmers Bank	828,837	40%	4.16%	0.68%
Alfred Carman	780,840	40%	3.92%	0.64%
Mt. Vernon Apartments	721,897	40%	3.62%	0.59%
Washington Square, LP	658,187	40%	3.30%	0.54%
Clearview L.P.	648,723	30%	3.25%	0.53%
Goodall Inc.	648,302	30%	3.25%	0.53%
TOTALS	<u>19,937,787</u>		<u>100.00%</u>	<u>16.27%</u>
TOTAL LEVY ASSESSED VALUE	<u>122,510,505</u>			

* Source - 2003 City Tax Roll

CITY OF WHITE HOUSE, TENNESSEE

Property Values and Construction

Ten Year Summary

Fiscal Year	Property Values*	Construction**
2004	\$459,318,000	\$13,245,544
2003	430,157,471	\$15,963,873
2002	382,351,875	16,592,929
2001	353,865,656	25,523,548
2000	322,505,239	21,782,269
1999	283,137,979	23,172,003
1998	242,300,471	39,420,862
1997	198,853,700	36,488,407
1996	178,617,316	27,276,574
1995	148,046,922	12,596,744

* Appraised value of property on the City tax roll.

** Estimated value of construction as set forth on building permits issued by the City.

CITY OF WHITE HOUSE, TENNESSEE
Principal Officials Salaries and Surety Bonds
For the Year Ended June 30, 2004

<u>Official</u>	<u>Salary</u>	<u>Bond</u>
Stan McAfee, Mayor	\$5,400	(1)
Julie High, Recorder/Finance Director	\$49,582	(1)

Note (1) - Covered under public official liability.

CITY OF WHITE HOUSE, TENNESSEE

Insurance Coverage

June 30, 2004

<u>Company/Coverage</u>	<u>Policy Number</u>	<u>Effective Date</u>		<u>Coverage Amount</u>	<u>Premium</u>
		<u>From</u>	<u>To</u>		
TML Risk Management Pool: Real property, contents, miscellaneous buildings and equipment	TML-4316	4-5-2004	4-5-2007	\$12,576,694	\$32,600
Workmen's Compensation	TWC-0016	4-5-2003	4-5-2004	Statutory	63,400
Bodily injury, property damage, personal injury, automobile	TWC-0016	4-5-2004	4-5-2007	Varies -up to 600,000	73,780
Public official - State tort limits	TML-016R	4-5-2004	4-5-2007	500,000	(Included in above)
Employee dishonesty	TML-4316	4-5-2004	4-5-2007	100,000	(Included in above)

CITY OF WHITE HOUSE, TENNESSEE

Miscellaneous Statistical and Demographic Data

June 30, 2004

Date of Incorporation:		1971
Form of Government:		Mayor-Alderman
Miles of Streets - Paved:		60 Miles
Population:	Current Population (2000 Special Census)	7,220
Police and Fire Protection:	Number of Employees	28 Police Officers 8 Fire Fighters
	Number of Fire Stations	1 Station
	Number of Vehicular Patrol Units	19 Patrol Cars
Recreation and Culture:	Parks/Number of Acres	5 Parks / 156 Acres
	Number of Playgrounds	2 Playgrounds
	Miles of Greenway	3.5 miles
	Number of Other Recreation Facilities	1 Auditorium 1 Senior Citizen Facility 1 Stadium (football) 3 Tennis Courts 1 Basketball Court 6 Ball Diamonds Picnic areas Nature trails 14 Soccer fields 1 Gym 2 Volleyball Court
Education:	Number of Schools/Type	2 Elementary Schools 1 Middle School 1 Middle / High School 1 High School 2 Private
Water Utility (Public Utility District):	Number of Users	23,000 (Approximately)

CITY OF WHITE HOUSE, TENNESSEE

Utility Statistical Data

For the Year Ended June 30, 2004

<u>Service</u>	<u>Consumers</u>	<u>Fees</u>
Sewer	3,018	\$1,465,652

Sewer Rates

Residential:

Minimum bill	\$8.00
1,000-3,000 gallons	\$25.00
3,000-10,000 gallons	\$5.40 per 1,000 gallons
10,000 and thereafter	\$5.25 per 1,000 gallons

Commercial:

Minimum bill	\$9.00
1,000-3,000 gallons	\$30.00
3,000-10,000 gallons	\$5.60 per 1,000 gallons
10,000 and thereafter	\$5.40 per 1,000 gallons

Commercial / Food Prep:

Minimum bill	\$25.00
1,000-3,000 gallons	\$60.00
3,000-10,000 gallons	\$5.65 per 1,000 gallons
10,000-50,000 gallons	\$5.45 per 1,000 gallons
Over 50,000	\$5.20 per 1,000 gallons

Industrial:

Minimum bill	\$50.00
1,000-3,000 gallons	\$75.00
3,000-10,000 gallons	\$5.70 per 1,000 gallons
10,000-50,000 gallons	\$5.50 per 1,000 gallons
Over 50,000	\$5.25 per 1,000 gallons

Rates for customers outside city limits shall be 10% higher than the rates presented above.

Sewer Tapping Fees

Residential	\$2,725 (cost) or actual cost if higher
Commercial	Varies, depending upon cost of equipment

<u>Sewer Expansion Fee</u>	\$1,000
-----------------------------------	---------

OTHER REPORTS SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and Board of Aldermen of the
City of White House
White House, Tennessee

We have audited the basic financial statements of the City of White House, Tennessee as of and for the year ended June 30, 2004, and have issued a report thereon dated October 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of White House's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of White House's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as the following items: R-02-01.

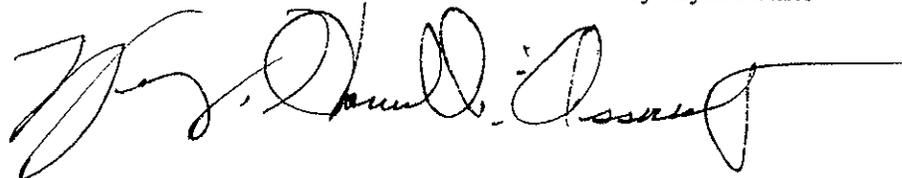
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance

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

This report is intended for the information of the audit committee, management, the State Comptroller's office and Federal and State awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties.

October 15, 2004



YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and Board of Aldermen of the
City of White House
White House, Tennessee

Compliance

We have audited the compliance of the City of White House, Tennessee with the types of compliance requirements described in the *U. S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of their major Federal programs for the year ended June 30, 2004. The City of White House's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the City of White House's management. Our responsibility is to express an opinion on the City of White House's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City of White House's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of White House's compliance with those requirements.

In our opinion, the City of White House complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2004.

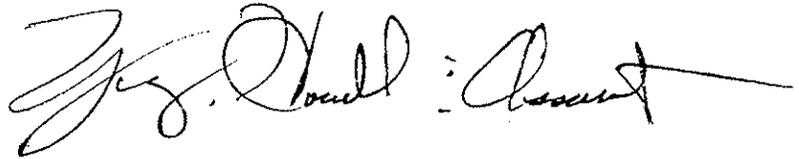
Internal Control Over Compliance

The management of the City of White House is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City of White House's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the City of White House, management, the State Comptroller's Office, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 15, 2004

A handwritten signature in black ink, appearing to read "J. J. O'Connell". The signature is written in a cursive style with a long horizontal line extending to the right.

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2004

I. Summary of Auditor's Results

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | | |
|---|---|-------------|
| 1. Internal control over major programs: | | |
| a. Material weaknesses identified? | | No |
| b. Reportable conditions identified that are not considered to be material weaknesses? | | No |
| 2. Type of auditor's report issued on compliance for major programs: | | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | | No |
| 4. Identification of major programs: | | |
| <u>CFDA Number</u> | <u>Name of Program</u> | |
| 20.205 | Greenway Bicycle Path-US Dept of Transportation | |
| 66.458 | Capitalization Grant for Clean Water, State Revolving Funds-Environmental Protection Agency | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | | No |

II. Financial Statement Findings - Required to be Reported in Accordance with Government Auditing Standards

Noncompliance - Current-Year:

None reported.

Reportable Conditions - Current-Year:

- (R-04-01) Reimbursement requests for Grants
During 2004, we noted that request for reimbursement of funds were not being filed in a timely manner by the City.

Recommendation

We recommend that all federal and state grant reimbursement requests be filed in a timely manner.

Management Response

During 2004, the City experienced changes in personnel which were the primary reason for late filing of reimbursement requests.

Noncompliance - Prior Year:

None reported.

CITY OF WHITE HOUSE, TENNESSEE

Schedule of Findings and Questioned Costs, Continued

II. Financial Statement Findings - Required to be Reported in Accordance with Government Auditing Standards, Continued

Reportable Conditions - Prior Year:

(R-02-01) Sewer Customer Accounts Receivable Reconciliation

The City operates under an agreement with the White House Utility District (WHUD) for the District to perform the complete processing of the billing function for sewer user charges at no charge to the City. The City utilizes and abides by the billing policies of WHUD as they relate to cutoffs, bad debts, and collections. The District has changed billing software several times over the past few years and as a result, the type of information provided by the District to the City to allow the City to monitor billing activity and integrity has been incomplete and/or insufficient. The District currently provides monthly information to the City as it relates to the current billing cycle bills, cash collections, assessed penalties and related collections.

The City does not receive a monthly accounts receivable report along with the other information to use as a control measure. We were unable to reconcile accounts receivable per detail listing of amounts with control amounts per the City general ledger resulting in a significant year end adjustment to accounts receivable recorded in its general ledger. The District performs the write-off and collections functions for the City, however, the City is not provided a listing of bad debts turned over to collections each month, nor does the City receive a report of this information from the collection agency itself.

Recommendation

We recommend the City require the District to provide necessary information to enable the City to monitor the activity and integrity of the City's billing functions including bad debts. The City should also reconcile to the monthly accounts receivable report.

Current Year Status

Situation continued to exist.

III. Federal Award Findings and Questioned Costs - Required by Section 510(a) of Circular A-133

None reported.