



CITY OF WHITE HOUSE, TENNESSEE
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

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INTRODUCTORY SECTION



CITY OF WHITE HOUSE, TENNESSEE

**DIRECTORY OF OFFICIALS
(UNAUDITED)**

Mayor	John Decker
Alderman	Mike Arnold
Alderman	Farris H. Bibb, Jr.
Alderman	Darrell Leftwich
Alderman	Jim Bracey
City Administrator	Angie Carrier
City Attorney	David Amonette
City Judge	Joseph Zanger
City Recorder	Christie Odenwald
Chief of Fire Department	Joe Palmer
Chief of Police Department	Gerald Herman
Director of Finance	Charlotte Soporowski
Director of Library	Judy Speight
Director of Parks and Recreation	Ashley Smith
Director of Planning and Codes	Addam McCormick
Director of Public Works	Ed Hickman
Director of Wastewater	Bill Crusenberry

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

HONORABLE MAYOR AND BOARD OF ALDERMEN

White House, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and solid waste fund of the City of White House, Tennessee as of and for the year ended June 30, 2008, 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, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of White House, Tennessee as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows thereof, and the budgetary comparison for the general fund and the solid waste fund 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 April 9, 2009, on our consideration of the City of White House, Tennessee's internal control 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 important for assessing the results of our audit.

The management's discussion and analysis on pages 4 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

HONORABLE MAYOR AND BOARD OF ALDERMEN

Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of White House, Tennessee's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the other supplementary information 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.



April 9, 2009

CITY OF WHITE HOUSE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the City of White House, Tennessee's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the City's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

The City of White House's governmental activity total assets increased by \$3,960,000 in 2008 or 19.4%, while business-type activity total assets decreased by \$234,000 or 1.3%, resulting in an increase in total primary government assets of \$3,726,000 or about 9.7%. Governmental activity total revenues for the City of White House increased by \$661,000 or 8.2%, while business-type total revenues increased by \$728,000 or 40.7%, resulting in an increase in total primary government revenues of \$1,389,000, or 14.1%. The City's governmental activity total program costs for 2008 increased \$496,000 or 9.2%, while business-activity total program costs increased by \$246,000 or 13.6%, resulting in an increase in total primary government program costs of \$742,000 or 10.3%. With respect to the City of White House's governmental activities, while total revenues increased, total program expenses increased by a lesser amount, resulting in an increase in the change in net assets of \$251,000 for 2008 over 2007. For the General Fund there was a net change in fund balance of \$151,000. The City of White House General Fund - fund balance at fiscal year-end was approximately \$1,498,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the City of White House, Tennessee as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

For an analysis of the City of White House's financial operation as a whole, we must examine the statement of net assets and the statement of activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most companies in the private sector. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In reviewing these financial statements, we must ask, "Is the City of White House as a whole financially better or worse as a result of this year's activities?"

One way to answer this question of the City's financial position and stability is to review the City's statements of net assets (the difference between assets and liabilities) and the changes in these net assets over time. Tables 1 and 2 of this discussion and analysis offer this information in a comparative format which provides an excellent opportunity to evaluate the City of White House's financial health. In reviewing these statements you will also need to consider other non-financial factors, such as, changes in the City's property and sales tax base and the condition of the City's infrastructure facilities and equipment.

As illustrated in Table 1, total assets of the City of White House's governmental activities were \$24,344,000 in 2008 versus \$20,384,000 in 2007, representing an increase of \$3,960,000 or 19.4%. Table 1 also shows that total assets of the City of White House's business-type activities were \$17,944,000 in 2008 versus \$18,178,000 in 2007, representing a decrease of \$234,000 or 1.3%.

REPORTING THE CITY AS A WHOLE, continued

**Table 1
Net Assets
(in Thousands)**

	Governmental Activities			Business-type Activities			Total Primary Government		
	2008	2007	Change	2008	2007	Change	2008	2007	Change
Current and other assets	\$ 6,700	\$ 6,458	\$ 242	\$ 1,788	\$ 1,780	\$ 8	\$ 8,488	\$ 8,238	\$ 250
Capital assets	17,644	13,926	3,718	16,156	16,398	(242)	33,800	30,324	3,476
Total assets	\$ 24,344	\$ 20,384	\$ 3,960	\$ 17,944	\$ 18,178	\$ (234)	\$ 42,288	\$ 38,562	\$ 3,726
Long-term liabilities	\$ 6,600	\$ 5,454	\$ 1,146	\$ 4,733	\$ 5,339	\$ (606)	\$ 11,333	\$ 10,793	\$ 540
Other liabilities	2,619	2,722	(103)	88	350	(262)	2,707	3,072	(365)
Total liabilities	9,219	8,176	1,043	4,821	5,689	(868)	14,040	13,865	175
Net assets:									
Invested in capital assets, net of related debt	11,309	8,691	2,618	11,440	11,209	231	22,749	19,900	2,849
Restricted	1,933	1,930	3	-	-	-	1,933	1,930	3
Unrestricted	1,883	1,587	296	1,683	1,280	403	3,566	2,867	699
Total net assets	15,125	12,208	2,917	13,123	12,489	634	28,248	24,697	3,551
Total liabilities and net assets	\$ 24,344	\$ 20,384	\$ 3,960	\$ 17,944	\$ 18,178	\$ (234)	\$ 42,288	\$ 38,562	\$ 3,726

The significant elements and causes for the changes in the City of White House’s governmental activities total assets in 2008 were: (1) Current and other assets increased by \$242,000. (2) Capital assets net, including infrastructure additions, increased by \$3,718,000. This amount included an increase in land and construction in progress, buildings and improvements, machinery and equipment, and infrastructure, of \$5,005,000 net of retirements of \$689,000 and depreciation expense of \$598,000.

The significant aspects of the decrease in the City of White House’s business-type activities total assets in 2008 was an increase in current and other assets of \$8,000 and a decrease in capital assets of \$242,000. The net decrease is the result of an increase in land and construction in progress, utility plant in service and machinery and equipment of \$339,000, less retirements of \$21,000 and depreciation expense of \$560,000. A physical inventory was completed during the year resulting in a write off of assets that are no longer in service or were below the capitalization limit that has been established by the City.

As shown in Table 1, total liabilities of the City of White House’s governmental activities increased by \$1,043,000 or 12.8% to \$9,219,000 in 2008 from \$8,176,000 in 2007. Table 1 also shows total liabilities of the City of White House’s business-type activities decreased by \$868,000 or 15.3% to \$4,821,000 in 2008 from \$5,689,000 in 2007.

The significant elements and causes for the changes in the City of White House’s governmental activities total liabilities in 2008 were: (1) Other liabilities decreased by \$103,000, and (2) long-term liabilities increased by \$1,146,000. This was comprised of an increase in accruals for compensated absences of \$116,000, a decrease due to long-term debt and capital lease principal payments of \$537,000, and an additional debt issuance of \$1,567,000 primarily used to construct an additional fire station.

The most significant aspect of the decrease in the City of White House’s business-type activities total liabilities in 2008 was the decrease in long-term debt primarily due to long-term debt and capital lease principal payments.

Therefore, total net assets of the City of White House’s governmental activities increased to \$15,125,000 in 2008 from \$12,208,000 in 2007 representing an increase of \$2,917,000 or 23.9%, and total net assets of the City of White House’s business-type activities increased to \$13,123,000 from \$12,489,000, representing an increase of \$634,000 or 5.1%.

REPORTING THE CITY AS A WHOLE, continued

The significant elements and causes for the increase in the City of White House's governmental activities net assets are: (1) Net assets invested in capital assets, net of related debt, increased by \$2,618,000. (2) Restricted net assets increased by \$3,000 and unrestricted net assets increased by \$296,000. The increase in the City of White House's business-type activities net assets of \$634,000 was due to an increase in net assets invested in capital assets, net of related debt of \$231,000, along with an increase of \$403,000 in unrestricted net assets.

Table 2 illustrates the changes in net assets. As stated earlier, the changes in net assets over time provide an excellent opportunity to evaluate the financial health of the City of White House. Total revenues for the City of White House's governmental activities increased to \$8,718,000 in 2008 from \$8,057,000 in 2007, representing an increase of \$661,000 or 8.2%. Total revenues for the City of White House's business-type activities increased to \$2,515,000 in 2008 from \$1,787,000 in 2007, representing an increase of \$728,000 or approximately 40.7%.

Table 2
Changes in Net Assets
(In Thousands)

	Governmental Activities			Business-type Activities			Total Primary Government		
	2008	2007	Change	2008	2007	Change	2008	2007	Change
Revenues									
Program revenues:									
Charges for services	\$ 1,441	\$ 945	\$ 496	\$ 2,486	\$ 1,761	\$ 725	\$ 3,927	\$ 2,706	\$ 1,221
Grants and contributions:									
For operations	372	326	46	-	-	-	372	326	46
For capital projects	1,362	1,345	17	-	-	-	1,362	1,345	17
General revenues:									
Property taxes	2,119	1,996	123	-	-	-	2,119	1,996	123
Park sales tax	578	518	60	-	-	-	578	518	60
Impact fees	206	642	(436)	-	-	-	206	642	(436)
Intergovernmental revenues	2,520	2,158	362	-	-	-	2,520	2,158	362
Other revenues	120	127	(7)	29	26	3	149	153	(4)
Total revenues	8,718	8,057	661	2,515	1,787	728	11,233	9,844	1,389
Program expenses:									
General government	1,103	1,102	1	-	-	-	1,103	1,102	1
City court	60	56	4	-	-	-	60	56	4
Public safety	2,270	2,092	178	-	-	-	2,270	2,092	178
Streets	442	428	14	-	-	-	442	428	14
Sanitation	471	411	60	-	-	-	471	411	60
Cemetery and maintenance	13	16	(3)	-	-	-	13	16	(3)
Library and museum	194	177	17	-	-	-	194	177	17
Parks and recreation	666	593	73	-	-	-	666	593	73
Planning and zoning	237	198	39	-	-	-	237	198	39
Senior citizens activities	63	39	24	-	-	-	63	39	24
City garage	46	37	9	-	-	-	46	37	9
Miscellaneous	67	58	9	-	-	-	67	58	9
Interest on long-term debt	273	202	71	-	-	-	273	202	71
Wastewater department	-	-	-	2,050	1,804	246	2,050	1,804	246
Total expenses	5,905	5,409	496	2,050	1,804	246	7,955	7,213	742
Excess before contributions and transfers	2,813	2,648	165	465	(17)	482	3,278	2,631	647
Contributions	-	-	-	273	394	(121)	273	394	(121)
Transfers	104	18	86	(104)	(18)	(86)	-	-	-
Net change in net assets	2,917	2,666	251	634	359	275	3,551	3,025	526
NET ASSETS, June 30, 2007	12,208	9,542	2,666	12,489	12,130	359	24,697	21,672	3,025
NET ASSETS, June 30, 2008	\$ 15,125	\$ 12,208	\$ 2,917	\$ 13,123	\$ 12,489	\$ 634	\$ 28,248	\$ 24,697	\$ 3,551

REPORTING THE CITY AS A WHOLE, continued

The increase in total revenues of the City of White House's governmental activities for 2008 as compared to 2007 was primarily due to: (1) Revenues resulting from charges for services increased by \$496,000, (2) intergovernmental revenues increased by \$362,000, (3) property taxes increased by \$123,000 due to both commercial and residential property development and (4) impact fees decreased by \$436,000 due to a decrease in construction.

The increase in total revenues of the City of White House's business-type activities was primarily due to an increase in charges for services. This increase was attributable to the restructure of wastewater fees.

Table 2 shows that total program expenses for the City of White House's governmental activities increased to \$5,905,000 in 2008 from \$5,409,000 in 2007, representing an increase of \$496,000 or 9.2%. Total program expenses for the City of White House's business-type activities increased to \$2,050,000 in 2008 from \$1,804,000 in 2007, representing an increase of \$246,000 or 13.6%.

The increase in total program expenses for the City of White House's governmental activities was primarily due to: (1) Public safety expenses increased by \$178,000, primarily due to increases in salaries and benefits, (2) Parks and Recreation expenses also increased by \$73,000 primarily due to increases in salary and benefits as well as the absorption of the Senior Nutrition Fund activity, (3) Interest on long-term debt increased by \$71,000 primarily due to the increase in variable rates, and additional interest on the new debt issuance for the fire station.

The increase in total program expenses for the City of White House's business-type activities was primarily due to an increase in supplies expense for the Wastewater Department of \$246,000.

The increase in the net assets of the City of White House's governmental activities in 2008 was \$2,917,000 as compared to an increase in net assets in 2007 of \$2,666,000. This \$251,000 increase is due to an increase in program revenues over expenses of \$165,000 and an increase of \$86,000 in transfers from the Wastewater Department.

Governmental Activities

The City's fiscal operating year is the twelve-month period beginning each July 1. An annual operating budget is submitted to the Board of Mayor and Aldermen prior to the commencement of the related fiscal year, and a budget ordinance for the year is subsequently adopted. Any revisions or amendments require Board action. All annual appropriations not expended lapse at fiscal year-end. The budgetary appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot legally be exceeded unless subsequently amended by the Board of Mayor and Aldermen.

BUDGETARY HIGHLIGHTS

Table 3 illustrates the significant components of the City of White House's budget for the general fund for the year ended June 30, 2008. The original budget revenue estimates total \$5,672,000, not including revenue from other financing sources of \$2,704,000 for a total of \$8,376,000. Final budget revenues for the period amounted to \$5,720,000 and revenue from other financing sources of \$2,704,000 for a total of \$8,424,000. Final actual (budgetary basis) revenues for the period amounted to \$5,167,000, not including revenue from other financing sources of \$1,470,000 for a total of \$6,637,000. The City's original budget estimated expenditures for the 2008 year-end to be \$8,292,000. Final budget expenditures for the period amounted to \$8,340,000. Final actual (budgetary basis) expenditures for the period amounted to \$6,586,000. Therefore, the City realized an actual (budgetary basis) net change in fund balance in the amount of \$12,000. The primary reason for this excess is attributed to a decrease in projected expenditures that was even greater than the actual decrease of anticipated revenues. At the end of this period the City of White House's actual general fund - fund balance on a cash budgetary basis was \$904,000.

Table 3
General Fund Budget Comparison
(in Thousands)

	Original Budget	Final Budget	Actual (Budgetary) Basis	Variance with Final Budget - Over/(Under)
Revenues				
Taxes	\$ 2,017	\$ 2,017	\$ 1,774	\$ (243)
Intergovernmental revenues	2,872	2,916	2,577	(339)
Other revenues	783	787	816	29
Total revenues	5,672	5,720	5,167	(553)
Expenditures				
General government	1,079	1,079	1,029	(50)
Public safety	2,070	2,070	1,974	(96)
Streets	331	331	271	(60)
Parks and recreation	524	525	491	(34)
Planning and zoning	222	222	223	1
Capital outlay	3,719	3,761	2,247	(1,514)
Other activity expenditures	347	352	351	(1)
Total expenditures	8,292	8,340	6,586	(1,754)
Revenues Over (under) expenditures	(2,620)	(2,620)	(1,419)	1,201
Other financing sources	2,704	2,704	1,470	(1,234)
Net payments to other funds	-	-	(39)	(39)
Net change in fund balance	84	84	12	(72)
FUND BALANCE, June 30, 2007	892	892	892	-
FUND BALANCE, June 30, 2008	\$ 976	\$ 976	\$ 904	\$ (72)

Note: This budgetary comparison is presented on a budgetary basis of accounting. This presentation excludes most revenue and expense accruals, fixed asset capitalization, and capital asset depreciation.

Business-type Activities

The Wastewater Department adopts an Operating Budget to assist in planning and forecasting for the fiscal year. The Budget is approved and is in effect for the entire fiscal year. Management uses the budget as a planning tool for the coming year.

CAPITAL ASSETS

Table 4 provides a comparative view of the capital assets of the City of White House's governmental and business-type activities in five major categories: land and construction in progress; buildings and improvements; machinery and equipment; utility plant in service; and infrastructure. Also noted are the amounts of accumulated depreciation applicable to these capital assets.

Table 4
Capital Assets at Year-End
(in Thousands)

	Governmental Activities			Business-type Activities			Total		
	2008	2007	Change	2008	2007	Change	2008	2007	Change
Land and construction in progress	\$ 9,406	\$ 7,697	\$ 1,709	\$ 1,116	\$ 810	\$ 306	\$ 10,522	\$ 8,507	\$ 2,015
Buildings and improvements	5,889	5,727	162	-	-	-	5,889	5,727	162
Machinery and equipment	3,993	3,845	148	811	876	(65)	4,804	4,721	83
Utility plant in service	-	-	-	20,255	20,738	(483)	20,255	20,738	(483)
Infrastructure	3,182	1,286	1,896	-	-	-	3,182	1,286	1,896
Total capital assets	22,470	18,555	3,915	22,182	22,424	(242)	44,652	40,979	3,673
Accumulated depreciation	(4,826)	(4,629)	(197)	(6,026)	(6,026)	-	(10,852)	(10,655)	(197)
Net capital assets	\$ 17,644	\$ 13,926	\$ 3,718	\$ 16,156	\$ 16,398	\$ (242)	\$ 33,800	\$ 30,324	\$ 3,476

Governmental Activities

In June 2007, the City of White House's governmental activities had \$13,926,000 (net of accumulated depreciation) invested in a broad range of capital assets, including police and fire equipment, municipal buildings, park facilities, roads, and various other capital assets. In June 2008 capital assets, were \$17,644,000 (net of accumulated depreciation), representing an increase of \$3,718,000 or 26.7%. The net increase in capital assets was comprised of two significant components: Infrastructure increase of \$1,896,000; and land and construction in progress of \$1,709,000. Capital asset additions in 2008 consisted primarily of infrastructure improvements and street acceptances, as well as construction in progress related to the new fire station.

Business-type Activities

In June 2007, the City of White House's business-type activities, consisting of the Wastewater Department, had \$16,398,000 (net of accumulated depreciation) invested in land, machinery and equipment, and utility plant in service which is by far the most significant component of the Wastewater Department's capital assets. In June 2008 capital assets were \$16,156,000 (net of accumulated depreciation), representing a decrease of \$242,000 or 1.5% over 2007. The net decrease in the cost of capital assets included a decrease in the utility plant in service of \$483,000; a decrease in machinery and equipment of approximately \$65,000; and an increase in land and construction in progress of \$306,000. The main reason for the net decrease in the cost of capital assets was due to a large number of retirements resulting from a physical inventory taken during fiscal year 2008.

DEBT ADMINISTRATION

Table 5 provides a comparative view of the various types of long-term debt utilized by the City of White House's governmental and business-type activities in 2008 and 2007.

Table 5
Outstanding Debt at Year-End
(in Thousands)

	Governmental Activities			Business-type Activities			Total		
	2008	2007	Change	2008	2007	Change	2008	2007	Change
Revenue bonds	\$ 1,075	\$ 1,285	\$ (210)	\$ 1,225	\$ 1,515	\$ (290)	\$ 2,300	\$ 2,800	\$ (500)
Capital outlay notes	1,182	1,413	(231)	-	-	-	1,182	1,413	(231)
Loan payable	4,046	2,555	1,491	3,496	3,792	(296)	7,542	6,347	1,195
Capital leases	21	41	(20)	85	155	(70)	106	196	(90)
Total notes and bonds	6,324	5,294	1,030	4,806	5,462	(656)	11,130	10,756	374
Compensated absences	276	160	116	-	-	-	276	160	116
Premium on bonds	-	-	-	20	24	(4)	20	24	(4)
Loss on defeasance	-	-	-	(93)	(122)	29	(93)	(122)	29
Total long-term liabilities	<u>\$ 6,600</u>	<u>\$ 5,454</u>	<u>\$ 1,146</u>	<u>\$ 4,733</u>	<u>\$ 5,364</u>	<u>\$ (631)</u>	<u>\$ 11,333</u>	<u>\$ 10,818</u>	<u>\$ 515</u>

Governmental Activities

At the end of the current fiscal year the City of White House's governmental activities had outstanding long-term debt of \$6,600,000 including accrued compensated absences. The prior year total of long-term liabilities amounted to \$5,454,000; consequently long-term liabilities increased during the year by \$1,146,000 or 21.0%. This increase is due mainly to additional borrowings in 2008 to finance the construction of the new fire station and a new sanitation truck.

The accrual for compensated absences increased by \$116,000 in 2008. This accrual is required for sick pay and vacation pay that will be paid to employees upon termination and/or retirement.

Business-type Activities

At the end of the current fiscal year the City of White House's business-type activities had outstanding long-term debt of \$4,733,000 related entirely to the Wastewater Department. The prior year total of long-term liabilities amounted to \$5,364,000; consequently long-term liabilities decreased during the year by \$631,000 or 11.8%.

The Wastewater Department has an outstanding Note Payable to the State of Tennessee, Revolving Loan Fund due in monthly installments through 2024. Also outstanding is a Loan Payable to the Public Building Authority of Sevier County, Tennessee, Series II-F-I due quarterly through 2017. Remaining is a Sewer Revenue and Tax Refunding Bond, Series 2002, due annually through 2012. These are all direct obligations of the City and are backed by the full faith and credit of the City and secured by a lien upon and pledge of the net revenues of the Wastewater system. Also, the City has pledged to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations under these agreements. In addition, the City has pledged to assign its state-shared taxes to the State of Tennessee to secure the payment of the City's obligations to the State Revolving Loan Fund. The amount due during the year ending June 30, 2009 on these obligations totals \$533,000.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

During the year ended June 30, 2008, the City began charging customers for sanitation services (solid waste fund). The costs of providing the services were funded by customer charges and property taxes. As a result the solid waste fund is presented as a governmental fund in the fund financial statements for 2008. Beginning July 1, 2008, it is anticipated the costs of providing sanitation services will be fully funded by customer charges. Therefore, for the year ending June 30, 2009, the solid waste fund will be presented as an enterprise fund of the City.

The Annual Budget assures the efficient, effective and economic uses of the City's resources, as well as, establishing that the highest priority objectives are accomplished. Through the budget, the Board of Mayor and Aldermen sets the direction of the City, allocates its resources and establishes its priorities.

In terms of the future, while we are in good financial shape at this time, with revenue streams limited and the large amount of growth the City is facing, we need to be alert to the public benefit versus the costs of the services we provide. In short, as the budget better reflects actual revenues and as we move into the future, we need to be careful of our spending so that we do not find ourselves in the position of expenditures outpacing revenues.

The City has continued to grow at a steady pace. To that end, it is important that the Board update its comprehensive plan and goals and maintain its communication efforts through the budgeting process. The housing development trend is decreasing, although new business development has continued to grow. This allows the City's sales tax revenue to continue on an upward trend. The City continues to face many challenges in maintaining a necessary level of infrastructure. As it relates to the White House Wastewater Department, an important goal is to incorporate the City's Master Plan priorities into the Six-Year Capital Improvement Budget as well as increase the level of service and customer satisfaction. The rate of infrastructure failures on aged equipment will determine many of the City's priorities for the upcoming years.

There was a slight increase in the budget revenues for the City of White House this year. Although expectations of an increased sales tax base will have a significant impact on the City's revenues in the upcoming years, the City of White House will be facing substantial challenges in creating a sustainable job market for its citizenry. The Board of Mayor and Alderman along with City staff will continue to create and improve an environment for noteworthy business development.

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 of White House's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact the Director of Finance at the City of White House, 105 College Street, White House, Tennessee 37188, (615) 672-4350 or csoporowski@cityofwhitehouse.com.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,310,634	\$ 1,230,632	\$ 2,541,266
Net receivables	3,183,638	14,948	3,198,586
Unbilled revenues	54,000	308,174	362,174
Note receivable	102,600	120,117	222,717
Internal balances	69,713	(69,713)	-
Materials and supplies	-	128,900	128,900
Other current assets	155,626	37,656	193,282
Restricted cash and cash equivalents	1,732,724	-	1,732,724
Capital assets:			
Land and construction in progress	9,406,174	1,116,038	10,522,212
Other capital assets, net of depreciation	8,237,479	15,040,003	23,277,482
Unamortized debt issuance costs	91,055	17,271	108,326
	<u>\$ 24,343,643</u>	<u>\$ 17,944,026</u>	<u>\$ 42,287,669</u>
LIABILITIES			
Accounts payable	\$ 43,541	\$ 31,164	\$ 74,705
Retainage payable	101,494	-	101,494
Accrued liabilities	133,931	32,374	166,305
Accrued interest	40,359	24,545	64,904
Deferred revenues	2,246,000	-	2,246,000
Performance bonds payable	53,450	-	53,450
Noncurrent liabilities			
Due within one year	713,344	532,993	1,246,337
Due in more than one year	5,887,076	4,199,831	10,086,907
	<u>9,219,195</u>	<u>4,820,907</u>	<u>14,040,102</u>
NET ASSETS			
Invested in capital assets, net of related debt	11,309,165	11,440,488	22,749,653
Restricted for:			
Capital projects	832,962	-	832,962
Parks and recreation	795,358	-	795,358
Street maintenance and improvements	116,176	-	116,176
Industrial development and tourism	54,792	-	54,792
Public safety	61,246	-	61,246
Cemetery	71,801	-	71,801
Unrestricted	1,882,948	1,682,631	3,565,579
Total net assets	<u>15,124,448</u>	<u>13,123,119</u>	<u>28,247,567</u>
	<u>\$ 24,343,643</u>	<u>\$ 17,944,026</u>	<u>\$ 42,287,669</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) / Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
General government	\$ 1,103,056	\$ 239,712	\$ 77,821	\$ -	\$ (785,523)
City court	59,463	254,727	-	-	195,264
Public safety	2,270,004	52,069	7,067	-	(2,210,868)
Streets	442,330	-	242,743	1,362,122	1,162,535
Sanitation	471,063	658,092	-	-	187,029
Cemetery and maintenance	13,247	22,175	-	-	8,928
Library and museum	193,504	-	35,902	-	(157,602)
Parks and recreation	666,248	114,206	4,000	-	(548,042)
Planning and zoning	236,974	100,054	-	-	(136,920)
Senior citizen activities	63,077	-	4,000	-	(59,077)
City garage	46,191	-	-	-	(46,191)
Miscellaneous expenses	67,425	-	-	-	(67,425)
Interest on long-term debt	272,642	-	-	-	(272,642)
	<u>5,905,224</u>	<u>1,441,035</u>	<u>371,533</u>	<u>1,362,122</u>	<u>(2,730,534)</u>
BUSINESS-TYPE ACTIVITIES					
Wastewater department	2,050,060	2,486,046	-	272,691	708,677
TOTAL GOVERNMENT	<u>\$ 7,955,284</u>	<u>\$ 3,927,081</u>	<u>\$ 371,533</u>	<u>\$ 1,634,813</u>	<u>\$ (2,021,857)</u>
			Governmental Activities	Business-Type Activities	Total
NET (EXPENSE) / REVENUE			\$ (2,730,534)	\$ 708,677	\$ (2,021,857)
GENERAL REVENUES					
Property taxes			2,119,518	-	2,119,518
Park sales tax			577,685	-	577,685
Impact fees			205,747	-	205,747
Intergovernmental revenues			2,519,933	-	2,519,933
Interest and investment earnings			53,309	36,580	89,889
Other revenue			93,400	13,802	107,202
Gain (loss) on disposition of capital assets			(26,808)	(20,731)	(47,539)
Total general revenues			<u>5,542,784</u>	<u>29,651</u>	<u>5,572,435</u>
NET TRANSFERS			<u>104,440</u>	<u>(104,440)</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS			<u>5,647,224</u>	<u>(74,789)</u>	<u>5,572,435</u>
CHANGE IN NET ASSETS			<u>2,916,690</u>	<u>633,888</u>	<u>3,550,578</u>
NET ASSETS, June 30, 2007			<u>12,207,758</u>	<u>12,489,231</u>	<u>24,696,989</u>
NET ASSETS, June 30, 2008			<u>\$ 15,124,448</u>	<u>\$ 13,123,119</u>	<u>\$ 28,247,567</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2008

	General Fund	Debt Service Fund	Solid Waste Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 903,748	\$153,639	\$ 145,580	\$ 56,871	\$ 1,259,838
Net receivables	2,374,871	814,981	13,775	126,316	3,329,943
Unbilled revenues	-	-	54,000	-	54,000
Due from other funds	119,027	2,008	54,789	88,304	264,128
Other current assets	139,329	-	11,297	5,000	155,626
Restricted cash and cash equivalents	624	-	-	1,732,100	1,732,724
	<u>\$3,537,599</u>	<u>\$970,628</u>	<u>\$ 279,441</u>	<u>\$ 2,008,591</u>	<u>\$ 6,796,259</u>
LIABILITIES					
Accounts payable	\$ 28,390	\$ 196	\$ 14,434	\$ 521	\$ 43,541
Retainage payable	82,630	-	-	18,864	101,494
Accrued liabilities	58,537	-	3,175	5,850	67,562
Due to other funds	88,170	98,503	5,861	1,881	194,415
Deferred revenues	1,728,629	807,991	-	-	2,536,620
Performance bonds payable	53,450	-	-	-	53,450
	<u>2,039,806</u>	<u>906,690</u>	<u>23,470</u>	<u>27,116</u>	<u>2,997,082</u>
FUND BALANCES					
Reserved for:					
Cemetery	-	-	-	71,801	71,801
Public safety	-	-	-	61,246	61,246
Capital projects	-	-	-	832,962	832,962
Industrial development and tourism	-	-	-	54,792	54,792
Street maintenance and improvements	-	-	-	116,176	116,176
Parks and recreation	-	-	-	795,358	795,358
Unreserved:					
General fund	1,497,793	-	-	-	1,497,793
Capital projects funds	-	-	-	11,667	11,667
Special revenue funds	-	-	255,971	37,473	293,444
Debt service fund	-	63,938	-	-	63,938
Total fund balances	<u>1,497,793</u>	<u>63,938</u>	<u>255,971</u>	<u>1,981,475</u>	<u>3,799,177</u>
	<u>\$3,537,599</u>	<u>\$970,628</u>	<u>\$ 279,441</u>	<u>\$ 2,008,591</u>	<u>\$ 6,796,259</u>

See notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS - CONTINUED

JUNE 30, 2008

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

Total governmental fund balances above	\$ 3,799,177
Capital assets not reported above	17,643,653
Unamortized debt issuance costs not reported above	91,055
Deferred revenues, from property and intergovernmental taxes reported above, reported as revenues in the government-wide statement of net assets	144,315
Note receivable not reported above	102,600
Long-term debt and capital lease obligations not reported above	(6,324,049)
Compensated absence accrual not reported above	(276,371)
Accrued interest not reported above	(40,359)
An internal service fund is used by management to charge the costs of certain activities to other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	<u>(15,573)</u>
Net assets of governmental activities in the statement of net assets	<u><u>\$ 15,124,448</u></u>

See notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR END JUNE 30, 2008

	General Fund	Debt Service Fund	Solid Waste Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,791,520	\$ 222,878	\$ 97,617	\$ 577,685	\$ 2,689,700
Intergovernmental revenues	2,608,501	-	-	285,131	2,893,632
Charges for services	114,206	-	658,092	22,175	794,473
Licenses and permits	339,766	-	-	205,747	545,513
Fines and forfeitures	254,727	-	-	52,069	306,796
Contributions	-	-	-	30,000	30,000
Interest revenue	17,224	3,156	359	32,559	53,298
Miscellaneous	110,464	-	12,617	22,922	146,003
Total revenues	5,236,408	226,034	768,685	1,228,288	7,459,415
EXPENDITURES					
Current operations:					
General government	1,000,217	-	-	-	1,000,217
City court	57,571	-	-	-	57,571
Public safety	1,973,907	-	-	29,449	2,003,356
Streets	270,703	-	-	120,432	391,135
Sanitation	-	-	407,685	-	407,685
Cemetery and maintenance	-	-	-	13,225	13,225
Library and museum	171,967	-	-	-	171,967
Parks and recreation	490,733	-	-	630	491,363
Planning and zoning	223,071	-	-	-	223,071
Senior citizens activities	61,631	-	-	-	61,631
City garage	44,651	-	-	-	44,651
Miscellaneous	-	1,404	-	49,705	51,109
Capital outlay	2,247,393	-	210,828	729,884	3,188,105
Debt service	14,500	454,039	48,156	288,455	805,150
Total expenditures	6,556,344	455,443	666,669	1,231,780	8,910,236
REVENUES OVER (UNDER) EXPENDITURES	(1,319,936)	(229,409)	102,016	(3,492)	(1,450,821)
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt	1,360,706	-	206,148	-	1,566,854
Transfers to other funds	-	-	-	(28,016)	(28,016)
Transfers from other funds	109,910	-	-	22,546	132,456
	1,470,616	-	206,148	(5,470)	1,671,294
NET CHANGE IN FUND BALANCE	150,680	(229,409)	308,164	(8,962)	220,473
FUND BALANCE, June 30, 2007	1,347,113	293,347	(52,193)	1,990,437	3,578,704
FUND BALANCE, June 30, 2008	\$ 1,497,793	\$ 63,938	\$ 255,971	\$ 1,981,475	\$ 3,799,177

See notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CONTINUED

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET ASSETS
OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

Net change in fund balances as reported in the governmental funds statements	\$ 220,473
Property contributions not recorded in the governmental funds statements but recognized as revenue in the government-wide statements	1,332,122
Increase in deferred revenues for property taxes including allowance for doubtful accounts, in the governmental funds not recognized in the government-wide statements	5,337
Bond proceeds recorded as revenue in the governmental fund statements, but reflected as long-term debt in the government-wide statements	(1,566,854)
Proceeds from capital asset dispositions recorded as revenue in the governmental funds statements but recorded as a component of gain on disposition of capital assets in the government-wide statements	(52,603)
Amounts reported as expenditures in the governmental funds statements not included as expenses in the government-wide statements:	
Capital outlays	3,165,287
Payments on long-term debt	534,577
Payments on capital lease obligations	22,818
Debt issuance cost	39,137
Expenses in the government-wide statements not included in the governmental funds:	
Depreciation expense	(598,018)
Amortization of debt issuance costs	(8,078)
Increase in accrued interest	(2,069)
Increase in accrued compensated absences	(116,742)
Administrative and other charges related to bond issuance	(16,316)
Gain on disposal of capital assets	(26,808)
Internal service fund used by management to charge the costs of certain activities to other funds. The net revenue (expense) of the internal service fund is reported with governmental activities	(15,573)
Change in net assets of governmental activities	<u>\$ 2,916,690</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2008

	<u>Business Activity - Wastewater Department</u>	<u>Governmental Activity - Internal Service Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,230,632	\$ 50,796
Net receivables	14,948	-
Unbilled revenues	308,174	-
Note receivable	120,117	-
Materials and supplies	128,900	-
Other current assets	37,656	-
	<u>1,840,427</u>	<u>50,796</u>
UNAMORTIZED DEBT ISSUANCE COSTS	17,271	-
NET CAPITAL ASSETS	<u>16,156,041</u>	<u>-</u>
	<u>\$ 18,013,739</u>	<u>\$ 50,796</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 31,164	\$ -
Accrued liabilities	32,374	66,369
Accrued interest	24,545	-
Due to other funds	69,713	-
Current maturities of long-term debt and capital leases	532,993	-
	<u>690,789</u>	<u>66,369</u>
LONG-TERM CAPITAL LEASE OBLIGATIONS, less current maturities	14,192	-
LONG-TERM DEBT, less current maturities	4,185,639	-
NET ASSETS		
Invested in capital assets, net of related debt	11,440,488	-
Unrestricted	1,682,631	(15,573)
	<u>13,123,119</u>	<u>(15,573)</u>
	<u>\$ 18,013,739</u>	<u>\$ 50,796</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Business Activity - Wastewater Department	% of Revenues	Governmental Activity - Internal Service Fund
OPERATING REVENUES			
Charges for services	\$ 2,486,046	99.4%	\$ 123,442
Other operating revenues	13,802	0.6%	-
	<u>2,499,848</u>	100.0%	<u>123,442</u>
OPERATING EXPENSES			
Salaries and payroll taxes	342,181	13.7%	-
Employee benefits	108,344	4.3%	-
Supplies	423,602	16.9%	-
Utilities	112,380	4.5%	-
Other operating expenses	273,826	11.0%	14,612
Claims paid	-	0.0%	124,414
Depreciation and amortization	563,251	22.5%	-
	<u>1,823,584</u>	<u>72.9%</u>	<u>139,026</u>
OPERATING INCOME	676,264	27.1%	(15,584)
NONOPERATING REVENUES (EXPENSES)			
Interest income	36,580	1.5%	11
Interest expense	(226,476)	-9.1%	-
Loss on disposition of capital assets	(20,731)	-0.8%	-
	<u>(210,627)</u>	<u>-8.4%</u>	<u>11</u>
INCOME BEFORE CONTRIBUTIONS IN AID OF CONSTRUCTION AND TRANSFERS	465,637	18.7%	(15,573)
CONTRIBUTIONS IN AID OF CONSTRUCTION	272,691	10.9%	-
TRANSFERS TO OTHER FUNDS	<u>(104,440)</u>	<u>-4.2%</u>	<u>-</u>
CHANGE IN NET ASSETS	633,888	<u>25.4%</u>	(15,573)
NET ASSETS, June 30, 2007	<u>12,489,231</u>		<u>-</u>
NET ASSETS, June 30, 2008	<u>\$ 13,123,119</u>		<u>\$ (15,573)</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Business Activity - Wastewater Department	Governmental Activity - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,267,344	\$ 123,442
Payments to suppliers	(908,825)	-
Payments to or on behalf of employees	(451,804)	-
Internal activity from (to) other funds	27,710	-
Claims paid	-	(58,045)
Premiums paid	-	(14,612)
Net cash provided by operating activities	<u>934,425</u>	<u>50,785</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers to other funds	(104,440)	-
Net cash used by noncapital and related financing activities	<u>(104,440)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of utility plant	(338,686)	-
Contributions received in aid of construction	272,691	-
Payments on long-term debt	(585,660)	-
Interest paid	(202,517)	-
Payments on capital lease obligations	(69,638)	-
Payment received on note receivable	18,833	-
Payment of retainage payables for prior year utility plant additions	(5,219)	-
Net cash used by capital and related financing activities	<u>(910,196)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	36,580	11
Net cash provided by investing activities	<u>36,580</u>	<u>11</u>
NET INCREASE (DECREASE) IN CASH	(43,631)	50,796
CASH AND CASH EQUIVALENTS, June 30, 2007	<u>1,274,263</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, June 30, 2008	<u><u>\$ 1,230,632</u></u>	<u><u>\$ 50,796</u></u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS - CONTINUED

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2008

	Business Activity - Wastewater Department	Governmental Activity - Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 676,264	\$ (15,584)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	563,251	-
Changes in operating assets and liabilities		
Accounts receivable	136,128	-
Unbilled revenues	(162,532)	-
Materials and supplies	(41,209)	-
Other current assets	(13,674)	-
Accounts payable	(53,540)	-
Accrued liabilities	8,127	66,369
Due to other funds of the primary government	27,710	-
Deferred revenues	(206,100)	-
Total adjustments	258,161	66,369
Net cash provided by operating activities	\$ 934,425	\$ 50,785
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Utility plant contributed to the City by developers	\$ 272,691	\$ -

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 2,016,854	\$ 2,016,854	\$ 1,773,605	\$ 17,915	\$ 1,791,520
Intergovernmental revenues	2,872,050	2,916,050	2,577,249	31,252	2,608,501
Charges for services	108,200	108,200	114,206	-	114,206
Licenses and permits	368,800	368,800	318,954	20,812	339,766
Fines and forfeitures	271,600	271,600	254,727	-	254,727
Interest revenue	4,520	4,520	17,224	-	17,224
Miscellaneous	30,200	34,200	110,464	-	110,464
Total revenues	<u>5,672,224</u>	<u>5,720,224</u>	<u>5,166,429</u>	<u>69,979</u>	<u>5,236,408</u>
EXPENDITURES					
Current operations:					
General government	1,078,981	1,078,981	1,029,403	(29,186)	1,000,217
City court	67,000	67,000	57,571	-	57,571
Public safety	2,069,945	2,069,945	1,973,907	-	1,973,907
Streets	331,012	331,012	270,703	-	270,703
Library and museum	173,568	173,568	171,967	-	171,967
Parks and recreation	523,692	525,192	490,733	-	490,733
Planning and zoning	221,776	221,776	223,071	-	223,071
Senior citizens activities	60,945	64,945	61,631	-	61,631
City garage	46,947	46,947	44,651	-	44,651
Capital outlay	3,718,507	3,761,007	2,247,393	-	2,247,393
Debt service	-	-	14,500	-	14,500
Total expenditures	<u>8,292,373</u>	<u>8,340,373</u>	<u>6,585,530</u>	<u>(29,186)</u>	<u>6,556,344</u>
REVENUES OVER (UNDER) EXPENDITURES	(2,620,149)	(2,620,149)	(1,419,101)	99,165	(1,319,936)
OTHER FINANCING SOURCES:					
Bond issuance	2,600,000	2,600,000	1,360,706	-	1,360,706
Transfers from other funds	104,440	104,440	109,910	-	109,910
	<u>2,704,440</u>	<u>2,704,440</u>	<u>1,470,616</u>	<u>-</u>	<u>1,470,616</u>
NET PAYMENTS TO OTHER FUNDS	-	-	(39,201)	39,201	-
NET CHANGE IN FUND BALANCE	84,291	84,291	12,314	138,366	150,680
FUND BALANCE, June 30, 2007	892,058	892,058	892,058	455,055	1,347,113
FUND BALANCE, June 30, 2008	\$ 976,349	\$ 976,349	\$ 904,372	\$ 593,421	\$ 1,497,793

See notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND

YEAR ENDED JUNE 30, 2008

Explanation of differences between the Budgetary Comparison Schedule for the General Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House, Tennessee prepares its budget on the cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Changes in property tax receivables, net of deferred revenues	\$ 17,915
Change in intergovernmental receivables	31,252
Changes in other receivables	20,812
Changes in other assets and liabilities	29,186
Changes in due to and due from other funds	39,201
	<u>\$ 138,366</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

See notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
SOLID WASTE FUND

YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Taxes	\$ 107,243	\$ 107,243	\$ 102,589	\$ (4,972)	\$ 97,617
Charges for services	588,800	588,800	590,317	67,775	658,092
Interest revenue	500	500	359	-	359
Miscellaneous	-	-	12,617	-	12,617
Total revenues	<u>696,543</u>	<u>696,543</u>	<u>705,882</u>	<u>62,803</u>	<u>768,685</u>
EXPENDITURES					
Sanitation	467,461	467,461	396,182	11,503	407,685
Capital outlay	280,000	280,000	210,828	-	210,828
Debt service	92,584	92,584	48,156	-	48,156
Total expenditures	<u>840,045</u>	<u>840,045</u>	<u>655,166</u>	<u>11,503</u>	<u>666,669</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(143,502)</u>	<u>(143,502)</u>	<u>50,716</u>	<u>51,300</u>	<u>102,016</u>
OTHER FINANCING SOURCES:					
Bond issuance	280,000	280,000	206,148	-	206,148
	<u>280,000</u>	<u>280,000</u>	<u>206,148</u>	<u>-</u>	<u>206,148</u>
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(136,546)</u>	<u>136,546</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>136,498</u>	<u>136,498</u>	<u>120,318</u>	<u>187,846</u>	<u>308,164</u>
FUND BALANCE, June 30, 2007	<u>25,262</u>	<u>25,262</u>	<u>25,262</u>	<u>(77,455)</u>	<u>(52,193)</u>
FUND BALANCE, June 30, 2008	<u>\$ 161,760</u>	<u>\$ 161,760</u>	<u>\$ 145,580</u>	<u>\$ 110,391</u>	<u>\$ 255,971</u>

See notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE - CONTINUED
SOLID WASTE FUND

YEAR ENDED JUNE 30, 2008

Explanation of differences between the Budgetary Comparison Schedule for the Solid Waste Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Changes in property tax receivable, net of deferred revenues	\$ (4,972)
Change in user fees receivable	67,775
Changes in other assets and liabilities	(11,503)
Changes in due to and due from other funds	136,546
	<u>\$ 187,846</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of White House, Tennessee ("City") was incorporated January 30, 1971, under Section 6-101 through 6-134, *Tennessee Code Annotated*. The City provides public safety, public works, sanitation, recreation, planning and zoning, and wastewater services to residents and businesses of the City. The City is governed by a mayor and four aldermen.

The accounting and reporting policies of the City in its basic financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB") and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

1. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is a fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of White House, Tennessee has no component units.

2. Basic Financial StatementsGovernment-wide financial statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, public works, parks, sanitation, recreation and general administrative services are classified as governmental activities. Services provided by the City's Wastewater Department are classified as business-type activities. In the government-wide statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basic Financial Statements - continued

The City's net assets are reported in three categories – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. Also, the City does not allocate indirect costs to functions.

The government-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues such as property taxes and intergovernmental revenues. The statement of activities reflects gross expenses (including depreciation) reduced by related charges for services, operating grants and contributions, and capital grants and contributions. Charges for services must be directly associated with the function or a business-type activity. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Fund financial statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The City uses the following fund types:

Governmental funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds of the City consist of the Parks Sales Tax Fund, Solid Waste Fund, Cemetery Fund, Drug Fund, Impact Fee Fund, Industrial Development Fund, Parks Nutrition Fund and State Street Aid Fund.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basic Financial Statements - continued

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

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets other than those financed by proprietary funds.

Proprietary funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The only proprietary funds of the City are an enterprise fund and an internal service fund. The enterprise fund is used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City's only enterprise fund consists of the Wastewater Department Fund, which accounts for the operation of the City's wastewater service.

Internal service funds are used to report activities that provide services to other funds or departments of the City. The City's Health Care Fund is used to report self funded medical and prescription drug insurance provided to employees of the City.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City's major governmental funds consist of the General Fund, Debt Service Fund and Solid Waste Fund, and the City's major proprietary fund is the Wastewater Department Fund. The City's non-major governmental funds are the Capital Projects Fund, Cemetery Fund, Drug Fund, Impact Fee Fund, Industrial Development Fund, Parks Sales Tax Fund, Parks Nutrition Fund, and State Street Aid Fund.

3. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Accounting - continued

On the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days after the end of the year.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Principal and interest on general obligation long-term debt, if any, is recognized when due.

Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of the activity such as charges to customers for the purchase of goods and services. Operating expenses are those that are incurred to provide those goods and services. Non-operating revenues and expenses are items related to financing and investing activities.

4. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments purchased with maturities of ninety days or less from the date of acquisition.

5. Restricted Assets, Reservations of Fund Balances, and Designated Unreserved Fund Balances

Restricted assets include cash and cash equivalents of the General Fund (governmental fund) for unadjudicated funds and cash and cash equivalents in the Special Revenue Funds (governmental funds) to be used for capital projects, parks and recreation, street maintenance and improvements, industrial development and tourism, public safety, and cemetery maintenance.

Reservations of fund balances consist of governmental fund balances that are legally segregated for specific usage or commitments to outside third parties.

Unreserved fund balances of governmental funds designated for general operations totals \$1,497,793, capital projects totals \$11,667, cemetery maintenance totals \$37,473, debt service totals \$63,938 and solid waste service totals \$255,971.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Inventories

Inventories in the proprietary fund consist of materials and supplies used in the provision of wastewater services. Materials and supplies are stated at cost determined by the first-in, first-out (FIFO) method.

7. Internal Balances

Any residual receivable or payable balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

8. Receivables

In the government-wide financial statements receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes (\$2,545,942), intergovernmental revenues (\$619,740), and other receivables (\$164,261). Major receivable balances for the business-type activities consist of billed charges to wastewater customers. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts at June 30, 2008 totals \$146,305 for the governmental activities and \$15,000 for the business-type activities.

In the governmental funds financial statements non-exchange transactions, such as assessed property taxes that are collectible but not available, are recorded as deferred revenues in accordance with the modified accrual basis of accounting.

The Wastewater Fund receivables consist of billed charges to customers and unbilled charges net of an allowance for doubtful accounts. Unbilled revenues represent the estimated receivable amount for services that have not been billed to customers at the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period).

9. Capital Assets and Depreciation

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, capital assets used in governmental activities with a total cost greater than \$1,000 are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2003, infrastructure assets were not recorded.

Capital assets in the proprietary fund (Wastewater Department) over \$1,000 are capitalized at the

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Capital Assets and Depreciation - continued

original cost of construction, which includes the cost of contracted services, direct labor, materials and overhead items. Maintenance and repairs, including the renewal of minor items of plant not comprising a retirement unit, are charged to the appropriate maintenance or other expense accounts. Depreciation of capital assets is computed and recorded in the statement of activities with accumulated depreciation reflected in the statement of net assets.

Depreciation is provided over the assets' estimated useful lives using the straight-line method. The cost of assets under capital leases are depreciated (amortized) over the lesser of the terms of the related leases or the estimated useful lives of the leased assets. Amortization of assets under capital leases is included in depreciation expense. The range of estimated useful lives by type of asset is as follows:

	<u>Depreciable Life</u>
Governmental activities:	
Buildings and improvements	5 – 40 years
Infrastructure assets	15 – 50 years
Machinery and equipment	3 – 20 years
Business-type activities:	
Machinery and equipment	3 – 15 years
Wastewater plant	5 – 50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in the proprietary fund operations are accounted for the same as in the government-wide statements.

10. Unpaid Compensated Absences

The City's policies permit regular employees to accumulate earned but unused vacation leave up to a maximum of 200 hours and fire department employees may accumulate up to a maximum of 264 hours. Employees are paid their unused vacation hours upon termination provided the employees provide a two-week notice. Also, regular employees may accumulate sick leave up to a maximum of 1,040 hours and fire department employees may accumulate up to a maximum of 1,400 hours. At retirement, employees are paid for one-half of their unused sick leave up to a maximum of 520 hours. The liability for these compensated absences is recorded as long-term debt in the government-wide statements for government activities and for business-type activities. The current portion of the compensated absences is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Bond Discounts, Premiums and Issuance Costs

Bond discounts and premiums are capitalized and amortized using the straight-line method over the term of the debt issues which does not differ significantly from the interest method. Also, debt issuance costs are capitalized and amortized using the straight-line method over the term of the debt issues.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Control

The City's fiscal operating year is the twelve-month period beginning each July 1. An annual operating budget is submitted to the Mayor and Aldermen prior to the commencement of the related fiscal year, and a budget resolution for the year is subsequently adopted. Any revisions or amendments require Aldermen action. All annual appropriations not expended lapse at fiscal year-end. The budgetary appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot legally be exceeded unless subsequently amended by the Mayor and Aldermen.

2. Inter-fund Transactions

Inter-fund receivable and payable balances at June 30, 2008 consist of the following:

	Major Funds			Non-Major Governmental	Total
	General Fund	Debt Service Fund	Solid Waste Fund		
Interfund Receivable	\$ 119,027	\$ 2,008	\$ 54,789	\$ 88,304	\$ 264,128
Interfund Payable:					
Major Funds:					
General Fund	-	-	-	88,170	88,170
Debt Service Fund	98,503	-	-	-	98,503
Solid Waste Fund	3,853	2,008	-	-	5,861
Sewer Fund	14,790	-	54,789	134	69,713
Non-Major Funds:					
Governmental	1,881	-	-	-	1,881
	<u>\$ 119,027</u>	<u>\$ 2,008</u>	<u>\$ 54,789</u>	<u>\$ 88,304</u>	<u>\$ 264,128</u>

Interfund transactions were used to account for debt service expenditures, payroll expenditures, state street aid revenues, park sales tax revenues and sanitation revenues received by one fund, but not yet transferred to the correct fund and other miscellaneous expenditures and revenues.

Operating transfers by individual funds of the City for the fiscal year ended June 30, 2008 consist of the following:

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

2. Inter-fund Transactions - continued

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
Payment in lieu of taxes	General Fund	Sewer Fund	\$ 104,440
Expense reimbursements	State Street Aid Fund	Parks Sales Tax Fund	22,546
Close out Parks Nutrition Fund	General Fund	Parks Nutrition Fund	5,470
			<u>\$ 132,456</u>

C. DEPOSITS AND INVESTMENTS

The City is authorized by state statute to invest idle funds in obligations of the U.S. Government and nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation and other obligations that are guaranteed as to principal and interest by the U.S. Government or any of its agencies, providing that such securities are rated in the highest category by at least two nationally recognized rating services. The City is also authorized to invest in secured certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations if those deposits are insured or otherwise collateralized. Finally, the City may invest in the local government investment pool established by title 9, chapter 4, part 7 of *Tennessee Code Annotated*. Additionally, the state statutes require the City's investments to have a final maturity date not to exceed forty-eight months, unless the state director of local finance approves an investment maturity in excess of forty-eight months. The City has no formal policies that further restrict credit risk and interest rate risk beyond the requirements of state statutes. Also, the City has no formal policy regarding the management of custodial risk and no formal policy to limit the amount the City may invest in any one issuer.

At June 30, 2008, the City's only investment consists of the Tennessee Local Government Investment Pool (a cash equivalent), an unrated external investment pool that operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. Investments held by the Tennessee Local Government Investment Pool have a weighted average maturity of less than 90 days. The City's investment in the Tennessee Local Government Investment Pool totaled \$1,732,652 at June 30, 2008.

D. RELATED ORGANIZATION

The City's Mayor and Board of Aldermen are responsible for appointing the members of the White House Industrial Development Corporation Board of White House, Tennessee. The Corporation provides industrial development bonds for private enterprises after approval by the City Board. The bonds do not constitute debt of the City and are secured solely by revenues received from the commercial organizations on whose behalf the bonds are issued. The City's accountability for this organization does not extend beyond making the appointments.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

E. PROPERTY TAX

Property taxes include amounts levied against all real property and tangible personal property used in businesses located in the City. Property taxes are levied as of January 1 and become due and payable from October 1 through the end of February of each year. Taxes not paid by March 1 of the following year are considered delinquent. The lien for taxes levied each year attaches on the first day of January and continues until such taxes and any penalties, interest or other charges accruing thereon are paid. Assessed values are established by the State of Tennessee at the following rates of appraised value:

Real property:	
Public utility property	55%
Industrial and commercial property	40%
Residential property	25%
Farming and agricultural property	25%
Personal property:	
Public utility property	55%
Industrial and commercial property	30%

A revaluation of all property is required to be completed every six years for Sumner County, Tennessee and for Robertson County, Tennessee. The last revaluation was completed in 2003 for Sumner County and 2007 for Robertson County. The City's tax rate applicable to 2008 was \$1.02 for Sumner County and for Robertson County on each \$100 of tax valuation.

F. RISK MANAGEMENT

The City (including the wastewater department) is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Tennessee Municipal League Risk Management Pool ("the Pool"). The Pool operates as a common risk-sharing pool by which governments pool risks and funds and share in the costs of losses. The City pays annual premiums to the Pool for its general liability insurance coverage, law enforcement liability, errors and omissions liability, auto liability, workers' compensation and property coverage. The City's workers' compensation coverage is retrospectively rated, whereby premiums are accrued based on the ultimate costs of the experience of the City. Claims arising are paid by the Pool. The Pool has the right to assess participants for loss experience in excess of premiums collected. The City's (including the wastewater department) settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The City has established a self-funded insurance plan for City employees (including the wastewater department) and their covered dependents to minimize the total cost of medical and prescription drug insurance to the City. This program is for the benefit of all City employees and their covered dependents. Employees contribute to the plan to cover a portion of the estimated cost of dependent medical and prescription drug coverage. Generally, claims exceeding \$50,000 per individual per coverage period (April 1 to March 31) are reinsured through a private insurance carrier. The City also has acquired \$2,000,000 in

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

F. RISK MANAGEMENT - CONTINUED

aggregate stop loss coverage from the reinsurer to cover claims during the coverage period that exceed \$453,980. Incurred claims and liabilities include an amount for claims that have been incurred but not reported and are net of reinsurance recoveries. This plan is accounted for through the City's only internal service fund, the Health Care Fund.

Liabilities for self-insured claims are accrued for the estimated uninsured portion of pending claims including adverse development of known claims and incurred but not reported claims. These estimates are based on historical information along with management's knowledge and assumptions regarding future events. Changes in historical information, management's knowledge and assumptions could cause the estimate for the claims accrual to change. These changes are reflected in change in net assets when known. Changes in the City's claims liability amount for fiscal year 2008 is as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>LIABILITY BEGINNING OF YEAR</u>	<u>INCURRED CLAIMS</u>	<u>CLAIM PAYMENTS</u>	<u>LIABILITY END OF YEAR</u>
2008	\$0	\$124,414	\$58,045	\$66,369

G. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for governmental activities for the year ended June 30, 2008 was as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 7,193,828	\$ 427,200	\$ -	\$ 7,621,028
Construction in progress	503,341	1,891,674	(609,869)	1,785,146
Subtotal	<u>7,697,169</u>	<u>2,318,874</u>	<u>(609,869)</u>	<u>9,406,174</u>
Other capital assets:				
Buildings and improvements	5,727,143	167,214	(5,606)	5,888,751
Machinery and equipment	3,844,248	619,154	(469,927)	3,993,475
Infrastructure assets	1,286,280	1,899,437	(3,788)	3,181,929
Subtotal	<u>10,857,671</u>	<u>2,685,805</u>	<u>(479,321)</u>	<u>13,064,155</u>
Total capital assets	18,554,840	5,004,679	(1,089,190)	22,470,329
Less accumulated depreciation:				
Land improvements, buildings, machinery and equipment	(4,508,089)	(493,181)	399,680	(4,601,590)
Infrastructure assets	(120,479)	(104,837)	230	(225,086)
Subtotal	<u>(4,628,568)</u>	<u>(598,018)</u>	<u>399,910</u>	<u>(4,826,676)</u>
Net capital assets	<u>\$ 13,926,272</u>	<u>\$ 4,406,661</u>	<u>\$ (689,280)</u>	<u>\$ 17,643,653</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

G. CAPITAL ASSETS AND DEPRECIATION - CONTINUED

Depreciation was charged to governmental activities as follows:

Public safety	\$ 194,974
Parks and recreation	164,219
General government	110,715
Sanitation	62,521
Public works	42,178
Library	17,270
Planning and zoning	6,141
	<u>\$ 598,018</u>

Capital asset activity for business-type activities for the year ended June 30, 2008 was as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 792,760	\$ -	\$ -	\$ 792,760
Construction in progress	16,740	306,538	-	323,278
Subtotal	<u>809,500</u>	<u>306,538</u>	<u>-</u>	<u>1,116,038</u>
Other capital assets:				
Wastewater plant	20,738,575	-	(483,856)	20,254,719
Machinery and equipment	876,123	32,148	(96,746)	811,525
Subtotal	<u>21,614,698</u>	<u>32,148</u>	<u>(580,602)</u>	<u>21,066,244</u>
Total capital assets	<u>22,424,198</u>	<u>338,686</u>	<u>(580,602)</u>	<u>22,182,282</u>
Less accumulated depreciation:				
Wastewater plant	(5,661,899)	(447,057)	463,125	(5,645,831)
Machinery and equipment	(364,269)	(112,887)	96,746	(380,410)
Subtotal	<u>(6,026,168)</u>	<u>(559,944)</u>	<u>559,871</u>	<u>(6,026,241)</u>
Net capital assets	<u>\$ 16,398,030</u>	<u>\$ (221,258)</u>	<u>\$ (20,731)</u>	<u>\$ 16,156,041</u>

Depreciation expense related to capital assets used in business-type activities for 2008 totaled \$559,944.

H. LONG-TERM DEBT

The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

H. LONG-TERM DEBT - CONTINUED

The following table summarizes the City's governmental long-term debt at June 30, 2008:

Governmental Activities

Loan Payable to the Public Building Authority of Sevier County, Tennessee, Series IV-E-5, maturing between May 25, 2013 and 2020, at a variable weekly interest rate, with interest payable quarterly on March 1, June 1, September 1 and December 1 and principal payable annually on May 25 of each year.	\$ 1,630,000
Loan Payable to the Public Building Authority of Coffee County, Tennessee, Series Z-5-C, maturing between June 1, 2009 and 2023, at a variable weekly interest rate, with interest payable weekly and principal payable annually on June 1 of each year.	1,524,230
Loan Payable to the Public Building Authority of Sevier County, Tennessee, Series II-F-2, maturing between May 25, 1998 and 2017, at a variable weekly interest rate, with interest payable quarterly on March 1, June 1, September 1 and December 1 and principal payable annually on May 25 of each year.	855,000
General Obligation Refunding Bonds, Series 1999, maturing between April 1, 1999 and 2013, at fixed interest rates ranging from 3.25% to 4.25%, with principal and interest payable semiannually on April 1 and October 1 of each year.	595,000
General Obligation Refunding Bonds, Series 2002, maturing between February 1, 2003 and 2015, at fixed interest rates ranging from 1.75% to 4.00%, with interest payable semiannually on February 1 and August 1 and principal payable annually on February 1 of each year.	480,000
General Obligation Capital Outlay Note, Series 2004, maturing between April 1, 2005 and 2014, at a fixed interest rate of 3.80%, with interest payable semiannually on October 1 and April 1 and principal payable annually on April 1 of each year.	418,000
General Obligation Refunding Capital Outlay Notes, Series 2002, maturing between February 1, 2003 and 2011, at fixed interest rates ranging from 1.75% to 3.45%, with interest payable semiannually on February 1 and August 1 and principal payable annually on February 1 of each year.	345,000
General Obligation Capital Outlay Note, Series 2005, maturing between April 1, 2008 and 2012, at a fixed interest rate of 3.85%, with interest payable semiannually on October 1 and April 1 and principal payable annually on April 1 of each year.	295,000
Capital Outlay Notes, Series 2006, maturing between February 1, 2007 and 2018, at a fixed interest rate of 5.45%, with interest payable semiannually on February 1 and August 1 and principal payable annually on February 1 of each year.	124,000
Loan Payable to the State of Tennessee, Department of Economic and Community Development, maturing between June 30, 2008 and 2014, at 0.00% interest with principal payable annually on June 30th of each year.	36,536
Total governmental activity debt	<u>6,302,766</u>
Plus accrued compensated absences	276,371
Less amounts due within one year	(692,061)
Long-term governmental activity debt	<u><u>\$ 5,887,076</u></u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

H. LONG-TERM DEBT - CONTINUED

In October 2007, the City entered into a loan agreement with The Public Building Authority of Coffee County, Tennessee (Authority). The loan agreement provides for the Authority to issue variable rate bonds of \$2,900,000 Series Z-C-5 and loan the proceeds to the City. The loan agreement requires the City to pay interest at a variable weekly interest rate (as determined by the trustee) (2.71% at June 30, 2008). The City has the option to prepay the loan in whole or in part under certain conditions stipulated in the loan agreement. The note principal and related interest is a direct obligation of the City and is backed by the full faith and credit of the City. Also, the City pledges to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations under this agreement. The outstanding balance under the terms of the loan agreement at June 30, 2008 is \$1,524,230, and the City has drawn the remaining \$1,375,770 available under the agreement subsequent to June 30, 2008.

In October 2000, the City entered into a loan agreement with The Public Building Authority of Sevier County, Tennessee (Authority). The loan agreement provides for the Authority to issue variable rate bonds of \$3,500,000 Series IV-E-5 and loan the proceeds to the City. The loan agreement requires the City to pay interest at a variable weekly interest rate (as determined by the remarketing agent) in March, June, September and December (4.67% at June 30, 2008). The City has the option to prepay the loan in whole or in part under certain conditions stipulated in the loan agreement. The note principal and related interest is a direct obligation of the City and is backed by the full faith and credit of the City. Also, the City pledges to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations under this agreement.

In September 1997, the City entered into a loan agreement with The Public Building Authority of Sevier County, Tennessee (Authority). The loan agreement provides for the Authority to issue variable rate bonds of \$1,500,000 Series II-F-2 and loan the proceeds to the City. The loan agreement requires the City to pay interest at a variable weekly interest rate (as determined by the remarketing agent) in March, June, September and December (3.17% at June 30, 2008). The City has the option to convert the loan to a fixed interest rate and prepay the loan in whole or in part under certain conditions stipulated in the loan agreement. The note principal and related interest is a direct obligation of the City and is backed by the full faith and credit of the City. Also, City pledges to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations under this agreement. The payment of principal and interest on the loan is guaranteed by a municipal bond insurance policy issued by Ambac Assurance Corporation.

The principal and related interest on the Capital Outlay Notes (Series 2004, Series 2005 and Series 2006), the General Obligation Refunding Bonds, Series 1999 and Series 2002, and the General Obligation Refunding Capital Outlay Notes, Series 2002 are direct obligations of the City and are backed by the full faith and credit of the City. Also, the City pledges to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations as they become due. The payment of principal and interest on the General Obligation Refunding Bonds, Series 1999 and Series 2002, and the General Obligation Refunding Capital Outlay Notes, Series 2002 are guaranteed by a municipal bond insurance policy issued by Financial Security Assurance, Inc.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2008

H. LONG-TERM DEBT - CONTINUED

The following table summarizes the City's business-type activity long-term debt at June 30, 2008:

Business-Type Activities

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in monthly installments of \$20,560, including interest at 3.70%, through February 2024.	\$ 2,930,876
Sewer Revenue and Tax Refunding Bonds, Series 2002, maturing between February 1, 2003 and 2012, at fixed interest rates ranging from 2.00% to 4.00% payable semiannually on February 1 and August 1, and principle payable annually on February 1 of each year.	1,225,000
Loan Payable to the Public Building Authority of Sevier County, Tennessee, Series II-F-1, maturing between May 25, 1998 and 2017 at a variable weekly interest rate with interest payable quarterly on March 1, June 1, September 1 and December 1 and principle payable annually on May 25 of each year.	565,000
	4,720,876
Plus premium on bonds	19,659
Less deferred loss on defeasance and premium on bonds	(93,298)
Total business activity debt	4,647,237
Less amounts due within one year, net of current portion of premium on bonds and deferred loss on defeasance	(461,598)
Long-term business-activity debt	\$ 4,185,639

The note payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund, the loan payable to The Public Building Authority of Sevier County, Tennessee, and the Sewer Revenue and Tax Refunding Bonds, Series 2002 are direct obligations of the City and are backed by the full faith and credit of the City and secured by a lien upon and pledge of the net revenues of the Wastewater system. Also, the City pledges to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations under these agreements. In addition, the City also pledges and assigns its state-shared taxes to the State of Tennessee to secure the payment of the City's obligations to the Wastewater Facility Revolving Loan Fund.

The payment of principal and interest on the loan payable to The Public Building Authority of Sevier County, Tennessee is guaranteed by a municipal bond insurance policy issued by Ambac Assurance Corporation. Also, the payment of principal and interest on the Sewer Revenue and Tax Refunding Bonds, Series 2002 is guaranteed by a municipal bond insurance policy issued by Financial Security Assurance, Inc.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

H. LONG-TERM DEBT - CONTINUED

In September 1997, the City entered into a loan agreement with The Public Building Authority of Sevier County, Tennessee (Authority). The loan agreement provides for the Authority to issue variable rate bonds of \$2,100,000 Series II-F-1 and loan the proceeds to the City. The loan agreement requires the City to pay interest at a variable weekly interest rate (as determined by the remarketing agent) in March, June, September and December (3.17% at June 30, 2008). The City has the option to convert to a fixed interest rate and prepay the loan in whole or in part under certain conditions stipulated in the loan agreement.

The annual debt service requirements to maturity, including principal and interest, for long-term debt (excluding accrued compensated absences) as of June 30, 2008, are as follows:

Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 627,089	\$ 232,155	\$ 859,244	\$ 485,760	\$ 172,133	\$ 657,893
2010	647,089	209,900	856,989	506,052	154,194	660,246
2011	637,089	186,904	823,993	511,548	134,754	646,302
2012	558,089	164,077	722,166	537,236	115,111	652,347
2013	532,090	143,898	675,988	223,152	94,505	317,657
2014 - 2018	2,142,090	458,907	2,600,997	1,197,504	344,226	1,541,730
2019 - 2023	1,110,000	90,573	1,200,573	1,097,400	136,188	1,233,588
2024	49,230	1,336	50,566	162,224	3,384	165,608
	<u>\$ 6,302,766</u>	<u>\$ 1,487,750</u>	<u>\$ 7,790,516</u>	<u>\$ 4,720,876</u>	<u>\$ 1,154,495</u>	<u>\$ 5,875,371</u>

I. CAPITAL LEASES

The City is the lessee of vehicles under capital leases expiring through September 2009. The asset and liability under these leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of the related lease terms or the estimated productive lives of the assets. Amortization of the assets under these capital leases is included in depreciation expense.

Following is a summary of property held under capital leases at June 30, 2008:

	Governmental Activities	Business Activities	Total
Machinery and equipment	\$ 63,954	\$ 198,000	\$ 261,954
Less accumulated depreciation	(31,977)	(119,625)	(151,602)
	<u>\$ 31,977</u>	<u>\$ 78,375</u>	<u>\$ 110,352</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

I. CAPITAL LEASES - CONTINUED

Minimum future lease payments under capital leases, as of June 30, 2008, for each of the next two years and in the aggregate are:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
2009	\$ 22,818	\$ 76,800	\$ 99,618
2010	-	14,400	14,400
Total minimum lease payments	22,818	91,200	114,018
Less amount representing interest	(1,535)	(5,613)	(7,148)
Present value of net minimum lease payments	21,283	85,587	106,870
Less current maturities	(21,283)	(71,395)	(92,678)
Long-term capital lease obligation	<u>\$ -</u>	<u>\$ 14,192</u>	<u>\$ 14,192</u>

The interest rates on the capital leases are 7.21% for governmental activity leases and 10.12% for business activity leases.

J. CHANGES IN LONG-TERM LIABILITIES

Following is a summary of changes in governmental activity long-term debt for the year ended June 30, 2008:

	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Loans Payable to the Public Building Authority of Sevier County, Tennessee	\$ 2,555,000	\$ -	\$ (70,000)	\$ 2,485,000	\$ 75,000
Loan Payable to the Public Building Authority of Coffee County, Tennessee	-	1,524,230	-	1,524,230	75,000
Capital Outlay Notes	1,413,000	-	(231,000)	1,182,000	256,000
General Obligation Refunding Bonds	1,285,000	-	(210,000)	1,075,000	215,000
Loan Payable to the State of Tennessee, Department of Economic and Community Development	-	42,625	(6,089)	36,536	6,089
Capital leases	41,136	-	(19,853)	21,283	21,283
Accrued compensated absences	159,629	181,714	(64,972)	276,371	64,972
	<u>\$ 5,453,765</u>	<u>\$ 1,748,569</u>	<u>\$ (601,914)</u>	<u>\$ 6,600,420</u>	<u>\$ 713,344</u>

The general fund, debt service fund, solid waste fund, impact fee fund and the parks sales tax fund have been used to liquidate governmental activity long-term liabilities.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

J. CHANGES IN LONG-TERM LIABILITIES - CONTINUED

Following is a summary of changes in business-type activity long-term debt for the year ended June 30, 2008:

	<u>Balance June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities					
Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund	\$ 3,066,536	\$ -	\$ (135,660)	\$ 2,930,876	\$ 140,760
Sewer Revenue and Tax Refunding Bonds, Series 2002	1,515,000	-	(290,000)	1,225,000	295,000
Loan Payable to the Public Building Authority of Sevier County, Tennessee, Series II-F-1	725,000	-	(160,000)	565,000	50,000
Capital leases	155,225	-	(69,638)	85,587	71,395
	<u>5,461,761</u>	<u>-</u>	<u>(655,298)</u>	<u>4,806,463</u>	<u>557,155</u>
Plus premium on bonds	24,567	-	(4,908)	19,659	4,908
Less deferred loss on defeasance	(122,368)	-	29,070	(93,298)	(29,070)
	<u>\$ 5,363,960</u>	<u>\$ -</u>	<u>\$ (631,136)</u>	<u>\$ 4,732,824</u>	<u>\$ 532,993</u>

K. NET ASSETS

At June 30, 2008, net assets restricted by the Board of Aldermen (by enabling legislation) are as follows:

Restricted for perpetual care of cemetery \$71,801

L. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary to future years subject to maximum deferral limitations provided in the plan.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

L. DEFERRED COMPENSATION PLAN - CONTINUED

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are held in trust for the exclusive benefit of participating employees under the Small Business Job Protection Act of 1996. Also, the City has little administrative involvement and does not perform the investing function for the plan. As a result, the assets and liabilities associated with the plan are excluded from the City's balance sheets. The City does not contribute to the plan.

M. PENSION PLAN**Plan Description**

Employees of the City 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 five years of service or at any age with 30 years of service. A reduced retirement benefit 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 a 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 five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statutes 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 City of White House, Tennessee 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/tcrs/PS/.

Funding Policy

The City 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 ended June 30, 2008 was 5.86% of annual covered payroll. The contribution requirements of plan members are set by state statute. The contribution requirements for the City are established and may be amended by the TCRS Board of Trustees.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

M. PENSION PLAN - CONTINUED

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost of \$149,788 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2005 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of seven and one-half percent per year compounded annually, (b) projected salary increases of four and three-fourths percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected three and one-half percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 12 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Following is a schedule of trend information for the City:

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 149,788	100.0%	\$ -
2007	134,765	100.0%	-
2006	105,859	100.0%	-

The annual pension cost was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Following is a schedule of funding progress for the City:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2007	\$ 2,746,000	\$ 2,922,000	\$ 176,000	93.98%	\$ 2,448,000	7.19%

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

M. PENSION PLAN - CONTINUED

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the schedule of funding progress using the entry age actuarial cost method. The requirement to present the schedule of funding progress using the entry age actuarial cost method was a change made during the year and therefore only the most current year is presented.

N. COMMITMENTS

At June 30, 2008, the City is committed on future capital expenditures for construction of a new fire station and purchase of land of approximately \$1,246,000.

In February 2007, the City entered into a construction contract with the State of Tennessee, Department of Transportation to build sidewalks along state route 76. The estimated cost of this project is approximately \$581,000 and will be 80% federally funded and 20% state funded. As of June 30, 2008, this project has not begun. This agreement is effective until December 31, 2008.

In July 2006, the City obtained a \$415,000 grant under the HOME Investment Partnership Program through the U.S. Department of Housing and Urban Development for the rehabilitation of six units of owner-occupied housing in the City of White House, Tennessee. The grant period is effective from July 1, 2006 through June 30, 2009. As of June 30, 2008, \$414,456 of the grant is still available to be used toward the Home Investment Partnership Program.

In December 2005, the City entered into an amended contract with the State of Tennessee, Department of Transportation to add turning lanes at a City intersection. The estimated cost of this project is approximately \$100,000 and will be 90% state funded up to a maximum of \$90,000. As of June 30, 2008, this project has not begun.

O. SUBSEQUENT EVENTS

On December 18, 2008, the City issued \$6,030,000 of its General Obligation Refunding Bonds, Series 2008 to refund its \$2,900,000 (\$1,524,230 at June 30, 2008) Series Z-5-C loan from The Public Building Authority of Coffee County, Tennessee, its \$1,630,000 Series IV-E-5 loan from The Public Building Authority of Sevier County, Tennessee, its \$855,000 Series II-F-2 loan from The Public Building Authority of Sevier County, Tennessee, and its \$565,000 Series II-F-1 loan from The Public Building Authority of Sevier County, Tennessee (business activity debt). The remainder of the proceeds of the sale of the bonds was used to pay the costs of issuance of the Series 2008 bonds. Principal payments on the bonds are due annually on June 1st and interest is payable semiannually on June 1st and December 1st. Interest rates on the bonds range from 3.0% to 4.75%. The bonds mature from June 1, 2009 through June 1, 2029. The bonds are payable from taxes levied on all taxable property within the City. The full faith and credit of the City are irrevocably pledged for the prompt payment of principal and interest on the bonds.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED JUNE 30, 2008

O. SUBSEQUENT EVENTS - CONTINUED

In November 2008, the City obtained a \$425,000 grant from the Tennessee Department of Environment and Conservation to renovate and construct athletic fields, fencing, lighting, bleachers and other park improvements at the White House Municipal Park. The grant period is effective from November 15, 2008 through November 14, 2011.



CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2008

GRANTOR	CFDA NO.	STATE CONTRACT NUMBER	FEDERAL / STATE	BALANCE JUNE 30, 2007	CASH RECEIPTS	EXPENDITURES	BALANCE JUNE 30, 2008
Tennessee Department of State	N/A	Z-08-212248	State	\$ -	\$ 43,902	\$ 43,902	\$ -
				<u>\$ -</u>	<u>\$ 43,902</u>	<u>\$ 43,902</u>	<u>\$ -</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF REVENUES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	General Fund	Debt Service Fund	Solid Waste Fund	Total Major Governmental Funds
REVENUES				
Taxes				
Property taxes	\$ 1,791,520	\$ 222,878	\$ 97,617	\$ 2,112,015
Intergovernmental revenues				
Local sales tax	1,467,454	-	-	1,467,454
Wholesale and state beer tax	190,065	-	-	190,065
Business taxes	99,151	-	-	99,151
Payments in lieu of taxes	79,188	-	-	79,188
State sales and income tax	644,510	-	-	644,510
Other taxes	41,731	-	-	41,731
Federal, state and county grants	86,402	-	-	86,402
Charges for services				
Park facility charges	114,206	-	-	114,206
Trash pick-up	-	-	658,092	658,092
Licenses and permits				
Building permits	92,979	-	-	92,979
Franchise fees	237,007	-	-	237,007
Other permits	9,780	-	-	9,780
Fines and forfeitures				
Court fines and costs	254,727	-	-	254,727
Interest revenue	17,224	3,156	359	20,739
Miscellaneous				
Insurance recoveries	9,781	-	-	9,781
Sale of equipment	10,846	-	10,745	21,591
Other revenues	89,837	-	1,872	91,709
	<u>\$ 5,236,408</u>	<u>\$ 226,034</u>	<u>\$ 768,685</u>	<u>\$ 6,231,127</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	General Fund	Debt Service Fund	Solid Waste Fund	Total Major Governmental Funds
EXPENDITURES				
General government				
Payroll and payroll taxes	\$ 413,636	\$ -	\$ -	\$ 413,636
Employee benefits	144,678	-	-	144,678
Supplies	37,239	-	-	37,239
Utilities	29,525	-	-	29,525
Insurance premium	172,358	-	-	172,358
Other operating expenses	202,781	-	-	202,781
Capital outlay	386,165	-	-	386,165
City court				
Payroll and payroll taxes	38,978	-	-	38,978
Employee benefits	13,522	-	-	13,522
Supplies	1,672	-	-	1,672
Other operating expenses	3,399	-	-	3,399
Public safety				
Payroll and payroll taxes	1,338,090	-	-	1,338,090
Employee benefits	382,480	-	-	382,480
Supplies	118,756	-	-	118,756
Utilities	25,520	-	-	25,520
Other operating expenses	109,061	-	-	109,061
Capital outlay	1,732,639	-	-	1,732,639
Streets				
Payroll and payroll taxes	146,181	-	-	146,181
Employee benefits	48,681	-	-	48,681
Supplies	56,253	-	-	56,253
Utilities	6,735	-	-	6,735
Other operating expenses	12,853	-	-	12,853
Capital outlay	41,109	-	-	41,109
Sanitation				
Payroll and payroll taxes	-	-	141,361	141,361
Employee benefits	-	-	45,301	45,301
Supplies	-	-	75,256	75,256
Other operating expenses	-	-	145,767	145,767
Capital outlay	-	-	210,828	210,828

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES - CONTINUED

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	General Fund	Debt Service Fund	Solid Waste Fund	Total Major Governmental Funds
EXPENDITURES - CONTINUED				
Library and museum				
Payroll and payroll taxes	\$ 93,467	\$ -	\$ -	\$ 93,467
Employee benefits	31,917	-	-	31,917
Supplies	11,962	-	-	11,962
Utilities	7,967	-	-	7,967
Other operating expenses	26,654	-	-	26,654
Capital outlay	38,794	-	-	38,794
Parks and recreation				
Payroll and payroll taxes	208,215	-	-	208,215
Employee benefits	67,034	-	-	67,034
Supplies	67,259	-	-	67,259
Utilities	81,742	-	-	81,742
Other operating expenses	66,483	-	-	66,483
Capital outlay	18,421	-	-	18,421
Planning and zoning				
Payroll and payroll taxes	135,734	-	-	135,734
Employee benefits	44,951	-	-	44,951
Supplies	6,705	-	-	6,705
Other operating expenses	35,681	-	-	35,681
Senior citizen activities				
Payroll and payroll taxes	25,094	-	-	25,094
Employee benefits	12,231	-	-	12,231
Supplies	5,278	-	-	5,278
Other operating expenses	19,028	-	-	19,028
Capital outlay	1,620	-	-	1,620
City garage				
Payroll and payroll taxes	27,425	-	-	27,425
Employee benefits	9,083	-	-	9,083
Supplies	7,734	-	-	7,734
Other operating expenses	409	-	-	409
Capital outlay	28,645	-	-	28,645
Miscellaneous				
Other operating expenses	-	1,404	-	1,404
Debt service	14,500	454,039	48,156	516,695
	<u>\$ 6,556,344</u>	<u>\$ 455,443</u>	<u>\$ 666,669</u>	<u>\$ 7,678,456</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Capital Projects Fund	Cemetery Fund	Drug Fund	Impact Fee Fund
ASSETS				
Cash and cash equivalents	\$ 11,667	\$ 45,204	\$ -	\$ -
Net receivables	-	-	-	-
Due from other funds	-	-	7,369	-
Other current assets	-	-	-	-
Restricted cash	-	71,801	53,877	833,483
Total assets	<u>\$ 11,667</u>	<u>\$ 117,005</u>	<u>\$ 61,246</u>	<u>\$ 833,483</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 521
Retainage payable	-	-	-	-
Accrued liabilities	-	5,850	-	-
Due to other funds	-	1,881	-	-
Total liabilities	<u>-</u>	<u>7,731</u>	<u>-</u>	<u>521</u>
FUND BALANCES				
Reserved	-	71,801	61,246	832,962
Unreserved	11,667	37,473	-	-
Total fund balances	<u>11,667</u>	<u>109,274</u>	<u>61,246</u>	<u>832,962</u>
Total liabilities and fund balances	<u>\$ 11,667</u>	<u>\$ 117,005</u>	<u>\$ 61,246</u>	<u>\$ 833,483</u>

See independent auditor's report.

Industrial Development Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Government Funds
\$ -	\$ -	\$ -	\$ 56,871
3,697	79,445	43,174	126,316
-	60,257	20,678	88,304
-	5,000	-	5,000
51,095	650,656	71,188	1,732,100
<u>\$ 54,792</u>	<u>\$ 795,358</u>	<u>\$ 135,040</u>	<u>\$ 2,008,591</u>
\$ -	\$ -	\$ -	\$ 521
-	-	18,864	18,864
-	-	-	5,850
-	-	-	1,881
-	-	18,864	27,116
54,792	795,358	116,176	1,932,335
-	-	-	49,140
<u>54,792</u>	<u>795,358</u>	<u>116,176</u>	<u>1,981,475</u>
<u>\$ 54,792</u>	<u>\$ 795,358</u>	<u>\$ 135,040</u>	<u>\$ 2,008,591</u>

CITY OF WHITE HOUSE, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	Capital Projects Fund	Cemetery Fund	Drug Fund	Impact Fee Fund
REVENUES				
Taxes				
Park sales tax receipts	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal, state and county grants	-	-	7,067	-
Charges for services				
Cemetery and maintenance	-	22,175	-	-
Licenses and permits				
Impact fees	-	-	-	205,747
Fines and forfeitures				
Drug related fines and forfeitures	-	-	52,069	-
Contributions	-	-	-	-
Interest revenue	832	2,873	342	17,053
Miscellaneous				
Sale of equipment	-	-	18,761	-
Other revenues	-	2,495	-	1,666
Total revenues	832	27,543	78,239	224,466
EXPENDITURES				
Current operations:				
General government				
Capital outlay	8,456	-	-	-
Public safety				
Supplies	-	-	15,511	-
Other operating expenses	-	-	13,938	-
Capital outlay	-	-	57,211	302,933
Streets				
Utilities	-	-	-	-
Other operating expenses	-	-	-	134
Capital outlay	-	-	-	-

See independent auditor's report.

Industrial Development Fund	Parks Nutrition Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Government Funds
\$ -	\$ -	\$ 577,685	\$ -	\$ 577,685
35,321	-	-	242,743	285,131
-	-	-	-	22,175
-	-	-	-	205,747
-	-	-	-	52,069
-	-	30,000	-	30,000
241	-	10,685	533	32,559
-	-	-	-	18,761
-	-	-	-	4,161
35,562	-	618,370	243,276	1,228,288
-	-	-	-	8,456
-	-	-	-	15,511
-	-	-	-	13,938
-	-	-	-	360,144
-	-	-	103,698	103,698
-	-	-	16,600	16,734
-	-	-	133,115	133,115

CITY OF WHITE HOUSE, TENNESSEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CONTINUED**

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	Capital Projects Fund	Cemetery Fund	Drug Fund	Impact Fee Fund
EXPENDITURES - CONTINUED				
Cemetery and maintenance				
Payroll and payroll taxes	\$ -	\$ 3,565	\$ -	\$ -
Employee benefits	-	371	-	-
Supplies	-	863	-	-
Utilities	-	637	-	-
Other operating expenses	-	7,789	-	-
Capital outlay	-	1,646	-	-
Parks and recreation				
Other operating expenses	-	-	-	630
Capital outlay	-	-	-	-
Miscellaneous				
Supplies	-	-	-	-
Other operating expenses	-	-	-	-
Debt service	-	-	-	213,367
Total Expenditures	<u>8,456</u>	<u>14,871</u>	<u>86,660</u>	<u>517,064</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(7,624)	12,672	(8,421)	(292,598)
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(7,624)	12,672	(8,421)	(292,598)
FUND BALANCE, June 30, 2007	<u>19,291</u>	<u>96,602</u>	<u>69,667</u>	<u>1,125,560</u>
FUND BALANCE, June 30, 2008	<u>\$ 11,667</u>	<u>\$ 109,274</u>	<u>\$ 61,246</u>	<u>\$ 832,962</u>

See independent auditor's report.

Industrial Development Fund	Parks Nutrition Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Government Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,565
-	-	-	-	371
-	-	-	-	863
-	-	-	-	637
-	-	-	-	7,789
-	-	-	-	1,646
-	-	-	-	630
-	-	226,523	-	226,523
13,015	-	-	-	13,015
25,925	-	10,765	-	36,690
-	-	75,088	-	288,455
<u>38,940</u>	<u>-</u>	<u>312,376</u>	<u>253,413</u>	<u>1,231,780</u>
(3,378)	-	305,994	(10,137)	(3,492)
-	(5,470)	(22,546)	-	(28,016)
-	-	-	22,546	22,546
<u>-</u>	<u>(5,470)</u>	<u>(22,546)</u>	<u>22,546</u>	<u>(5,470)</u>
(3,378)	(5,470)	283,448	12,409	(8,962)
<u>58,170</u>	<u>5,470</u>	<u>511,910</u>	<u>103,767</u>	<u>1,990,437</u>
<u>\$ 54,792</u>	<u>\$ -</u>	<u>\$ 795,358</u>	<u>\$ 116,176</u>	<u>\$ 1,981,475</u>

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Interest revenue	\$ 500	\$ 500	\$ 832	\$ -	\$ 832
Total revenues	<u>500</u>	<u>500</u>	<u>832</u>	<u>-</u>	<u>832</u>
EXPENDITURES					
Capital outlay	16,000	16,000	52,704	(44,248)	8,456
Total expenditures	<u>16,000</u>	<u>16,000</u>	<u>52,704</u>	<u>(44,248)</u>	<u>8,456</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(15,500)	(15,500)	(51,872)	44,248	(7,624)
FUND BALANCE, June 30, 2007					
	<u>63,539</u>	<u>63,539</u>	<u>63,539</u>	<u>(44,248)</u>	<u>19,291</u>
FUND BALANCE, June 30, 2008					
	<u>\$ 48,039</u>	<u>\$ 48,039</u>	<u>\$ 11,667</u>	<u>\$ -</u>	<u>\$ 11,667</u>

Explanation of differences between the Budgetary Comparison Schedule for the Capital Project Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Change in liabilities	\$ 44,248
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[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

[3] The amount reported as "revenues over (under) expenditures" on the actual budgetary basis of accounting reported a deficit of \$51,872. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
CEMETERY FUND

YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Charges for services	\$ 29,850	\$ 29,850	\$ 22,175	\$ -	\$ 22,175
Interest revenue	900	900	2,873	-	2,873
Miscellaneous	-	-	2,495	-	2,495
Total revenues	<u>30,750</u>	<u>30,750</u>	<u>27,543</u>	<u>-</u>	<u>27,543</u>
EXPENDITURES					
Cemetery and maintenance	18,978	18,978	12,725	500	13,225
Capital outlay	1,600	1,600	1,646	-	1,646
Total expenditures	<u>20,578</u>	<u>20,578</u>	<u>14,371</u>	<u>500</u>	<u>14,871</u>
REVENUES OVER (UNDER) EXPENDITURES	10,172	10,172	13,172	(500)	12,672
NET BORROWINGS FROM OTHER FUNDS	-	-	833	(833)	-
NET CHANGE IN FUND BALANCE	10,172	10,172	14,005	(1,333)	12,672
FUND BALANCE, June 30, 2007	<u>103,000</u>	<u>103,000</u>	<u>103,000</u>	<u>(6,398)</u>	<u>96,602</u>
FUND BALANCE, June 30, 2008	<u>\$ 113,172</u>	<u>\$ 113,172</u>	<u>\$ 117,005</u>	<u>\$ (7,731)</u>	<u>\$ 109,274</u>

Explanation of differences between the Budgetary Comparison Schedule for the Cemetery Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Changes in other assets and liabilities	\$ (500)
Change in due to other funds	(833)
	<u>\$ (1,333)</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
DRUG FUND

YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Intergovernmental revenues	\$ -	\$ -	\$ 7,067	\$ -	\$ 7,067
Fines and forfeitures	77,000	77,000	52,069	-	52,069
Interest revenue	200	200	342	-	342
Miscellaneous	4,000	4,000	18,761	-	18,761
Total revenues	<u>81,200</u>	<u>81,200</u>	<u>78,239</u>	<u>-</u>	<u>78,239</u>
EXPENDITURES					
Public safety	34,230	35,240	29,449	-	29,449
Capital outlay	67,318	66,308	57,211	-	57,211
Total expenditures	<u>101,548</u>	<u>101,548</u>	<u>86,660</u>	<u>-</u>	<u>86,660</u>
REVENUES OVER (UNDER)					
EXPENDITURES	(20,348)	(20,348)	(8,421)	-	(8,421)
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(1,474)</u>	<u>1,474</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(20,348)</u>	<u>(20,348)</u>	<u>(9,895)</u>	<u>1,474</u>	<u>(8,421)</u>
FUND BALANCE, June 30, 2007	<u>63,772</u>	<u>63,772</u>	<u>63,772</u>	<u>5,895</u>	<u>69,667</u>
FUND BALANCE, June 30, 2008	<u>\$43,424</u>	<u>\$43,424</u>	<u>\$ 53,877</u>	<u>\$ 7,369</u>	<u>\$61,246</u>

Explanation of differences between the Budgetary Comparison Schedule for the Drug Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Change in due from other funds \$ 1,474

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

[3] The amount reported as "net change in fund balance" on the actual budgetary basis of accounting reported a deficit of \$9,895. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
IMPACT FEE FUND

YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Intergovernmental revenues	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -
Licenses and permits	301,000	301,000	205,747	-	205,747
Interest revenue	6,000	6,000	17,053	-	17,053
Miscellaneous	-	-	1,666	-	1,666
Total revenues	<u>397,000</u>	<u>397,000</u>	<u>224,466</u>	<u>-</u>	<u>224,466</u>
EXPENDITURES					
Streets	150	150	134	-	134
Parks and recreation	100	100	109	521	630
Capital outlay	541,000	601,000	302,933	-	302,933
Debt service	292,040	292,040	213,367	-	213,367
Total expenditures	<u>833,290</u>	<u>893,290</u>	<u>516,543</u>	<u>521</u>	<u>517,064</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(436,290)</u>	<u>(496,290)</u>	<u>(292,077)</u>	<u>(521)</u>	<u>(292,598)</u>
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(43,619)</u>	<u>43,619</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(436,290)</u>	<u>(496,290)</u>	<u>(335,696)</u>	<u>43,098</u>	<u>(292,598)</u>
FUND BALANCE, June 30, 2007	<u>1,169,179</u>	<u>1,169,179</u>	<u>1,169,179</u>	<u>(43,619)</u>	<u>1,125,560</u>
FUND BALANCE, June 30, 2008	<u>\$ 732,889</u>	<u>\$ 672,889</u>	<u>\$ 833,483</u>	<u>\$ (521)</u>	<u>\$ 832,962</u>

See independent auditor's report.



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE - CONTINUED
IMPACT FEE FUND

YEAR ENDED JUNE 30, 2008

Explanation of differences between the Budgetary Comparison Schedule for the Impact Fee Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Changes in other assets and liabilities	\$ (521)
Change in due to other funds	43,619
	<u>\$ 43,098</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

[3] The amount reported as "net change in fund balance" on the actual budgetary basis of accounting reported a deficit of \$335,696. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
INDUSTRIAL DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Intergovernmental revenues	\$ 37,000	\$ 37,000	\$ 34,721	\$ 600	\$ 35,321
Interest revenue	400	400	241	-	241
Total revenues	<u>37,400</u>	<u>37,400</u>	<u>34,962</u>	<u>600</u>	<u>35,562</u>
EXPENDITURES					
Miscellaneous	44,500	44,500	38,940	-	38,940
Capital outlay	-	-	-	-	-
Total expenditures	<u>44,500</u>	<u>44,500</u>	<u>38,940</u>	<u>-</u>	<u>38,940</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(7,100)	(7,100)	(3,978)	600	(3,378)
NET BORROWINGS FROM OTHER FUNDS					
	<u>-</u>	<u>-</u>	<u>8,604</u>	<u>(8,604)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(7,100)	(7,100)	4,626	(8,004)	(3,378)
FUND BALANCE, June 30, 2007	<u>46,469</u>	<u>46,469</u>	<u>46,469</u>	<u>11,701</u>	<u>58,170</u>
FUND BALANCE, June 30, 2008	<u>\$ 39,369</u>	<u>\$ 39,369</u>	<u>\$ 51,095</u>	<u>\$ 3,697</u>	<u>\$ 54,792</u>

Explanation of differences between the Budgetary Comparison Schedule for the Industrial Development Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Change in intergovernmental receivables	\$ 600
Change in due to other funds	<u>(8,604)</u>
	<u>\$ (8,004)</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
PARKS SALES TAX FUND

YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Taxes	\$ 460,000	\$ 460,000	\$ 608,046	\$ (30,361)	\$ 577,685
Contributions	-	30,000	30,000		30,000
Interest revenue	12,000	12,000	10,685	-	10,685
Total revenues	<u>472,000</u>	<u>502,000</u>	<u>648,731</u>	<u>(30,361)</u>	<u>618,370</u>
EXPENDITURES					
Miscellaneous	300	300	10,765	-	10,765
Capital outlay	66,000	417,600	396,434	(169,911)	226,523
Debt service	75,089	75,089	75,088	-	75,088
Total expenditures	<u>141,389</u>	<u>492,989</u>	<u>482,287</u>	<u>(169,911)</u>	<u>312,376</u>
REVENUES OVER (UNDER) EXPENDITURES	330,611	9,011	166,444	139,550	305,994
TRANSFERS	-	-	(22,546)	-	(22,546)
NET PAYMENTS TO OTHER FUNDS	-	-	(47,475)	47,475	-
NET CHANGE IN FUND BALANCE	330,611	9,011	96,423	187,025	283,448
FUND BALANCE, June 30, 2007	<u>554,233</u>	<u>554,233</u>	<u>554,233</u>	<u>165,456</u>	<u>511,910</u>
FUND BALANCE, June 30, 2008	<u>\$ 884,844</u>	<u>\$ 563,244</u>	<u>\$ 650,656</u>	<u>\$ 352,481</u>	<u>\$ 795,358</u>

Explanation of differences between the Budgetary Comparison Schedule for the Parks Sales Tax Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Change in parks sales tax receivable	\$ (30,361)
Changes in other assets and liabilities	169,911
Changes in due to and due from other funds	47,475
	<u>\$ 187,025</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

See independent auditor's report.



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE
STATE STREET AID FUND

YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Intergovernmental revenues	\$ 243,020	\$ 243,020	\$ 242,259	\$ 484	\$ 242,743
Interest revenue	300	300	533	-	533
Total revenues	243,320	243,320	242,792	484	243,276
EXPENDITURES					
Streets	-	-	120,298	-	120,298
Capital outlay	-	-	264,415	(131,300)	133,115
Total expenditures	-	-	384,713	(131,300)	253,413
REVENUES OVER (UNDER) EXPENDITURES					
	243,320	243,320	(141,921)	131,784	(10,137)
TRANSFERS					
	-	-	22,546	-	22,546
NET PAYMENTS TO OTHER FUNDS					
	-	-	18,641	(18,641)	-
NET CHANGE IN FUND BALANCE					
	243,320	243,320	(100,734)	113,143	12,409
FUND BALANCE, June 30, 2007					
	171,922	171,922	171,922	(68,155)	103,767
FUND BALANCE, June 30, 2008					
	\$ 415,242	\$ 415,242	\$ 71,188	\$ 44,988	\$ 116,176

Explanation of differences between the Budgetary Comparison Schedule for the State Street Aid Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Change in intergovernmental receivables	\$ 484
Changes in other assets and liabilities	131,300
Change in due from other funds	(18,641)
	<u>\$ 113,143</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

[3] The amount reported as "net change in fund balance" on the actual budgetary basis of accounting reported a deficit of \$100,734. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 250,000	\$ 250,000	\$ 215,815	\$ 7,063	\$ 222,878
Interest revenue	4,000	4,000	3,156	-	3,156
Total revenues	<u>254,000</u>	<u>254,000</u>	<u>218,971</u>	<u>7,063</u>	<u>226,034</u>
EXPENDITURES					
Miscellaneous	2,800	2,800	1,208	196	1,404
Debt service	438,537	452,447	454,039	-	454,039
Total expenditures	<u>441,337</u>	<u>455,247</u>	<u>455,247</u>	<u>196</u>	<u>455,443</u>
REVENUES OVER (UNDER) EXPENDITURES	(187,337)	(201,247)	(236,276)	6,867	(229,409)
NET BORROWINGS FROM OTHER FUNDS	-	-	212,527	(212,527)	-
NET CHANGE IN FUND BALANCE	(187,337)	(201,247)	(23,749)	(205,660)	(229,409)
FUND BALANCE, June 30, 2007	<u>177,388</u>	<u>177,388</u>	<u>177,388</u>	<u>115,959</u>	<u>293,347</u>
FUND BALANCE, June 30, 2008	<u>\$ (9,949)</u>	<u>\$ (23,859)</u>	<u>\$ 153,639</u>	<u>\$ (89,701)</u>	<u>\$ 63,938</u>

Explanation of differences between the Budgetary Comparison Schedule for the Debt Service Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances prepared on the basis of generally accepted accounting principles (GAAP):

[1] The City of White House prepares its budget on a cash basis; whereas GAAP reporting of fund activities is on the modified-accrual basis. The items that follow detail the differences between these methods:

Changes in property tax receivable, net of deferred revenues	\$ 7,063
Changes in other assets and liabilities	(196)
Change in due from other funds	(212,527)
	<u>\$ (205,660)</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. See the footnotes to the financial statements for additional information concerning the City's budget.

[3] The amount reported as "net change in fund balance" on the actual budgetary basis of accounting is a deficit of \$23,749. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

JUNE 30, 2008

	Health Care Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 50,796
	<u>\$ 50,796</u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accrued liabilities	66,369
	<u>66,369</u>
NET ASSETS	
Unrestricted	(15,573)
	<u>\$ 50,796</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUND

YEAR ENDED JUNE 30, 2008

	<u>Health Care Fund</u>
OPERATING REVENUES	
Insurance premiums	\$ 123,442
	<u>123,442</u>
OPERATING EXPENSES	
Premiums paid	14,612
Claims paid	124,414
	<u>139,026</u>
OPERATING INCOME	(15,584)
NONOPERATING REVENUES (EXPENSES)	
Interest income	11
	<u>11</u>
CHANGES IN NET ASSETS	(15,573)
NET ASSETS, June 30, 2007	<u>-</u>
NET ASSETS, June 30, 2008	<u>\$ (15,573)</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2008

	Health Care Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employees	\$ 123,442
Claims paid	(58,045)
Premiums paid	(14,612)
Net cash provided by operating activities	50,785
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	11
Net cash provided by investing activities	11
NET INCREASE IN CASH	50,796
CASH AND CASH EQUIVALENTS, June 30, 2007	-
CASH AND CASH EQUIVALENTS, June 30, 2008	\$ 50,796
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (15,584)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Changes in operating assets and liabilities	
Accrued liabilities	66,369
Net cash provided by operating activities	\$ 50,785

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CHANGES IN PROPRTY TAXES RECEIVABLE

YEAR ENDED JUNE 30, 2008

Tax Year	Balance June 30, 2007	Tax Levy	Collections	Adjustments	Penalties and Interest	Balance June 30, 2008
2007	\$ -	\$ 2,127,923	\$ (2,021,232)	\$ (19,959)	\$ 12,921	\$ 99,653
2006	78,731	-	(47,069)	503	12,445	44,610
2005	45,228	-	(7,938)	-	5,222	42,512
2004	38,825	-	(1,567)	-	4,233	41,491
2003	40,424	-	(14,203)	-	1,351	27,572
2002	10,800	-	-	-	971	11,771
2001	9,619	-	-	-	788	10,407
2000	13,716	-	-	-	1,027	14,743
1999	6,482	-	-	-	442	6,924
1998	63	-	-	-	4	67
1997	57	-	-	-	3	60
1996	60	-	-	-	4	64
1995	64	-	-	-	4	68
1992	58	-	-	(58)	-	-
	<u>\$ 244,127</u>	<u>\$ 2,127,923</u>	<u>\$ (2,092,009)</u>	<u>\$ (19,514)</u>	<u>\$ 39,415</u>	<u>299,942</u>
Deferred property tax revenues for 2008 accrued						<u>2,246,000</u>
						<u>2,545,942</u>
Less estimated uncollectible accounts						<u>(146,305)</u>
						<u>\$ 2,399,637</u>

Property taxes become delinquent in March 1 of the year subsequent to the levy date. To insure collection of delinquent property taxes the City will file a lien on property as soon as taxes become delinquent.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULES OF LONG-TERM DEBT

JUNE 30, 2008

Year Ending June 30,	Governmental Activities Long-Term Debt											
	General Obligation		General Obligation		General Obligation		General Obligation		General Obligation			
	Refunding Bonds, Series 1999	Refunding Bonds, Series 2002	Refunding Capital Outlay Notes, Series 2004	Refunding Capital Outlay Notes, Series 2005	Refunding Capital Outlay Notes, Series 2006	Refunding Bonds, Series 2002	Refunding Capital Outlay Notes, Series 2004	Refunding Capital Outlay Notes, Series 2005	Refunding Capital Outlay Notes, Series 2006	Refunding Bonds, Series 2002		
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 105,000	\$ 23,906	\$ 110,000	\$ 17,770	\$ 110,000	\$ 11,903	\$ 63,000	\$ 15,884	\$ 70,000	\$ 11,357	\$ 13,000	\$ 6,758
2010	110,000	19,338	110,000	14,086	115,000	8,108	66,000	13,490	72,000	8,663	13,000	6,050
2011	120,000	14,556	50,000	10,400	120,000	4,140	68,000	10,982	75,000	5,890	13,000	5,342
2012	125,000	9,456	50,000	8,400	-	-	71,000	8,398	78,000	3,003	13,000	4,633
2013	135,000	3,931	55,000	6,400	-	-	74,000	5,700	-	-	12,000	3,924
2014	-	-	50,000	4,200	-	-	76,000	2,888	-	-	12,000	3,270
2015	-	-	55,000	2,200	-	-	-	-	-	-	12,000	2,616
2016	-	-	-	-	-	-	-	-	-	-	12,000	1,962
2017	-	-	-	-	-	-	-	-	-	-	12,000	1,308
2018	-	-	-	-	-	-	-	-	-	-	12,000	654
	\$ 595,000	\$ 71,187	\$ 480,000	\$ 63,456	\$ 345,000	\$ 24,151	\$ 418,000	\$ 57,342	\$ 295,000	\$ 28,913	\$ 124,000	\$ 36,517

Tennessee Department of Economic and

Year Ending June 30,	Community Development Public Building Authority, Series Z-5-C										
	Public Building Authority, Series II-F-2		Public Building Authority, Series IV-E-5		Loan		Series Z-5-C		Series Z-5-C		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 75,000	\$ 27,104	\$ -	\$ 76,121	\$ 6,089	\$ -	\$ 75,000	\$ 41,352	\$ 627,089	\$ 232,155	\$ 859,244
2010	80,000	24,726	-	76,121	6,089	-	75,000	39,318	647,089	209,900	856,989
2011	85,000	22,190	-	76,121	6,089	-	100,000	37,283	637,089	186,904	823,993
2012	90,000	19,496	-	76,121	6,089	-	125,000	34,570	558,089	164,077	722,166
2013	95,000	16,643	30,000	76,121	6,090	-	125,000	31,179	532,090	143,898	675,988
2014	100,000	13,631	150,000	74,720	6,090	-	125,000	27,787	519,090	126,496	645,586
2015	105,000	10,461	155,000	67,715	-	-	125,000	24,396	452,000	107,388	559,388
2016	110,000	7,133	195,000	60,477	-	-	75,000	21,005	392,000	90,577	482,577
2017	115,000	3,646	210,000	51,370	-	-	75,000	18,970	412,000	75,294	487,294
2018	-	-	280,000	41,563	-	-	75,000	16,935	367,000	59,152	426,152
2019	-	-	295,000	28,487	-	-	100,000	14,901	395,000	43,388	438,388
2020	-	-	315,000	14,711	-	-	100,000	12,188	415,000	26,899	441,899
2021	-	-	-	-	-	-	100,000	9,475	100,000	9,475	109,475
2022	-	-	-	-	-	-	100,000	6,762	100,000	6,762	106,762
2023	-	-	-	-	-	-	100,000	4,049	100,000	4,049	104,049
2024	-	-	-	-	-	-	49,230	1,336	49,230	1,336	50,566
	\$ 855,000	\$ 145,030	\$ 1,630,000	\$ 719,648	\$ 36,536	\$ -	\$ 1,524,230	\$ 341,506	\$ 6,302,766	\$ 1,487,750	\$ 7,790,516

See independent auditor's report.



CITY OF WHITE HOUSE, TENNESSEE
SCHEDULES OF LONG-TERM DEBT - CONTINUED

JUNE 30, 2008

Year Ending June 30,	Business-Type Activities Long-Term Debt											
	Note Payable to the State of Tennessee,		Loan Payable to the Public Building Authority, Series II-F-1		Sewer Revenue and Tax Refunding Bonds, Series 2002		Total		Total		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 140,760	\$ 105,960	\$ 50,000	\$ 17,911	\$ 295,000	\$ 48,262	\$ 485,760	\$ 172,133	\$ 657,893			
2010	146,052	100,668	55,000	16,326	305,000	37,200	506,052	154,194	660,246			
2011	151,548	95,172	55,000	14,582	305,000	25,000	511,548	134,754	646,302			
2012	157,236	89,472	60,000	12,839	320,000	12,800	537,236	115,111	652,347			
2013	163,152	83,568	60,000	10,937	-	-	223,152	94,505	317,657			
2014	169,284	77,436	65,000	9,035	-	-	234,284	86,471	320,755			
2015	175,644	71,064	70,000	6,974	-	-	245,644	78,038	323,682			
2016	182,256	64,464	75,000	4,755	-	-	257,256	69,219	326,475			
2017	189,108	57,612	75,000	2,378	-	-	264,108	59,990	324,098			
2018	196,212	50,508	-	-	-	-	196,212	50,508	246,720			
2019	203,592	43,128	-	-	-	-	203,592	43,128	246,720			
2020	211,236	35,472	-	-	-	-	211,236	35,472	246,708			
2021	219,180	27,540	-	-	-	-	219,180	27,540	246,720			
2022	227,424	19,296	-	-	-	-	227,424	19,296	246,720			
2023	235,968	10,752	-	-	-	-	235,968	10,752	246,720			
2024	162,224	3,384	-	-	-	-	162,224	3,384	165,608			
	<u>\$ 2,930,876</u>	<u>\$ 935,496</u>	<u>\$ 565,000</u>	<u>\$ 95,737</u>	<u>\$ 1,225,000</u>	<u>\$ 123,262</u>	<u>\$ 4,720,876</u>	<u>\$ 1,154,495</u>	<u>\$ 5,875,371</u>			

See independent auditor's report.



**OTHER SUPPLEMENTARY
INFORMATION**



CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF TAX RATES AND ASSESSMENTS
(UNAUDITED)

JUNE 30, 2008

Year of Levy	County	General Fund	Debt Service Fund	Solid Waste Fund	Total Tax Rate	Appraised Value of Property	Assessed Value of Property
2007	Sumner and Robertson Counties	\$ 0.86	\$ 0.11	\$ 0.05	\$ 1.02	\$ 724,565,337	\$ 208,570,882
2006	Sumner County	0.75	0.18	0.20	1.13	278,694,897	74,047,530
	Robertson County	0.84	0.20	0.24	1.28	304,948,865	90,018,744
2005	Sumner and Robertson Counties	0.84	0.20	0.24	1.28	583,643,759	164,066,274
2004	Sumner and Robertson Counties	0.81	0.25	0.28	1.34	493,147,133	140,343,822
2003	Sumner and Robertson Counties	0.81	0.25	0.28	1.34	469,889,500	133,596,780
2002	Sumner County	0.59	0.52	0.29	1.40	430,157,471	122,510,505
	Robertson County	0.53	0.46	0.26	1.25		
2001	Sumner and Robertson Counties	0.59	0.52	0.29	1.40	382,351,875	107,864,843
2000	Sumner and Robertson Counties	0.59	0.52	0.29	1.40	353,865,656	103,288,627
1999	Sumner and Robertson Counties	0.54	0.52	0.30	1.36	322,505,239	95,193,887
1998	Sumner and Robertson Counties	0.43	0.62	0.26	1.31	283,137,979	84,856,461

See independent auditor's report.



CITY OF WHITE HOUSE, TENNESSEE

**SCHEDULE OF WASTEWATER RATES AND NUMBER OF CUSTOMERS
(UNAUDITED)**

JUNE 30, 2008

CUSTOMER RATES

Residential:

Minimum bill (0 - 1,000 gallons)	\$ 14.00
Over 1,000 gallons	6.65 per 1,000 gallons

Non-Residential:

Minimum bill (0 - 1,000 gallons)	28.00
Over 1,000 gallons	6.65 per 1,000 gallons

CAPACITY FEES

2,500.00 minimum

NUMBER OF CUSTOMERS

3,737

See independent auditor's report.



WORK & GREER, PC

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

HONORABLE MAYOR AND BOARD OF ALDERMEN

White House, Tennessee

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and solid waste fund of City of White House, Tennessee, (City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 9, 2009. 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, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of White House, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of White House, Tennessee's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described below as items 08-01, 08-02, 08-03, and 08-04 to be significant deficiencies in internal control over financial reporting.

HONORABLE MAYOR AND BOARD OF ALDERMEN

White House, Tennessee

Page Two

08-01 Donated and Annexed Infrastructure Assets

Generally accepted accounting principles require the City to record donated infrastructure assets from developers and infrastructure assets acquired in the City annexations. The assets are required to be recorded at fair value at the time of donation or annexation. During our audit we noted the City estimated the fair value of infrastructure assets donated or annexed during the fiscal year ended June 30, 2008, however, documentation to support some of the components of value did not exist. Although the donation and annexation of infrastructure assets were documented in the minutes of meetings of the Board of Aldermen, the supporting documentation of the necessary information to determine some of the components of fair value such as, for streets, the unit prices to calculate the roadbed value, the surfacing value, the sidewalk value, and the land value was not available.

Recommendation

We recommend the City develop a system to obtain the supporting detailed information about donated assets and assets acquired by annexation and record the donated/annexed assets on a timely basis. We recommend the City consider requiring developers to submit to the City their actual cost of new infrastructure assets before the City agrees to take responsibility of maintaining the infrastructure. The developers should submit costs such as land costs along with the acreage, roadbed costs along with cubic yards of materials, surface costs along with tons of material and sidewalk costs along with tons of material, if applicable. If the detailed information is not provided by the developers, the City should consider using regional cost information developed by the State Department of Transportation.

Management's Response

Management concurs with this recommendation and the policy of requiring developers to submit actual costs was implemented in February 2008 during the audited fiscal year. However, following implementation of the policy there were no street acceptances to evidence the implementation. All street acceptances for the current fiscal year do have actual cost documentation provided by the developer which is included in the board agenda packets.

08-02 Maintaining Continuing Capital Asset Records

During the audit we discovered several capital asset additions and retirements recorded in the accounts and also reflected in minutes of the meetings of the Board of Aldermen that were not included in the capital asset depreciation schedule. As a result, certain capital asset additions and retirements were not reflected in the government-wide statement of net assets.

HONORABLE MAYOR AND BOARD OF ALDERMEN

White House, Tennessee

Page Three

Recommendation

We recommend the City reconcile the capital asset depreciation schedule to the postings in the general ledger capital expenditure accounts, calculations of infrastructure assets donated to the City, fixed asset revenue accounts related to the disposal of capital assets and to the minutes of Board of Aldermen meetings to ensure all capital asset additions (including infrastructure donations) and retirements are properly reflected in the capital asset depreciation schedule. Such a process would insure that all items included in the general ledger accounts are also reflected on the capital asset depreciation schedule and in the government-wide statement of net assets.

For the Wastewater Fund, which should be maintained on the full accrual basis of accounting (see recommendation 08-03), the capital assets depreciation schedule should equal the capital assets general ledger account balances. For the City's governmental funds, which should be maintained on the modified-accrual basis (see recommendation 08-03) of accounting, the capital assets are not recorded in the governmental funds' general ledgers, but they are required to be presented in the governmental-wide financial statements. The total capital asset additions purchased with the City's governmental funds should equal the capital outlay general ledger account balances in those funds. Finally, capital assets donated to the City should be recorded at fair market value in the capital asset depreciation schedule. In order to prepare financial statements in accordance with generally accepted accounting principles, the City should establish procedures to ensure the completeness and accuracy of the capital asset depreciation schedule and the capital outlay general ledger accounts.

Management's Response

As evidenced by actions already taken, management concurs with this recommendation. In response to recommendation 07-06 from the prior year audit the City did complete a full physical inventory and implemented a fixed asset software solution. During implementation of the software the Finance staff experienced great difficulty interpreting the descriptions on the asset listing kept by Work & Greer, PC as those descriptions had been changed from the City's original descriptions since the depreciation schedule was outsourced in the previous year. Additionally, we found in retrospect that there was an additional version of the depreciation schedule that never was provided to the City following the previous year's audit. These difficulties combined with the unfortunate timing of implementation, which collided with year end, and a lack of adequate training resulted in an unacceptable state for capital asset records as we entered the audit period. Now that the software is fully implemented, and reconciled to the general ledger's asset balances, management does not expect any continuing issues related to this recommendation.

08-03 Basis of Accounting

State law requires the City to maintain its records in order to prepare its financial statements in accordance with generally accepted accounting principles (GAAP). During our audit general ledger account balances in the governmental funds for accounts receivable (franchise fees, local option sales tax, wholesale beer tax, property tax, solid waste fees, and intergovernmental revenues), unbilled revenues for solid waste, accounts payable, accrued payroll, and debt issuance costs were required to be adjusted to the modified accrual basis in order to conform to (GAAP). Also, the accrual basis of accounting is required for the Wastewater Fund and Internal Service Fund in order to present financial statements in accordance with GAAP. During our audit, general ledger accounts in the Wastewater Fund for compensated absences, accrued payroll, accounts payable,

HONORABLE MAYOR AND BOARD OF ALDERMEN

White House, Tennessee

Page Four

accrued health claims, long-term debt, capital leases, note receivable, accounts receivable, unbilled revenues, capital assets, loss on asset disposals, depreciation expense, and amortization of debt costs were required to be adjusted to properly reflect these accounts on the accrual basis. The failure to properly maintain these general ledger accounts on the modified-accrual basis for governmental funds and on the accrual basis for the proprietary funds caused significant audit adjustments to be made.

Recommendation

We recommend the City maintain the general ledger accounts of the Wastewater Fund and Internal Service Fund on the accrual basis of accounting and the governmental funds on the modified-accrual basis in order to prepare financial statements in accordance with generally accepted accounting principles as required by state law.

Management's Response

Management concurs with this recommendation, but continues to struggle with the resources necessary to accomplish this conversion. With the current staffing level, contractual assistance for conversion entries would be necessary, and an RFP for an accounting contract will need to be solicited to pursue this option. Finance staff planned to complete all audit work papers this year and make client requested entries for the cash to modified and accrual conversion, however the work papers were so time consuming that we simply ran out of time and had to request assistance from Work & Greer, PC for completion of audit work papers and conversion entries.

08-04 Reconciliation of accounts receivable and accounts payable

During our audit we noted the accounts receivable and accounts payable subsidiary ledgers were not reconciled to the general ledger control accounts. The practice of reconciling the subsidiary ledger balances to the general ledger account balances serves as a check on the accuracy of the record keeping process and helps to insure any accounting errors are detected and corrected prior to preparation of financial statements.

Recommendation

We recommend City personnel not involved in posting transactions to the accounts receivable and accounts payable subsidiary ledgers reconcile the subsidiary ledger balances to the general ledger accounts at the end of each month and investigate and correct any errors detected prior to the preparation of financial statements.

Management's Response

Management understands the importance and necessity of these reconciliations, and the accounts payable reconciliation has already been assigned to another staff member who is not involved in posting transactions to the accounts payable subsidiary ledger. The reconciliation has been brought to a current balance pending receipt of audit entries. While a formal reconciliation process for the accounts receivable subsidiary ledger is not in place there were at least quarterly joint reviews by the Finance Director and Wastewater Director to ensure that material differences were not developing. The processes related to the receipting in the subsidiary ledger have undergone several changes throughout the past fiscal year in an attempt to find those processes which were most efficient and captured the most pertinent information. Now that the processes have been stabilized

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for quite some time a formal reconciliation process does need to be implemented. This again is a resource issue which will likely require contractual assistance.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08-01, 08-02, 08-03, and 08-04 to be material weaknesses.

Compliance and Other Matters

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

Disposition of Prior Year Audit Findings

In the prior year report, we disclosed a material weakness (item 07-01) related to donated infrastructure assets or infrastructure assets acquired from annexations not being recorded. We recommended the City develop a system to obtain the detailed information about donated assets and assets acquired by annexation and record the donated/annexed assets on a timely basis. We also recommended the City document the donated/annexed assets in the monthly board minutes. We also recommended the City consider requiring developers to submit to the City their actual cost of the infrastructure assets before the City agrees to take responsibility of maintaining the infrastructure. During the current year, the City began recording infrastructure assets and documenting the donations/ annexations in Board minutes, however, values assigned to some of the donations/annexations lacked supporting documentation. The lack of supporting documentation for these values is reported in current year finding 08-01 above.

In the prior year report, we disclosed a significant deficiency (item 07-02) related to the accounting records of the Wastewater Fund and the City's governmental funds being maintained on the cash basis of accounting. We recommended the City maintain the accounting records of the Wastewater Fund on the accrual basis and the City's governmental funds on the modified-accrual basis of accounting in order to properly prepare financial statements in accordance with generally accepted accounting principles. During the current year the same item is reported in current year finding 08-03 above.

In the prior year report, we disclosed a significant deficiency (item 07-03) related to back posting checks and not properly voiding checks and thus causing a misstatement in cash and accounts payable. We recommended the City use an accounts payable module to account for open/unpaid invoices. During the current year, the City implemented an accounts payable module to properly account for open/unpaid invoices, no checks were back posted, and voided checks were properly recorded.

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In the prior year report, we disclosed a significant deficiency (item 07-04) related to balancing due to and due from accounts between funds. We recommended the City establish accounting policies to ensure the dual-entry system of accounting is used to account for all transactions between the individual funds (balancing entries are made on each fund). We also recommended the City reconcile the due-to and due-from account balances on a monthly basis prior to the preparation and issuance of any financial statements. During the current year, the City implemented a dual-entry system of accounting and balanced all the due to due from accounts.

In the prior year report, we disclosed a significant deficiency (item 07-05) related to current year activity being recorded in net asset accounts. We recommended the City establish accounting policies to ensure that net assets account balances are not adjusted for current year transactions unless a significant adjustment is required to correct a prior period misstatement. During the current year, the City did not make any entries to net asset account balances for current year activity.

In the prior year report, we disclosed a material weakness (item 07-06) regarding capital asset additions and retirements not being included in the capital asset depreciation schedule. We recommended the City reconcile the capital asset depreciation schedule to the postings in the general ledger accounts and to the minutes of Board of Aldermen meetings. We also recommended the City establish procedures to ensure the completeness and accuracy of the capital asset depreciation schedule and the capital outlay accounts. During the current year the same item is reported in current year finding 08-02 above.

We also noted certain matters that we have reported to management of the City of White House, Tennessee, in a separate letter dated April 9, 2009.

City of White House, Tennessee's responses to the findings identified in our audit are described above. We did not audit City of White House, Tennessee's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Mayor and Board of Aldermen, others within the entity, the Comptroller of the Treasury, State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Worth & Graer, PC
April 9, 2009