

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2009

CITY OF WHITE HOUSE, TENNESSEE

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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	Clif Hutson
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 Auditors' Report

To the Board of Mayor and Aldermen
City of 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 schedule for the General Fund of City of White House, Tennessee (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison schedule for the General 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 February 26, 2010, on our consideration of the City of White House, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The management's discussion and analysis as listed in the table of contents 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.

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 nonmajor 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 nonmajor 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 and other supplementary information 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.

Crosalmi & Associates, P.C.

February 26, 2010
Nashville, Tennessee

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, 2009. Please read it in conjunction with the City's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

The City's governmental activity total assets increased by \$2,822,000 in 2009 or 12.0%, while business-type activity total assets decreased by \$507,000 or 2.8%, resulting in an increase in total primary government assets of \$2,315,000 or about 5.5%. Governmental activity total revenues for the City increased by \$29,000 or 0.4%, while business-type total revenues decreased by \$629,000 or 19.2%, resulting in a decrease in total primary government revenues of \$600,000, or 5.4%. The City's governmental activity total program costs for 2009 increased \$784,000 or 14.5%, while business-activity total program costs increased by \$22,000 or 0.9%, resulting in an increase in total primary government program costs of \$806,000 or 10.2%. With respect to the City's governmental activities, while total revenues increased, total program expenses increased by a greater amount, resulting in a decrease in the change in net assets of \$777,000 for 2009 compared to 2008. Effective July 1, 2008, the City's Solid Waste Fund was reclassified from a special revenue fund to an enterprise fund, as the costs of providing sanitation services from that date forward are anticipated to be fully funded by customer charges. The effect of that change is discussed in more detail on page 51 in the Notes to the Financial Statements. For the General Fund there was a net change in fund balance of \$750,000. The General Fund - fund balance at fiscal year-end was approximately \$2,248,000.

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 17. 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'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'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's governmental activities were \$26,431,000 in 2009 versus \$23,609,000 in 2008, representing an increase of \$2,822,000 or 12.0%. Table 1 also shows that total assets of the City's business-type activities were \$18,172,000 in 2009 versus \$18,679,000 in 2008, representing a decrease of \$507,000 or 2.8%.

Table 1
Net Assets
(in Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 7,144	\$ 6,421	\$ 1,694	\$ 2,067	\$ 8,838	\$ 8,488
Capital assets	<u>19,287</u>	<u>17,188</u>	<u>16,478</u>	<u>16,612</u>	<u>35,765</u>	<u>33,800</u>
Total assets	<u>26,431</u>	<u>23,609</u>	<u>18,172</u>	<u>18,679</u>	<u>44,603</u>	<u>42,288</u>
Long-term liabilities	6,983	6,135	4,712	5,198	11,695	11,333
Other liabilities	<u>2,728</u>	<u>2,596</u>	<u>60</u>	<u>111</u>	<u>2,788</u>	<u>2,707</u>
Total liabilities	<u>9,711</u>	<u>8,731</u>	<u>4,772</u>	<u>5,309</u>	<u>14,483</u>	<u>14,040</u>
Net assets:						
Invested in capital assets, net of related debt	12,609	11,318	11,885	11,431	24,494	22,749
Restricted	1,369	1,933	-	-	1,369	1,933
Unrestricted	<u>2,742</u>	<u>1,627</u>	<u>1,515</u>	<u>1,939</u>	<u>4,257</u>	<u>3,566</u>
Total net assets	<u>\$16,720</u>	<u>\$14,878</u>	<u>\$13,400</u>	<u>\$13,370</u>	<u>\$30,120</u>	<u>\$28,248</u>

The significant elements and causes for the changes in the City's governmental activities total assets in 2009 were: (1) Current and other assets increased by \$723,000. (2) Capital assets net, including infrastructure additions, increased by \$2,099,000. This amount included an increase in land and construction in progress, buildings and improvements, machinery and equipment, and infrastructure, of \$4,606,000 net of retirements of \$1,808,000 and depreciation expense of \$699,000. Major capital asset events affecting governmental activities during the current fiscal year included the following:

- The Fire Station #2 construction was completed for a total of \$2,627,000.
- Land was acquired for eventual use as a Library site at a cost of \$261,000.
- Construction of the Jr. Pro Concession stand was completed for a total of \$72,000.

The significant aspects of the decrease in the City's business-type activities total assets in 2009 was a decrease in current and other assets of \$373,000 and a decrease in capital assets of \$134,000. The net decrease is the result of an increase in utility plant in service and machinery and equipment of \$926,000, less retirements of \$356,000 and depreciation expense of \$704,000. Major capital asset events affecting business-type activities during the current fiscal year included the following:

- Pump retrofits throughout the wastewater system at a cost of \$361,000.
- Rehabilitation of the North Palmers Chapel pump station at a cost of \$95,000.
- The purchase of a rear loading sanitation truck for \$72,000.
- The purchase of a Supervisory Command and Data Acquisition (SCADA) system for the wastewater collection system at a cost of \$29,000.

As shown in Table 1, total liabilities of the City's governmental activities increased by \$980,000 or 11.3% to \$9,711,000 in 2009 from \$8,731,000 in 2008. Table 1 also shows total liabilities of the City's business-type activities decreased by \$537,000 or 10.2% to \$4,772,000 in 2009 from \$5,309,000 in 2008.

The significant elements and causes for the changes in the City's governmental activities total liabilities in 2009 were: (1) Other liabilities increased by \$132,000, and (2) long-term liabilities increased by \$848,000. This was comprised of an increase in accruals for compensated absences of \$45,000, a decrease due to long-term debt and capital lease principal payments of \$5,743,000, and an additional debt issuance of \$6,464,000, with \$1,304,000 used to complete construction of an additional fire station, and \$5,160,000 related to refunding existing debt.

The most significant aspect of the decrease in the City's business-type activities total liabilities in 2009 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's governmental activities increased to \$16,720,000 in 2009 from \$14,878,000 in 2008 representing an increase of \$1,842,000 or 12.4%, and total net assets of the City's business-type activities increased to \$13,400,000 from \$13,370,000, representing an increase of \$30,000 or 0.3%.

The significant elements and causes for the increase in the City's governmental activities net assets are: (1) Net assets invested in capital assets, net of related debt, increased by \$1,291,000; and (2) Restricted net assets decreased by \$564,000 and unrestricted net assets increased by \$1,115,000. The increase in the City's business-type activities net assets of \$30,000 was due to an increase in net assets invested in capital assets, net of related debt of \$454,000, along with an decrease of \$424,000 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. Total revenues for the City's governmental activities increased to \$7,978,000 in 2009 from \$7,949,000 in 2008, representing an increase of \$29,000 or 0.4%. Total revenues for the City's business-type activities decreased to \$2,655,000 in 2009 from \$3,284,000 in 2008, representing a decrease of \$629,000 or approximately 19.2%.

Table 2
Changes in Net Assets
(in Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program revenues:						
Charges for services	\$ 602	\$ 783	\$ 2,644	\$ 3,144	\$ 3,246	\$ 3,927
Grants and contributions:						
For operations	347	372	-	-	347	372
For capital projects	912	1,362	-	-	912	1,362
General revenues:						
Property taxes	2,486	2,119	-	-	2,486	2,119
Park sales tax	87	578	-	-	87	578
Impact fees	77	206	-	-	77	206
Intergovernmental revenues	3,392	2,422	-	98	3,392	2,520
Other revenues	75	107	11	42	86	149
Total revenues	<u>7,978</u>	<u>7,949</u>	<u>2,655</u>	<u>3,284</u>	<u>10,633</u>	<u>11,233</u>
Program expenses:						
General government	1,401	1,103	-	-	1,401	1,103
City court	64	60	-	-	64	60
Public safety	2,625	2,270	-	-	2,625	2,270
Streets	376	442	-	-	376	442
Cemetery and maintenance	17	13	-	-	17	13
Library and museum	211	194	-	-	211	194
Parks and recreation	758	666	-	-	758	666
Planning and zoning	327	237	-	-	327	237
Senior citizens activities	65	63	-	-	65	63
City garage	39	46	-	-	39	46
Miscellaneous	39	67	-	-	39	67
Interest on long-term debt	296	273	-	-	296	273
Wastewater department	-	-	1,997	2,050	1,997	2,050
Sanitation department	-	-	546	471	546	471
Total expenses	<u>6,218</u>	<u>5,434</u>	<u>2,543</u>	<u>2,521</u>	<u>8,761</u>	<u>7,955</u>

Table 2
Changes in Net Assets - Continued
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Excess before contributions and transfers	1,760	2,515	112	763	1,872	3,278
Contributions	-	-	-	273	-	273
Transfers	<u>82</u>	<u>104</u>	<u>(82)</u>	<u>(104)</u>	<u>-</u>	<u>-</u>
Net change in net assets	1,842	2,619	30	932	1,872	3551
NET ASSETS, June 30, 2008, as restated	<u>14,878</u>	<u>12,259</u>	<u>13,370</u>	<u>12,438</u>	<u>28,248</u>	<u>24,697</u>
NET ASSETS, June 30, 2009	<u>\$16,720</u>	<u>\$14,878</u>	<u>\$ 13,400</u>	<u>\$ 13,370</u>	<u>\$30,120</u>	<u>\$28,248</u>

The increase in total revenues of the City's governmental activities for 2009 as compared to 2008 was primarily due to: (1) Intergovernmental revenues increased by \$970,000, (2) Park Sales Tax revenues decreased by \$491,000, (3) Revenue for capital projects decreased by \$450,000, and (4) Property Tax revenue increased by \$367,000.

The decrease in total revenues of the City's business-type activities was primarily due to a decrease in charges for services. This decrease was attributable to decreased water usage, and a decrease in fees related to construction development due to the recession.

Table 2 shows that total program expenses for the City's governmental activities increased to \$6,218,000 in 2009 from \$5,434,000 in 2008, representing an increase of \$784,000 or 14.5%. Total program expenses for the City's business-type activities increased to \$2,543,000 in 2009 from \$2,521,000 in 2008, representing an increase of \$22,000 or 0.9%.

The increase in total program expenses for the City's governmental activities was primarily due to: (1) Public safety expenses increased by \$355,000, primarily due to increases in salaries and benefits, (2) General Government expenses also increased by \$298,000 primarily due to increases in salary and benefits, (3) Parks and Recreation expenses increased by \$92,000 primarily due to an increase in other operating expenses, and (4) Planning and Zoning expenses increased by \$90,000 primarily due to increases in salary and benefits.

The increase in total program expenses for the City's business-type activities was primarily due to an increase in salaries and benefits in the Sanitation Department of \$46,000.

The increase in the net assets of the City's governmental activities in 2009 was \$1,842,000 as compared to an increase in net assets in 2008 of \$2,619,000. This \$777,000 decrease is due to a decrease in program revenues over expenses of \$755,000 and a decrease of \$22,000 in transfers from the Wastewater Department.

BUDGETARY HIGHLIGHTS

Governmental Activities

The City's fiscal operating year is the 12-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.

Table 3 illustrates the significant components of the City's budget for the General Fund for the year ended June 30, 2009. The original budget revenue estimates total \$7,775,000, not including revenue from other financing sources of \$2,644,000 for a total of \$10,419,000. Final budget revenues for the period amounted to \$7,786,000 and revenue from other financing sources of \$2,644,000 for a total of \$10,430,000. Final actual (budgetary basis) revenues for the period amounted to \$5,569,000, not including revenue from other financing sources of \$1,397,000 for a total of \$6,966,000. The two primary reasons for the difference of actual to budget performance were that intergovernmental revenues were greatly less than anticipated in the area of sales tax, and grant revenues not being received related to project timing rolling into the following fiscal year. The City's original budget estimated expenditures for the 2009 year-end to be \$10,234,000. Final budget expenditures for the period amounted to \$10,257,000. Final actual (budgetary basis) expenditures for the period amounted to \$6,189,000. The actual to budget variance of General Government and Capital Outlay expenses were the two major contributors of this positive performance to budget because a spending freeze was put into place and capital projects were postponed when it became evident that the recession was negatively affecting revenues for the City. Therefore, the City realized an actual (budgetary basis) net increase in fund balance in the amount of \$663,000. 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's actual General Fund - fund balance on a cash budgetary basis was \$1,567,000.

Table 3
General Fund Budget Comparison
(in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary) Basis</u>	<u>Variance with Final Budget - Over (Under)</u>
Revenues				
Taxes	\$ 1,535	\$ 1,535	\$ 1,522	\$(13)
Intergovernmental revenues	5,454	5,454	3,346	(2,108)
Other revenues	<u>786</u>	<u>797</u>	<u>701</u>	<u>(96)</u>
Total revenues	<u>7,775</u>	<u>7,786</u>	<u>5,569</u>	<u>(2,217)</u>
Expenditures				
General government	1,674	1,674	1,066	(608)
Public safety	2,472	2,472	2,336	(136)
Streets	331	331	256	(75)
Parks and recreation	588	588	535	(53)
Planning and zoning	289	289	262	(27)
Capital outlay	4,513	4,535	1,386	(3,149)
Other activity expenditures	<u>367</u>	<u>368</u>	<u>348</u>	<u>(20)</u>
Total expenditures	<u>10,234</u>	<u>10,257</u>	<u>6,189</u>	<u>(4,068)</u>
Revenues over (under) expenditures	(2,459)	(2,471)	(620)	1,851
Other financing sources	2,644	2,644	1,397	(1,247)
Net payments to other funds	<u>-</u>	<u>-</u>	<u>(114)</u>	<u>(114)</u>
Net change in fund balance	185	173	663	490
Fund balances, June 30, 2008	<u>904</u>	<u>904</u>	<u>904</u>	<u>-</u>
Fund balances, June 30, 2009	<u>\$ 1,089</u>	<u>\$ 1,077</u>	<u>\$ 1,567</u>	<u>\$ 490</u>

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

Business-type Activities

The Wastewater and Sanitation Departments adopt 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 General Fund 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 Primary Government	
	2009	2008	2009	2008	2009	2008
Land and construction in progress	\$ 8,340	\$ 9,406	\$ 793	\$ 1,116	\$ 9,133	\$ 10,522
Buildings and improvements	8,631	5,879	-	-	8,631	5,879
Machinery and equipment	3,451	3,192	2,067	1,623	5,518	4,815
Utility plant in service	-	-	20,672	20,255	20,672	20,255
Infrastructure	<u>3,957</u>	<u>3,182</u>	<u>-</u>	<u>-</u>	<u>3,957</u>	<u>3,182</u>
Total capital assets	24,379	21,659	23,532	22,994	47,911	44,653
Accumulated depreciation	<u>(5,092)</u>	<u>(4,471)</u>	<u>(7,054)</u>	<u>(6,382)</u>	<u>(12,146)</u>	<u>(10,853)</u>
Net capital assets	<u>\$ 19,287</u>	<u>\$ 17,188</u>	<u>\$ 16,478</u>	<u>\$ 16,612</u>	<u>\$ 35,765</u>	<u>\$ 33,800</u>

Governmental Activities

In June 2008, the City's governmental activities had \$17,188,000 (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 2009 capital assets, were \$19,287,000 (net of accumulated depreciation), representing an increase of \$2,099,000 or 12.3%. The net increase in capital assets was comprised of two significant components: Buildings and improvements increase of \$2,752,000; and Infrastructure increase of \$775,000. Capital asset additions in 2009 consisted primarily of the completion of the new fire station, as well as infrastructure improvements and street acceptances.

Business-type Activities

In June 2008, the City's business-type activities, consisting of the Wastewater and Sanitation Departments, had \$16,612,000 (net of accumulated depreciation) invested in land, machinery and equipment which is largest component of the Sanitation Department's capital assets, and utility plant in service which is by far the most significant component of the Wastewater Department's capital assets. In June 2009 capital assets were \$16,478,000 (net of accumulated depreciation), representing a decrease of \$134,000 or 0.8% from 2008. The net decrease in capital assets included an increase in accumulated depreciation of \$672,000; an increase in machinery and equipment of \$508,000; an increase in utility plant in service of \$417,000; and decreases of \$387,000 resulting from construction in progress completed in 2009 and disposals.

DEBT ADMINISTRATION

Table 5 provides a comparative view of the various types of long-term debt utilized by the City's governmental and business-type activities in 2009 and 2008.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Bonds payable	\$5,890	\$1,075	\$ 1,730	\$ 1,225	\$ 7,620	\$ 2,300
Capital outlay notes	757	961	169	221	926	1,182
Loan payable	31	3,817	2,790	3,724	2,821	7,541
Capital leases	-	21	14	86	14	107
Total notes and bonds	<u>6,678</u>	<u>5,874</u>	<u>4,703</u>	<u>5,256</u>	<u>11,381</u>	<u>11,130</u>
Compensated absences	305	261	47	39	352	300
Premium on bonds	-	-	26	20	26	20
Loss on defeasance	-	-	(64)	(93)	(64)	(93)
Total long-term liabilities	<u>\$6,983</u>	<u>\$6,135</u>	<u>\$ 4,712</u>	<u>\$ 5,222</u>	<u>\$ 11,695</u>	<u>\$ 11,357</u>

Governmental Activities

At the end of the current fiscal year the City's governmental activities had outstanding long-term debt of \$6,983,000 including accrued compensated absences. The prior year total of long-term liabilities amounted to \$6,135,000; consequently long-term liabilities increased during the year by \$848,000 or 13.9%. This increase is due mainly to additional borrowings in 2009 to finance the remaining construction of the new fire station.

The accrual for compensated absences increased by \$44,000 in 2009. 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's business-type activities had outstanding long-term debt of \$4,712,000 related primarily to the Wastewater Department, with only \$467,000 being related to the Sanitation Department. The prior year total of long-term liabilities amounted to \$5,222,000; consequently long-term liabilities decreased during the year by \$510,000 or 9.8%.

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 portion of the General Obligation Refunding Bond, Series, 2008 due annually through 2017. Remaining is a Sewer Revenue and Tax Refunding Bond, Series 2002, due annually through 2012 and a General Obligation Capital Outlay Note, Series 2005 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, 2010 on these obligations totals \$548,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 City facing a decrease in revenues we need to be alert to the public benefit versus the costs and types of 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 and is trying to prepare for growth in the near future. 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 has paused; and new business development in job and retail growth is on the horizon with the efforts of recruitment and marketing. This pause in growth along with the recession has flattened and decreased the City's revenues in some areas. The City continues to face many challenges in maintaining a necessary level of infrastructure. As it relates to the 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 decrease in the budget revenues for the City 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 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 a friendly environment for noteworthy business development by exposing staff to training opportunities and offering incentives.

REQUESTS FOR INFORMATION

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, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,796,787	\$ 1,225,290	\$ 3,022,077
Receivables, net	3,459,661	20,071	3,479,732
Unbilled receivables	-	336,989	336,989
Note receivable	82,080	-	82,080
Internal balances	32,709	(32,709)	-
Inventories	-	69,175	69,175
Other current assets	152,471	50,824	203,295
Restricted cash and cash equivalents	1,438,137	-	1,438,137
Capital assets:			
Land and construction in progress	8,339,786	792,760	9,132,546
Other capital assets, net	10,947,303	15,685,426	26,632,729
Unamortized debt issuance costs	182,111	24,433	206,544
Total assets	<u>26,431,045</u>	<u>18,172,259</u>	<u>44,603,304</u>
LIABILITIES			
Accounts payable	18,809	18,560	37,369
Retainage payable	40,000	-	40,000
Accrued liabilities	212,565	12,715	225,280
Accrued interest	38,152	28,878	67,030
Deferred revenues	2,367,000	-	2,367,000
Performance bonds payable	51,950	-	51,950
Noncurrent liabilities:			
Due within one year	674,901	562,685	1,237,586
Due in more than one year	6,308,099	4,149,313	10,457,412
Total liabilities	<u>9,711,476</u>	<u>4,772,151</u>	<u>14,483,627</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,609,393	11,885,287	24,494,680
Restricted for:			
Capital projects	644,476	-	644,476
Parks and recreation	485,805	-	485,805
Street maintenance and improvements	78,451	-	78,451
Industrial development and tourism	63,804	-	63,804
Public safety	18,507	-	18,507
Cemetery	77,144	-	77,144
Unrestricted	2,741,989	1,514,821	4,256,810
Total net assets	<u>\$ 16,719,569</u>	<u>\$ 13,400,108</u>	<u>\$ 30,119,677</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) / Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
General government	\$ 1,401,478	\$ 227,633	\$ 41,942	\$ -	\$ (1,131,903)
City court	63,120	182,474	-	-	119,354
Public safety	2,624,601	14,472	4,054	-	(2,606,075)
Streets	375,968	-	-	911,502	535,534
Cemetery and maintenance	16,698	23,000	-	-	6,302
Library and museum	211,422	-	40,340	-	(171,082)
Parks and recreation	757,836	107,664	-	-	(650,172)
Planning and zoning	327,148	46,987	-	-	(280,161)
Senior citizen activities	65,361	-	-	-	(65,361)
City garage	39,315	-	-	-	(39,315)
Miscellaneous	38,841	-	-	-	(38,841)
Interest on long-term debt	295,899	-	-	-	(295,899)
	<u>6,217,687</u>	<u>602,230</u>	<u>86,336</u>	<u>911,502</u>	<u>(4,617,619)</u>
BUSINESS-TYPE ACTIVITIES:					
Wastewater Department	1,996,667	1,987,946	-	-	(8,721)
Sanitation Department	545,971	656,175	-	-	110,204
	<u>2,542,638</u>	<u>2,644,121</u>	<u>-</u>	<u>-</u>	<u>101,483</u>
TOTAL GOVERNMENT	\$ 8,760,325	\$ 3,246,351	\$ 86,336	\$ 911,502	\$ (4,516,136)
			Governmental Activities	Business-Type Activities	Total
NET (EXPENSE) / REVENUE			\$ (4,617,619)	\$ 101,483	\$ (4,516,136)
GENERAL REVENUES:					
Property taxes			2,486,955	-	2,486,955
Park sales tax			87,357	-	87,357
Impact fees			77,265	-	77,265
Intergovernmental revenues			3,652,909	-	3,652,909
Interest and investment earnings			29,227	12,287	41,514
Other revenue			54,725	12,032	66,757
Loss on disposition of capital assets			(10,443)	(14,068)	(24,511)
Total general revenues			6,377,995	10,251	6,388,246
NET TRANSFERS			<u>81,665</u>	<u>(81,665)</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS			<u>6,459,660</u>	<u>(71,414)</u>	<u>6,388,246</u>
CHANGE IN NET ASSETS			1,842,041	30,069	1,872,110
NET ASSETS, June 30, 2008, as restated			<u>14,877,528</u>	<u>13,370,039</u>	<u>28,247,567</u>
NET ASSETS, June 30, 2009			<u>\$ 16,719,569</u>	<u>\$ 13,400,108</u>	<u>\$ 30,119,677</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,511,187	\$ 178,130	\$ 46,794	\$ 1,736,111
Receivables, net	2,588,337	803,751	67,573	3,459,661
Due from other funds	215,107	4,651	65,754	285,512
Other current assets	152,471	-	-	152,471
Restricted cash and cash equivalents	-	-	1,438,137	1,438,137
Total assets	<u>\$ 4,467,102</u>	<u>\$ 986,532</u>	<u>\$ 1,618,258</u>	<u>\$ 7,071,892</u>
LIABILITIES				
Accounts payable	\$ 18,529	\$ -	\$ 280	\$ 18,809
Retainage payable	40,000	-	-	40,000
Accrued liabilities	75,064	-	5,850	80,914
Due to other funds	70,306	-	182,497	252,803
Deferred revenues	1,963,619	798,380	-	2,761,999
Performance bonds payable	51,950	-	-	51,950
Total liabilities	<u>2,219,468</u>	<u>798,380</u>	<u>188,627</u>	<u>3,206,475</u>
FUND BALANCES				
Reserved for:				
Cemetery	-	-	77,144	77,144
Public safety	-	-	25,642	25,642
Capital projects	-	-	644,476	644,476
Industrial development and tourism	-	-	63,804	63,804
Street maintenance and improvements	-	-	78,451	78,451
Parks and recreation	-	-	500,272	500,272
Unreserved:				
General fund	2,247,634	-	-	2,247,634
Special revenue funds	-	-	39,842	39,842
Debt service fund	-	188,152	-	188,152
Total fund balances	<u>2,247,634</u>	<u>188,152</u>	<u>1,429,631</u>	<u>3,865,417</u>
Total liabilities and fund balances	<u>\$ 4,467,102</u>	<u>\$ 986,532</u>	<u>\$ 1,618,258</u>	<u>\$ 7,071,892</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2009

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

Total governmental fund balances above	\$ 3,865,417
Capital assets not reported above	19,287,089
Unamortized debt issuance costs not reported above	182,111
Deferred revenues, from property and intergovernmental taxes reported above, reported as revenues in the government-wide statement of net assets	394,999
Note receivable not reported above	82,080
Long-term liabilities not reported above	(6,983,000)
Accrued interest not reported above	(38,152)
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>(70,975)</u>
Net assets of governmental activities in the statement of net assets	<u>\$ 16,719,569</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,543,100	\$ 669,856	\$ 87,357	\$ 2,300,313
Intergovernmental revenues	3,345,759	-	311,204	3,656,963
Charges for services	107,664	-	23,000	130,664
Licenses and permits	274,620	-	77,265	351,885
Fines and forfeitures	182,474	-	14,472	196,946
Contributions	-	-	22,507	22,507
Interest revenue	10,915	875	17,437	29,227
Miscellaneous	125,487	-	971	126,458
Total revenues	<u>5,590,019</u>	<u>670,731</u>	<u>554,213</u>	<u>6,814,963</u>
EXPENDITURES				
Current operations:				
General government	1,114,814	-	-	1,114,814
City court	61,583	-	-	61,583
Public safety	2,336,109	-	18,138	2,354,247
Streets	255,682	-	115,333	371,015
Cemetery and maintenance	-	-	16,582	16,582
Library and museum	183,314	-	-	183,314
Parks and recreation	535,282	-	82,090	617,372
Planning and zoning	262,416	-	-	262,416
Senior citizen activities	64,399	-	-	64,399
City garage	38,561	-	-	38,561
Miscellaneous	-	1,245	37,596	38,841
Capital outlay	1,385,833	-	532,503	1,918,336
Debt service				
Principal	-	364,790	189,800	554,590
Interest	-	180,482	102,131	282,613
Bond issuance costs	-	84,306	-	84,306
Total expenditures	<u>6,237,993</u>	<u>630,823</u>	<u>1,094,173</u>	<u>7,962,989</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(647,974)</u>	<u>39,908</u>	<u>(539,960)</u>	<u>(1,148,026)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	1,304,266	5,160,000	-	6,464,266
Premium on refunding bonds	-	9,306	-	9,306
Payment to refunded bond escrow agent	-	(5,085,000)	-	(5,085,000)
Transfers	93,549	-	(11,884)	81,665
	<u>1,397,815</u>	<u>84,306</u>	<u>(11,884)</u>	<u>1,470,237</u>
NET CHANGE IN FUND BALANCES	749,841	124,214	(551,844)	322,211
FUND BALANCES, June 30, 2008, as restated	<u>1,497,793</u>	<u>63,938</u>	<u>1,981,475</u>	<u>3,543,206</u>
FUND BALANCES, June 30, 2009	<u>\$ 2,247,634</u>	<u>\$ 188,152</u>	<u>\$ 1,429,631</u>	<u>\$ 3,865,417</u>

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, 2009

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	\$ 322,211
Payments on notes receivable recorded as revenue in the governmental funds statements but recorded as reduction of receivable in the government-wide statements	(20,520)
Property contributions not recorded in the governmental funds statements but recognized as revenue in the government-wide statements.	911,502
Change in deferred revenues for property taxes, including allowance for doubtful accounts, in the governmental funds not recognized in the government-wide statements.	273,999
Issuance of bonds recorded as revenue in the governmental fund statements, but reflected as long-term debt in the government-wide statements.	(6,464,266)
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.	(12,325)
Amounts reported as expenditures in the governmental funds not included as expenses in the government-wide statements:	
Capital outlays	1,897,053
Payments on long-term debt	5,639,590
Premium on refunding bonds	(9,306)
Payments on capital lease obligations	21,283
Bond issuance costs	84,306
Expenses in the government-wide statements not included in the governmental funds:	
Depreciation expense	(698,692)
Amortization of debt issuance costs	(11,079)
Increase in accrued interest	(2,207)
Increase in compensated absences	(44,549)
Loss on disposal of capital assets	10,443
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.	<u>(55,402)</u>
Change in net assets of governmental activities	<u>\$ 1,842,041</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activity - Internal Service Fund
	Wastewater	Solid Waste	Total	
	Department	Fund		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 976,084	\$ 249,206	\$ 1,225,290	\$ 60,676
Receivables, net	6,820	13,251	20,071	-
Unbilled receivables	281,924	55,065	336,989	-
Due from other funds	-	109,627	109,627	-
Inventories	69,175	-	69,175	-
Other current assets	36,593	14,231	50,824	-
Total current assets	<u>1,370,596</u>	<u>441,380</u>	<u>1,811,976</u>	<u>60,676</u>
UNAMORTIZED DEBT ISSUANCE COSTS	19,959	4,474	24,433	-
CAPITAL ASSETS, NET	<u>16,081,688</u>	<u>396,498</u>	<u>16,478,186</u>	<u>-</u>
Total assets	<u>17,472,243</u>	<u>842,352</u>	<u>18,314,595</u>	<u>60,676</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	6,953	11,607	18,560	-
Accrued liabilities	36,916	23,213	60,129	131,651
Accrued interest	25,795	3,083	28,878	-
Due to other funds	137,080	5,256	142,336	-
Current maturities of long-term debt and capital leases	515,387	47,298	562,685	-
Total current liabilities	<u>722,131</u>	<u>90,457</u>	<u>812,588</u>	<u>131,651</u>
LONG-TERM DEBT, less current maturities	<u>3,700,973</u>	<u>400,926</u>	<u>4,101,899</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,885,287	-	11,885,287	-
Unrestricted	<u>1,163,852</u>	<u>350,969</u>	<u>1,514,821</u>	<u>(70,975)</u>
Total net assets	<u>\$ 13,049,139</u>	<u>\$ 350,969</u>	<u>\$ 13,400,108</u>	<u>\$ (70,975)</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental
	Wastewater Department	Solid Waste Fund	Total	Activity - Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 1,987,946	\$ 656,175	\$ 2,644,121	\$ 841,318
Other operating revenues	4,565	7,467	12,032	-
	<u>1,992,511</u>	<u>663,642</u>	<u>2,656,153</u>	<u>841,318</u>
OPERATING EXPENSES				
Salaries and payroll taxes	366,642	174,905	541,547	-
Employee benefits	130,719	54,921	185,640	-
Supplies	192,245	57,429	249,674	-
Utilities	149,453	205	149,658	-
Other operating expenses	334,348	139,476	473,824	185,092
Claims	-	-	-	711,831
Depreciation and amortization	609,590	98,099	707,689	-
	<u>1,782,997</u>	<u>525,035</u>	<u>2,308,032</u>	<u>896,923</u>
OPERATING INCOME	<u>209,514</u>	<u>138,607</u>	<u>348,121</u>	<u>(55,605)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	11,841	446	12,287	203
Interest expense	(213,670)	(20,936)	(234,606)	-
Loss on disposition of capital assets	-	(14,068)	(14,068)	-
	<u>(201,829)</u>	<u>(34,558)</u>	<u>(236,387)</u>	<u>203</u>
INCOME BEFORE TRANSFERS	7,685	104,049	111,734	(55,402)
TRANSFERS OUT	<u>(81,665)</u>	<u>-</u>	<u>(81,665)</u>	<u>-</u>
CHANGE IN NET ASSETS	(73,980)	104,049	30,069	(55,402)
NET ASSETS, June 30, 2008, as restated	<u>13,123,119</u>	<u>246,920</u>	<u>13,370,039</u>	<u>(15,573)</u>
NET ASSETS, June 30, 2009	<u>\$ 13,049,139</u>	<u>\$ 350,969</u>	<u>\$ 13,400,108</u>	<u>\$ (70,975)</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental
	Wastewater Department	Solid Waste Fund	Total	Activity - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,147,006	\$ 663,101	\$ 2,810,107	\$ 841,318
Payments to suppliers	(634,927)	(182,833)	(817,760)	-
Payments to or on behalf of employees	(497,361)	(229,826)	(727,187)	-
Internal activity from (to) other funds	67,367	(55,443)	11,924	-
Claims paid	-	-	-	(646,549)
Premiums paid	-	-	-	(185,092)
Net cash provided by operating activities	<u>1,082,085</u>	<u>194,999</u>	<u>1,277,084</u>	<u>9,677</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(81,665)	-	(81,665)	-
Net cash used by noncapital financing activities	<u>(81,665)</u>	<u>-</u>	<u>(81,665)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of utility plant	(531,305)	-	(531,305)	-
Proceeds from sale of equipment	-	19,150	19,150	-
Proceeds from capital debt	570,000	300,000	870,000	-
Payments on long-term debt	(1,045,760)	(378,395)	(1,424,155)	-
Interest paid	(188,349)	(32,574)	(220,923)	-
Payments on capital lease obligations	(71,395)	-	(71,395)	-
Net cash used by capital and related financing activities	<u>(1,266,809)</u>	<u>(91,819)</u>	<u>(1,358,628)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	11,841	446	12,287	203
Net cash provided by investing activities	<u>11,841</u>	<u>446</u>	<u>12,287</u>	<u>203</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(254,548)	103,626	(150,922)	9,880
CASH AND CASH EQUIVALENTS, June 30, 2008	<u>1,230,632</u>	<u>145,580</u>	<u>1,376,212</u>	<u>50,796</u>
CASH AND CASH EQUIVALENTS, June 30, 2009	<u>\$ 976,084</u>	<u>\$ 249,206</u>	<u>\$ 1,225,290</u>	<u>\$ 60,676</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Total</u>	Activity - Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 209,514	\$ 138,607	\$ 348,121	\$ (55,605)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	609,590	98,099	707,689	-
Note receivable written-off	120,117	-	120,117	-
Changes in operating assets and liabilities				
Receivables, net	8,128	524	8,652	-
Unbilled receivables	26,250	(1,065)	25,185	-
Due from other funds	-	(54,838)	(54,838)	-
Inventories	59,725	-	59,725	-
Other current assets	1,063	(2,934)	(1,871)	-
Accounts payable	(24,211)	(2,827)	(27,038)	-
Accrued liabilities	4,542	20,038	24,580	65,282
Due to other funds	67,367	(605)	66,762	-
Total adjustments	<u>872,571</u>	<u>56,392</u>	<u>928,963</u>	<u>65,282</u>
Net cash provided by operating activities	<u>\$ 1,082,085</u>	<u>\$ 194,999</u>	<u>\$ 1,277,084</u>	<u>\$ 9,677</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of equipment with debt	<u>\$ -</u>	<u>\$ 71,504</u>	<u>\$ 71,504</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 1,534,879	\$ 1,534,879	\$ 1,494,577	\$ 48,523	\$ 1,543,100
Intergovernmental revenues	5,454,220	5,454,220	3,367,438	(21,679)	3,345,759
Charges for services	115,300	115,300	107,664	-	107,664
Licenses and permits	306,900	306,900	279,940	(5,320)	274,620
Fines and forfeitures	260,350	260,350	182,474	-	182,474
Interest revenue	8,000	8,000	10,915	-	10,915
Miscellaneous	95,400	106,400	125,487	-	125,487
Total revenues	<u>7,775,049</u>	<u>7,786,049</u>	<u>5,568,495</u>	<u>21,524</u>	<u>5,590,019</u>
EXPENDITURES					
Current operations:					
General government	1,674,098	1,674,098	1,065,708	49,106	1,114,814
City court	64,850	64,850	61,583	-	61,583
Public safety	2,471,636	2,471,636	2,336,109	-	2,336,109
Streets	330,765	330,765	255,682	-	255,682
Library and museum	182,798	183,798	183,314	-	183,314
Parks and recreation	588,485	588,485	535,282	-	535,282
Planning and zoning	288,848	288,848	262,416	-	262,416
Senior citizen activities	66,051	66,051	64,399	-	64,399
City garage	53,915	53,915	38,561	-	38,561
Capital outlay	4,512,927	4,534,812	1,385,833	-	1,385,833
Total expenditures	<u>10,234,373</u>	<u>10,257,258</u>	<u>6,188,887</u>	<u>49,106</u>	<u>6,237,993</u>
REVENUES OVER (UNDER) EXPENDITURES					
	<u>(2,459,324)</u>	<u>(2,471,209)</u>	<u>(620,392)</u>	<u>(27,582)</u>	<u>(647,974)</u>
OTHER FINANCING SOURCES					
Bonds issued	2,554,289	2,554,289	1,304,266	-	1,304,266
Transfers in	89,932	89,932	93,549	-	93,549
	<u>2,644,221</u>	<u>2,644,221</u>	<u>1,397,815</u>	<u>-</u>	<u>1,397,815</u>
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(113,944)</u>	<u>113,944</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	184,897	173,012	663,479	86,362	749,841
FUND BALANCES, June 30, 2008	<u>904,372</u>	<u>904,372</u>	<u>904,372</u>	<u>593,421</u>	<u>1,497,793</u>
FUND BALANCES, June 30, 2009	<u>\$ 1,089,269</u>	<u>\$ 1,077,384</u>	<u>\$ 1,567,851</u>	<u>\$ 679,783</u>	<u>\$ 2,247,634</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

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	\$ 48,523
Change in intergovernmental receivables	(21,679)
Changes in other receivables	(5,320)
Changes in other assets and liabilities	(49,106)
Changes in due to and due from other funds	<u>113,944</u>
	<u>\$ 86,362</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, 2009

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.

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 has no component units.

The City’s Board of Mayor and Aldermen is 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
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basic Financial Statements

Government-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, recreation and general administrative services are classified as governmental activities. Services provided by the City's Wastewater Department and Solid Waste Fund 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.

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.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, Cemetery Fund, Drug Fund, Impact Fee Fund, Industrial Development Fund and State Street Aid Fund.

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 proprietary funds of the City consist of two enterprise funds and an internal service fund. The enterprise funds are 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 Wastewater Department Fund, which accounts for the operation of the City's wastewater service, and Solid Waste Fund, which accounts for solid waste collection services, represent the City's enterprise funds.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 and Debt Service Fund, and the City's major proprietary funds consist of the Wastewater Department Fund and Solid Waste Fund. The City's nonmajor governmental funds are the Capital Projects Fund, Cemetery Fund, Drug Fund, Impact Fee Fund, Industrial Development Fund, Parks Sales Tax Fund and State Street Aid Fund.

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 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, 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.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 \$2,247,634, cemetery maintenance totals \$39,842, and debt service totals \$188,152.

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 90 days or less from the date of acquisition.

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 (\$2,773,038), intergovernmental revenues (\$668,541), and other receivables (\$18,082). Major receivable balances for the business-type activities consist of billed charges to wastewater and sanitation 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, 2009 totals \$15,000 for the business-type activities.

In the government-wide and governmental funds financial statements, property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. In the governmental funds financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Wastewater Department Fund and Solid Waste 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).

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."

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.

Capital Assets

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 funds (Wastewater Department and Solid Waste) over \$1,000 are capitalized at the original cost of construction or acquisition, 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.

CITY OF WHITE HOUSE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

Net Assets

Net assets restricted by the Board of Mayor and Aldermen (by enabling legislation) amount to \$77,144 restricted for perpetual care of the cemetery.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Property Taxes

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 2009 for Sumner County and 2007 for Robertson County. The City's tax rate applicable to 2009 was \$.98 for Sumner County and \$1.01 for Robertson County on each \$100 of tax valuation.

Accounting Pronouncements

The City plans to adopt GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, required for fiscal periods beginning after June 15, 2009, in fiscal 2010. This Statement establishes accounting and financial reporting requirements for intangible assets.

The City plans to adopt GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, required for fiscal periods beginning after June 15, 2010, in fiscal 2011. This Statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City adopted GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, required upon its issuance, in fiscal 2009. This Statement identifies the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles.

The City adopted GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, required upon its issuance, in fiscal 2009. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations.

Unless otherwise noted, management is in the process of determining the effects that the adoption of these Statements will have on the City's financial statements.

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Control

The City's fiscal operating year is the 12-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 resolution 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. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the General Fund, the account level for the Drug Fund and the fund level for all other funds.

Deficit Fund Equity

The City's Health Care Internal Service Fund had an accumulated deficit of \$70,975 as of June 30, 2009, which the City intends to fund through increased charges to other funds in the coming years.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

B. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Interfund Transactions

Interfund receivable and payable balances consist of the following:

	<u>Major Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Governmental Funds</u>	
Interfund Receivable	<u>\$215,107</u>	<u>\$4,651</u>	<u>\$109,627</u>	<u>\$65,754</u>	<u>\$395,139</u>
Interfund Payable:					
Major Funds:					
General Fund	\$ -	\$4,651	\$ -	\$65,655	\$ 70,306
Sewer Fund	27,354	-	109,627	99	137,080
Solid Waste Fund	5,256	-	-	-	5,256
Nonmajor Funds:					
Governmental Funds	<u>182,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,497</u>
	<u>\$215,107</u>	<u>\$4,651</u>	<u>\$109,627</u>	<u>\$65,754</u>	<u>\$395,139</u>

Interfund transactions were used to account for debt service expenditures, payroll expenditures, state street aid revenues and park sales tax 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 consist of the following:

<u>Purpose</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
Payment in-lieu of taxes	General Fund	Wastewater Department	\$81,665
Close out Capital Projects Fund	General Fund	Capital Projects Fund	<u>11,884</u>
			<u>\$93,549</u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

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 48 months, unless the state director of local finance approves an investment maturity in excess of 48 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, 2009, all deposits were insured or collateralized, as required by state statute. At June 30, 2009, 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 \$2,541,104 at June 30, 2009.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

D. CAPITAL ASSETS

Capital assets activity for governmental activities for the year was as follows:

<u>Governmental Activities</u>	Balance June 30, 2008 (as restated)	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 7,621,028	\$ 610,853	\$ -	\$ 8,231,881
Construction in progress	<u>1,785,146</u>	<u>107,905</u>	<u>(1,785,146)</u>	<u>107,905</u>
Subtotal	<u>9,406,174</u>	<u>718,758</u>	<u>(1,785,146)</u>	<u>8,339,786</u>
Other capital assets:				
Buildings and improvements	5,879,130	2,751,843	-	8,630,973
Machinery and equipment	3,191,514	360,033	(100,515)	3,451,032
Infrastructure assets	<u>3,181,929</u>	<u>775,719</u>	<u>-</u>	<u>3,957,648</u>
Subtotal	<u>12,252,573</u>	<u>3,887,595</u>	<u>(100,515)</u>	<u>16,039,653</u>
Less accumulated depreciation:				
Land improvements, buildings, machinery and equipment	(4,246,319)	(551,294)	77,747	(4,719,866)
Infrastructure assets	<u>(225,086)</u>	<u>(147,398)</u>	<u>-</u>	<u>(372,484)</u>
Subtotal	<u>(4,471,405)</u>	<u>(698,692)</u>	<u>77,747</u>	<u>(5,092,350)</u>
Other capital assets, net	<u>7,781,168</u>	<u>3,188,903</u>	<u>(22,768)</u>	<u>10,947,303</u>
Capital assets, net	<u>\$ 17,187,342</u>	<u>\$ 3,907,661</u>	<u>\$(1,807,914)</u>	<u>\$ 19,287,089</u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

D. CAPITAL ASSETS - Continued

Depreciation was charged to governmental activities as follows:

Public safety	\$213,894
Parks and recreation	132,348
General government	269,714
Public works	48,079
Library	24,357
Planning and zoning	<u>10,300</u>
	<u>\$698,692</u>

Capital assets activity for business-type activities for the year was as follows:

Governmental Activities	Balance June 30, 2008 (as restated)	Additions	Retirements	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 792,760	\$ -	\$ -	\$ 792,760
Construction in progress	<u>323,278</u>	<u>-</u>	<u>(323,278)</u>	<u>-</u>
Subtotal	<u>1,116,038</u>	<u>-</u>	<u>(323,278)</u>	<u>792,760</u>
Other capital assets:				
Wastewater plant Machinery and equipment	20,254,719	417,942	-	20,672,661
Subtotal	<u>1,623,107</u>	<u>508,145</u>	<u>(64,293)</u>	<u>2,066,959</u>
Subtotal	<u>21,877,826</u>	<u>926,087</u>	<u>(64,293)</u>	<u>22,739,620</u>
Less accumulated depreciation:				
Wastewater plant Machinery and equipment	(5,645,831)	(452,762)	-	(6,098,593)
Subtotal	<u>(735,681)</u>	<u>(250,995)</u>	<u>31,075</u>	<u>(955,601)</u>
Subtotal	<u>(6,381,512)</u>	<u>(703,757)</u>	<u>31,075</u>	<u>(7,054,194)</u>
Other capital assets, net	<u>15,496,314</u>	<u>222,330</u>	<u>(33,218)</u>	<u>15,685,426</u>
Capital assets, net	<u>\$ 16,612,352</u>	<u>\$ 222,330</u>	<u>\$(356,496)</u>	<u>\$ 16,478,186</u>

Depreciation expense related to capital assets used in business-type activities totaled \$703,757.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

E. 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.

The following table summarizes the City's governmental activity long-term debt:

General Obligation Refunding Bonds, Series 2008, maturing between June 1, 2009 and 2029, at fixed interest rates ranging from 3.00% to 4.75%, with interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 5,030,000
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.	490,000
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.	370,000
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.	355,000
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.	235,000
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.	111,000
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.	56,250

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

E. LONG-TERM DEBT - Continued

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.	<u>30,446</u>
Total governmental activities debt	6,677,696
Plus accrued compensated absences	305,304
Less amounts due within one year	<u>(674,901)</u>
Long-term governmental activities liabilities	<u>\$ 6,308,099</u>

On December 18, 2008, the City issued \$5,160,000 of General Obligation Refunding Bonds, Series 2008 to refund its \$2,900,000 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, and its \$855,000 Series II-F-2 loan from The Public Building Authority of Sevier County, Tennessee. The remainder of the proceeds of the sale of the bonds was used to pay the costs of issuance of the Series 2008 bonds. The transaction resulted in an economic gain of \$457,000 and a reduction of \$495,000 in future debt service payments. The bonds are subject to optional redemption prior to maturity on or after June 1, 2018, at the redemption price of par plus accrued interest. 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 payment of principal and interest on the bonds.

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
YEAR ENDED JUNE 30, 2009

E. LONG-TERM DEBT - Continued

The following table summarizes the City's business-type activity long-term debt:

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.	\$ 2,790,116
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 principal payable annually on February 1 of each year.	930,000
General Obligation Refunding Bonds, Series 2008, maturing between June 1, 2009 and 2029, at fixed interest rates ranging from 3.00% to 4.00%, with interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	800,000
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.	168,750
	<u>4,688,866</u>
Plus premium on bonds	25,753
Less deferred loss on defeasance and premium on bonds	<u>(64,228)</u>
Total business-type activities debt	4,650,391
Plus accrued compensated absences	47,414
Less amounts due within one year, net of current portion of premium on bonds and deferred loss on defeasance	<u>(548,492)</u>
Long-term business-type activities debt	<u>\$ 4,149,313</u>

The note payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund, the Sewer Revenue and Tax Refunding Bonds, Series 2002 and the Capital Outlay Note, Series 2005 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.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

E. LONG-TERM DEBT - Continued

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.

On December 18, 2008, the City issued \$870,000 of General Obligation Refunding Bonds, Series 2008 to refund its \$865,000 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. The transaction resulted in an economic gain of \$35,000 and a reduction of \$37,000 in future debt service payments. The bonds are subject to optional redemption prior to maturity on or after June 1, 2018, at the redemption price of par plus accrued interest. 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 payment of principal and interest on the bonds.

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

Year Ended June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 593,089	\$ 274,850	\$ 867,939	\$ 590,052	\$ 174,690	\$ 764,742
2011	555,839	253,857	809,696	622,798	152,365	775,163
2012	469,589	233,400	702,989	645,736	128,724	774,460
2013	502,089	214,319	716,408	273,152	103,368	376,520
2014	489,090	195,920	685,010	284,284	92,836	377,120
2015-2019	2,018,000	716,776	2,734,776	1,216,812	306,576	1,523,388
2020-2024	1,065,000	357,031	1,422,031	1,056,032	96,444	1,152,476
2025-2029	<u>985,000</u>	<u>138,334</u>	<u>1,123,334</u>	-	-	-
	<u>\$6,677,696</u>	<u>\$2,384,487</u>	<u>\$9,062,183</u>	<u>\$4,688,866</u>	<u>\$1,055,003</u>	<u>\$5,743,869</u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

F. 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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Machinery and equipment	\$ 63,954	\$ 198,000	\$ 261,954
Less accumulated depreciation	<u>(53,296)</u>	<u>(185,580)</u>	<u>(238,876)</u>
	<u>\$ 10,658</u>	<u>\$ 12,420</u>	<u>\$ 23,078</u>

Minimum future lease payments under capital leases for each of the next two years and in the aggregate are:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2010	\$ -	\$ 14,400	\$ 14,400
Less amount representing interest	<u>-</u>	<u>(207)</u>	<u>(207)</u>
Present value of net minimum lease payments	-	14,193	14,193
Less current maturities	<u>-</u>	<u>(14,193)</u>	<u>(14,193)</u>
Long-term capital lease obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The interest rates on the capital leases are 10.12% for business-type activity leases.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

G. CHANGES IN LONG-TERM LIABILITIES

Following is a summary of changes in governmental activity long-term debt for the year:

<u>Governmental Activities</u>	<u>Balance June 30, 2008 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Loans payable to the Public Building Authority of Sevier County, Tennessee	\$2,485,000	\$ -	\$(2,485,000)	\$ -	\$ -
Loan payable to the Public Building Authority of Coffee County, Tennessee	1,295,734	1,304,266	(2,600,000)	-	-
Capital Outlay Notes	960,750	-	(203,500)	757,250	212,000
General Obligation Refunding Bonds	1,075,000	5,160,000	(345,000)	5,890,000	375,000
Loan payable to the State of Tennessee, Department of Economic and Community Development	36,536	-	(6,090)	30,446	6,089
Capital leases	21,283	-	(21,283)	-	-
Accrued compensated absences	<u>260,755</u>	<u>126,361</u>	<u>(81,812)</u>	<u>305,304</u>	<u>81,812</u>
	<u>\$6,135,058</u>	<u>\$6,590,627</u>	<u>\$(5,742,685)</u>	<u>\$6,983,000</u>	<u>\$674,901</u>

The General Fund, Debt Service Fund, Impact Fee Fund and Parks Sales Tax Fund have been used to liquidate governmental activities long-term liabilities.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

G. CHANGES IN LONG-TERM LIABILITIES - Continued

Following is a summary of changes in business-type activity long-term debt for the year:

<u>Business-Type Activities</u>	Balance June 30, 2008 (as restated)	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2009	Amounts Due Within One Year
Note payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund	\$ 2,930,876	\$ -	\$(140,760)	\$ 2,790,116	\$ 146,052
Sewer Revenue and Tax Refunding Bonds, Series 2002	1,225,000	-	(295,000)	930,000	305,000
Loan payable to the Public Building Authority of Sevier County, Tennessee Series II-F-1	565,000	-	(565,000)	-	-
Loan payable to the Public Building Authority of Coffee County, Tennessee	228,496	71,504	(300,000)	-	-
Capital Outlay Notes General Obligation Refunding Bonds	221,250	-	(52,500)	168,750	18,000
Capital leases	-	870,000	(70,000)	800,000	85,000
Accrued compensated absences	85,587	-	(71,394)	14,193	14,193
	39,473	24,715	(16,774)	47,414	16,774
	5,295,682	966,219	(1,511,428)	4,750,473	585,019
Plus premium on bonds	19,659	12,830	(6,736)	25,753	6,736
Less deferred loss on defeasance	(93,298)	-	29,070	(64,228)	(29,070)
	<u>\$ 5,222,043</u>	<u>\$979,049</u>	<u>\$(1,489,094)</u>	<u>\$ 4,711,998</u>	<u>\$ 562,685</u>

H. 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.

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.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

I. 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 <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The City requires employees to contribute 5.00% of earnable compensation.

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year was 5.35% 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
YEAR ENDED JUNE 30, 2009

I. PENSION PLAN - Continued

Annual Pension Cost

For the year ended June 30, 2009, the City's annual pension cost of \$148,610 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 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 7.50% per year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.50% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.00% 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, 2007 was 10 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:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$148,610	100.0%	\$ -
2008	149,788	100.0%	-
2007	134,765	100.0%	-

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 94.01% funded. The actuarial accrued liability for benefits was \$2.92 million, and the actuarial value of assets was \$2.74 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.18 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.45 million, and the ratio of the UAAL to the covered payroll was 7.15%.

The schedule of funding progress below presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

CITY OF WHITE HOUSE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2009

I. PENSION PLAN - Continued

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 the schedule of funding progress for the City:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2007	\$2,746,000	\$2,921,000	\$175,000	94.01%	\$2,448,000	7.15%

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 of the most recent actuarial valuation date, therefore only the most current year is presented.

J. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural 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 settled claims have not exceeded insurance coverage in any of the past three fiscal years.

CITY OF WHITE HOUSE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2009

J. RISK MANAGEMENT - Continued

The City has established a self-funded insurance plan for City employees 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 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 are as follows:

<u>Year Ended June 30,</u>	<u>Liability Beginning of of Year</u>	<u>Incurred Claims</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2009	\$66,369	\$711,831	\$646,549	\$131,651

K. COMMITMENTS

In November 2008, the City entered into a grant contract with the Tennessee Department of Environment and Conservation, Local Parks and Recreation Fund (LPRF) to construct additional fields and make improvements to existing fields at the City's Municipal Park. The estimated cost of this project is approximately \$1,668,000 and the City will receive a grant match up to a total of \$425,000. As of June 30, 2009, the construction phase of this project has not begun. This agreement is effective until November 14, 2011.

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 \$595,000 and will be 80% federally funded and 20% state funded. As of June 30, 2009, the construction phase of this project has not begun. This agreement is effective until December 31, 2013.

CITY OF WHITE HOUSE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2009

K. COMMITMENTS - Continued

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, 2010. As of June 30, 2009, \$339,000 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 \$220,000 and will be 90% state funded up to a maximum of \$198,000. As of June 30, 2009, the construction phase of this project has not begun.

L. ACCOUNTING CHANGE

Effective July 1, 2008, the City's Solid Waste Fund was reclassified from a special revenue fund to an enterprise fund, as the costs of providing sanitation services from that date forward are anticipated to be fully funded by customer charges. The effect of the change is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Solid Waste Fund</u>
Net assets, beginning, as previously reported	\$ 15,124,448	\$ 13,123,119	\$ 255,971
Reclassification related to:			
Capital assets	(456,311)	456,311	456,311
Long-term liabilities	465,362	(465,362)	(465,362)
Net assets	<u>(255,971)</u>	<u>255,971</u>	<u>-</u>
Net assets, beginning, as restated	<u>\$ 14,877,528</u>	<u>\$ 13,370,039</u>	<u>\$ 246,920</u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

M. SUBSEQUENT EVENTS

On December 10, 2009, the City issued \$2,450,000 of its General Obligation Bonds, Series 2009 to refund its General Obligation Refunding Bond, Series 1999, its General Obligation Capital Outlay Note, Series 2004, its General Obligation Capital Outlay Note, Series 2005, and its General Obligation Capital Outlay Note, Series 2006. The remainder of the proceeds of the sale of the bonds was to be used to fund improvements to the park related to the Local Parks and Recreation Fund (LPRF) Grant, and to pay the costs of issuance of the Series 2009 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 2.0% to 3.5%. The bonds mature from June 1, 2010 through June 1, 2022. 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 payment of principal and interest on the bonds.

In August 2009, the City entered into a contract with the Tennessee Department of Transportation to receive American Recovery and Reinvestment Act (ARRA) funds for a fiber optic project. The project was awarded \$660,000 from the Federal Government through the Metropolitan Planning Organization (MPO) funding process. The City has appropriated an additional \$300,000 to complete the project. The project includes the installation of a City-dedicated fiber optics communications line along Highway 76 and Highway 31 for signal upgrade and communications to emergency municipal buildings. The funding must be obligated by March 2010.

In August 2009, the City entered into a contract with the Tennessee Department of Transportation to receive ARRA funds for the Calista Road Improvements Project. The project was awarded \$514,812 from the Federal Government through the MPO funding process. The project includes paving Calista Road from Highway 31 to Bill Moss Road, pavement repair, drainage culvert replacement, installing a section of sidewalk, widening a section of Calista Road, and repairing two line-of-sight issues. The funding must be obligated by March 2010.

In October 2009, the City was awarded funding from the Tennessee Department of Environment and Conservation State Revolving Fund Loan Program in the amount of \$1,000,000 to complete the Copes Crossing pump station project. The project will be funded with a combination ARRA funds and a Clean Water SRF loan in the amount of \$1,000,000. The loan will include \$400,000 in principal forgiveness that will not have to be repaid by the City of White House. The loan will have an interest rate of 1.77% with repayment over 20 years. Construction of this project must be complete by October 17, 2010.

SUPPLEMENTARY INFORMATION

CITY OF WHITE HOUSE, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED JUNE 30, 2009

<u>Grantor</u>	<u>CFDA No.</u>	<u>State Contract Number</u>	<u>Federal/State</u>	<u>Balance June 30, 2008</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2009</u>
Tennessee Housing Development Agency	14.239	DG-09-24198	Federal	\$ -	\$73,408	\$73,408	\$ -
Tennessee Department of Transportation	N/A	Z-09-213884	State	<u>-</u>	<u>570</u>	<u>570</u>	<u>-</u>
				<u>\$ -</u>	<u>\$73,978</u>	<u>\$73,978</u>	<u>\$ -</u>

Note: The schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City. The information in this schedule is presented in accordance with the requirements of the State of Tennessee.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF REVENUES
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General Fund	Debt Service Fund	Total Major Governmental Funds
REVENUES			
Taxes			
Property taxes	\$ 1,543,100	\$ 669,856	\$ 2,212,956
Intergovernmental revenues			
Local sales tax	1,958,174	-	1,958,174
Wholesale and state beer tax	201,115	-	201,115
Business taxes	135,837	-	135,837
Payments in lieu of taxes	94,851	-	94,851
State sales and income tax	672,728	-	672,728
Other taxes	54,509	-	54,509
Federal, state and county grants	228,545	-	228,545
Charges for services			
Park facility charges	107,664	-	107,664
Licenses and permits			
Building permits	42,079	-	42,079
Franchise fees	227,633	-	227,633
Other permits	4,908	-	4,908
Fines and forfeitures			
Court fines and costs	182,474	-	182,474
Interest revenue	10,915	875	11,790
Miscellaneous			
Insurance recoveries	8,561	-	8,561
Sale of equipment	-	-	-
Other revenues	116,926	-	116,926
Total revenues	<u>\$ 5,590,019</u>	<u>\$ 670,731</u>	<u>\$ 6,260,750</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF EXPENDITURES
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General Fund	Debt Service Fund	Total Major Governmental Funds
EXPENDITURES			
General government			
Payroll and payroll taxes	\$ 460,218	\$ -	\$ 460,218
Employee benefits	176,262	-	176,262
Supplies	25,690	-	25,690
Utilities	33,473	-	33,473
Insurance premium	187,931	-	187,931
Other operating expenses	231,241	-	231,241
Capital outlay	242,972	-	242,972
City court			
Payroll and payroll taxes	41,712	-	41,712
Employee benefits	16,878	-	16,878
Supplies	346	-	346
Other operating expenses	2,647	-	2,647
Public safety			
Payroll and payroll taxes	1,532,958	-	1,532,958
Employee benefits	526,734	-	526,734
Supplies	153,859	-	153,859
Utilities	14,790	-	14,790
Other operating expenses	107,768	-	107,768
Capital outlay	979,148	-	979,148
Streets			
Payroll and payroll taxes	134,483	-	134,483
Employee benefits	55,527	-	55,527
Supplies	48,170	-	48,170
Utilities	7,225	-	7,225
Other operating expenses	10,277	-	10,277

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF EXPENDITURES - CONTINUED
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General Fund	Debt Service Fund	Total Major Governmental Funds
EXPENDITURES - CONTINUED			
Library and museum			
Payroll and payroll taxes	\$ 101,853	\$ -	\$ 101,853
Employee benefits	36,616	-	36,616
Supplies	10,321	-	10,321
Utilities	6,826	-	6,826
Other operating expenses	27,698	-	27,698
Parks and recreation			
Payroll and payroll taxes	220,361	-	220,361
Employee benefits	74,459	-	74,459
Supplies	65,490	-	65,490
Utilities	87,922	-	87,922
Other operating expenses	87,050	-	87,050
Capital outlay	146,259	-	146,259
Planning and zoning			
Payroll and payroll taxes	172,493	-	172,493
Employee benefits	68,628	-	68,628
Supplies	7,615	-	7,615
Other operating expenses	13,680	-	13,680
Capital outlay	17,453	-	17,453
Senior citizen activities			
Payroll and payroll taxes	26,126	-	26,126
Employee benefits	14,082	-	14,082
Supplies	1,335	-	1,335
Other operating expenses	22,856	-	22,856
City garage			
Payroll and payroll taxes	20,454	-	20,454
Employee benefits	12,139	-	12,139
Supplies	4,998	-	4,998
Other operating expenses	970	-	970
Miscellaneous			
Other operating expenses	-	1,245	1,245
Debt service			
Principal	-	364,790	364,790
Interest	-	180,482	180,482
Bond issuance costs	-	84,306	84,306
Total expenditures	<u>\$ 6,237,993</u>	<u>\$ 630,823</u>	<u>\$ 6,868,816</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Capital Projects Fund	Cemetery Fund	Drug Fund	Impact Fee Fund
ASSETS				
Cash and cash equivalents	\$ -	\$ 46,794	\$ -	\$ -
Receivables, net	-	-	-	-
Due from other funds	-	-	7,135	-
Restricted cash and cash equivalents	-	77,144	18,587	644,476
Total assets	\$ -	\$ 123,938	\$ 25,722	\$ 644,476
LIABILITIES				
Accounts payable	\$ -	\$ 200	\$ 80	\$ -
Accrued liabilities	-	5,850	-	-
Due to other funds	-	902	-	-
Total liabilities	-	6,952	80	-
FUND BALANCES				
Reserved	-	77,144	25,642	644,476
Unreserved	-	39,842	-	-
Total fund balances	-	116,986	25,642	644,476
Total liabilities and fund balances	\$ -	\$ 123,938	\$ 25,722	\$ 644,476

See independent auditors' report.

Industrial Development Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 46,794
4,696	15,554	47,323	67,573
-	14,467	44,152	65,754
<u>59,108</u>	<u>470,251</u>	<u>168,571</u>	<u>1,438,137</u>
<u>\$ 63,804</u>	<u>\$ 500,272</u>	<u>\$ 260,046</u>	<u>\$ 1,618,258</u>
\$ -	\$ -	\$ -	\$ 280
-	-	-	5,850
<u>-</u>	<u>-</u>	<u>181,595</u>	<u>182,497</u>
<u>-</u>	<u>-</u>	<u>181,595</u>	<u>188,627</u>
63,804	500,272	78,451	1,389,789
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,842</u>
<u>63,804</u>	<u>500,272</u>	<u>78,451</u>	<u>1,429,631</u>
<u>\$ 63,804</u>	<u>\$ 500,272</u>	<u>\$ 260,046</u>	<u>\$ 1,618,258</u>

CITY OF WHITE HOUSE, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	<u>Capital Projects Fund</u>	<u>Cemetery Fund</u>	<u>Drug Fund</u>	<u>Impact Fee Fund</u>
REVENUES				
Taxes				
Park sales tax receipts	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
Federal, state and county grants	-	-	4,054	-
Gasoline and motor fuel tax	-	-	-	-
Charges for services				
Cemetery and maintenance	-	23,000	-	-
Licenses and permits				
Impact fees	-	-	-	77,265
Fines and forfeitures				
Drug related fines and forfeitures	-	-	14,472	-
Contributions	-	-	1,987	-
Interest revenue	217	1,294	164	9,415
Miscellaneous				
Sale of equipment	-	-	-	-
Other revenues	-	-	971	-
Total revenues	<u>217</u>	<u>24,294</u>	<u>21,648</u>	<u>86,680</u>
EXPENDITURES				
Current operations:				
General government				
Capital outlay	-	-	-	-
Public safety				
Supplies	-	-	2,840	-
Other operating expenses	-	-	5,809	9,489
Capital outlay	-	-	48,603	46,888
Streets				
Utilities	-	-	-	-
Other operating expenses	-	-	-	-
Capital outlay	-	-	-	-

See independent auditors' report.

<u>Industrial Development Fund</u>	<u>Parks Sales Tax Fund</u>	<u>State Street Aid Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 87,357	\$ -	\$ 87,357
46,385	-	-	50,439
-	-	260,765	260,765
-	-	-	23,000
-	-	-	77,265
-	-	-	14,472
-	20,520	-	22,507
223	5,839	285	17,437
-	-	-	-
-	-	-	971
<u>46,608</u>	<u>113,716</u>	<u>261,050</u>	<u>554,213</u>
-	-	-	-
-	-	-	2,840
-	-	-	15,298
-	-	-	95,491
-	-	114,440	114,440
-	-	893	893
-	-	183,442	183,442

CITY OF WHITE HOUSE, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Capital Projects Fund	Cemetery Fund	Drug Fund	Impact Fee Fund
EXPENDITURES - CONTINUED				
Cemetery and maintenance				
Payroll and payroll taxes	\$ -	\$ 3,141	\$ -	\$ -
Employee benefits	-	249	-	-
Supplies	-	2,830	-	-
Utilities	-	704	-	-
Other operating expenses	-	9,658	-	-
Parks and recreation				
Other operating expenses	-	-	-	-
Capital outlay	-	-	-	-
Miscellaneous				
Supplies	-	-	-	-
Other operating expenses	-	-	-	-
Debt service				
Principal	-	-	-	123,800
Interest	-	-	-	94,989
Bond issuance costs	-	-	-	-
Total expenditures	<u>-</u>	<u>16,582</u>	<u>57,252</u>	<u>275,166</u>
REVENUES OVER (UNDER)				
EXPENDITURES	217	7,712	(35,604)	(188,486)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(11,884)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(11,667)	7,712	(35,604)	(188,486)
FUND BALANCES, June 30, 2008	<u>11,667</u>	<u>109,274</u>	<u>61,246</u>	<u>832,962</u>
FUND BALANCES, June 30, 2009	<u>\$ -</u>	<u>\$ 116,986</u>	<u>\$ 25,642</u>	<u>\$ 644,476</u>

See independent auditors' report.

<u>Industrial Development Fund</u>	<u>Parks Sales Tax Fund</u>	<u>State Street Aid Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 3,141
-	-	-	249
-	-	-	2,830
-	-	-	704
-	-	-	9,658
-	82,090	-	82,090
-	253,570	-	253,570
6,616	-	-	6,616
30,980	-	-	30,980
-	66,000	-	189,800
-	7,142	-	102,131
-	-	-	-
<u>37,596</u>	<u>408,802</u>	<u>298,775</u>	<u>1,094,173</u>
9,012	(295,086)	(37,725)	(539,960)
-	-	-	(11,884)
9,012	(295,086)	(37,725)	(551,844)
<u>54,792</u>	<u>795,358</u>	<u>116,176</u>	<u>1,981,475</u>
<u>\$ 63,804</u>	<u>\$ 500,272</u>	<u>\$ 78,451</u>	<u>\$ 1,429,631</u>

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Interest revenue	\$ -	\$ -	\$ 217	\$ -	\$ 217
Total revenues	<u>-</u>	<u>-</u>	<u>217</u>	<u>-</u>	<u>217</u>
EXPENDITURES					
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES					
	-	-	217	-	217
NET PAYMENTS TO OTHER FUNDS	<u>(11,667)</u>	<u>(11,667)</u>	<u>(11,884)</u>	<u>-</u>	<u>(11,884)</u>
NET CHANGE IN FUND BALANCE	(11,667)	(11,667)	(11,667)	-	(11,667)
FUND BALANCES, June 30, 2008	<u>11,667</u>	<u>11,667</u>	<u>11,667</u>	<u>-</u>	<u>11,667</u>
FUND BALANCES, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 CEMETERY FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Charges for services	\$ 30,050	\$ 30,050	\$ 23,000	\$ -	\$ 23,000
Interest revenue	2,150	2,150	1,294	-	1,294
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>32,200</u>	<u>32,200</u>	<u>24,294</u>	<u>-</u>	<u>24,294</u>
EXPENDITURES					
Cemetery and maintenance	21,278	21,278	16,382	200	16,582
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>21,278</u>	<u>21,278</u>	<u>16,382</u>	<u>200</u>	<u>16,582</u>
REVENUES OVER (UNDER) EXPENDITURES					
	10,922	10,922	7,912	(200)	7,712
NET PAYMENTS TO OTHER FUNDS					
	<u>-</u>	<u>-</u>	<u>(979)</u>	<u>979</u>	<u>-</u>
NET CHANGE IN FUND BALANCE					
	10,922	10,922	6,933	779	7,712
FUND BALANCES, June 30, 2008					
	<u>117,005</u>	<u>117,005</u>	<u>117,005</u>	<u>(7,731)</u>	<u>109,274</u>
FUND BALANCES, June 30, 2009					
	<u>\$ 127,927</u>	<u>\$ 127,927</u>	<u>\$ 123,938</u>	<u>\$ (6,952)</u>	<u>\$ 116,986</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	\$ (200)
Change in due to other funds	<u>979</u>
	<u>\$ 779</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 auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 DRUG FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Intergovernmental revenues	\$ 1,400	\$ 1,400	\$ 4,054	\$ -	\$ 4,054
Fines and forfeitures	68,000	68,000	14,472	-	14,472
Contributions	-	-	1,987	-	1,987
Interest revenue	200	200	164	-	164
Miscellaneous	11,000	11,000	971	-	971
Total revenues	<u>80,600</u>	<u>80,600</u>	<u>21,648</u>	<u>-</u>	<u>21,648</u>
EXPENDITURES					
Public safety	6,700	11,256	8,569	80	8,649
Capital outlay	51,618	49,062	48,603	-	48,603
Total expenditures	<u>58,318</u>	<u>60,318</u>	<u>57,172</u>	<u>80</u>	<u>57,252</u>
REVENUES OVER (UNDER) EXPENDITURES					
	22,282	20,282	(35,524)	(80)	(35,604)
NET PAYMENTS TO OTHER FUNDS					
	-	-	234	(234)	-
NET CHANGE IN FUND BALANCE					
	22,282	20,282	(35,290)	(314)	(35,604)
FUND BALANCES, June 30, 2008					
	<u>53,877</u>	<u>53,877</u>	<u>53,877</u>	<u>7,369</u>	<u>61,246</u>
FUND BALANCES, June 30, 2009					
	<u>\$ 76,159</u>	<u>\$ 74,159</u>	<u>\$ 18,587</u>	<u>\$ 7,055</u>	<u>\$ 25,642</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
DRUG FUND
YEAR ENDED JUNE 30, 2009

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:

Changes in other assets and liabilities	\$ (80)
Change in due from other funds	<u>(234)</u>
	<u>\$ (314)</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 \$35,290. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 IMPACT FEE FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Intergovernmental revenues	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -
Licenses and permits	154,000	154,000	77,265	-	77,265
Interest revenue	10,000	10,000	9,415	-	9,415
Total revenues	<u>254,000</u>	<u>254,000</u>	<u>86,680</u>	<u>-</u>	<u>86,680</u>
EXPENDITURES					
Streets	2,150	2,150	-	-	-
Parks and recreation	150	150	521	(521)	-
Miscellaneous	-	82	9,489	-	9,489
Capital outlay	266,700	312,231	46,888	-	46,888
Debt service					
Principal	82,200	123,800	123,800	-	123,800
Interest	95,994	99,486	94,989	-	94,989
Total expenditures	<u>447,194</u>	<u>537,899</u>	<u>275,687</u>	<u>(521)</u>	<u>275,166</u>
NET CHANGE IN FUND BALANCE	(193,194)	(283,899)	(189,007)	521	(188,486)
FUND BALANCES, June 30, 2008	<u>833,483</u>	<u>833,483</u>	<u>833,483</u>	<u>(521)</u>	<u>832,962</u>
FUND BALANCES, June 30, 2009	<u>\$ 640,289</u>	<u>\$ 549,584</u>	<u>\$ 644,476</u>	<u>\$ -</u>	<u>\$ 644,476</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
IMPACT FEE FUND
YEAR ENDED JUNE 30, 2009

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
---	--------

[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 \$189,007. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 INDUSTRIAL DEVELOPMENT FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Intergovernmental revenues	\$ 37,000	\$ 37,000	\$ 47,384	\$ (999)	\$ 46,385
Interest revenue	300	300	223	-	223
Total revenues	<u>37,300</u>	<u>37,300</u>	<u>47,607</u>	<u>(999)</u>	<u>46,608</u>
EXPENDITURES					
Miscellaneous	65,500	65,500	37,596	-	37,596
Capital outlay	-	-	-	-	-
Total expenditures	<u>65,500</u>	<u>65,500</u>	<u>37,596</u>	<u>-</u>	<u>37,596</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(28,200)	(28,200)	10,011	(999)	9,012
NET BORROWINGS FROM OTHER FUNDS					
	-	-	-	-	-
NET CHANGE IN FUND BALANCE					
	(28,200)	(28,200)	10,011	(999)	9,012
FUND BALANCES, June 30, 2008					
	<u>51,095</u>	<u>51,095</u>	<u>51,095</u>	<u>3,697</u>	<u>54,792</u>
FUND BALANCES, June 30, 2009					
	<u>\$ 22,895</u>	<u>\$ 22,895</u>	<u>\$ 61,106</u>	<u>\$ 2,698</u>	<u>\$ 63,804</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 \$ (999)

[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 auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 PARKS SALES TAX FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 132,914	\$ 132,914	\$ 23,466	\$ 63,891	\$ 87,357
Contributions	-	-	20,520	-	20,520
Interest revenue	<u>11,000</u>	<u>11,000</u>	<u>5,839</u>	<u>-</u>	<u>5,839</u>
Total revenues	<u>143,914</u>	<u>143,914</u>	<u>49,825</u>	<u>63,891</u>	<u>113,716</u>
EXPENDITURES					
Miscellaneous	500	75,500	82,090	-	82,090
Capital outlay	55,000	269,000	244,103	9,467	253,570
Debt service					
Principal	89,834	89,834	66,000	-	66,000
Interest	<u>79,399</u>	<u>79,399</u>	<u>7,142</u>	<u>-</u>	<u>7,142</u>
Total expenditures	<u>224,733</u>	<u>513,733</u>	<u>399,335</u>	<u>9,467</u>	<u>408,802</u>
REVENUES OVER (UNDER) EXPENDITURES	(80,819)	(369,819)	(349,510)	54,424	(295,086)
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>45,790</u>	<u>(45,790)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(80,819)	(369,819)	(303,720)	8,634	(295,086)
FUND BALANCES, June 30, 2008	<u>442,877</u>	<u>442,877</u>	<u>442,877</u>	<u>352,481</u>	<u>795,358</u>
FUND BALANCES, June 30, 2009	<u>\$ 362,058</u>	<u>\$ 73,058</u>	<u>\$ 139,157</u>	<u>\$ 361,115</u>	<u>\$ 500,272</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
PARKS SALES TAX FUND
YEAR ENDED JUNE 30, 2009

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	\$ 63,891
Changes in other assets and liabilities	(9,467)
Changes in due to and due from other funds	<u>(45,790)</u>
	<u>\$ 8,634</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 \$303,720. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 STATE STREET AID FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Gasoline and motor fuel tax	\$ 242,593	\$ 242,593	\$ 264,914	\$ (4,149)	\$ 260,765
Interest revenue	400	400	285	-	285
Total revenues	<u>242,993</u>	<u>242,993</u>	<u>265,199</u>	<u>(4,149)</u>	<u>261,050</u>
EXPENDITURES					
Streets	128,750	128,750	115,333	-	115,333
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>202,306</u>	<u>(18,864)</u>	<u>183,442</u>
Total expenditures	<u>328,750</u>	<u>328,750</u>	<u>317,639</u>	<u>(18,864)</u>	<u>298,775</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(85,757)	(85,757)	(52,440)	14,715	(37,725)
NET PAYMENTS TO OTHER FUNDS					
	-	-	158,121	(158,121)	-
NET CHANGE IN FUND BALANCE					
	(85,757)	(85,757)	105,681	(143,406)	(37,725)
FUND BALANCES, June 30, 2008					
	<u>71,188</u>	<u>71,188</u>	<u>71,188</u>	<u>44,988</u>	<u>116,176</u>
FUND BALANCES, June 30, 2009					
	<u>\$ (14,569)</u>	<u>\$ (14,569)</u>	<u>\$ 176,869</u>	<u>\$ (98,418)</u>	<u>\$ 78,451</u>

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	\$ (4,149)
Changes in other assets and liabilities	18,864
Change in due from/to other funds	<u>(158,121)</u>
	<u>\$ (143,406)</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.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 660,000	\$ 660,000	\$ 668,237	\$ 1,619	\$ 669,856
Interest revenue	4,000	4,000	875	-	875
Total revenues	<u>664,000</u>	<u>664,000</u>	<u>669,112</u>	<u>1,619</u>	<u>670,731</u>
EXPENDITURES					
Miscellaneous	1,750	1,750	1,441	(196)	1,245
Debt service					
Principal	418,889	418,889	364,790	-	364,790
Interest	218,746	218,746	180,482	-	180,482
Bond issuance costs	-	-	84,306	-	84,306
Total expenditures	<u>639,385</u>	<u>639,385</u>	<u>631,019</u>	<u>(196)</u>	<u>630,823</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>24,615</u>	<u>24,615</u>	<u>38,093</u>	<u>1,815</u>	<u>39,908</u>
OTHER FINANCING SOURCES					
Bonds issued	5,160,000	5,160,000	5,160,000	-	5,160,000
Premium on refunding bonds	9,306	9,306	9,306	-	9,306
Payment to refunded bond escrow agent	(5,085,000)	(5,085,000)	(5,085,000)	-	(5,085,000)
	<u>84,306</u>	<u>84,306</u>	<u>84,306</u>	<u>-</u>	<u>84,306</u>
NET BORROWINGS FROM OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(101,146)</u>	<u>101,146</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	108,921	108,921	21,253	102,961	124,214
FUND BALANCES, June 30, 2008	<u>153,639</u>	<u>153,639</u>	<u>153,639</u>	<u>(89,701)</u>	<u>63,938</u>
FUND BALANCES, June 30, 2009	<u>\$ 262,560</u>	<u>\$ 262,560</u>	<u>\$ 174,892</u>	<u>\$ 13,260</u>	<u>\$ 188,152</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2009

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	\$ 1,619
Changes in other assets and liabilities	196
Change in due from other funds	<u>101,146</u>
	<u>\$ 102,961</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.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
JUNE 30, 2009

	<u>Health Care Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 60,676
	<u>60,676</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accrued liabilities	<u>131,651</u>
	<u>131,651</u>
NET ASSETS	
Unrestricted	<u>\$ (70,975)</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2009

	Health Care Fund
OPERATING REVENUES	
Insurance premiums	\$ 841,318
	841,318
OPERATING EXPENSES	
Premiums	185,092
Claims	711,831
	896,923
OPERATING INCOME (LOSS)	(55,605)
NONOPERATING REVENUES (EXPENSES)	
Interest income	203
	203
CHANGE IN NET ASSETS	(55,402)
NET ASSETS, June 30, 2008	(15,573)
NET ASSETS, June 30, 2009	\$ (70,975)

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2009

	<u>Health Care Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 841,318
Claims paid	(646,549)
Premiums paid	<u>(185,092)</u>
Net cash provided by operating activities	<u>9,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>203</u>
Net cash provided by investing activities	<u>203</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,880
CASH AND CASH EQUIVALENTS, June 30, 2008	<u>50,796</u>
CASH AND CASH EQUIVALENTS, June 30, 2009	<u>\$ 60,676</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (55,605)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Accrued liabilities	<u>65,282</u>
Net cash provided by operating activities	<u>\$ 9,677</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2009

Tax Year	Balance June 30, 2008	Tax Levy	Collections	Adjustments	Penalties and Interest	Balance June 30, 2009
2008	\$ -	\$2,186,468	\$(2,003,618)	\$(61,710)	\$ 29,074	\$ 150,214
2007	99,653	-	(61,164)	-	16,167	54,656
2006	44,610	-	(17,484)	-	16,276	43,402
2005	42,512	-	(17,916)	-	19,184	43,780
2004	41,491	-	(18,647)	-	21,930	44,774
2003	27,572	-	(13,023)	-	16,586	31,135
2002	11,771	-	(7,613)	-	5,489	9,647
2001	10,407	-	(7,308)	-	4,649	7,748
2000	14,743	-	(10,090)	-	7,817	12,470
1999	6,924	-	(4,154)	-	5,152	7,922
1998	67	-	(42)	-	51	76
1997	60	-	(39)	-	47	68
1996	64	-	(43)	-	50	71
1995	68	-	(47)	-	54	75
	<u>\$299,942</u>	<u>\$2,186,468</u>	<u>\$(2,161,188)</u>	<u>\$(61,710)</u>	<u>\$142,526</u>	406,038

Deferred property tax revenues for 2009 accrued 2,367,000

\$2,773,038

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.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULES OF LONG-TERM DEBT
JUNE 30, 2009

Governmental Activities Long-Term Debt

Year Ending June 30,	General Obligation Refunding Bonds, Series 1999		General Obligation Refunding Bonds, Series 2002		General Obligation Refunding Capital Outlay Notes, Series 2002		General Obligation Capital Outlay Note, Series 2004		General Obligation Capital Outlay Note, Series 2005		Capital Outlay Notes, Series 2006	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 110,000	\$ 19,338	\$ 110,000	\$ 14,086	\$ 115,000	\$ 8,108	\$ 66,000	\$ 13,490	\$ 18,000	\$ 2,166	\$ 13,000	\$ 6,050
2011	120,000	14,556	50,000	10,400	120,000	4,140	68,000	10,982	18,750	1,473	13,000	5,342
2012	125,000	9,456	50,000	8,400	-	-	71,000	8,398	19,500	751	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
	<u>\$ 490,000</u>	<u>\$ 47,281</u>	<u>\$ 370,000</u>	<u>\$ 45,686</u>	<u>\$ 235,000</u>	<u>\$ 12,248</u>	<u>\$ 355,000</u>	<u>\$ 41,458</u>	<u>\$ 56,250</u>	<u>\$ 4,390</u>	<u>\$ 111,000</u>	<u>\$ 29,759</u>

	General Obligation Refunding Bonds, Series 2008		Tennessee Department of Economic and Community Development Loan		Total		Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 155,000	\$ 211,612	\$ 6,089	\$ -	593,089	274,850	867,939
2011	160,000	206,964	6,089	-	555,839	253,857	809,696
2012	185,000	201,762	6,089	-	469,589	233,400	702,989
2013	220,000	194,364	6,089	-	502,089	214,319	716,408
2014	345,000	185,562	6,090	-	489,090	195,920	685,010
2015	350,000	171,764	-	-	417,000	176,580	593,580
2016	395,000	157,762	-	-	407,000	159,724	566,724
2017	410,000	141,964	-	-	422,000	143,272	565,272
2018	360,000	125,562	-	-	372,000	126,216	498,216
2019	400,000	110,984	-	-	400,000	110,984	510,984
2020	415,000	93,784	-	-	415,000	93,784	508,784
2021	150,000	75,936	-	-	150,000	75,936	225,936
2022	150,000	69,187	-	-	150,000	69,187	219,187
2023	150,000	62,438	-	-	150,000	62,438	212,438
2024	200,000	55,686	-	-	200,000	55,686	255,686
2025	200,000	46,388	-	-	200,000	46,388	246,388
2026	200,000	37,087	-	-	200,000	37,087	237,087
2027	200,000	27,787	-	-	200,000	27,787	227,787
2028	200,000	18,286	-	-	200,000	18,286	218,286
2029	185,000	8,786	-	-	185,000	8,786	193,786
	<u>\$ 5,030,000</u>	<u>\$ 2,203,665</u>	<u>\$ 30,446</u>	<u>\$ -</u>	<u>\$ 6,677,696</u>	<u>\$ 2,384,487</u>	<u>\$ 9,062,183</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULES OF LONG-TERM DEBT - CONTINUED
JUNE 30, 2009

Business-Type Activities Long-Term Debt

Year Ending June 30,	Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund		Sewer Fund -General Obligation Refunding Bonds, Series 2008		Sanitation Fund -General Obligation Refunding Bonds, Series 2008		Sewer Revenue and Tax Refunding Bonds, Series 2002		General Obligation Capital Outlay Note, Series 2005		Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal and Interest
2010	\$ 146,052	\$ 100,668	\$ 60,000	\$ 19,950	\$ 25,000	\$ 10,375	\$ 305,000	\$ 37,200	\$ 54,000	\$ 6,497	590,052	174,690	764,742
2011	151,548	95,172	60,000	18,150	50,000	9,625	305,000	25,000	56,250	4,418	622,798	152,365	775,163
2012	157,236	89,472	60,000	16,200	50,000	8,000	320,000	12,800	58,500	2,252	645,736	128,724	774,460
2013	163,152	83,568	60,000	13,800	50,000	6,000	-	-	-	-	273,152	103,368	376,520
2014	169,284	77,436	65,000	11,400	50,000	4,000	-	-	-	-	284,284	92,836	377,120
2015	175,644	71,064	70,000	8,800	50,000	2,000	-	-	-	-	295,644	81,864	377,508
2016	182,256	64,464	75,000	6,000	-	-	-	-	-	-	257,256	70,464	327,720
2017	189,108	57,612	75,000	3,000	-	-	-	-	-	-	264,108	60,612	324,720
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>\$ 2,790,116</u>	<u>\$ 829,536</u>	<u>\$ 525,000</u>	<u>\$ 97,300</u>	<u>\$ 275,000</u>	<u>\$ 40,000</u>	<u>\$ 930,000</u>	<u>\$ 75,000</u>	<u>\$ 168,750</u>	<u>\$ 13,167</u>	<u>\$ 4,688,866</u>	<u>\$ 1,055,003</u>	<u>\$ 5,743,869</u>

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF TAX RATES AND ASSESSMENTS
(UNAUDITED)
YEAR ENDED JUNE 30, 2009

<u>Year of Year</u>	<u>County</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Solid Waste Fund</u>	<u>Total Tax Rate</u>	<u>Appraised Value of Property</u>	<u>Assessed Value of Property</u>
2008	Sumner and Robertson Counties	\$0.69	\$0.33	\$0.00	\$1.02	\$753,025,193	\$214,357,449
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

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF WASTEWATER RATES AND NUMBER OF CUSTOMERS
(UNAUDITED)
JUNE 30, 2009

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 3,751



Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Mayor and Aldermen
City of 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 schedule for the General Fund of City of White House, Tennessee (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City of White House, Tennessee's basic financial statements and have issued our report thereon dated February 26, 2010. 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 deficiency described below as item 09-1 to be a significant deficiency in internal control over financial reporting.

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

09-1 - Capital Assets - Criteria, Condition, Cause and Effect

Government-wide financial statements should present all long-term assets of the City in accordance with generally accepted accounting principles. During our audit, we noted that the City did not include in the government-wide financial statements an amount of \$214,000 for land it acquired during the year. As a result, an adjustment was required to the governmental activities financial statements in order for them to be fairly stated in all material respects at June 30, 2009. The error was not detected and corrected by the City, as the reconciliation of the subsidiary ledger to the City's general ledger was not reviewed prior to our audit.

Recommendation

The City should follow its internal control policies and perform timely detailed reviews of all reconciliations.

Management's Response

We have made significant progress in improving and will continue refining our internal controls over financial reporting. We concur with the finding and will make every effort to ensure that timely reviews of reconciliations are performed.

A material weakness is a significant deficiency, or 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, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of White House, Tennessee'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*.

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

Disposition of Prior Year Findings

The prior year audit included the findings summarized below:

08-01 - Donated and Annexed Infrastructure Assets

The City did not have documentation to support certain components of value for infrastructure assets donated by developers and infrastructure assets acquired in City annexations. During the current year, the City resolved this deficiency by developing a system to obtain, and obtaining sufficient supporting documentation to support the values for infrastructure assets donated by developers and infrastructure assets acquired in City annexations.

08-02 - Maintaining Continuing Capital Asset Records

Several capital asset additions and retirements recorded in the accounts were not included in the capital asset depreciation schedule and were not properly reflected in the government-wide financial statements. In the current year, we noted one capital asset addition that was not properly capitalized (see comment 09-1). As such, this deficiency has not been resolved.

08-03 - Basis of Accounting

The City had not sufficiently completed its 2008 year-end closing process prior to the auditors' final fieldwork, which resulted in several audit adjustments that were necessary to properly reflect balances and activity in the financial statements. During our audit in the current year, the City completed its closing process prior to our final fieldwork procedures. Accordingly, this deficiency has been resolved.

08-04 - Reconciliation of Accounts Receivable and Accounts Payable

As noted above, the City had not sufficiently completed its 2008 year-end closing process, which includes reconciling accounts receivable and payable subsidiary ledgers to the general ledger, prior to the auditors' final fieldwork. As the City completed its year-end closing process, including the accounts receivable and payable reconciliations, prior to our final fieldwork procedures, this deficiency has been resolved.

We noted certain matters that we reported to management of the City of White House, Tennessee, in a separate letter dated February 26, 2010.

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

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

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

Crosslin & Associates, P.C.

February 26, 2010
Nashville, Tennessee