

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2011

CITY OF WHITE HOUSE, TENNESSEE

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INTRODUCTORY SECTION

CITY OF WHITE HOUSE, TENNESSEE
DIRECTORY OF OFFICIALS
(UNAUDITED)

Mayor	Mike Arnold
Alderman	John Decker
Alderman	Farris H. Bibb, Jr.
Alderman	Clif Hutson
Alderman	Dave Paltzik
City Administrator	Angie Carrier
City Attorney	David Amonette
City Judge	Joseph Zanger
City Recorder	Amanda Priest
Chief of Fire Department	Joe Palmer
Chief of Police Department	Gerald Herman
Director of Finance	Charlotte Soporowski
Director of Library	Rebecca Whipple
Director of Parks and Recreation	Ashley Smith
Director of Planning and Codes	Addam McCormick
Director of Public Works - Interim	Warren Garrett
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, 2011, 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, 2011, 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 March 19, 2012, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and schedules of expenditures of federal awards and state financial assistance, 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.

Crosslin & Associates, P.C.

March 19, 2012
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, 2011. Please read it in conjunction with the City's financial statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

The City's governmental activities total assets increased by \$1,986,000 in 2011 or 6.7%, while business-type activities total assets increased by \$641,000 or 3.5%, resulting in an increase in total primary government assets of \$2,627,000 or about 5.5%. Governmental activities total revenues for the City increased by \$1,614,000 or 21.3%, while business-type total revenues increased by \$345,000 or 11.9%, resulting in an increase in total primary government revenues of \$1,959,000, or 18.7%. The City's governmental activities total program costs for 2011 increased \$659,000 or 11.3%, while business-type activities total program costs increased by \$385,000 or 15.4%, resulting in an increase in total primary government program costs of \$1,044,000 or 12.5%. With respect to the City's governmental activities, total revenues increased by a greater amount than total program expenses increased, resulting in an increase in the change in net assets of \$868,000 for 2011 compared to 2010. For the General Fund there was a net change in fund balance of \$1,539,000. The General Fund - fund balance at fiscal year-end was approximately \$5,080,000.

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 \$31,477,000 in 2011 versus \$29,491,000 in 2010, representing an increase of \$1,986,000 or 6.7%. Table 1 also shows that total assets of the City's business-type activities were \$19,082,000 in 2011 versus \$18,441,000 in 2010, representing an increase of \$641,000 or 3.5%.

Table 1
Net Assets
(in Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 9,709	\$ 9,117	\$ 2,299	\$ 2,037	\$12,008	\$11,154
Capital assets	<u>21,768</u>	<u>20,374</u>	<u>16,783</u>	<u>16,404</u>	<u>38,551</u>	<u>36,778</u>
Total assets	<u>31,477</u>	<u>29,491</u>	<u>19,082</u>	<u>18,441</u>	<u>50,559</u>	<u>47,932</u>
Long-term liabilities	7,115	7,739	4,324	4,412	11,439	12,151
Other liabilities	<u>3,086</u>	<u>3,188</u>	<u>159</u>	<u>152</u>	<u>3,245</u>	<u>3,340</u>
Total liabilities	<u>10,201</u>	<u>10,927</u>	<u>4,483</u>	<u>4,564</u>	<u>14,684</u>	<u>15,491</u>
Net assets:						
Invested in capital assets, net of related debt	15,208	14,200	12,637	12,142	27,845	26,342
Restricted	458	2,170	-	-	458	2,170
Unrestricted	<u>5,610</u>	<u>2,194</u>	<u>1,962</u>	<u>1,735</u>	<u>7,572</u>	<u>3,929</u>
Total net assets	<u>\$21,276</u>	<u>\$18,564</u>	<u>\$14,599</u>	<u>\$13,877</u>	<u>\$35,875</u>	<u>\$32,441</u>

The significant elements and causes for the changes in the City's governmental activities total assets in 2011 were: (1) Current and other assets increased by \$592,000. (2) Capital assets net, including infrastructure additions, increased by \$1,394,000. This amount included an increase in land and construction in progress, buildings and improvements, machinery and equipment, and infrastructure, for \$2,161,000 net of retirements of \$8,000 and depreciation expense of \$759,000. Major capital asset events affecting governmental activities during the current fiscal year included the following:

- Local Parks and Recreation Foundation Park Renovation Project was continued for an addition of \$497,000.
- American Recovery and Reinvestment Act Calista Road Project was continued for an addition of \$448,000.
- American Recovery and Reinvestment Act Fiber Optic Project was continued for an addition of \$142,000.

The significant aspects of the increase in the City's business-type activities total assets in 2011 was an increase in current and other assets of \$262,000 and an increase in capital assets of \$379,000. The net increase is the result of an increase in construction in progress of \$753,000, an increase in machinery and equipment of \$343,000, and depreciation expense of \$717,000. Major capital asset events affecting business-type activities during the current fiscal year included the following:

- ARRA Copes Crossing Project continued for an addition of \$753,000.
- Implementation of GIS and related software for wastewater at a cost of \$50,000.

As shown in Table 1, total liabilities of the City's governmental activities decreased by \$726,000 or 6.6% to \$10,201,000 in 2011 from \$10,927,000 in 2010. Table 1 also shows total liabilities of the City's business-type activities decreased by \$81,000 or 1.8% to \$4,483,000 in 2011 from \$4,564,000 in 2010.

The significant elements and causes for the changes in the City's governmental activities total liabilities in 2011 were: (1) Other liabilities decreased by \$102,000, and (2) long-term liabilities decreased by \$624,000. This was comprised of an increase in accruals for compensated absences of \$41,000, a decrease due to long-term debt and capital lease principal payments of \$665,000.

The most significant aspect of the decrease in the City's business-type activities total liabilities in 2011 was the decrease in long-term debt primarily due to long-term debt and capital lease principal payments, and an additional debt issuance of \$497,000 drawn from a State Revolving Loan for the Copes Crossing Project.

Therefore, total net assets of the City's governmental activities increased to \$21,276,000 in 2011 from \$18,564,000 in 2010 representing an increase of \$2,712,000 or 14.6%, and total net assets of the City's business-type activities increased to \$14,599,000 from \$13,877,000, representing an increase of \$722,000 or 5.2%.

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 \$1,008,000; and (2) Restricted net assets decreased by \$1,712,000 and unrestricted net assets increased by \$3,416,000. The increase in the City's business-type activities net assets of \$722,000 was due to an increase in net assets invested in capital assets, net of related debt of \$495,000, along with an increase of \$227,000 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 \$9,101,000 in 2011 from \$7,576,000 in 2010, representing an increase of \$1,525,000 or 20.1%. Total revenues for the City's business-type activities increased to \$3,333,000 in 2011 from \$2,899,000 in 2010, representing an increase of \$434,000 or 15.0%.

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues:						
Charges for services	\$ 505	\$ 559	\$ 3,299	\$ 2,860	\$ 3,804	\$ 3,419
Grants and contributions:						
For operations	227	233	-	-	227	233
For capital projects	1,868	1,984	-	-	1,868	1,984
General revenues:						
Property taxes	2,473	2,340	-	-	2,473	2,340
Park sales tax	75	81	-	-	75	81
Impact fees	56	76	-	-	56	76
Intergovernmental revenues	3,694	2,918	-	-	3,694	2,918
Other revenues	203	(615)	34	39	237	(576)
Total revenues	<u>9,101</u>	<u>7,576</u>	<u>3,333</u>	<u>2,899</u>	<u>12,434</u>	<u>10,475</u>
Program expenses:						
General government	1,119	1,405	-	-	1,119	1,405
City court	75	67	-	-	75	67
Public safety	2,706	2,470	-	-	2,706	2,470
Streets	925	310	-	-	925	310
Cemetery and maintenance	17	13	-	-	17	13
Library and museum	213	193	-	-	213	193
Parks and recreation	688	568	-	-	688	568
Planning and zoning	310	332	-	-	310	332
Senior citizens activities	87	86	-	-	87	86
City garage	-	11	-	-	-	11
Miscellaneous	48	50	-	-	48	50
Interest on long-term debt	290	314	-	-	290	314
Wastewater department	-	-	2,295	1,912	2,295	1,912
Sanitation department	-	-	597	595	597	595
Total expenses	<u>6,478</u>	<u>5,819</u>	<u>2,892</u>	<u>2,507</u>	<u>9,370</u>	<u>8,326</u>

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Excess before contributions and transfers	2,623	1,757	441	392	3,064	2,149
Contributions	-	-	370	172	370	172
Transfers	89	87	(89)	(87)	-	-
Net change in net assets	2,712	1,844	722	477	3,434	2,321
 NET ASSETS, June 30, 2010	<u>18,564</u>	<u>16,720</u>	<u>13,847</u>	<u>13,370</u>	<u>32,441</u>	<u>30,090</u>
NET ASSETS, June 30, 2011	<u>\$ 21,276</u>	<u>\$18,564</u>	<u>\$ 14,599</u>	<u>\$ 13,847</u>	<u>\$ 35,875</u>	<u>\$32,411</u>

The increase in total revenues of the City's governmental activities for 2011 as compared to 2010 was primarily due to: (1) Intergovernmental revenues increased by \$776,000 (2) Other revenues increased by \$818,000, and (3) Property Tax revenue increased by \$133,000.

The increase in total revenues of the City's business-type activities was primarily due to increased consumption rates by customers.

Table 2 shows that total program expenses for the City's governmental activities increased to \$6,478,000 in 2011 from \$5,819,000 in 2010, representing an increase of \$659,000 or 11.3%. Total program expenses for the City's business-type activities increased to \$2,892,000 in 2011 from \$2,507,000 in 2010, representing an increase of \$385,000 or 15.4%.

The increase in total program expenses for the City's governmental activities was primarily due to: (1) Streets expenses increased by \$615,000, primarily due to decreases in capital outlay as a result of FEMA related flood repairs and additional paving and repairs, (2) Public Safety expenses also increased by \$236,000 primarily due to increases in salary, and capital outlay, (3) Parks and Recreation expenses increased by \$120,000 primarily due to an increase in supplies, utilities, and other operating expenses, and (4) Library expenses increased by \$20,000, primarily due to increases in supplies.

The increase in total program expenses for the City's business-type activities was primarily due to an increase in supplies of \$141,000 in the Wastewater Department, and an increase in salaries and payroll tax expenses in the Wastewater Department of \$80,000.

The increase in the net assets of the City's governmental activities in 2011 was \$2,712,000 as compared to an increase in net assets in 2010 of \$1,844,000. This \$868,000 increase is primarily due to an increase in program revenues over expenses of \$866,000.

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, 2011. The original budget revenue estimates total \$8,717,000, not including revenue from other financing sources of \$407,000 for a total of \$9,124,000. Final budget revenues for the period amounted to \$9,026,000 and revenue from other financing sources of \$807,000 for a total of \$9,833,000. Final actual (budgetary basis) revenues for the period amounted to \$7,868,000. The two primary reasons for the difference of actual to budget performance were that intergovernmental revenues were significantly less than anticipated in the area of sales tax, and grant revenues not being received prior to year-end related to certain projects and therefore rolling into the following fiscal year. The City's original budgeted expenditures for the 2011 year-end were estimated to be \$9,124,000. Final budget expenditures for the period amounted to \$9,848,000. Final actual (budgetary basis) expenditures for the period amounted to \$5,484,000. The actual to budget variance of General Government and Planning and Zoning expenses were the two major contributors of this positive performance to budget because of eliminated positions and capital projects that were not completed within the fiscal year. Therefore, the City realized an actual (budgetary basis) net increase in fund balance in the amount of \$2,426,000. 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 \$5,287,000.

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	\$ 2,077	\$ 2,077	\$2,730	\$ 653
Intergovernmental revenues	6,066	6,349	4,437	(1,912)
Other revenues	<u>574</u>	<u>600</u>	<u>612</u>	<u>12</u>
Total revenues	<u>8,717</u>	<u>9,026</u>	<u>7,779</u>	<u>(1,247)</u>
Expenditures				
General government	1,746	1,864	605	(1,259)
Public safety	3,734	3,747	2,496	(1,251)
Streets	423	678	787	109
Parks and recreation	721	1,121	1,012	(109)
Planning and zoning	2,146	2,084	237	(1,847)
Other activity expenditures	<u>354</u>	<u>354</u>	<u>347</u>	<u>(7)</u>
Total expenditures	<u>9,124</u>	<u>9,848</u>	<u>5,484</u>	<u>(4,364)</u>
Revenues over (under) expenditures	(407)	(822)	2,295	3,117
Other financing sources	407	807	89	(718)
Net payments to other funds	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Net change in fund balance	-	(15)	2,426	2,441
Fund balances, June 30, 2010	<u>2,861</u>	<u>2,861</u>	<u>2,861</u>	<u>-</u>
Fund balances, June 30, 2011	<u>\$ 2,861</u>	<u>\$ 2,846</u>	<u>\$5,287</u>	<u>\$ 2,441</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	
	2011	2010	2011	2010	2011	2010
Land and construction in progress	\$ 11,015	\$ 9,735	\$ 1,979	\$ 1,226	\$ 12,994	\$ 10,961
Buildings and improvements	8,688	8,654	-	-	8,688	8,654
Machinery and equipment	3,215	3,378	2,470	2,146	5,685	5,524
Utility plant in service	-	-	20,705	20,708	20,705	20,708
Infrastructure	<u>5,241</u>	<u>4,432</u>	<u>-</u>	<u>-</u>	<u>5,241</u>	<u>4,432</u>
Total capital assets	28,159	26,199	25,154	24,080	53,313	50,279
Accumulated depreciation	<u>(6,391)</u>	<u>(5,825)</u>	<u>(8,371)</u>	<u>(7,676)</u>	<u>(14,762)</u>	<u>(13,501)</u>
Net capital assets	<u>\$ 21,768</u>	<u>\$ 20,374</u>	<u>\$ 16,783</u>	<u>\$ 16,404</u>	<u>\$ 38,551</u>	<u>\$ 36,778</u>

Governmental Activities

In June 2010, the City's governmental activities had \$20,374,000 (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 2011 capital assets, were \$21,768,000 (net of accumulated depreciation), representing an increase of \$1,394,000 or 6.8%. The net increase in capital assets was comprised of two significant components: Land and construction in progress increase of \$1,280,000; and Infrastructure increase of \$809,000. Capital asset additions in 2011 consisted primarily of the continuance of construction of the park renovation project, as well as infrastructure improvements and street acceptances.

Business-type Activities

In June 2010, the City's business-type activities, consisting of the Wastewater and Sanitation Departments, had \$16,404,000 (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 2011 capital assets were \$16,783,000 (net of accumulated depreciation), representing an increase of \$379,000 or 2.3% from 2010. The net increase in capital assets included an increase in accumulated depreciation of \$695,000, net of the following: an increase in land and construction in progress of \$753,000; an increase in machinery and equipment of \$324,000; and a decrease in utility plant in service of \$3,000.

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 2011 and 2010.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Bonds payable	\$6,735	\$7,274	\$ 1,015	\$ 1,471	\$ 7,750	\$ 8,745
Capital outlay notes	-	120	-	-	-	120
Loan payable	18	24	3,246	2,902	3,264	2,926
Capital leases	-	-	-	-	-	-
Total notes and bonds	<u>6,753</u>	<u>7,418</u>	<u>4,261</u>	<u>4,373</u>	<u>11,014</u>	<u>11,791</u>
Compensated absences	361	321	57	55	418	376
Premium on bonds	-	-	12	19	12	19
Loss on defeasance	-	-	(6)	(35)	(6)	(35)
Total long-term liabilities	<u>\$7,114</u>	<u>\$7,739</u>	<u>\$ 4,324</u>	<u>\$ 4,412</u>	<u>\$ 11,438</u>	<u>\$ 12,151</u>

Governmental Activities

At the end of the current fiscal year, the City’s governmental activities had outstanding long-term debt of \$7,114,000 including accrued compensated absences. The prior year total of long-term liabilities amounted to \$7,739,000; consequently long-term liabilities decreased during the year by \$625,000 or 8.1%.

The accrual for compensated absences increased by \$40,000 in 2011. This accrual is required for sick pay and vacation pay that may 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 \$4,324,000 related primarily to the Wastewater Department, with \$290,000 related to the Sanitation Department. The prior year total of long-term liabilities amounted to \$4,412,000; consequently long-term liabilities decreased during the year by \$88,000 or 2.0%.

The Wastewater Department has outstanding Notes Payable to the State of Tennessee, Revolving Loan Fund due in monthly installments through 2030. 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 finally a portion of the General Obligation Bond, Series 2009 due annually through 2013 which is attributable to the Sanitation Fund. 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 and Sanitation systems. 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, 2012 on these obligations totals \$800,000.

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 a collaborative approach, the Board of Mayor and Aldermen sets the direction of the City, allocates its resources and establishes its priorities.

Over the past few years, we have built a solid financial position through a gradual and consistent increase in fund balance. Reductions in force and other expenditures in the previous years have set us up for positive growth, in the future. Although we are seeing positive signs in the economy, progress is very slow. On that front, with revenue streams limited and the City facing a flat outlook on revenues we need to be alert to the public benefit versus the costs and types of services we provide. In short, we need to be careful of our spending so that we do not find ourselves in the position of expenditures outpacing revenues. We also need to keep in mind that we do not allow our level of core services and values diminish.

The City has and is trying to prepare for growth in the near future. The housing development trend has continued a pause; while new business development in job and retail growth is increasing reasonably with the efforts of recruitment and marketing. The City continues to face many challenges in maintaining a necessary level of infrastructure. The rate of infrastructure failures and aged equipment will determine many of the City's priorities for the upcoming years.

New retail and restaurant openings will add to the sales tax base, and have a significant impact on the City's revenues in the upcoming years, while the City will be facing substantial challenges in creating a sustainable job market for its citizenry.

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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,036,653	\$ 1,632,332	\$ 6,668,985
Receivables, net	4,293,045	240,097	4,533,142
Unbilled receivables	-	307,558	307,558
Note receivable	41,040	-	41,040
Internal balances	17,275	(17,275)	-
Inventories	-	88,073	88,073
Other current assets	127,818	37,397	165,215
Capital assets:			
Land and construction in progress	11,015,258	1,979,403	12,994,661
Other capital assets, net	10,752,916	14,803,977	25,556,893
Unamortized debt issuance costs	193,424	10,471	203,895
Total assets	<u>31,477,429</u>	<u>19,082,033</u>	<u>50,559,462</u>
LIABILITIES			
Accounts payable	248,154	57,124	305,278
Retainage payable	9,835	-	9,835
Accrued liabilities	206,650	89,095	295,745
Accrued interest	23,258	12,967	36,225
Deferred revenues	2,523,000	-	2,523,000
Performance bonds payable	75,550	-	75,550
Noncurrent liabilities:			
Due within one year	755,220	697,494	1,452,714
Due in more than one year	6,359,360	3,626,183	9,985,543
Total liabilities	<u>10,201,027</u>	<u>4,482,863</u>	<u>14,683,890</u>
NET ASSETS			
Invested in capital assets, net of related debt	15,208,330	12,637,409	27,845,739
Restricted for:			
Cemetery	87,010	-	87,010
Parks and recreation	292,539	-	292,539
Street maintenance and improvements	60,757	-	60,757
Other	17,343	-	17,343
Unrestricted	5,610,423	1,961,761	7,572,184
Total net assets	<u>\$ 21,276,402</u>	<u>\$ 14,599,170</u>	<u>\$ 35,875,572</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) / Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
General government	\$ 1,118,703	\$ 201,694	\$ 157,444	\$ -	\$ (759,565)
City court	74,824	125,286	-	-	50,462
Public safety	2,706,326	17,774	17,400	76,315	(2,594,837)
Streets	925,151	-	7,949	1,323,919	406,717
Cemetery and maintenance	16,708	34,675	-	-	17,967
Library and museum	213,294	-	36,100	-	(177,194)
Parks and recreation	688,253	93,110	-	468,231	(126,912)
Planning and zoning	310,381	32,489	-	-	(277,892)
Senior citizen activities	86,648	-	8,500	-	(78,148)
City garage	243	-	-	-	(243)
Miscellaneous	47,910	-	-	-	(47,910)
Interest on long-term debt	289,797	-	-	-	(289,797)
	<u>6,478,238</u>	<u>505,028</u>	<u>227,393</u>	<u>1,868,465</u>	<u>(3,877,352)</u>
BUSINESS-TYPE ACTIVITIES:					
Wastewater Department	2,294,977	2,625,952	-	369,507	700,482
Sanitation Department	596,863	673,425	-	-	76,562
	<u>2,891,840</u>	<u>3,299,377</u>	<u>-</u>	<u>369,507</u>	<u>777,044</u>
TOTAL GOVERNMENT	<u>\$ 9,370,078</u>	<u>\$ 3,804,405</u>	<u>\$ 227,393</u>	<u>\$ 2,237,972</u>	<u>\$ (3,100,308)</u>
			Governmental Activities	Business-Type Activities	Total
NET (EXPENSE) / REVENUE			<u>\$ (3,877,352)</u>	<u>\$ 777,044</u>	<u>\$ (3,100,308)</u>
GENERAL REVENUES:					
Property taxes			2,472,717	-	2,472,717
Park sales tax			75,331	-	75,331
Impact fees			55,605	-	55,605
Intergovernmental revenues			3,694,241	-	3,694,241
Interest and investment earnings			9,955	4,050	14,005
Other revenue			202,412	30,048	232,460
Loss on disposition of capital assets			(9,411)	-	(9,411)
Total general revenues			<u>6,500,850</u>	<u>34,098</u>	<u>6,534,948</u>
NET TRANSFERS			<u>88,757</u>	<u>(88,757)</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS			<u>6,589,607</u>	<u>(54,659)</u>	<u>6,534,948</u>
CHANGE IN NET ASSETS			<u>2,712,255</u>	<u>722,385</u>	<u>3,434,640</u>
NET ASSETS, June 30, 2010			<u>18,564,147</u>	<u>13,876,785</u>	<u>32,440,932</u>
NET ASSETS, June 30, 2011			<u>\$ 21,276,402</u>	<u>\$ 14,599,170</u>	<u>\$ 35,875,572</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,815,531	\$ 79,110	\$ 875,651	\$ 4,770,292
Receivables, net	3,616,799	616,511	59,735	4,293,045
Due from other funds	18,399	1,897	29,457	49,753
Other assets	127,818	-	-	127,818
Total assets	<u>\$ 7,578,547</u>	<u>\$ 697,518</u>	<u>\$ 964,843</u>	<u>\$ 9,240,908</u>
LIABILITIES				
Accounts payable	\$ 232,865	\$ -	\$ 13,974	\$ 246,839
Retainage payable	9,835	-	-	9,835
Accrued liabilities	93,459	-	-	93,459
Due to other funds	31,847	-	631	32,478
Deferred revenues	2,055,352	638,764	-	2,694,116
Performance bonds payable	75,550	-	-	75,550
Total liabilities	<u>2,498,908</u>	<u>638,764</u>	<u>14,605</u>	<u>3,152,277</u>
FUND BALANCES				
Restricted	17,343	-	440,306	457,649
Committed	-	58,754	509,932	568,686
Unassigned	5,062,296	-	-	5,062,296
Total fund balances	<u>5,079,639</u>	<u>58,754</u>	<u>950,238</u>	<u>6,088,631</u>
Total liabilities and fund balances	<u>\$ 7,578,547</u>	<u>\$ 697,518</u>	<u>\$ 964,843</u>	<u>\$ 9,240,908</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS - CONTINUED
JUNE 30, 2011

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

Total governmental fund balances above	\$ 6,088,631
Capital assets not reported above	21,768,174
Unamortized debt issuance costs not reported above	193,424
Deferred revenues, from property and intergovernmental taxes reported above, reported as revenues in the government-wide statement of net assets	171,116
Note receivable not reported above	41,040
Long-term liabilities not reported above	(7,114,580)
Accrued interest not reported above	(23,258)
Internal service fund for charging 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>151,855</u>
Net assets of governmental activities in the statement of net assets	<u>\$21,276,402</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, 2011

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,471,375	\$ 220,558	\$ 75,331	\$ 2,767,264
Intergovernmental revenues	4,596,074	-	311,810	4,907,884
Charges for services	93,110	-	34,675	127,785
Licenses and permits	233,683	-	55,605	289,288
Fines and forfeitures	125,286	-	17,774	143,060
Contributions	-	-	21,020	21,020
Interest revenue	6,408	749	2,798	9,955
Miscellaneous	144,112	-	75,225	219,337
Total revenues	<u>7,670,048</u>	<u>221,307</u>	<u>594,238</u>	<u>8,485,593</u>
EXPENDITURES				
Current operations:				
General government	1,340,607	-	-	1,340,607
City court	73,450	-	-	73,450
Public safety	2,496,193	-	7,581	2,503,774
Streets	787,390	-	134,680	922,070
Cemetery and maintenance	-	-	16,578	16,578
Library and museum	187,073	-	-	187,073
Parks and recreation	1,012,101	-	627	1,012,728
Planning and zoning	237,029	-	-	237,029
Senior citizen activities	85,753	-	-	85,753
City garage	243	-	-	243
Miscellaneous	-	1,035	46,875	47,910
Capital outlay	-	-	212,945	212,945
Debt service				
Principal	-	345,639	319,200	664,839
Interest	-	164,053	112,382	276,435
Total expenditures	<u>6,219,839</u>	<u>510,727</u>	<u>850,868</u>	<u>7,581,434</u>
REVENUES OVER (UNDER) EXPENDITURES				
	1,450,209	(289,420)	(256,630)	904,159
OTHER FINANCING SOURCES (USES)				
Transfers	88,757	-	-	88,757
NET CHANGE IN FUND BALANCES				
	1,538,966	(289,420)	(256,630)	992,916
FUND BALANCES, June 30, 2010				
	<u>3,540,673</u>	<u>348,174</u>	<u>1,206,868</u>	<u>5,095,715</u>
FUND BALANCES, June 30, 2011				
	<u>\$ 5,079,639</u>	<u>\$ 58,754</u>	<u>\$ 950,238</u>	<u>\$ 6,088,631</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, 2011

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	\$ 992,916
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.	882,215
Change in deferred revenues for property taxes, including allowance for doubtful accounts, in the governmental funds not recognized in the government-wide statements.	(219,216)
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.	(16,925)
Amounts reported as expenditures in the governmental funds not included as expenses in the government-wide statements:	
Capital outlays	1,300,653
Payments on long-term debt	664,839
Expenses in the government-wide statements not included in the governmental funds:	
Depreciation expense	(759,375)
Amortization of debt issuance costs	(17,696)
Decrease in accrued interest	4,334
Increase in compensated absences	(40,556)
Loss on disposal of capital assets	(9,411)
Internal service fund used 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>(49,003)</u>
Change in net assets of governmental activities	<u>\$ 2,712,255</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental
	Wastewater	Solid Waste	Total	Activity -
	Department	Fund		Internal Service
				Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,132,228	\$ 500,104	\$ 1,632,332	\$ 266,361
Receivables, net	215,204	24,893	240,097	-
Unbilled receivables	251,473	56,085	307,558	-
Due from other funds	549	56,457	57,006	-
Inventories	88,073	-	88,073	-
Other current assets	26,861	10,536	37,397	-
Total current assets	<u>1,714,388</u>	<u>648,075</u>	<u>2,362,463</u>	<u>266,361</u>
UNAMORTIZED DEBT ISSUANCE COSTS	7,787	2,684	10,471	-
CAPITAL ASSETS, NET	<u>16,581,833</u>	<u>201,547</u>	<u>16,783,380</u>	<u>-</u>
Total assets	<u>18,304,008</u>	<u>852,306</u>	<u>19,156,314</u>	<u>266,361</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	40,724	16,400	57,124	1,315
Accrued liabilities	83,792	5,303	89,095	113,191
Accrued interest	11,929	1,038	12,967	-
Due to other funds	71,387	2,894	74,281	-
Current maturities of long-term debt	593,262	104,232	697,494	-
Total current liabilities	<u>801,094</u>	<u>129,867</u>	<u>930,961</u>	<u>114,506</u>
LONG-TERM DEBT, less current maturities	<u>3,419,697</u>	<u>206,486</u>	<u>3,626,183</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	12,615,248	22,161	12,637,409	-
Unrestricted	1,467,969	493,792	1,961,761	151,855
Total net assets	<u>\$ 14,083,217</u>	<u>\$ 515,953</u>	<u>\$ 14,599,170</u>	<u>\$ 151,855</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, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Activity - Internal Service Fund</u>
OPERATING REVENUES				
Charges for services	\$ 2,625,952	\$ 673,425	\$ 3,299,377	\$ 1,005,281
Other operating revenues	22,086	7,962	30,048	-
	<u>2,648,038</u>	<u>681,387</u>	<u>3,329,425</u>	<u>1,005,281</u>
OPERATING EXPENSES				
Salaries and payroll taxes	450,026	178,606	628,632	-
Employee benefits	147,829	62,132	209,961	-
Supplies	317,523	79,642	397,165	-
Utilities	193,644	169	193,813	-
Other operating expenses	395,422	165,935	561,357	214,519
Claims	-	-	-	840,392
Depreciation and amortization	618,700	97,923	716,623	-
	<u>2,123,144</u>	<u>584,407</u>	<u>2,707,551</u>	<u>1,054,911</u>
OPERATING INCOME (LOSS)	<u>524,894</u>	<u>96,980</u>	<u>621,874</u>	<u>(49,630)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	3,068	982	4,050	627
Interest expense	(171,833)	(12,456)	(184,289)	-
	<u>(168,765)</u>	<u>(11,474)</u>	<u>(180,239)</u>	<u>627</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS	356,129	85,506	441,635	(49,003)
CAPITAL GRANTS AND CONTRIBUTIONS TRANSFERS OUT	369,507	-	369,507	-
	<u>(88,757)</u>	<u>-</u>	<u>(88,757)</u>	<u>-</u>
CHANGE IN NET ASSETS	636,879	85,506	722,385	(49,003)
NET ASSETS, June 30, 2010	<u>13,446,338</u>	<u>430,447</u>	<u>13,876,785</u>	<u>200,858</u>
NET ASSETS, June 30, 2011	<u>\$ 14,083,217</u>	<u>\$ 515,953</u>	<u>\$ 14,599,170</u>	<u>\$ 151,855</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Activity - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,665,470	\$ 676,879	\$ 3,342,349	\$ 1,005,281
Payments to suppliers	(826,230)	(237,533)	(1,063,763)	-
Payments to or on behalf of employees	(597,856)	(240,737)	(838,593)	-
Internal activity from (to) other funds	(68,018)	50,889	(17,129)	-
Claims paid	-	-	-	(765,472)
Premiums paid	-	-	-	(214,519)
Net cash provided by operating activities	<u>1,173,366</u>	<u>249,498</u>	<u>1,422,864</u>	<u>25,290</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	<u>(88,757)</u>	<u>-</u>	<u>(88,757)</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>(88,757)</u>	<u>-</u>	<u>(88,757)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of utility plant	(1,096,271)	-	(1,096,271)	-
Proceeds from capital debt	704,159	-	704,159	-
Capital contributions	370,918	-	370,918	-
Payments on long-term debt	(522,194)	(102,945)	(625,139)	-
Interest paid	<u>(171,833)</u>	<u>(12,456)</u>	<u>(184,289)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(715,221)</u>	<u>(115,401)</u>	<u>(830,622)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>3,068</u>	<u>982</u>	<u>4,050</u>	<u>627</u>
Net cash provided by investing activities	<u>3,068</u>	<u>982</u>	<u>4,050</u>	<u>627</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS				
	372,456	135,079	507,535	25,917
CASH AND CASH EQUIVALENTS, June 30, 2010	<u>759,772</u>	<u>365,025</u>	<u>1,124,797</u>	<u>240,444</u>
CASH AND CASH EQUIVALENTS, June 30, 2011	<u>\$ 1,132,228</u>	<u>\$ 500,104</u>	<u>\$ 1,632,332</u>	<u>\$ 266,361</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Total</u>	Activity - <u>Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 524,894	\$ 96,980	\$ 621,874	\$ (49,630)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	618,700	97,923	716,623	-
Changes in operating assets and liabilities				
Receivables, net	(15,976)	(4,508)	(20,484)	-
Unbilled receivables	33,048	-	33,048	-
Due from other funds	(549)	53,200	52,651	-
Inventories	5,904	-	5,904	-
Other current assets	71,094	4,935	76,029	-
Accounts payable	(51,821)	2,485	(49,336)	-
Accrued liabilities	55,541	794	56,335	74,920
Due to other funds	(67,469)	(2,311)	(69,780)	-
Total adjustments	<u>648,472</u>	<u>152,518</u>	<u>800,990</u>	<u>74,920</u>
Net cash provided by operating activities	<u>\$ 1,173,366</u>	<u>\$ 249,498</u>	<u>\$ 1,422,864</u>	<u>\$ 25,290</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 2,077,292	\$ 2,077,292	\$ 2,730,147	\$ (258,772)	\$ 2,471,375
Intergovernmental revenues	6,065,832	6,349,154	4,437,342	158,732	4,596,074
Charges for services	90,400	90,400	93,110	-	93,110
Licenses and permits	261,065	261,065	243,318	(9,635)	233,683
Fines and forfeitures	166,350	166,350	125,286	-	125,286
Interest revenue	10,000	10,000	6,408	-	6,408
Miscellaneous	45,814	72,064	144,112	-	144,112
Total revenues	<u>8,716,753</u>	<u>9,026,325</u>	<u>7,779,723</u>	<u>(109,675)</u>	<u>7,670,048</u>
EXPENDITURES					
Current operations:					
General government	1,745,781	1,863,911	605,212	735,395	1,340,607
City court	75,556	75,556	73,450	-	73,450
Public safety	3,734,025	3,746,661	2,496,193	-	2,496,193
Streets	423,232	678,132	787,390	-	787,390
Library and museum	186,445	187,445	187,073	-	187,073
Parks and recreation	721,489	1,121,186	1,012,101	-	1,012,101
Planning and zoning	2,146,132	2,084,024	237,029	-	237,029
Senior citizen activities	90,693	90,693	85,753	-	85,753
City garage	400	400	243	-	243
Total expenditures	<u>9,123,753</u>	<u>9,848,008</u>	<u>5,484,444</u>	<u>735,395</u>	<u>6,219,839</u>
REVENUES OVER (UNDER) EXPENDITURES					
	<u>(407,000)</u>	<u>(821,683)</u>	<u>2,295,279</u>	<u>(845,070)</u>	<u>1,450,209</u>
OTHER FINANCING SOURCES					
Bonds issued	357,000	756,697	-	-	-
Transfers in	50,000	50,000	88,757	-	88,757
	<u>407,000</u>	<u>806,697</u>	<u>88,757</u>	<u>-</u>	<u>88,757</u>
NET PAYMENTS TO OTHER FUNDS					
	<u>-</u>	<u>-</u>	<u>41,954</u>	<u>(41,954)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES					
	<u>-</u>	<u>(14,986)</u>	<u>2,425,990</u>	<u>(887,024)</u>	<u>1,538,966</u>
FUND BALANCES, June 30, 2010					
	<u>2,860,890</u>	<u>2,860,890</u>	<u>2,860,890</u>	<u>679,783</u>	<u>3,540,673</u>
FUND BALANCES, June 30, 2011					
	<u>\$ 2,860,890</u>	<u>\$ 2,845,904</u>	<u>\$ 5,286,880</u>	<u>\$ (207,241)</u>	<u>\$ 5,079,639</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2011

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	\$ (258,772)
Change in intergovernmental receivables, net of deferred revenues	158,732
Changes in other receivables	(9,635)
Changes in other assets and liabilities	(735,395)
Changes in due to and due from other funds	<u>(41,954)</u>
	<u>\$ (887,024)</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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). 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, 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, 2011

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 are presented on a consolidated basis by column 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/expenses. 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, 2011

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:

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

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.

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

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 is financed with debt that is solely secured by a pledge of the net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or 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, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Internal Service Fund is 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. The Governmental Accounting Standards Board 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 other funds are presented as nonmajor governmental funds.

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.

In 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. Nonoperating revenues and expenses are items related to financing and investing activities.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balances

Restricted fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by external parties such as creditors or grantors or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal legislative action of the Board of Mayor and Alderman. Assigned fund balances are amounts intended to be used for specific purposes as designated by management of the City. Unassigned fund balance is the residual classification for the General Fund and negative fund balances in other governmental funds. Authority to assign certain amounts is granted by the Board of Mayor and Alderman in the annual budget ordinance. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the City considers restricted amounts to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance amounts are available, the City considers committed fund balance to have been spent first, followed by assigned, then unassigned.

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 (\$2,795,831), intergovernmental revenues (\$739,523), and other receivables. Major receivable balances for the business-type activities consist of billed charges to wastewater and sanitation customers and \$168,712 for federal and state grants. 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, 2011 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, 2011, but which were levied to finance fiscal year 2012 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, 2011

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 operation 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 \$5,000 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 \$5,000 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, 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, 2011

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.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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. In addition, 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 five years for Sumner County, Tennessee and every six years 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 2011 was \$.98 for Sumner County and \$1.01 for Robertson County on each \$100 of tax valuation.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Pronouncements

The City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal 2011. This Statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The adoption of this Statement is reflected in the categories of fund balances in the balance sheets for governmental funds and in the funds defined as special revenue funds.

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.

Expenditures in Excess of Budget

The City's General Fund Streets Department expenditures for the year exceeded the budgeted amount by \$109,258 due to the timing of certain grant expenditures.

CITY OF WHITE HOUSE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2011

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>Wastewater Department</u>	<u>Nonmajor Governmental Funds</u>	
Interfund Receivable	<u>\$18,399</u>	<u>\$1,897</u>	<u>\$56,457</u>	<u>\$549</u>	<u>\$29,457</u>	<u>\$106,759</u>
Interfund Payable:						
Major Funds:						
General Fund	\$ -	\$1,897	\$ -	\$549	\$29,401	\$ 31,847
Sewer Fund	14,874	-	56,457	-	56	71,387
Solid Waste Fund	2,894	-	-	-	-	2,894
Nonmajor Funds:						
Governmental Funds	<u>631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>631</u>
	<u>\$18,399</u>	<u>\$1,897</u>	<u>\$56,457</u>	<u>\$549</u>	<u>\$29,457</u>	<u>\$106,759</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	\$88,757

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2011, all deposits were insured or collateralized, as required by state statute. At June 30, 2011, the City's investments consist 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. The City's amounts included in the Tennessee Local Government Investment Pool are reported at the fair value of its position in the Pool, which approximates the value of the Pool shares at amortized cost. The City's investment in the Tennessee Local Government Investment Pool totaled \$4,835,010 at June 30, 2011.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

D. CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 8,113,655	\$ 93,100	\$ -	\$ 8,206,756
Construction in progress	<u>1,620,985</u>	<u>1,187,518</u>	<u>-</u>	<u>2,808,503</u>
Subtotal	<u>9,734,640</u>	<u>1,280,618</u>	<u>-</u>	<u>11,015,258</u>
Other capital assets:				
Buildings and improvements	8,654,175	34,324	-	8,688,499
Machinery and equipment	3,378,521	37,135	(200,947)	3,214,709
Infrastructure assets	<u>4,431,864</u>	<u>808,870</u>	<u>-</u>	<u>5,240,734</u>
Subtotal	<u>16,464,560</u>	<u>880,329</u>	<u>(200,947)</u>	<u>17,143,942</u>
Less accumulated depreciation:				
Land improvements, buildings, machinery and equipment	(5,286,488)	(544,311)	193,432	(5,637,367)
Infrastructure assets	<u>(538,595)</u>	<u>(215,064)</u>	<u>-</u>	<u>(753,659)</u>
Subtotal	<u>(5,825,083)</u>	<u>(759,375)</u>	<u>193,432</u>	<u>(6,391,026)</u>
Other capital assets, net	<u>10,639,477</u>	<u>120,954</u>	<u>(7,515)</u>	<u>10,752,916</u>
Capital assets, net	<u>\$ 20,374,117</u>	<u>\$ 1,401,572</u>	<u>\$ (7,515)</u>	<u>\$ 21,768,174</u>

The cost to complete construction in progress at June 30, 2011 was approximately \$1,037,000.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

D. CAPITAL ASSETS - Continued

Depreciation was charged to governmental activities as follows:

Public safety	\$227,813
Parks and recreation	136,687
General government	303,750
Public works	45,054
Library	22,781
Planning and zoning	<u>23,290</u>
	<u>\$759,375</u>

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

<u>Business-Type Activities</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 792,760	\$ -	\$ -	\$ 792,760
Construction in progress	<u>433,557</u>	<u>753,086</u>	<u>-</u>	<u>1,186,643</u>
Subtotal	<u>1,226,317</u>	<u>753,086</u>	<u>-</u>	<u>1,979,403</u>
Other capital assets:				
Wastewater plant	20,708,213	-	(3,424)	20,704,789
Machinery and equipment	<u>2,145,288</u>	<u>343,185</u>	<u>(18,749)</u>	<u>2,469,724</u>
Subtotal	<u>22,853,501</u>	<u>343,185</u>	<u>(22,173)</u>	<u>23,174,513</u>
Less accumulated depreciation:				
Wastewater plant	(6,554,555)	(455,362)	3,424	(7,006,493)
Machinery and equipment	<u>(1,121,531)</u>	<u>(261,261)</u>	<u>18,749</u>	<u>(1,364,043)</u>
Subtotal	<u>(7,676,086)</u>	<u>(716,623)</u>	<u>22,173</u>	<u>(8,370,536)</u>
Other capital assets, net	<u>15,177,415</u>	<u>(373,438)</u>	<u>-</u>	<u>14,803,977</u>
Capital assets, net	<u>\$ 16,403,732</u>	<u>\$(379,648)</u>	<u>\$ -</u>	<u>\$ 16,783,380</u>

Depreciation expense related to capital assets used in business-type activities totaled \$716,623.

The cost to complete construction in progress at June 30, 2011 was approximately \$293,000.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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 Bonds, Series 2009, maturing between June 1, 2010 and 2022, at fixed interest rates ranging from 2.00% to 3.50%, with interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 1,810,000
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.	4,715,000
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.	210,000
Loan Payable to the State of Tennessee, Department of Economic and Community Development, maturing between June 30, 2008 and 2014, at 0.00% interest with principal payable annually on June 30 of each year.	<u>18,268</u>
Total governmental activities debt	6,753,268
Plus accrued compensated absences	361,312
Less amounts due within one year	<u>(755,220)</u>
Long-term governmental activities liabilities	<u><u>\$ 6,359,360</u></u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

E. LONG-TERM DEBT - Continued

On December 10, 2009, the City issued \$2,281,250 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 2.00% to 3.50%. 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.

The principal and related interest on the General Obligation Refunding Bonds, Series 2008 and 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 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, 2011

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 3.696%, through February 2024.	\$ 2,492,516
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in monthly installments of \$3,483, including interest at 1.77%, through May 2031.	699,142
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in monthly installments of \$1,279, including interest at 1.74%, through June 2031.	54,204
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.	320,000
General Obligation Bonds, Series 2009, maturing between June 1, 2010 and 2013, at fixed interest rates ranging from 2.00% to 3.50%, with interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	90,000
General Obligation Refunding Bonds, Series 2008, maturing between June 1, 2009 and 2017, 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.	<u>605,000</u>
	4,260,862
Plus premium on bonds	12,281
Less deferred loss on defeasance and premium on bonds	<u>(6,088)</u>
Total business-type activities debt	4,267,055
Plus accrued compensated absences	56,622
Less amounts due within one year, net of current portion of premium on bonds and deferred loss on defeasance	<u>(695,564)</u>
Long-term business-type activities debt	<u>\$ 3,628,113</u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

E. LONG-TERM DEBT - Continued

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

The payment of principal and interest on the Sewer Revenue and Tax Refunding Bonds, Series 2002, is guaranteed by a municipal bond insurance policy issued by Financial Security Assurance, Inc.

On December 10, 2009, the City issued \$168,750 of its General Obligation Bonds, Series 2009 to refund its General Obligation Capital Outlay Note 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 2.00% to 3.50%. The bonds mature from June 1, 2010 through June 1, 2013. 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
2012	\$ 571,089	\$ 253,891	\$ 824,980	\$ 661,718	\$140,341	\$ 802,059
2013	616,089	237,893	853,982	350,654	116,802	467,456
2014	591,090	220,191	811,281	317,365	104,791	422,156
2015	520,000	200,230	720,230	329,314	93,230	422,544
2016	505,000	181,353	686,353	291,527	81,229	372,756
2017-2021	2,320,000	614,615	2,934,615	1,275,064	261,704	1,536,768
2022-2026	1,045,000	270,786	1,315,786	823,044	61,186	884,230
2027-2031	<u>585,000</u>	<u>54,859</u>	<u>639,859</u>	<u>212,176</u>	<u>9,522</u>	<u>221,698</u>
	<u>\$6,753,268</u>	<u>\$2,033,818</u>	<u>\$8,787,086</u>	<u>\$4,260,862</u>	<u>\$868,805</u>	<u>\$5,129,667</u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

F. 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, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Capital Outlay Notes	\$ 120,000	\$ -	\$(120,000)	\$ -	\$ -
General Obligation Refunding Bonds	7,273,750	-	(538,750)	6,735,000	565,000
Loan payable to the State of Tennessee, Department of Economic and Community Development	24,357	-	(6,089)	18,268	6,089
Accrued compensated absences	<u>320,756</u>	<u>224,687</u>	<u>(184,131)</u>	<u>361,312</u>	<u>184,131</u>
	<u>\$7,738,863</u>	<u>\$224,687</u>	<u>\$(848,970)</u>	<u>\$7,114,580</u>	<u>\$755,220</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.

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

<u>Business-Type Activities</u>	<u>Balance June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Notes payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund	\$ 2,902,398	\$497,097	\$(153,633)	\$ 3,245,862	\$ 186,718
Sewer Revenue and Tax Refunding Bonds, Series 2002	625,000	-	(305,000)	320,000	320,000
General Obligation Refunding Bonds	846,250	-	(151,250)	695,000	155,000
Accrued compensated absences	<u>54,437</u>	<u>45,312</u>	<u>(43,128)</u>	<u>56,622</u>	<u>35,128</u>
	4,428,085	542,409	(653,011)	4,317,484	696,846
Plus premium on bonds	19,017	-	(6,736)	12,281	6,736
Less deferred loss on defeasance	<u>(35,158)</u>	<u>-</u>	<u>29,070</u>	<u>(6,088)</u>	<u>(6,088)</u>
	<u>\$ 4,411,944</u>	<u>\$542,409</u>	<u>\$(630,677)</u>	<u>\$ 4,323,677</u>	<u>\$ 697,494</u>

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

G. 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.

H. 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/>.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

H. PENSION PLAN - Continued

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 5.82% 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.

Annual Pension Cost

For the year ended June 30, 2011, the City's annual pension cost of \$174,387 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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 3.00% annual rate of inflation, (c) 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), (d) projected 3.50% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.50% 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, 2009 was 8 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

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>
2011	\$174,387	100.0%	\$ -
2010	153,113	100.0%	-
2009	148,610	100.0%	-

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

H. PENSION PLAN - Continued

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 88.56% funded. The actuarial accrued liability for benefits was \$3.7 million, and the actuarial value of assets was \$3.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.8 million, and the ratio of the UAAL to the covered payroll was 14.78%.

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.

The annual required contribution (ARC) 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, 2009	\$3,248,000	\$3,668,000	\$420,000	88.56%	\$2,839,000	14.78%
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 went into effect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

I. 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.

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.

CITY OF WHITE HOUSE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2011

I. RISK MANAGEMENT - Continued

Changes in the City's claims liability amount are as follows:

Year Ended <u>June 30,</u>	Liability Beginning of <u>of Year</u>	Incurred <u>Claims</u>	Claim <u>Payments</u>	Liability End <u>of Year</u>
2011	\$ 39,586	\$1,032,692	\$959,087	\$113,191
2010	131,651	433,829	525,894	39,586

J. COMMITMENTS

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. In September 2008, the City entered into an engineering design and inspection contract. The estimated cost of this project is approximately \$770,000 and will be 80% federally funded and 20% state funded. As of June 30, 2011, the construction phase of this project has not begun. This agreement is effective until December 31, 2013.

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 \$350,000 and will be 80% state funded up to a maximum of \$280,000. As of June 30, 2011, the construction phase of this project has not begun.

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. As of June 30, 2011 the construction phase of this project was underway, with approximately \$818,000 remaining in construction costs.

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. As of June 30, 2011 the construction phase of this project was substantially complete with \$38,000 of grant funds remaining. The City currently has a request in to TDOT to program the remaining project funds for drainage work to be completed by June 30, 2012.

CITY OF WHITE HOUSE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

K. SUBSEQUENT EVENTS

On February 16, 2012 the Board of Mayor and Aldermen approved a formal resolution authorizing the sale and issuance of \$2,425,000 General Obligation Refunding Bonds, Series 2012. Subsequently, the Bonds were offered for sale on Monday, February 27. The bonds will refund on a current basis the City's outstanding Wastewater State Revolving Fund Loan 01-0153 which was originally scheduled to mature monthly through 2024. The remainder of the proceeds will pay costs related to the sale and issuance of the 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 0.4% to 2.0%. The bonds mature from June 1, 2012 through June 1, 2024. The bonds are payable from the revenues of the Wastewater System. The full faith and credit of the City are irrevocably pledged for the payment of principal and interest on the bonds.

SUPPLEMENTARY INFORMATION

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Balance July 1, 2010 (Receivable) Payable</u>
U.S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT:			
Passed through Tennessee Housing Development Agency			
HOME Investment Partnerships Program	14.239	DG-09-24198	<u>\$(154,068)</u>
U.S. DEPARTMENT TRANSPORTATION:			
Passed through Tennessee Department of Transportation			
Highway Planning and Construction Cluster			
Highway 76 Sidewalk Grant	20.205	060128	(13,813)
Calista Road (ARRA)	20.205	74LPLM-F3-006	(26,132)
Fiber Optic (ARRA)	20.205	74LPLM-F3-004	<u>(24,836)</u>
			<u>(64,781)</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:			
Passed through Tennessee Department of State			
Tennessee State Library and Archives			
Grants to States	45.310	N/A	<u> -</u>
ENVIRONMENTAL PROTECTION AGENCY:			
Passed through Tennessee Department of Environment & Conservation			
Capitalization Grants for Clean Water State Revolving Funds			
Sewer Improvement Loan			
Federal portion loan (ARRA)	66.458	CWA 09-246	(33,464)
Federal portion loan forgiveness (ARRA)	66.458	CWA 09-246	<u>(133,861)</u>
			<u>(167,325)</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Passed through Tennessee Emergency Management Agency			
Disaster Grants – Public Assistance	97.036	N/A	<u>(3,946)</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2007-FF-00432	<u> -</u>
U.S. DEPARTMENT OF JUSTICE:			
Passed through the Tennessee Office of Criminal Justice JAG Program:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program			
	16.738	N/A	<u> -</u>
			<u>\$(390,120)</u>

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

See independent auditors' report.

<u>Receipts</u>	<u>Expenditures</u>	Balance June 30, 2011 (Receivable) <u>Payable</u>
<u>\$ 169,486</u>	<u>\$ 14,700</u>	<u>\$ 718</u>
69,282	1,452	54,017
327,111	448,578	(147,599)
<u>18,754</u>	<u>141,674</u>	<u>(147,756)</u>
<u>415,147</u>	<u>591,704</u>	<u>(241,338)</u>
<u>600</u>	<u>600</u>	<u>-</u>
90,410	73,816	(16,870)
<u>361,638</u>	<u>295,262</u>	<u>(67,485)</u>
<u>452,048</u>	<u>369,078</u>	<u>(84,355)</u>
<u>104,165</u>	<u>142,744</u>	<u>(42,525)</u>
<u>171,891</u>	<u>76,315</u>	<u>95,576</u>
<u>15,000</u>	<u>32,769</u>	<u>(17,769)</u>
<u>\$1,328,337</u>	<u>\$1,227,910</u>	<u>\$(289,693)</u>

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

<u>Grantor</u>	<u>State Contract Number</u>	<u>Balance June 30, 2010</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2011</u>
Department of Environment & Conservation					
SRF Loan	CWA 09-246	\$(167,327)	\$452,047	\$369,077	\$(84,357)
SRF Loan	CWA 10-256	-	54,204	54,204	-
LPRF	GG-09-26733	(174,149)	174,149	468,231	(468,231)
Department of Agriculture, Division of Forestry	N/A	-	2,975	2,975	-
Department of Transportation	K8-10-148	-	4,974	4,974	-
		<u>\$(341,476)</u>	<u>\$688,349</u>	<u>\$899,461</u>	<u>\$(522,588)</u>

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

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF REVENUES
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General Fund	Debt Service Fund	Total Major Governmental Funds
REVENUES			
Taxes			
Property taxes	\$ 2,471,375	\$ 220,558	\$ 2,691,933
Intergovernmental revenues			
Local sales tax	1,985,001	-	1,985,001
Wholesale and state beer tax	259,197	-	259,197
Business taxes	141,885	-	141,885
Payments in lieu of taxes	111,312	-	111,312
State sales and income tax	669,747	-	669,747
Other taxes	40,709	-	40,709
Federal, state and county grants	1,388,223	-	1,388,223
Charges for services			
Park facility charges	93,110	-	93,110
Licenses and permits			
Building permits	30,319	-	30,319
Franchise fees	201,194	-	201,194
Other permits	2,170	-	2,170
Fines and forfeitures			
Court fines and costs	125,286	-	125,286
Interest revenue	6,408	749	7,157
Miscellaneous			
Insurance recoveries	42,806	-	42,806
Sale of equipment	19,795	-	19,795
Other revenues	81,511	-	81,511
Total revenues	<u>\$ 7,670,048</u>	<u>\$ 221,307</u>	<u>\$ 7,891,355</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF EXPENDITURES
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General Fund	Debt Service Fund	Total Major Governmental Funds
EXPENDITURES			
General government			
Payroll and payroll taxes	\$ 467,656	\$ -	\$ 467,656
Employee benefits	207,862	-	207,862
Supplies	33,925	-	33,925
Utilities	36,190	-	36,190
Insurance premium	197,363	-	197,363
Other operating expenses	224,037	-	224,037
Capital outlay	173,574	-	173,574
City court			
Payroll and payroll taxes	41,503	-	41,503
Employee benefits	27,422	-	27,422
Supplies	209	-	209
Other operating expenses	4,316	-	4,316
Public safety			
Payroll and payroll taxes	1,602,471	-	1,602,471
Employee benefits	545,122	-	545,122
Supplies	113,163	-	113,163
Utilities	46,794	-	46,794
Other operating expenses	110,310	-	110,310
Capital outlay	78,333	-	78,333
Streets			
Payroll and payroll taxes	93,014	-	93,014
Employee benefits	36,338	-	36,338
Supplies	35,402	-	35,402
Utilities	7,834	-	7,834
Other operating expenses	24,900	-	24,900
Capital outlay	589,902	-	589,902

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF EXPENDITURES - CONTINUED
MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General Fund	Debt Service Fund	Total Major Governmental Funds
EXPENDITURES - CONTINUED			
Library and museum			
Payroll and payroll taxes	\$ 103,878	\$ -	\$ 103,878
Employee benefits	45,309	-	45,309
Supplies	14,548	-	14,548
Utilities	7,481	-	7,481
Other operating expenses	15,857	-	15,857
Parks and recreation			
Payroll and payroll taxes	213,423	-	213,423
Employee benefits	85,378	-	85,378
Supplies	63,625	-	63,625
Utilities	99,368	-	99,368
Other operating expenses	82,076	-	82,076
Capital outlay	468,231	-	468,231
Planning and zoning			
Payroll and payroll taxes	151,229	-	151,229
Employee benefits	62,965	-	62,965
Supplies	9,463	-	9,463
Other operating expenses	13,372	-	13,372
Capital outlay	-	-	-
Senior citizen activities			
Payroll and payroll taxes	27,037	-	27,037
Employee benefits	18,290	-	18,290
Supplies	1,529	-	1,529
Other operating expenses	38,897	-	38,897
City garage			
Payroll and payroll taxes	-	-	-
Employee benefits	-	-	-
Supplies	243	-	243
Other operating expenses	-	-	-
Miscellaneous			
Other operating expenses	-	1,035	1,035
Debt service			
Principal	-	345,639	345,639
Interest	-	164,053	164,053
Bond issuance costs	-	-	-
Total expenditures	<u>\$ 6,219,839</u>	<u>\$ 510,727</u>	<u>\$ 6,730,566</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Cemetery Fund	Drug Fund	Impact Fee Fund
ASSETS			
Cash and cash equivalents	\$ 153,604	\$ 45,759	\$ 342,820
Receivables, net	-	-	-
Due from other funds	-	333	-
Total assets	<u>\$ 153,604</u>	<u>\$ 46,092</u>	<u>\$ 342,820</u>
LIABILITIES			
Accounts payable	\$ 341	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	81	-	550
Total liabilities	422	-	550
FUND BALANCES			
Restricted	87,010	-	-
Committed	66,172	46,092	342,270
Total fund balances	153,182	46,092	342,270
Total liabilities and fund balances	<u>\$ 153,604</u>	<u>\$ 46,092</u>	<u>\$ 342,820</u>

See independent auditors' report.

Industrial Development Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Governmental Funds
\$ 51,868	\$ 281,600	\$ -	\$ 875,651
3,530	8,772	47,433	59,735
-	6,417	22,707	29,457
<u>\$ 55,398</u>	<u>\$ 296,789</u>	<u>\$ 70,140</u>	<u>\$ 964,843</u>
\$ -	\$ 4,250	\$ 9,383	\$ 13,974
-	-	-	-
-	-	-	631
<u>-</u>	<u>4,250</u>	<u>9,383</u>	<u>14,605</u>
-	292,539	60,757	440,306
55,398	-	-	509,932
<u>55,398</u>	<u>292,539</u>	<u>60,757</u>	<u>950,238</u>
<u>\$ 55,398</u>	<u>\$ 296,789</u>	<u>\$ 70,140</u>	<u>\$ 964,843</u>

CITY OF WHITE HOUSE, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Cemetery Fund	Drug Fund	Impact Fee Fund
REVENUES			
Taxes			
Park sales tax receipts	\$ -	\$ -	\$ -
Intergovernmental revenues			
Federal, state and county grants	-	2,344	-
Gasoline and motor fuel tax	-	-	-
Charges for services			
Cemetery and maintenance	34,675	-	-
Licenses and permits			
Impact fees	-	-	55,605
Fines and forfeitures			
Drug related fines and forfeitures	-	17,774	-
Contributions	-	500	-
Interest revenue	323	92	1,075
Miscellaneous			
Sale of equipment	-	-	-
Other revenues	-	-	-
Total revenues	34,998	20,710	56,680
EXPENDITURES			
Current operations:			
General government			
Capital outlay	-	-	-
Public safety			
Supplies	-	3,035	-
Other operating expenses	-	4,546	-
Capital outlay	-	-	-
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>
\$ -	\$ 75,331	\$ -	\$ 75,331
39,928	-	-	42,272
-	-	269,538	269,538
-	-	-	34,675
-	-	-	55,605
-	-	-	17,774
-	20,520	-	21,020
158	1,050	100	2,798
-	-	-	-
-	<u>75,225</u>	-	<u>75,225</u>
<u>40,086</u>	<u>172,126</u>	<u>269,638</u>	<u>594,238</u>
-	-	-	-
-	-	-	3,035
-	-	-	4,546
-	-	-	-
-	-	122,309	122,309
-	-	12,371	12,371
-	-	95,945	95,945

CITY OF WHITE HOUSE, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Cemetery Fund	Drug Fund	Impact Fee Fund
EXPENDITURES - CONTINUED			
Cemetery and maintenance			
Payroll and payroll taxes	\$ 3,941	\$ -	\$ -
Employee benefits	301	-	-
Supplies	983	-	-
Utilities	1,062	-	-
Other operating expenses	10,291	-	-
Parks and recreation			
Other operating expenses	-	-	-
Capital outlay	-	-	-
Miscellaneous			
Supplies	-	-	-
Other operating expenses	-	-	-
Debt service			
Principal	-	-	147,200
Interest	-	-	73,514
Bond issuance costs	-	-	-
Total expenditures	16,578	7,581	220,714
REVENUES OVER (UNDER)			
EXPENDITURES	18,420	13,129	(164,034)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
NET CHANGE IN FUND BALANCES	18,420	13,129	(164,034)
FUND BALANCES, June 30, 2010	134,762	32,963	506,304
FUND BALANCES, June 30, 2011	\$ 153,182	\$ 46,092	\$ 342,270

See independent auditors' report.

Industrial Development Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 3,941
-	-	-	301
-	-	-	983
-	-	-	1,062
-	-	-	10,291
-	627	-	627
-	117,000	-	117,000
-	-	-	-
46,875	-	-	46,875
-	172,000	-	319,200
-	38,868	-	112,382
-	-	-	-
<u>46,875</u>	<u>328,495</u>	<u>230,625</u>	<u>850,868</u>
(6,789)	(156,369)	39,013	(256,630)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(6,789)	(156,369)	39,013	(256,630)
<u>62,187</u>	<u>448,908</u>	<u>21,744</u>	<u>1,206,868</u>
<u>\$ 55,398</u>	<u>\$ 292,539</u>	<u>\$ 60,757</u>	<u>\$ 950,238</u>

CITY OF WHITE HOUSE, TENNESSEE
 BUDGETARY COMPARISON SCHEDULE
 CEMETERY FUND
 YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Charges for services	\$ 23,950	\$ 23,950	\$ 34,675	\$ -	\$ 34,675
Interest revenue	500	500	323	-	323
Miscellaneous	-	-	-	-	-
Total revenues	<u>24,450</u>	<u>24,450</u>	<u>34,998</u>	<u>-</u>	<u>34,998</u>
EXPENDITURES					
Cemetery and maintenance	17,549	17,549	22,658	(6,080)	16,578
Capital outlay	-	-	-	-	-
Total expenditures	<u>17,549</u>	<u>17,549</u>	<u>22,658</u>	<u>(6,080)</u>	<u>16,578</u>
REVENUES OVER (UNDER) EXPENDITURES					
	6,901	6,901	12,340	6,080	18,420
NET PAYMENTS TO OTHER FUNDS					
	-	-	(805)	805	-
NET CHANGE IN FUND BALANCE					
	6,901	6,901	11,535	6,885	18,420
FUND BALANCES, June 30, 2010					
	<u>141,066</u>	<u>141,066</u>	<u>141,066</u>	<u>(6,304)</u>	<u>134,762</u>
FUND BALANCES, June 30, 2011					
	<u>\$ 147,967</u>	<u>\$ 147,967</u>	<u>\$ 152,601</u>	<u>\$ 581</u>	<u>\$ 153,182</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	\$ 6,080
Change in due to other funds	<u>805</u>
	<u>\$ 6,885</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Intergovernmental revenues	\$ 750	\$ 750	\$ 2,344	\$ -	\$ 2,344
Fines and forfeitures	15,000	15,000	17,774	-	17,774
Contributions	-	-	500	-	500
Interest revenue	200	200	92	-	92
Miscellaneous	100	100	-	-	-
Total revenues	<u>16,050</u>	<u>16,050</u>	<u>20,710</u>	<u>-</u>	<u>20,710</u>
EXPENDITURES					
Public safety	9,450	9,450	7,681	(100)	7,581
Capital outlay	-	-	-	-	-
Total expenditures	<u>9,450</u>	<u>9,450</u>	<u>7,681</u>	<u>(100)</u>	<u>7,581</u>
REVENUES OVER (UNDER)					
EXPENDITURES	6,600	6,600	13,029	100	13,129
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>1,636</u>	<u>(1,636)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	6,600	6,600	14,665	(1,536)	13,129
FUND BALANCES, June 30, 2010	<u>31,094</u>	<u>31,094</u>	<u>31,094</u>	<u>1,869</u>	<u>32,963</u>
FUND BALANCES, June 30, 2011	<u>\$ 37,694</u>	<u>\$ 37,694</u>	<u>\$ 45,759</u>	<u>\$ 333</u>	<u>\$ 46,092</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
DRUG FUND
YEAR ENDED JUNE 30, 2011

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	\$ 100
Change in due from other funds	<u>(1,636)</u>
	<u>\$ (1,536)</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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
 IMPACT FEE FUND
 YEAR ENDED JUNE 30, 2011

	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	59,000	59,000	55,605	-	55,605
Interest revenue	6,000	6,000	1,075	-	1,075
Total revenues	<u>155,000</u>	<u>155,000</u>	<u>56,680</u>	<u>-</u>	<u>56,680</u>
EXPENDITURES					
Streets	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Miscellaneous	250	250	-	-	-
Capital outlay	260,000	260,000	-	-	-
Debt service					
Principal	147,200	147,200	147,200	-	147,200
Interest	72,529	72,529	73,514	-	73,514
Total expenditures	<u>479,979</u>	<u>479,979</u>	<u>220,714</u>	<u>-</u>	<u>220,714</u>
NET CHANGE IN FUND BALANCE	(324,979)	(324,979)	(164,034)	-	(164,034)
FUND BALANCES, June 30, 2010	<u>506,304</u>	<u>506,304</u>	<u>506,304</u>	<u>-</u>	<u>506,304</u>
FUND BALANCES, June 30, 2011	<u>\$ 181,325</u>	<u>\$ 181,325</u>	<u>\$ 342,270</u>	<u>\$ -</u>	<u>\$ 342,270</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
IMPACT FEE FUND
YEAR ENDED JUNE 30, 2011

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 amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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.

[2] The amount reported as "net change in fund balance" on the actual budgetary basis of accounting reported a deficit of \$164,034. 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, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Intergovernmental revenues	\$ 47,000	\$ 47,000	\$ 39,500	\$ 428	\$ 39,928
Interest revenue	<u>200</u>	<u>200</u>	<u>158</u>	<u>-</u>	<u>158</u>
Total revenues	<u>47,200</u>	<u>47,200</u>	<u>39,658</u>	<u>428</u>	<u>40,086</u>
EXPENDITURES					
Miscellaneous	48,500	48,500	46,875	-	46,875
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>48,500</u>	<u>48,500</u>	<u>46,875</u>	<u>-</u>	<u>46,875</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(1,300)	(1,300)	(7,217)	428	(6,789)
NET BORROWINGS FROM OTHER FUNDS					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE					
	(1,300)	(1,300)	(7,217)	428	(6,789)
FUND BALANCES, June 30, 2010					
	<u>58,751</u>	<u>58,751</u>	<u>58,751</u>	<u>3,436</u>	<u>62,187</u>
FUND BALANCES, June 30, 2011					
	<u>\$ 57,451</u>	<u>\$ 57,451</u>	<u>\$ 51,534</u>	<u>\$ 3,864</u>	<u>\$ 55,398</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 \$ 428

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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 \$7,217. 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
 PARKS SALES TAX FUND
 YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 84,000	\$ 84,000	\$ 70,590	\$ 4,741	\$ 75,331
Contributions	20,000	-	20,520	-	20,520
Interest revenue	3,000	3,000			1,050
Miscellaneous	-	-	75,225	-	75,225
Total revenues	<u>107,000</u>	<u>87,000</u>	<u>166,335</u>	<u>4,741</u>	<u>172,126</u>
EXPENDITURES					
Miscellaneous	76,250	76,250	627	-	627
Capital outlay	10,000	132,000	112,750	4,250	117,000
Debt service					
Principal	172,000	172,000	172,000	-	172,000
Interest	38,868	38,868	38,868	-	38,868
Total expenditures	<u>297,118</u>	<u>419,118</u>	<u>324,245</u>	<u>4,250</u>	<u>328,495</u>
REVENUES OVER (UNDER) EXPENDITURES	(190,118)	(332,118)	(157,910)	491	(156,369)
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(8,543)</u>	<u>8,543</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(190,118)	(332,118)	(166,453)	9,034	(156,369)
FUND BALANCES, June 30, 2010	<u>85,258</u>	<u>85,258</u>	<u>85,258</u>	<u>363,650</u>	<u>448,908</u>
FUND BALANCES, June 30, 2011	<u>\$ (104,860)</u>	<u>\$ (246,860)</u>	<u>\$ (81,195)</u>	<u>\$ 372,684</u>	<u>\$ 292,539</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE - CONTINUED
PARKS SALES TAX FUND
YEAR ENDED JUNE 30, 2011

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	\$ 4,741
Changes in other assets and liabilities	(4,250)
Changes in due to and due from other funds	<u>8,543</u>
	<u>\$ 9,034</u>

[2] The amount reported as "net change in fund balance" on the actual budgetary basis of accounting reported a deficit of \$166,453. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

[3] The amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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
 STATE STREET AID FUND
 YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Gasoline and motor fuel tax	\$ 251,924	\$ 251,924	\$ 268,700	\$ 838	\$ 269,538
Interest revenue	<u>300</u>	<u>300</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total revenues	<u>252,224</u>	<u>252,224</u>	<u>268,800</u>	<u>838</u>	<u>269,638</u>
EXPENDITURES					
Streets	133,702	133,702	134,680	-	134,680
Capital outlay	<u>119,425</u>	<u>119,425</u>	<u>101,135</u>	<u>(5,190)</u>	<u>95,945</u>
Total expenditures	<u>253,127</u>	<u>253,127</u>	<u>235,815</u>	<u>(5,190)</u>	<u>230,625</u>
REVENUES OVER (UNDER)					
EXPENDITURES	(903)	(903)	32,985	6,028	39,013
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(78,008)</u>	<u>78,008</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(903)	(903)	(45,023)	84,036	39,013
FUND BALANCES, June 30, 2010	<u>16,539</u>	<u>16,539</u>	<u>16,539</u>	<u>5,205</u>	<u>21,744</u>
FUND BALANCES, June 30, 2011	<u>\$ 15,636</u>	<u>\$ 15,636</u>	<u>\$ (28,484)</u>	<u>\$ 89,241</u>	<u>\$ 60,757</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	\$ 838
Changes in other assets and liabilities	5,190
Change in due from/to other funds	<u>78,008</u>
	<u>\$ 84,036</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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 \$45,023. 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
 DEBT SERVICE FUND
 YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 228,538	\$ 228,538	\$ 195,502	\$ 25,056	\$ 220,558
Interest revenue	43,806	43,806	749	-	749
Total revenues	<u>272,344</u>	<u>272,344</u>	<u>196,251</u>	<u>25,056</u>	<u>221,307</u>
EXPENDITURES					
Miscellaneous	1,500	1,500	1,035	-	1,035
Debt service					
Principal	345,640	345,640	345,639	-	345,639
Interest	164,053	164,053	164,053	-	164,053
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>511,193</u>	<u>511,193</u>	<u>510,727</u>	<u>-</u>	<u>510,727</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(238,849)</u>	<u>(238,849)</u>	<u>(314,476)</u>	<u>25,056</u>	<u>(289,420)</u>
NET BORROWINGS FROM OTHER FUNDS	<u>-</u>	<u>-</u>	<u>18,343</u>	<u>(18,343)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(238,849)	(238,849)	(296,133)	6,713	(289,420)
FUND BALANCES, June 30, 2010	<u>316,757</u>	<u>316,757</u>	<u>316,757</u>	<u>31,417</u>	<u>348,174</u>
FUND BALANCES, June 30, 2011	<u>\$ 77,908</u>	<u>\$ 77,908</u>	<u>\$ 20,624</u>	<u>\$ 38,130</u>	<u>\$ 58,754</u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2011

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	\$ 25,056
Change in due from other funds	<u>(18,343)</u>
	<u>\$ 6,713</u>

[2] The amount reported as "fund balance" on the budgetary basis of accounting derives from the cash 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 \$296,133. 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
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
JUNE 30, 2011

	Health Care Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 266,361
	266,361
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	1,315
Accrued liabilities	113,191
	114,506
NET ASSETS	
Unrestricted	\$ 151,855
	151,855

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, 2011

	<u>Health Care Fund</u>
OPERATING REVENUES	
Insurance premiums	<u>\$ 1,005,281</u>
OPERATING EXPENSES	
Premiums	214,519
Claims	<u>840,392</u>
	<u>1,054,911</u>
OPERATING INCOME (LOSS)	(49,630)
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>627</u>
CHANGE IN NET ASSETS	(49,003)
NET ASSETS, June 30, 2010	<u>200,858</u>
NET ASSETS, June 30, 2011	<u><u>\$ 151,855</u></u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2011

	Health Care Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,005,281
Claims paid	(765,472)
Premiums paid	<u>(214,519)</u>
Net cash provided by operating activities	<u>25,290</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>627</u>
Net cash provided by investing activities	<u>627</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,917
CASH AND CASH EQUIVALENTS, June 30, 2010	<u>240,444</u>
CASH AND CASH EQUIVALENTS, June 30, 2011	<u><u>\$ 266,361</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (49,630)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Accrued liabilities	<u>74,920</u>
Net cash provided by operating activities	<u><u>\$ 25,290</u></u>

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2011

Tax Year	Balance June 30, 2010	Tax Levy	Collections	Adjustments	Penalties and Interest	Balance June 30, 2011
2010	\$ -	\$2,310,123	\$(2,222,480)	\$ 3,920	\$ 5,483	\$ 97,046
2009	118,007	-	(73,114)	(436)	11,342	55,799
2008	61,953	-	(11,007)	-	10,670	61,616
2007	37,728	-	(3,059)	-	6,505	41,174
2006	36,569	-	(1,239)	-	5,403	40,733
2005	42,125	-	(1,911)	-	6,359	46,573
2004	43,507	-	(19,007)	-	5,871	30,371
2003	29,847	-	-	-	5,212	35,059
2002	8,735	-	-	-	5,260	13,995
2001	7,042	-	(11,323)	-	4,746	465
2000	11,753	-	-	(11,753)	-	-
1999	7,962	-	-	(7,962)	-	-
	<u>\$405,228</u>	<u>\$2,310,123</u>	<u>\$(2,343,140)</u>	<u>\$(16,231)</u>	<u>\$66,851</u>	422,831

Deferred property tax revenues for 2011 accrued 2,373,000

\$2,795,831

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

See independent auditors' report.

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULES OF LONG-TERM DEBT
JUNE 30, 2011

Governmental Activities Long-Term Debt

Year Ending June 30,	General Obligation Refunding Bonds, Series 2002		Tennessee Department of Economic and Community Development Loan				Total		Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2012	50,000	8,400	330,000	43,729	6,089	-	571,089	253,891	824,980
2013	55,000	6,400	335,000	37,129	6,089	-	616,089	237,893	853,982
2014	50,000	4,200	190,000	30,429	6,090	-	591,090	220,191	811,281
2015	55,000	2,200	115,000	26,266	-	-	520,000	200,230	720,230
2016	-	-	110,000	23,591	-	-	505,000	181,353	686,353
2017	-	-	110,000	20,596	-	-	520,000	162,560	682,560
2018	-	-	100,000	17,321	-	-	460,000	142,883	602,883
2019	400,000	110,984	115,000	13,728	-	-	515,000	124,712	639,712
2020	415,000	93,784	125,000	9,665	-	-	540,000	103,449	643,449
2021	150,000	75,936	135,000	5,075	-	-	285,000	81,011	366,011
2022	150,000	69,187	145,000	-	-	-	295,000	69,187	364,187
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>\$ 210,000</u>	<u>\$ 21,200</u>	<u>\$ 1,810,000</u>	<u>\$ 227,529</u>	<u>\$ 18,268</u>	<u>\$ -</u>	<u>\$ 6,753,268</u>	<u>\$ 2,033,818</u>	<u>\$ 8,787,086</u>

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF TAX RATES AND ASSESSMENTS
(UNAUDITED)
YEAR ENDED JUNE 30, 2011

<u>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>
2011	Sumner and Robertson Counties	\$0.74	\$0.24	\$0.00	\$0.98	\$380,383,044	\$ 99,713,359
		0.77	0.24	0.00	1.01	466,489,879	138,878,040
2010	Sumner and Robertson Counties	0.70	0.28	0.00	0.98	363,196,588	95,672,406
		0.71	0.30	0.00	1.01	449,350,483	135,889,021
2009	Sumner and Robertson Counties	0.69	0.33	0.00	1.02	753,025,193	214,357,449
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 Robertson County	0.75	0.18	0.20	1.13	278,694,897	74,047,530
		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 Robertson County	0.59	0.52	0.29	1.40	430,157,471	122,510,505
		0.53	0.46	0.26	1.25		

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF WASTEWATER RATES AND NUMBER OF CUSTOMERS
(UNAUDITED)
JUNE 30, 2011

CUSTOMER RATES

Residential:

Minimum bill (0 - 1,000 gallons)	\$16.00
Over 1,000 gallons	6.90 per 1,000 gallons

Non-Residential:

Minimum bill (0 - 1,000 gallons)	35.00
Over 1,000 gallons	6.90 per 1,000 gallons

CAPACITY FEES 2,500.00 minimum

NUMBER OF CUSTOMERS 3,834



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, 2011, which collectively comprise the City of White House, Tennessee's basic financial statements and have issued our report thereon dated March 19, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Section II of the accompanying schedule of findings and questioned costs to be a material weakness.

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

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*.

We noted certain matters that we reported to management of the City of White House, Tennessee, in a separate letter dated March 19, 2012.

The City of White House, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Mayor and Aldermen, others within the City, 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.

March 19, 2012
Nashville, Tennessee



Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of the City of White House, Tennessee (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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

Internal Control over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Crossin & Associates, P.C.

Nashville, Tennessee
March 19, 2012

CITY OF WHITE HOUSE, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
 Material weakness(es) identified? x yes no
 Significant deficiency(ies) identified not considered to
 be material weaknesses? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified not considered to
 be material weaknesses? yes x none reported

Type of auditors' report issued on compliance for
 major programs: Unqualified

Any audit findings disclosed that are required to be reported
 in accordance with Section 510(a) of Circular A-133? yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction Cluster, including ARRA
66.458	Capital Grants for Clean Water State Revolving Funds (ARRA)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes x no

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

Grant Revenue Cutoff

Criteria, Condition, Cause and Effect

The City should present grant revenue and receivables for the related fiscal year within the respective funds and government-wide financial statements. During our audit, we noted that the City did not record \$596,000 of grant revenue and receivables related to certain federal and state grants. As a result, an adjustment was required to the general fund and wastewater department fund financial statements in order for them to be fairly stated in all material respects at June 30, 2011. The City has controls over financial reporting in place that likely would have detected the misstatement prior to release of the financial statements, but we believe additional controls should be added earlier in the financial reporting process.

Recommendation

The City should perform a reconciliation of its federal and state grants at year-end as part of its pre-audit closing procedures to ensure proper cutoff for grant revenues.

Management's Response

Management concurs that the recording of grant receivables is necessary and in years such as this one would be considered material. Due to the large number and complexity of grants that the City received this year, there were not adequate resources or time to formulate the schedules necessary to book these receivables before the City closed the ledger for the fiscal year, and this information was not included in other closing entries and schedules that were prepared for the auditors to include as adjusting entries. In subsequent years, management will make every effort to include this activity in closing schedules prepared and given to the auditors for inclusion in adjusting entries.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF WHITE HOUSE, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

The prior year audits included the finding summarized below:

Grant Revenue Cutoff

The City did not record a significant amount of grant revenue and receivables related to certain federal and state grants. This finding is repeated in the current year.