

**CITY OF WHITE HOUSE, TENNESSEE**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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	Gerald Herman
City Attorney	Valerie Webb
City Judge	Joseph Zanger
City Recorder	Amanda Brewton
Chief of Fire Department	Joe Palmer
Chief of Police Department	Pat Brady
Director of Finance	Charlotte Soporowski
Director of Library - Interim	Elizabeth Kozlowski
Director of Parks and Recreation	Ashley Smith
Director of Planning and Codes	Reed Hillen
Director of Public Works	Joe Moss

## **FINANCIAL SECTION**



## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of White House, Tennessee (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison schedule for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note A, in fiscal year 2013, the City adopted Governmental Accounting Standards Board (“GASB”) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 14, and the schedules of funding progress – employee retirement system on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

### *Other Information*

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 on pages 57 through 70, and the information listed as other supplementary schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are 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 the State of Tennessee and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, and the other supplementary schedules marked "unaudited," have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Crosslin & Associates, P.C.*  
Nashville, Tennessee  
March 15, 2014

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, 2013. 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 \$819,000 in 2013 or 2.6%, while business-type activities total assets increased by \$1,215,000 or 6.3%, resulting in an increase in total primary government assets of \$2,034,000 or about 4.0%. Governmental activities total revenues for the City decreased by \$793,000 or 9.9%, while business-type total revenues increased by \$360,000 or 10.8%, resulting in a decrease in total primary government revenues of \$433,000, or 3.8%. The City's governmental activities total program costs for 2013 increased \$284,000 or 4.7%, while business-type activities total program costs decreased by \$91,000 or 3.1%, resulting in an increase in total primary government program costs of \$193,000 or 2.1%. With respect to the City's governmental activities, since both total revenues decreased and total program expenses increased, there is a resulting decrease in the change in net position of \$1,075,000 for 2013 compared to 2012. For the General Fund there was a positive net change in fund balance of \$171,000. The General Fund - fund balance at fiscal year-end was approximately \$5,045,000.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position 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 position 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 position (the difference between assets and liabilities) and the changes in net position 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 \$32,552,000 in 2013 versus \$31,733,000 in 2012, representing an increase of \$819,000 or 2.6%. Table 1 also shows that total assets of the City's business-type activities were \$20,349,000 in 2013 versus \$19,134,000 in 2012, representing an increase of \$1,215,000 or 6.3%.

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

	Governmental Activities			Business-type Activities			Total Primary Government		
	2013	2012	Change	2013	2012	Change	2013	2012	Change
Current and other assets	\$ 9,340	\$ 8,946	\$ 394	\$ 3,616	\$ 2,501	\$1,115	\$12,956	\$11,447	\$ 1,509
Capital assets	23,212	22,787	425	16,733	16,633	100	39,945	39,420	525
Total assets	32,552	31,733	819	20,349	19,134	1,215	52,901	50,867	2,034
Long-term liabilities	5,948	6,539	(591)	4,495	4,225	270	10,443	10,764	(321)
Other liabilities	292	332	(40)	156	62	94	448	394	54
Total liabilities	6,240	6,871	(631)	4,651	4,287	364	10,891	11,158	(267)
Deferred inflows of resources	2,919	2,394	525	-	-	-	2,919	2,394	525
Net assets:									
Invested in capital assets, net of related debt	17,628	16,584	1,044	12,287	12,378	(91)	29,915	28,962	953
Restricted	366	381	(15)	-	-	-	366	381	(15)
Unrestricted	5,399	5,503	(104)	3,411	2,469	942	8,810	7,972	838
Total net assets	\$ 23,393	\$ 22,468	\$ 925	\$ 15,698	\$ 14,847	\$ 851	\$ 39,091	\$ 37,315	\$ 1,776

The significant elements and causes for the changes in the City's governmental activities total assets in 2013 were: (1) Current and other assets increase by \$394,000. (2) Capital assets net, including infrastructure additions, increased by \$425,000. This amount included an increase in land and construction in progress, machinery and equipment, and infrastructure of \$1,306,000 net of retirements of \$17,000 and depreciation expense of \$865,000. Major capital asset events affecting governmental activities during the current fiscal year included the following:

- Paving of existing streets was completed for an addition of \$309,000.
- American Recovery and Reinvestment Act Fiber Optic Project continued for an addition of \$199,000.
- Park restroom facility began for an addition of \$150,000.

The significant aspects of the increase in the City's business-type activities total assets in 2013 was an increase in current and other assets of \$1,115,000 and an increase in capital assets of \$100,000. The net increase is the result of an increase in construction in progress of \$819,000, a decrease in utility plant in service of \$29,000, a net increase in machinery and equipment of \$65,000, and depreciation expense of \$755,000. Major capital asset events affecting business-type activities during the current fiscal year included the following:

- ARRA Sewer Rehab Project continued for an addition of \$421,000.
- Hobbs/Dawn Court conversion from vacuum continued for an addition of \$289,000.

As shown in Table 1, total liabilities of the City's governmental activities decreased by \$631,000 or 9.2% to \$6,240,000 in 2013 from \$6,871,000 in 2012. Table 1 also shows total liabilities of the City's business-type activities increased by \$364,000 or 8.5% to \$4,651,000 in 2013 from \$4,287,000 in 2012.

The significant elements and causes for the changes in the City's governmental activities total liabilities in 2013 were: (1) Other liabilities decreased by \$40,000, and (2) long-term liabilities decreased by \$591,000. This was comprised of an increase in accruals for compensated absences of \$25,000, a decrease due to long-term debt and capital lease principal payments of \$616,000.

The most significant aspect of the increase in the City's business-type activities total liabilities in 2013 was the increase in long-term debt primarily due to an additional debt issuance of \$621,000 drawn from State Revolving Fund Loans, offset by payments of long term debt in the amount of \$350,000.

Therefore, total net position of the City's governmental activities increased to \$23,393,000 in 2013 from \$22,468,000 in 2012 representing an increase of \$925,000 or 4.1%, and total net position of the City's business-type activities increased to \$15,698,000 from \$14,847,000, representing an increase of \$851,000 or 5.7%.

The significant elements and causes for the increase in the City's governmental activities net position are: (1) Net investment in capital assets increased by \$1,044,000; and (2) Restricted net position decreased by \$15,000 and unrestricted net position decreased by \$104,000. The increase in the City's business-type activities net position of \$851,000 was due to a decrease in net position for net investment in capital assets of \$91,000, along with an increase of \$942,000 in unrestricted net position.

Table 2 illustrates the changes in net position. As stated earlier, the changes in net position over time provide an excellent opportunity to evaluate the financial health of the City. Total revenues for the City's governmental activities decreased to \$7,207,000 in 2013 from \$8,000,000 in 2012, representing a decrease of \$793,000 or 9.9%. Total revenues for the City's business-type activities increased to \$3,700,000 in 2013 from \$3,340,000 in 2012, representing an increase of \$360,000 or 10.8%.

**Table 2**  
**Changes in Net Assets**  
**(in Thousands)**

	Governmental Activities			Business-type Activities			Total Primary Government	
	2013	2012	Change	2013	2012	Change	2013	2012
<b>Revenues</b>								
<b>Program revenues:</b>								
Charges for services	\$ 557	\$ 564	\$ (7)	\$ 3,565	\$ 3,281	\$ 284	\$ 4,122	\$ 3,845
Grants and contributions:								
For operations	149	459	(310)	-	-	-	149	459
For capital projects	180	319	(139)	-	-	-	180	319
<b>General revenues:</b>								
Property taxes	2,270	2,494	(224)	-	-	-	2,270	2,494
Park sales tax	76	81	(5)	-	-	-	76	81
Impact fees	6	59	(53)	-	-	-	6	59
Intergovernmental revenues	3,888	3,956	(68)	-	-	-	3,888	3,956
Other revenues	81	68	13	135	59	76	216	127
<b>Total revenues</b>	<b>7,207</b>	<b>8,000</b>	<b>(793)</b>	<b>3,700</b>	<b>3,340</b>	<b>360</b>	<b>10,907</b>	<b>11,340</b>
<b>Program expenses:</b>								
General government	1,359	1,359	-	-	-	-	1,359	1,359
City court	74	75	(1)	-	-	-	74	75
Public safety	2,910	2,750	160	-	-	-	2,910	2,750
Streets	429	344	85	-	-	-	429	344
Cemetery and maintenance	16	15	1	-	-	-	16	15
Library and museum	232	213	19	-	-	-	232	213
Parks and recreation	708	673	35	-	-	-	708	673
Planning and zoning	311	314	(3)	-	-	-	311	314
Senior citizens activities	29	27	2	-	-	-	29	27
City garage	-	-	-	-	-	-	-	-
Miscellaneous	70	49	21	-	-	-	70	49
Interest on long-term debt	237	272	(35)	-	-	-	237	272
Wastewater department	-	-	-	2,173	2,316	(143)	2,173	2,316
Sanitation department	-	-	-	707	655	52	707	655
<b>Total expenses</b>	<b>6,375</b>	<b>6,091</b>	<b>284</b>	<b>2,880</b>	<b>2,971</b>	<b>(91)</b>	<b>9,255</b>	<b>9,062</b>
Excess before contributions and transfers	832	1,909	(1,077)	820	369	451	1,652	2,278
Contributions	-	-	-	124	44	80	124	44
Transfers	93	91	2	(93)	(91)	(2)	-	-
<b>Net change in net assets</b>	<b>925</b>	<b>2,000</b>	<b>(1,075)</b>	<b>851</b>	<b>322</b>	<b>529</b>	<b>1,776</b>	<b>2,322</b>
<b>NET POSITION, June 30, 2012, as restated</b>	<b>22,468</b>	<b>20,468</b>	<b>2,000</b>	<b>14,847</b>	<b>14,525</b>	<b>322</b>	<b>37,315</b>	<b>34,993</b>
<b>NET POSITION, June 30, 2013</b>	<b>\$ 23,393</b>	<b>\$ 22,468</b>	<b>\$ 925</b>	<b>\$ 15,698</b>	<b>\$ 14,847</b>	<b>\$ 851</b>	<b>\$39,091</b>	<b>\$ 37,315</b>

The decrease in total revenues of the City's governmental activities for 2013 as compared to 2012 was primarily due to: (1) Program revenues for operations decreased by \$310,000 and (2) Property Tax revenues decreased by \$224,000.

The increase in total revenues of the City's business-type activities was primarily due to an increase in Program Revenues for Charges for Services.

Table 2 shows that total program expenses for the City's governmental activities increased to \$6,375,000 in 2013 from \$6,091,000 in 2012, representing an increase of \$284,000 or 4.7%. Total program expenses for the City's business-type activities decreased to \$2,880,000 in 2013 from \$2,971,000 in 2012, representing a decrease of \$91,000 or 3.1%.

The increase in total program expenses for the City's governmental activities was primarily due to: (1) Public Safety expenses increased by \$160,000, primarily due to increases in salary and benefits, (2) Streets expenses also increased by \$85,000 primarily due to increases in capital outlay, (3) Parks and Recreation expenses increased by \$35,000 primarily due to an increase in capital outlay.

The decrease in total program expenses for the City's business-type activities was primarily due to a decrease in supplies expense at the Wastewater Department.

The increase in the net position of the City's governmental activities in 2013 was \$925,000 as compared to an increase in net position in 2012 of \$2,000,000. This \$1,075,000 decrease is primarily due to a decrease in program revenues over expenses.

## 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, 2013. The original budget revenue estimates total \$7,996,000, not including revenue from other financing sources of \$130,000 for a total of \$8,126,000. Final budget revenues for the period amounted to \$8,051,000 and revenue from other financing sources of \$130,000 for a total of \$8,181,000. Final actual (budgetary basis) revenues for the period amounted to \$6,111,000. 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 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 2013 year-end were estimated to be \$8,895,000. Final budget expenditures for the period amounted to \$8,960,000. Final actual (budgetary basis) expenditures for the period amounted to \$6,114,000. The actual to budget variance of General Government and Public Safety expenses were the two major contributors of this positive performance to budget because of 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 \$45,000. At the end of this period the City's actual General Fund - fund balance on a cash budgetary basis was \$5,304,000.

**Table 3**  
**General Fund Budget Comparison**  
(in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary) Basis)</b>	<b>Variance with Final Budget - Over/(Under)</b>
<b>Revenues</b>				
Taxes	\$ 1,837	\$ 1,837	\$ 1,774	\$ (63)
Intergovernmental revenues	5,606	5,635	3,615	(2,020)
Other revenues	553	579	629	50
Total revenues	<u>7,996</u>	<u>8,051</u>	<u>6,018</u>	<u>(2,033)</u>
<b>Expenditures</b>				
General government	2,774	2,708	1,332	(1,376)
Public safety	3,602	3,616	2,771	(845)
Streets	1,049	1,078	746	(332)
Parks and recreation	861	938	700	(238)
Planning and zoning	268	268	232	(36)
Other activity expenditures	341	352	333	(19)
Total expenditures	<u>8,895</u>	<u>8,960</u>	<u>6,114</u>	<u>(2,846)</u>
<b>Revenues over (under) expenditures</b>	(899)	(909)	(96)	813
Other financing sources	130	130	93	(37)
Net payments to other funds	-	-	48	48
<b>Net change in fund balance</b>	(769)	(779)	45	824
<b>FUND BALANCES, June 30, 2012, as restated</b>	<u>5,259</u>	<u>5,259</u>	<u>5,259</u>	<u>-</u>
<b>FUND BALANCES, June 30, 2013</b>	<u>\$ 4,490</u>	<u>\$ 4,480</u>	<u>\$ 5,304</u>	<u>\$ 824</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			Business-type			Total		
	2013	2012	Change	2013	2012	Change	2013	2012	Change
Land and construction in progress	\$10,204	\$ 9,621	\$ 583	\$ 1,644	\$ 825	\$ 819	\$ 11,848	\$10,446	\$1,402
Buildings and improvements	10,537	10,537	-	-	-	-	10,537	10,537	-
Machinery and equipment	3,534	3,277	257	2,235	2,660	(425)	5,769	5,937	(168)
Utility plant in service	-	-	-	22,072	22,101	(29)	22,072	22,101	(29)
Infrastructure	6,804	6,366	438	-	-	-	6,804	6,366	438
Total capital assets	31,079	29,801	1,278	25,951	25,586	365	57,030	55,387	1,643
Accumulated depreciation	(7,867)	(7,014)	(853)	(9,218)	(8,953)	(265)	(17,085)	(15,967)	(1,118)
Net capital assets	\$23,212	\$ 22,787	\$ 425	\$16,733	\$ 16,633	\$ 100	\$ 39,945	\$39,420	\$ 525

### Governmental Activities

In June 2012, the City's governmental activities had \$22,787,000 (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 2013 capital assets, were \$23,212,000 (net of accumulated depreciation), representing a net increase of \$425,000 or 1.9%. The increase in capital assets was comprised of two significant components: Land and construction in progress increase of \$583,000; and Infrastructure increase of \$438,000. Capital asset additions in 2013 consisted primarily of infrastructure improvements through the paving program, continued progress on the ARRA Fiber Optic Project.

### Business-type Activities

In June 2012, the City's business-type activities, consisting of the Wastewater and Sanitation Departments, had \$16,633,000 (net of accumulated depreciation) invested in land, machinery and equipment which is the 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 2013 capital assets were \$16,733,000 (net of accumulated depreciation), representing a net increase of \$100,000 or 0.6% from 2012. The net increase in capital assets included depreciation of \$755,000, net of the following: an increase in land and construction in progress of \$819,000; a net increase in machinery and equipment of \$65,000; and a decrease in utility plant in service of \$29,000.

## 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 2013 and 2012.

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

	Governmental Activities			Business-type Activities			Total		
	2013	2012	Change	2013	2012	Change	2013	2012	Change
Bonds payable	\$ 5,560	\$ 6,170	\$ (610)	\$ 2,590	\$ 2,940	\$ (350)	\$ 8,150	\$ 9,110	\$ (960)
Capital outlay notes	-	-	-	-	-	-	-	-	-
Loan payable	6	12	(6)	1,846	1,225	621	1,852	1,237	615
Capital leases	-	-	-	-	-	-	-	-	-
Total notes and bonds	5,566	6,182	(616)	4,436	4,165	271	10,002	10,347	(345)
Compensated absences	382	357	25	48	47	1	430	404	26
Premium on bonds	-	-	-	11	12	(1)	11	12	(1)
Loss on defeasance	-	-	-	-	-	-	-	-	-
Total long-term liabilities	\$ 5,948	\$ 6,539	\$ (591)	\$ 4,495	\$ 4,224	\$ 271	\$ 10,443	\$ 10,763	\$ (320)

### Governmental Activities

At the end of the current fiscal year, the City's governmental activities had outstanding long-term debt of \$5,948,000 including accrued compensated absences. The prior year total of long-term liabilities amounted to \$6,539,000; consequently long-term liabilities decreased during the year by \$591,000 or 9.0%.

The accrual for compensated absences decreased by \$25,000 in 2013. 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 \$4,495,000 related primarily to the Wastewater Department, with \$118,000 related to the Sanitation Department. The prior year total of long-term liabilities amounted to \$4,224,000; consequently long-term liabilities increased during the year by \$271,000 or 6.4%.

The Wastewater Department has outstanding Notes Payable to the State of Tennessee, Revolving Loan Fund due in monthly installments through 2033. Also outstanding is a portion of the General Obligation Refunding Bond, Series, 2008 and 2012 due annually through 2024. 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 as of June 30, 2013 on these obligations totaled \$1,846,000.

## 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. Our departments have been very conservative in keeping their costs within or below their budgets. Due to changes in the workplace, increasing efficiencies, has allowed us to reduce authorized full-time positions to 8.3 per 1,000, the lowest in more than 20 years. These workplace changes along with fiscal conservatism in operational budgets have allowed us to end the year with a strong fund balance.

The housing market continued to grow at a moderate pace. There were 30 new single-family home permits issued. Empty residential units from previous years' foreclosures filled in with new residents. Our rental units continued with the previous year-end at 98% occupancy. The Planning Commission approved three site plans for an additional 264 rental units.

Our retail and industrial spaces are more than 90% occupied. A new strip center to house four new businesses broke ground. Construction was underway for a Speedway fuel/convenient center. New retail and restaurant openings this past year added to the sales tax base and will have a significant impact on the City's revenues in the upcoming years.

An economic summit in the city drew more than one hundred landowners, developers, brokers, and bankers together. The summit focused on public investment in the town center and in the Interstate 65/SR76 interchange. Investment would improve sewer and roads along with building a new library. Each participant received retail-marketing materials to take with them. The group viewed a new marketing video that they could share with others. The group also viewed an updated web site that included a new section on economic opportunities in the City.

## 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](mailto:csoporowski@cityofwhitehouse.com).

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,133,863	\$ 2,880,158	\$ 8,014,021
Receivables, net	4,056,049	347,626	4,403,675
Unbilled receivables	-	269,381	269,381
Internal balances	25,545	(25,545)	-
Inventories	-	109,217	109,217
Other current assets	124,098	34,797	158,895
Capital assets:			
Land and construction in progress	10,203,622	1,644,193	11,847,815
Other capital assets, net	13,008,586	15,089,167	28,097,753
Total assets	32,551,763	20,348,994	52,900,757
<b>LIABILITIES</b>			
Accounts payable	128,923	131,992	260,915
Accrued liabilities	101,510	24,479	125,989
Accrued interest	18,349	333	18,682
Performance bonds payable	42,866	-	42,866
Noncurrent liabilities:			
Due within one year	769,425	427,929	1,197,354
Due in more than one year	5,178,879	4,066,708	9,245,587
Total liabilities	6,239,952	4,651,441	10,891,393
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	2,919,000	-	2,919,000
Total deferred inflows of resources	2,919,000	-	2,919,000
<b>NET POSITION</b>			
Net investment in capital assets	17,627,770	12,286,652	29,914,422
Restricted for:			
Cemetery	106,375	-	106,375
Parks and recreation	170,851	-	170,851
Street maintenance and improvements	88,159	-	88,159
Other	427	-	427
Unrestricted	5,399,229	3,410,901	8,810,130
Total net position	\$ 23,392,811	\$ 15,697,553	\$ 39,090,364

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) / Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES:</b>					
General government	\$ 1,359,175	\$ 209,365	\$ -	\$ -	\$ (1,149,810)
City court	74,114	146,381	-	-	72,267
Public safety	2,910,104	6,290	100,515	-	(2,803,299)
Streets	428,892	-	-	179,905	(248,987)
Cemetery and maintenance	16,028	17,114	-	-	1,086
Library and museum	232,370	-	38,569	-	(193,801)
Parks and recreation	707,857	146,257	-	-	(561,600)
Planning and zoning	311,357	31,258	-	-	(280,099)
Senior citizen activities	28,849	-	9,500	-	(19,349)
Miscellaneous	70,276	-	-	-	(70,276)
Interest on long-term debt	236,817	-	-	-	(236,817)
	<u>6,375,839</u>	<u>556,665</u>	<u>148,584</u>	<u>179,905</u>	<u>(5,490,685)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Wastewater Department	2,172,537	2,868,530	-	123,782	819,775
Sanitation Department	707,298	696,415	-	-	(10,883)
	<u>2,879,835</u>	<u>3,564,945</u>	<u>-</u>	<u>123,782</u>	<u>808,892</u>
<b>TOTAL GOVERNMENT</b>	<b>\$ 9,255,674</b>	<b>\$ 4,121,610</b>	<b>\$ 148,584</b>	<b>\$ 303,687</b>	<b>\$ (4,681,793)</b>
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>NET (EXPENSE) / REVENUE</b>			<b>\$ (5,490,685)</b>	<b>\$ 808,892</b>	<b>\$ (4,681,793)</b>
<b>GENERAL REVENUES:</b>					
Property taxes			2,270,474	-	2,270,474
Park sales tax			76,188	-	76,188
Impact fees			6,295	-	6,295
Intergovernmental revenues			3,888,336	-	3,888,336
Interest and investment earnings			6,631	3,499	10,130
Other revenue			77,040	131,586	208,626
Loss on disposition of capital assets			(2,228)	-	(2,228)
Total general revenues			<u>6,322,736</u>	<u>135,085</u>	<u>6,457,821</u>
<b>NET TRANSFERS</b>			<u>93,209</u>	<u>(93,209)</u>	<u>-</u>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>			<u>6,415,945</u>	<u>41,876</u>	<u>6,457,821</u>
<b>CHANGE IN NET POSITION</b>			925,260	850,768	1,776,028
<b>NET POSITION, June 30, 2012, as restated</b>			<u>22,467,551</u>	<u>14,846,785</u>	<u>37,314,336</u>
<b>NET POSITION, June 30, 2013</b>			<u>\$ 23,392,811</u>	<u>\$ 15,697,553</u>	<u>\$ 39,090,364</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,258,250	\$ 34,782	\$ 629,029	\$ 4,922,061
Receivables, net	3,187,586	789,020	79,443	4,056,049
Due from other funds	27,109	1,484	35,190	63,783
Other assets	<u>124,098</u>	<u>-</u>	<u>-</u>	<u>124,098</u>
Total assets	<u>\$ 7,597,043</u>	<u>\$ 825,286</u>	<u>\$ 743,662</u>	<u>\$ 9,165,991</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 116,047	\$ -	\$ 12,201	\$ 128,248
Accrued liabilities	101,510	-	-	101,510
Due to other funds	68,974	-	-	68,974
Performance bonds payable	<u>42,866</u>	<u>-</u>	<u>-</u>	<u>42,866</u>
Total liabilities	<u>329,397</u>	<u>-</u>	<u>12,201</u>	<u>341,598</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	2,216,931	772,966	-	2,989,897
Unavailable revenue - other	<u>5,591</u>	<u>-</u>	<u>-</u>	<u>5,591</u>
Total deferred inflows of resources	<u>2,222,522</u>	<u>772,966</u>	<u>-</u>	<u>2,995,488</u>
<b>FUND BALANCES</b>				
Restricted	427	-	365,385	365,812
Committed	-	52,320	366,076	418,396
Unassigned	<u>5,044,697</u>	<u>-</u>	<u>-</u>	<u>5,044,697</u>
Total fund balances	<u>5,045,124</u>	<u>52,320</u>	<u>731,461</u>	<u>5,828,905</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,597,043</u>	<u>\$ 825,286</u>	<u>\$ 743,662</u>	<u>\$ 9,165,991</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS - CONTINUED  
JUNE 30, 2013

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

Total governmental fund balances above	\$ 5,828,905
Capital assets not reported above	23,212,208
Certain deferred inflows, from property and intergovernmental taxes reported above, reported as revenues in the government-wide statement of net assets	76,487
Long-term liabilities not reported above	(5,948,304)
Accrued interest not reported above	(18,349)
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 position	<u>241,864</u>
Net position of governmental activities in the statement of net position	<u>\$ 23,392,811</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, 2013

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,751,230	\$ 661,947	\$ 76,188	\$ 2,489,365
Intergovernmental revenues	3,767,950	-	320,638	4,088,588
Charges for services	146,257	-	17,114	163,371
Licenses and permits	240,623	-	6,295	246,918
Fines and forfeitures	146,381	-	6,290	152,671
Contributions	-	-	20,520	20,520
Interest revenue	5,387	237	1,007	6,631
Miscellaneous	91,357	-	-	91,357
Total revenues	<u>6,149,185</u>	<u>662,184</u>	<u>448,052</u>	<u>7,259,421</u>
<b>EXPENDITURES</b>				
Current operations:				
General government	1,289,631	-	-	1,289,631
City court	73,793	-	-	73,793
Public safety	2,771,487	-	5,678	2,777,165
Streets	746,123	-	144,733	890,856
Cemetery and maintenance	-	-	16,015	16,015
Library and museum	229,196	-	-	229,196
Parks and recreation	699,910	-	367	700,277
Planning and zoning	232,431	-	-	232,431
Senior citizen activities	28,788	-	-	28,788
Miscellaneous	-	1,327	45,302	46,629
Capital outlay	-	-	146,950	146,950
Debt service				
Principal	-	471,089	145,000	616,089
Interest	-	205,463	34,429	239,892
Total expenditures	<u>6,071,359</u>	<u>677,879</u>	<u>538,474</u>	<u>7,287,712</u>
<b>REVENUES OVER (UNDER)</b>				
EXPENDITURES	77,826	(15,695)	(90,422)	(28,291)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	93,209	-	-	93,209
<b>NET CHANGE IN FUND BALANCES</b>				
	171,035	(15,695)	(90,422)	64,918
FUND BALANCES, June 30, 2012, as restated	<u>4,874,089</u>	<u>68,015</u>	<u>821,883</u>	<u>5,763,987</u>
FUND BALANCES, June 30, 2013	<u>\$ 5,045,124</u>	<u>\$ 52,320</u>	<u>\$ 731,461</u>	<u>\$ 5,828,905</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, 2013

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

Net change in fund balances as reported in the governmental funds statements	\$ 64,918
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.	128,237
Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.	(142,703)
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.	(14,317)
Amounts reported as expenditures in the governmental funds not included as expenses in the government-wide statements:	
Capital outlays	1,178,003
Payments on long-term debt	616,089
Expenses in the government-wide statements not included in the governmental funds:	
Depreciation expense	(864,715)
Decrease in accrued interest	3,075
Increase in compensated absences	(25,128)
Loss on disposal of capital assets	(2,228)
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>4,549</u>
Change in net position of governmental activities	<u>\$ 925,260</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Wastewater	Solid Waste	Total	Activity -
	Department	Fund		Internal Service
				Fund
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,373,844	\$ 506,314	\$ 2,880,158	\$ 211,802
Receivables, net	315,137	32,489	347,626	-
Unbilled receivables	212,005	57,376	269,381	-
Due from other funds	4,376	234,587	238,963	30,734
Inventories	109,217	-	109,217	-
Other current assets	30,249	4,548	34,797	-
Total current assets	<u>3,044,828</u>	<u>835,314</u>	<u>3,880,142</u>	<u>242,536</u>
<b>CAPITAL ASSETS, NET</b>	<u>16,723,855</u>	<u>9,505</u>	<u>16,733,360</u>	<u>-</u>
Total assets	<u>19,768,683</u>	<u>844,819</u>	<u>20,613,502</u>	<u>242,536</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	88,163	43,829	131,992	672
Accrued liabilities	23,449	1,030	24,479	-
Accrued interest	-	333	333	-
Due to other funds	250,320	14,188	264,508	-
Current maturities of long-term debt	369,624	58,305	427,929	-
Total current liabilities	<u>731,556</u>	<u>117,685</u>	<u>849,241</u>	<u>672</u>
<b>LONG-TERM DEBT, less current maturities</b>	<u>4,006,685</u>	<u>60,023</u>	<u>4,066,708</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	12,378,374	(91,722)	12,286,652	-
Unrestricted	<u>2,652,068</u>	<u>758,833</u>	<u>3,410,901</u>	<u>241,864</u>
Total net position	<u>\$ 15,030,442</u>	<u>\$ 667,111</u>	<u>\$ 15,697,553</u>	<u>\$ 241,864</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activity - Internal Service Fund
	Wastewater Department	Solid Waste Fund	Total	
OPERATING REVENUES				
Charges for services	\$ 2,868,530	\$ 696,415	\$ 3,564,945	\$ 60,300
Other operating revenues	29,483	102,103	131,586	-
	<u>2,898,013</u>	<u>798,518</u>	<u>3,696,531</u>	<u>60,300</u>
OPERATING EXPENSES				
Salaries and payroll taxes	436,483	143,391	579,874	-
Employee benefits	149,617	54,421	204,038	-
Supplies	199,436	49,715	249,151	-
Utilities	186,981	374	187,355	-
Other operating expenses	421,868	413,669	835,537	7,845
Claims, net of insurance recoveries	-	-	-	48,223
Depreciation and amortization	717,624	39,965	757,589	-
	<u>2,112,009</u>	<u>701,535</u>	<u>2,813,544</u>	<u>56,068</u>
OPERATING INCOME (LOSS)	<u>786,004</u>	<u>96,983</u>	<u>882,987</u>	<u>4,232</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	2,643	856	3,499	317
Interest expense	(60,528)	(5,763)	(66,291)	-
	<u>(57,885)</u>	<u>(4,907)</u>	<u>(62,792)</u>	<u>317</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS AND TRANSFERS	728,119	92,076	820,195	4,549
CAPITAL GRANTS AND CONTRIBUTIONS	123,782	-	123,782	-
TRANSFERS OUT	(93,209)	-	(93,209)	-
CHANGE IN NET POSITION	758,692	92,076	850,768	4,549
NET POSITION, June 30, 2012, as restated	<u>14,271,750</u>	<u>575,035</u>	<u>14,846,785</u>	<u>237,315</u>
NET POSITION, June 30, 2013	<u>\$ 15,030,442</u>	<u>\$ 667,111</u>	<u>\$ 15,697,553</u>	<u>\$ 241,864</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Wastewater Department	Solid Waste Fund	Total	Activity - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,973,268	\$ 790,763	\$ 3,764,031	\$ 29,566
Payments to suppliers	(769,874)	(429,865)	(1,199,739)	-
Payments to or on behalf of employees	(585,741)	(197,812)	(783,553)	-
Internal activity from (to) other funds	178,084	(169,023)	9,061	-
Claims paid, net of insurance recoveries	-	-	-	(51,274)
Premiums paid	-	-	-	(7,845)
Net cash provided by (used by) operating activities	<u>1,795,737</u>	<u>(5,937)</u>	<u>1,789,800</u>	<u>(29,553)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to other funds	<u>(93,209)</u>	<u>-</u>	<u>(93,209)</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>(93,209)</u>	<u>-</u>	<u>(93,209)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of equipment	(894,596)	-	(894,596)	-
Loss (proceeds) from sale of equipment	11,983	26,734	38,717	-
Proceeds from capital debt	704,149	-	704,149	-
Capital contributions	123,782	-	123,782	-
Payments on long-term debt	(336,932)	(99,205)	(436,137)	-
Interest paid	<u>(64,031)</u>	<u>(6,003)</u>	<u>(70,034)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(455,645)</u>	<u>(78,474)</u>	<u>(534,119)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>2,643</u>	<u>856</u>	<u>3,499</u>	<u>317</u>
Net cash provided by investing activities	<u>2,643</u>	<u>856</u>	<u>3,499</u>	<u>317</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,249,526	(83,555)	1,165,971	(29,236)
<b>CASH AND CASH EQUIVALENTS, June 30, 2012</b>	<u>1,124,318</u>	<u>589,869</u>	<u>1,714,187</u>	<u>241,038</u>
<b>CASH AND CASH EQUIVALENTS, June 30, 2013</b>	<u>\$ 2,373,844</u>	<u>\$ 506,314</u>	<u>\$ 2,880,158</u>	<u>\$ 211,802</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental
	Wastewater Department	Solid Waste Fund	Total	Activity - Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income	\$ 786,004	\$ 96,983	\$ 882,987	\$ 4,232
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	717,624	39,965	757,589	-
Changes in operating assets and liabilities				
Receivables, net	82,094	(8,309)	73,785	-
Unbilled receivables	(6,839)	554	(6,285)	-
Due from other funds	(2,692)	(179,226)	(181,918)	-
Inventories	(33,047)	-	(33,047)	-
Other current assets	(897)	7,502	6,605	-
Accounts payable	65,365	30,246	95,611	(3,051)
Accrued liabilities	7,349	(3,855)	3,494	(30,734)
Due to other funds	180,776	10,203	190,979	-
Total adjustments	<u>1,009,733</u>	<u>(102,920)</u>	<u>906,813</u>	<u>(33,785)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,795,737</u>	<u>\$ (5,937)</u>	<u>\$ 1,789,800</u>	<u>\$ (29,553)</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
<b>REVENUES</b>					
Taxes	\$ 1,836,884	\$ 1,836,884	\$ 1,774,158	\$ (22,928)	\$ 1,751,230
Intergovernmental revenues	5,605,562	5,634,590	3,614,986	152,964	3,767,950
Charges for services	96,085	107,085	146,257	-	146,257
Licenses and permits	246,150	246,150	239,296	1,327	240,623
Fines and forfeitures	150,600	150,600	146,381	-	146,381
Interest revenue	6,100	6,100	5,387	-	5,387
Miscellaneous	54,375	68,692	91,357	-	91,357
Total revenues	<u>7,995,756</u>	<u>8,050,101</u>	<u>6,017,822</u>	<u>131,363</u>	<u>6,149,185</u>
<b>EXPENDITURES</b>					
Current operations:					
General government	2,774,355	2,708,234	1,332,047	(42,416)	1,289,631
City court	77,733	77,733	73,793	-	73,793
Public safety	3,601,969	3,616,286	2,771,487	-	2,771,487
Streets	1,048,774	1,077,802	746,123	-	746,123
Library and museum	223,350	233,350	229,196	-	229,196
Parks and recreation	860,832	937,953	699,910	-	699,910
Planning and zoning	268,161	268,161	232,431	-	232,431
Senior citizen activities	40,066	40,066	28,788	-	28,788
City garage	-	-	-	-	-
Total expenditures	<u>8,895,240</u>	<u>8,959,585</u>	<u>6,113,775</u>	<u>(42,416)</u>	<u>6,071,359</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(899,484)</u>	<u>(909,484)</u>	<u>(95,953)</u>	<u>173,779</u>	<u>77,826</u>
<b>OTHER FINANCING SOURCES</b>					
Bonds issued	-	-	-	-	-
Transfers in	130,000	130,000	93,209	-	93,209
	<u>130,000</u>	<u>130,000</u>	<u>93,209</u>	<u>-</u>	<u>93,209</u>
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>47,732</u>	<u>(47,732)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(769,484)	(779,484)	44,988	126,047	171,035
FUND BALANCES, June 30, 2012, as restated	<u>5,258,573</u>	<u>5,258,573</u>	<u>5,258,573</u>	<u>(384,484)</u>	<u>4,874,089</u>
FUND BALANCES, June 30, 2013	<u>\$ 4,489,089</u>	<u>\$ 4,479,089</u>	<u>\$ 5,303,561</u>	<u>\$ (258,437)</u>	<u>\$ 5,045,124</u>

See notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE - CONTINUED  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2013

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	\$ (22,928)
Change in intergovernmental receivables, net of deferred revenues	152,964
Changes in other receivables	1,327
Changes in other assets and liabilities	42,416
Changes in due to and due from other funds	<u>(47,732)</u>
	<u>\$ 126,047</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, 2013

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 U.S. generally accepted accounting principles applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (“GASB”).

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, management has determined 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, 2013

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 position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual basis and economic resources measurement focus. Revenues are reported when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and other restricted revenues are recognized as revenue when all eligibility requirements imposed by the provider have been met. It also recognizes all long-term assets and receivables as well as long-term debt and obligations.

The statement of net position presents the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets.

**Restricted net position** consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories.

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.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 position 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 and deferred outflows, liabilities and deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The City uses the following fund types:

Governmental funds

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

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.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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.

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 dental insurance provided to employees of the City (See Note J).

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.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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. Committed fund balances are established and can only be modified or received by resolution approved by 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.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 of \$3,155,616, intergovernmental revenues of 1,246,259, and other receivables. Major receivable balances for the business-type activities consist of billed charges to wastewater and sanitation customers and \$182,968 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, 2013 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, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred inflows. In the governmental funds financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows.

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 government-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.

CITY OF WHITE HOUSE, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 position.

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.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expense) until then. The City has no items that qualify for reporting in this category at June 30, 2013.

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.

Long-term Obligations

The City reports long-term debt and other long-term obligations in the applicable activities in the government-wide financial statements and the proprietary fund type fund financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred Inflows of Resources

In addition to liabilities, the balance sheets and statements of net position will sometimes report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The City has one item that qualifies for reporting in this category. The *unavailable revenue* reported in the balance sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The *unavailable revenue* reported in the statement of net position, arises from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 (based on the assessed valuation 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 2013 was \$.98 for Sumner County and \$1.01 for Robertson County on each \$100 of tax valuation.

Estimates

Estimates used in the preparation of financial statements require management to make assumptions that affect the reported amounts of assets, liabilities and deferred inflows and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Pronouncements

The City adopted GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement addresses how to account for and report service concession arrangements.

The City adopted GASB Statement No. 61, The Financial Reporting Entity: Omnibus, required for fiscal periods beginning after June 15, 2012, in fiscal 2013. This Statement is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statements No. 14 and 34, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued.

The City adopted GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements.

The City adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, required for fiscal periods beginning after December 15, 2011, in fiscal 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government reports with information about how past transactions will continue to impact a government's financial statements in the future.

The City adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, required for fiscal periods beginning after December 15, 2012, in fiscal 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note B - Restatement of Net Position.

The City plans to adopt GASB Statement No. 66, Technical Corrections- 2012- an amendment of GASB Statements No. 10 and No. 62, required for fiscal periods beginning after December 15, 2012, in fiscal 2014. This Statement improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of Statements No. 54 and No. 62.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City plans to adopt GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, required for fiscal periods beginning after June 15, 2014, in fiscal 2015. This Statement improves accounting and financial reporting by state and local governments for pensions.

The City plans to adopt GASB Statement No. 69, Government Operations and Disposals of Government Operations, required for fiscal periods beginning after December 15, 2013, in fiscal 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The City plans to adopt GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, required for fiscal periods beginning after June 15, 2013, in fiscal 2014. This Statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

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

B. RESTATEMENT

The City adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, for the year ended June 30, 2013. The Statement established accounting and financial reporting standards that, among other things, recognized as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. As a result, costs related to the issuance of debt previously deferred were reclassified as if they had been reported as an outflow of resources when incurred.

Also, during fiscal 2013, it was determined that the receivable related to certain grants were overstated by the City as of June 30, 2012. As a result, an adjustment of \$244,320 was made to decrease net assets for governmental activities, and fund balance for the general fund at June 30, 2012.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

B. RESTATEMENT - Continued

The impact on the financial statements was a decrease in beginning net position as follows:

	<u>Statement of Activities</u>		Statement of Revenues, Expense and Changes in
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	Proprietary Funds (Enterprise Funds)
Net position - beginning of year, as previously reported	\$ 22,887,598	\$ 14,920,503	\$ 14,920,503
Reclassification of deferred charge for debt issuance costs	( 175,727)	( 73,718)	( 73,718)
Adjustment of grant receivable	<u>( 244,320)</u>	<u>                  -</u>	<u>                  -</u>
Net position - beginning of year as restated	<u>\$ 22,467,551</u>	<u>\$ 14,846,785</u>	<u>\$ 14,846,785</u>

C. 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.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

C. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Interfund Transactions

Interfund receivable and payable balances consist of the following:

	Major Funds				Nonmajor Governmental Funds	Total
	General Fund	Debt Service Fund	Solid Waste Fund	Wastewater Department		
Interfund Receivable	<u>\$27,109</u>	<u>\$1,484</u>	<u>\$234,587</u>	<u>\$4,379</u>	<u>\$65,923</u>	<u>\$333,482</u>
Interfund Payable:						
Major Funds:						
General Fund	\$ -	\$1,484	\$ -	\$1,567	\$65,923	\$ 68,974
Wastewater Department	15,733	-	234,587	-	-	250,320
Solid Waste Fund	11,376	-	-	2,812	-	14,188
Debt Service Fund	-	-	-	-	-	-
Nonmajor Funds:						
Governmental Funds	-	-	-	-	-	-
	<u>\$27,109</u>	<u>\$1,484</u>	<u>\$234,587</u>	<u>\$4,379</u>	<u>\$65,923</u>	<u>\$333,482</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	\$93,209

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

D. 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, 2013, all deposits were insured or collateralized, as required by state statute. At June 30, 2013, 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 \$6,583,140 at June 30, 2013.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

E. CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 8,361,374	\$ 102,811	\$ -	\$ 8,464,185
Construction in progress	<u>1,259,172</u>	<u>480,265</u>	<u>-</u>	<u>1,739,437</u>
Subtotal	<u>9,620,546</u>	<u>583,076</u>	<u>-</u>	<u>10,203,622</u>
Other capital assets:				
Buildings and improvements	10,536,540	-	-	10,536,540
Machinery and equipment	3,276,986	284,728	( 27,795)	3,533,919
Infrastructure assets	<u>6,365,983</u>	<u>438,434</u>	<u>-</u>	<u>6,804,417</u>
Subtotal	<u>20,179,509</u>	<u>723,162</u>	<u>( 27,795)</u>	<u>20,874,876</u>
Less accumulated depreciation:				
Land improvements, buildings, machinery and equipment	( 6,017,687)	( 571,864)	11,250	( 6,578,301)
Infrastructure assets	<u>( 995,138)</u>	<u>( 292,851)</u>	<u>-</u>	<u>( 1,287,989)</u>
Subtotal	<u>( 7,012,825)</u>	<u>( 864,715)</u>	<u>11,250</u>	<u>( 7,866,290)</u>
Other capital assets, net	<u>13,166,684</u>	<u>( 141,553)</u>	<u>( 16,545)</u>	<u>13,008,586</u>
Capital assets, net	<u>\$ 22,787,230</u>	<u>\$ 441,523</u>	<u>\$ ( 16,545)</u>	<u>\$ 23,212,208</u>

The cost to complete construction in progress at June 30, 2013 was approximately \$4,187,000.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

E. CAPITAL ASSETS - Continued

Depreciation was charged to governmental activities as follows:

Public safety	\$259,415
Parks and recreation	155,649
General government	345,886
Public works	51,278
Library	25,941
Planning and zoning	<u>26,546</u>
	<u>\$864,715</u>

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

<u>Business-Type Activities</u>	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
Capital assets not being depreciated:				
Land	\$ 792,760	\$ -	\$ -	\$ 792,760
Construction in progress	<u>31,834</u>	<u>819,599</u>	<u>-</u>	<u>851,433</u>
Subtotal	<u>824,594</u>	<u>819,599</u>	<u>-</u>	<u>1,644,193</u>
Other capital assets:				
Wastewater plant Machinery and equipment	22,101,444	-	( 29,053)	22,072,391
Subtotal	<u>2,660,355</u>	<u>74,855</u>	<u>(500,067)</u>	<u>2,235,143</u>
Subtotal	<u>24,761,799</u>	<u>74,855</u>	<u>(529,120)</u>	<u>24,307,534</u>
Less accumulated depreciation:				
Wastewater plant Machinery and equipment	( 7,465,305)	(501,487)	17,069	( 7,949,723)
Subtotal	<u>( 1,488,069)</u>	<u>(253,907)</u>	<u>473,332</u>	<u>( 1,268,644)</u>
Subtotal	<u>( 8,953,374)</u>	<u>(755,394)</u>	<u>490,401</u>	<u>( 9,218,367)</u>
Other capital assets, net	<u>15,808,425</u>	<u>(680,539)</u>	<u>( 38,719)</u>	<u>15,089,167</u>
Capital assets, net	<u>\$ 16,633,019</u>	<u>\$ 139,060</u>	<u>\$( 38,719)</u>	<u>\$ 16,733,360</u>

Depreciation expense related to capital assets used in business-type activities totaled \$755,394.

The cost to complete construction in progress at June 30, 2013 was approximately \$6,755,000.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

F. 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.	\$ 1,145,000
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.	4,310,000
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.	105,000
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>6,090</u>
Total governmental activities debt	5,566,090
Plus accrued compensated absences	382,214
Less amounts due within one year	<u>( 769,425)</u>
Long-term governmental activities liabilities	<u>\$ 5,178,879</u>

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

F. 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 and to pay the costs of issuance of the Series 2009 bonds. Principal payments on the bonds are due annually on June 1<sup>st</sup> and interest is payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. 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, 2013

F. 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 \$2,970, including interest at 1.77%, through May 2031.	\$ 546,931
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in monthly installments of \$1,777, including interest at 1.74%, through April 2032.	342,260
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.88%, through 2033. Payment on this note will begin once completion of the related grant and drawdown of funds has occurred.	635,984
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.0%, through 2033. Payment on this note will begin once completion of the related grant and drawdown of funds has occurred.	260,702
General Obligation Refunding Bonds, Series 2012, maturing between June 1, 2014 and 2024, at fixed interest rates ranging from 1.00% to 2.00% payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	2,205,000
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 0.75%, through 2033. Payment on this note will begin once completion of the related grant and drawdown of funds has occurred.	60,128
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.	385,000
	4,436,005
Plus premium on bonds	10,371
Total business-type activities debt	4,446,376
Plus accrued compensated absences	48,261
Less amounts due within one year, net of current portion of premium on bonds	( 427,929)
Long-term business-type activities debt	\$ 4,066,708

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

F. LONG-TERM DEBT - Continued

On March 9, 2012, the City issued \$2,435,000 of its General Obligation Refunding Bonds, Series 2012 to refund its note payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund. The remainder of the proceeds from the sale of the bonds were used to pay the costs of issuance of the Series 2012 bonds. Principal payments on the bonds are due annually on June 1<sup>st</sup> and interest is payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup>. Interest rates on the bonds range from 1.00% to 2.00%. The bonds mature from June 1, 2014 through June 1, 2024. The bonds are backed by the full faith and credit of the City and are payable from 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.

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
2014	\$ 591,090	\$ 220,191	\$ 811,281	\$ 392,746	\$ 75,492	\$ 468,238
2015	520,000	200,230	720,230	404,129	67,558	471,687
2016	505,000	181,353	686,353	360,535	59,354	419,889
2017	520,000	162,560	682,560	366,958	52,931	419,889
2018-2022	2,095,000	521,242	2,616,242	1,502,108	190,620	1,692,728
2023-2027	950,000	229,386	1,179,386	856,730	76,904	933,634
2028-2033	<u>385,000</u>	<u>27,072</u>	<u>412,072</u>	<u>552,799</u>	<u>24,731</u>	<u>577,530</u>
	<u>\$5,566,090</u>	<u>\$1,542,034</u>	<u>\$7,108,124</u>	<u>\$4,436,005</u>	<u>\$547,590</u>	<u>\$4,983,595</u>

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

G. CHANGES IN LONG-TERM LIABILITIES

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

<u>Governmental Activities</u>	<u>Balance June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
General Obligation Refunding Bonds	\$6,170,000	\$ -	\$(610,000)	\$5,560,000	\$585,000
Loan payable to the State of Tennessee, Department of Economic and Community Development	12,179	-	( 6,089)	6,090	6,089
Accrued compensated absences	<u>357,086</u>	<u>203,463</u>	<u>(178,335)</u>	<u>382,214</u>	<u>178,336</u>
	<u>\$6,539,265</u>	<u>\$203,463</u>	<u>\$(794,424)</u>	<u>\$5,948,304</u>	<u>\$769,425</u>

The 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, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Notes payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund	\$1,225,227	\$661,723	\$( 40,945)	\$1,846,005	\$ 82,746
General Obligation Refunding Bonds	2,940,000	-	(350,000)	2,590,000	310,000
Accrued compensated absences	<u>46,927</u>	<u>42,426</u>	<u>( 41,092)</u>	<u>48,261</u>	<u>33,133</u>
	4,212,154	704,149	(432,037)	4,484,266	425,879
Plus premium on bonds	<u>12,421</u>	<u>-</u>	<u>( 2,051)</u>	<u>10,370</u>	<u>2,050</u>
	<u>\$4,224,575</u>	<u>\$704,149</u>	<u>\$(434,088)</u>	<u>\$4,494,636</u>	<u>\$427,929</u>

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

H. DEFERRED COMPENSATION PLAN

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

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

I. PENSION PLAN

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> 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, 2013

I. 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 ending June 30, 2013 was 5.89% 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, 2013, the City's annual pension cost of \$168,706 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 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 ten-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, 2011 was 4 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

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>
2013	\$168,706	100.0%	\$ -
2012	166,868	100.0%	-
2011	174,387	100.0%	-

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

I. PENSION PLAN - Continued

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 95.39% funded. The actuarial accrued liability for benefits was \$4.6 million, and the actuarial value of assets was \$4.39 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.21 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.98 million, and the ratio of the UAAL to the covered payroll was 7.10%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

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, 2011	\$4,388,000	\$4,600,000	\$212,000	95.39%	\$2,984,000	7.10%
July 1, 2009	3,248,000	3,319,000	71,000	97.87%	2,839,000	2.49%
July 1, 2007	2,746,000	2,829,000	83,000	97.07%	2,448,000	3.39%

J. RISK MANAGEMENT

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

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

J. RISK MANAGEMENT - Continued

Through March 31, 2012, the City had a self-funded insurance plan for City employees and their covered dependents to minimize the total cost of medical, dental and prescription drug insurance to the City. This program was for the benefit of all City employees and their covered dependents. Employees contributed to the plan to cover a portion of the estimated cost of dependent medical, dental and prescription drug coverage. Generally, claims exceeding \$50,000 per individual per coverage period (April 1 to March 31) were reinsured through a private insurance carrier. The City also acquired \$2,000,000 in aggregate stop loss coverage from the reinsurer to cover claims during the coverage period that exceeded \$453,980. This plan was accounted for through the City's only internal service fund, the Health Care Fund.

Effective April 1, 2012, the City terminated the portion of the self-funded plan for medical and prescription drug insurance and has contracted with a commercial insurance carrier to provide employee medical and prescription drug insurance for the benefit of the City's employees. The City continues to maintain a self-funded plan for dental insurance, which is administered by a third party, and remains the only activity of the Health Care Fund (Internal Service Fund).

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>
2013	\$ -	\$ -	\$ -	\$ -
2012	113,191	882,348	995,539	-
2011	39,586	1,032,692	959,087	113,191

K. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

The City is subject to various claims and legal activities, which arise from time to time; however, the outcome of these claims and legal actions is not presently determinable. City Management, in consultation with legal counsel, does not expect any possible liability to materially exceed the City's limits of insurance.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

K. COMMITMENTS AND CONTINGENCIES - Continued

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 \$1,040,000 and will be 80% federally funded and 20% state funded. As of June 30, 2013, the construction phase of this project has not begun. This agreement is effective until December 31, 2015.

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, 2013 the construction phase of this project was near completion, with approximately \$5,000 remaining in construction costs.

In October 2010, the City entered into a loan agreement with the Tennessee Department of Environment and Conservation, State Revolving Loan Fund, for CG0 2011-278, Green - Collection System Rehabilitation/Replacement-South Palmer's Chapel, and Sage Road grinder pump replacements, and North Palmer's Chapel Vacuum Pumping station motor control center project loan in the amount of \$969,000. Internally, this project is referred to as the Sewer Rehab project. As of June 30, 2013, this project was in the construction phase, with the expectation that it will be completed during the following fiscal year using the remainder of the loan amount available. The initial loan has \$193,800 in principal forgiveness.

In March 2012, the City entered into a loan agreement with the Tennessee Department of Environment and Conservation, State Revolving Loan Fund, for CGI 2012-302, Green - Infiltration and Inflow Correction project loan in the amount of \$4,500,000, and subsequently a companion loan CGI 2012-302 for \$500,000. Internally, this project is referred to as the Hobbs/Dawn Court project and will changeover a portion of the old, outdated vacuum wastewater collection system to a new gravity collection system. As of June 30, 2013, the project was in the construction phase, which will continue through the next fiscal year and expend the remainder of the loan amount available.

CITY OF WHITE HOUSE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013

K. COMMITMENTS AND CONTINGENCIES - Continued

In April 2013, the City entered into a loan agreement with the Tennessee Department of Environment and Conservation, State Revolving Loan Fund, for CG2 2013-326, Green-Wastewater Treatment Plant improvements - Advanced Treatment (Influent screens, EQ basins modifications and new spray irrigation disposal system) project loan in the amount of \$2,000,000. Internally, this project is referred to as the Wastewater Treatment Plant Headworks Improvements. As of June 30, 2013, this project was in the design phase with expectation that design would be completed during the following fiscal year, at which point construction would commence and expend the remaining loan amount.

In January 2013, the City entered into a construction contract with the State of Tennessee, Department of Transportation to install bike lanes and sidewalks along section of State route 31W. In February 2013, the City entered into an engineering design and inspection contract. The estimated cost of this project is \$450,000, which will be 80% federally funded, and 20% state funded. As of June 30, 2013, the construction phase of this project has not begun. This agreement is effective until December 31, 2017.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WHITE HOUSE, TENNESSEE  
 SCHEDULE OF FUNDING PROGRESS  
 JUNE 30, 2013  
 (UNAUDITED)

<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, 2011	\$4,388,000	\$4,600,000	\$212,000	95.39%	\$2,984,000	7.10%
July 1, 2009	3,248,000	3,319,000	71,000	97.87%	2,839,000	2.49%
July 1, 2007	2,746,000	2,829,000	83,000	97.07%	2,448,000	3.39%

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

See independent auditor's report.

## **SUPPLEMENTARY INFORMATION**

CITY OF WHITE HOUSE, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2013

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Balance July 1, 2012 (Receivable) Payable</u>
U.S. DEPARTMENT TRANSPORTATION:			
Passed through Tennessee Department of Transportation			
Highway Planning and Construction Cluster			
Highway 76 Sidewalk Grant	20.205	060128	\$( 15,616)
Calista Road (ARRA)	20.205	74LPLM-F3-006	( 7,034)
Fiber Optic (ARRA)	20.205	74LPLM-F3-004	( 216,325)
31W Bike Lanes	20.205	83LPLM-F3-072	-
			<u>( 238,975)</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	-
ENVIRONMENTAL PROTECTION AGENCY:			
Passed through Tennessee Department of Environment & Conservation			
Capitalization Grants for Clean Water State Revolving Funds			
Sewer Improvement Loan			
Federal portion loan	66.458	CG0 2011-278	( 44,747)
Federal portion loan forgiveness	66.458	CG0 2011-278	( 41,858)
Sewer Improvement Loan			
Federal portion loan	66.458	CG1 2012-302	( 23,162)
Federal portion loan forgiveness	66.458	CG1 2012-302	( 3,183)
Sewer Improvement Loan			
Federal portion loan	66.458	CG2 2013-326	-
			<u>( 112,950)</u>

<u>Adjustments</u>	<u>Receipts</u>	<u>Expenditures</u>	Balance June 30, 2013 (Receivable) <u>Payable</u>
\$ -	\$ 69,633	\$ 61,187	\$( 7,170)
-	32,968	25,934	-
121,779(a)	123,184	58,034	( 29,396)
-	10,120	34,750	( 24,630)
<u>121,779</u>	<u>235,905</u>	<u>179,905</u>	<u>( 61,196)</u>
<u>-</u>	<u>1,818</u>	<u>1,818</u>	<u>-</u>
-	192,084	89,941	57,396
-	48,021	84,135	( 77,972)
-	196,775	215,757	( 42,144)
-	21,864	23,973	( 5,292)
<u>-</u>	<u>-</u>	<u>62,202</u>	<u>( 62,202)</u>
<u>-</u>	<u>458,744</u>	<u>476,008</u>	<u>(130,214)</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued  
YEAR ENDED JUNE 30, 2013

<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Balance July 1, 2012 (Receivable) Payable</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Passed through Tennessee Emergency Management Agency			
Disaster Grants – Public Assistance	97.036	N/A	(140,143)
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2007-FF-00432	<u>(140,827)</u> <u>(280,970)</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>( 28,013)</u>  <u>\$(660,908)</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 OMB Circular A-13, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Tennessee.

(a) - amount represents adjustments to grant expenditures for fiscal 2012 (See Note B to the financial statements).

<u>Adjustments</u>	<u>Receipts</u>	<u>Expenditures</u>	Balance June 30, 2013 (Receivable) <u>Payable</u>
-	-	-	(140,143)
<u>122,541(a)</u>	<u>18,286</u>	<u>-</u>	<u>-</u>
<u>122,541</u>	<u>18,286</u>	<u>-</u>	<u>(140,143)</u>
<u>-</u>	<u>-</u>	<u>13,391</u>	<u>( 41,404)</u>
<u>\$244,320</u>	<u>\$714,753</u>	<u>\$671,122</u>	<u>\$(372,957)</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 YEAR ENDED JUNE 30, 2013

<u>Grantor</u>	<u>State Contract Number</u>	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2013</u>
Department of Environment & Conservation					
SRF Loan	CWA 10-246	\$(161,583)	\$161,583	\$ -	\$ -
SRF Loan	CG0 2011-278	(122,687)	340,139	246,600	(29,148)
SRF Loan	CG1 2012-302	( 5,489)	44,781	49,939	(10,647)
SRF Loan	GG2 2013-326	<u>          -</u>	<u>          -</u>	<u>12,958</u>	<u>(12,958)</u>
		<u>\$(289,759)</u>	<u>\$546,503</u>	<u>\$309,497</u>	<u>\$(52,753)</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 auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF REVENUES  
MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Total Major Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Taxes			
Property taxes	\$ 1,751,230	\$ 661,947	\$ 2,413,177
Intergovernmental revenues			
Local sales tax	2,189,856	-	2,189,856
Wholesale and state beer tax	290,142	-	290,142
Business taxes	157,889	-	157,889
Payments in lieu of taxes	116,946	-	116,946
State sales and income tax	705,734	-	705,734
Other taxes	38,776	-	38,776
Federal, state and county grants	268,607	-	268,607
Charges for services			
Park facility charges	146,257	-	146,257
Licenses and permits			
Building permits	26,588	-	26,588
Franchise fees	209,365	-	209,365
Other permits	4,670	-	4,670
Fines and forfeitures			
Court fines and costs	146,381	-	146,381
Interest revenue	5,387	237	5,624
Miscellaneous			
Insurance recoveries	23,279	-	23,279
Sale of equipment	6,364	-	6,364
Other revenues	61,714	-	61,714
Total revenues	<u>\$ 6,149,185</u>	<u>\$ 662,184</u>	<u>\$ 6,811,369</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF EXPENDITURES  
MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Total Major Governmental Funds
<b>EXPENDITURES</b>			
General government			
Payroll and payroll taxes	\$ 411,014	\$ -	\$ 411,014
Employee benefits	158,230	-	158,230
Supplies	27,324	-	27,324
Utilities	32,900	-	32,900
Insurance premium	155,234	-	155,234
Other operating expenses	225,493	-	225,493
Capital outlay	279,436	-	279,436
City court			
Payroll and payroll taxes	42,594	-	42,594
Employee benefits	27,565	-	27,565
Supplies	453	-	453
Other operating expenses	3,181	-	3,181
Public safety			
Payroll and payroll taxes	1,638,891	-	1,638,891
Employee benefits	512,020	-	512,020
Supplies	119,347	-	119,347
Utilities	42,722	-	42,722
Other operating expenses	319,692	-	319,692
Capital outlay	138,815	-	138,815
Streets			
Payroll and payroll taxes	131,177	-	131,177
Employee benefits	37,945	-	37,945
Supplies	58,456	-	58,456
Utilities	6,123	-	6,123
Other operating expenses	49,470	-	49,470
Capital outlay	462,952	-	462,952

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF EXPENDITURES - CONTINUED  
MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Total Major Governmental Funds
EXPENDITURES - CONTINUED	<u>          </u>	<u>          </u>	<u>          </u>
Library and museum			
Payroll and payroll taxes	\$ 106,201	\$ -	\$ 106,201
Employee benefits	41,894	-	41,894
Supplies	14,785	-	14,785
Utilities	7,115	-	7,115
Other operating expenses	35,636	-	35,636
Capital outlay	23,565	-	23,565
Parks and recreation			
Payroll and payroll taxes	247,548	-	247,548
Employee benefits	81,072	-	81,072
Supplies	72,570	-	72,570
Utilities	62,433	-	62,433
Other operating expenses	86,354	-	86,354
Capital outlay	149,933	-	149,933
Planning and zoning			
Payroll and payroll taxes	146,256	-	146,256
Employee benefits	58,523	-	58,523
Supplies	5,536	-	5,536
Other operating expenses	16,818	-	16,818
Capital outlay	5,298	-	5,298
Senior citizen activities			
Payroll and payroll taxes	8,145	-	8,145
Employee benefits	673	-	673
Supplies	497	-	497
Other operating expenses	19,473	-	19,473
Miscellaneous			
Other operating expenses	-	1,327	1,327
Debt service			
Principal	-	471,089	471,089
Interest	-	205,463	205,463
Total expenditures	<u>\$ 6,071,359</u>	<u>\$ 677,879</u>	<u>\$ 6,749,238</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	Cemetery Fund	Drug Fund	Impact Fee Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 166,876	\$ 31,237	\$ 221,752
Receivables, net	-	-	-
Due from other funds	<u>-</u>	<u>847</u>	<u>-</u>
Total assets	<u>\$ 166,876</u>	<u>\$ 32,084</u>	<u>\$ 221,752</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,023	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,023</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	106,375	-	-
Committed	<u>53,478</u>	<u>32,084</u>	<u>221,752</u>
Total fund balances	<u>159,853</u>	<u>32,084</u>	<u>221,752</u>
Total liabilities and fund balances	<u>\$ 166,876</u>	<u>\$ 32,084</u>	<u>\$ 221,752</u>

See independent auditor's report.

Industrial Development Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Governmental Funds
\$ 43,553	\$ 143,804	\$ 21,807	\$ 629,029
17,209	14,168	48,066	79,443
-	12,879	21,464	35,190
<u>\$ 60,762</u>	<u>\$ 170,851</u>	<u>\$ 91,337</u>	<u>\$ 743,662</u>
2000	\$ -	\$ 3,178	\$ 12,201
-	-	-	-
<u>2,000</u>	<u>-</u>	<u>3,178</u>	<u>12,201</u>
-	170,851	88,159	365,385
<u>58,762</u>	<u>-</u>	<u>-</u>	<u>366,076</u>
<u>58,762</u>	<u>170,851</u>	<u>88,159</u>	<u>731,461</u>
<u>\$ 60,762</u>	<u>\$ 170,851</u>	<u>\$ 91,337</u>	<u>\$ 743,662</u>

CITY OF WHITE HOUSE, TENNESSEE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2013

	Cemetery Fund	Drug Fund	Impact Fee Fund
<b>REVENUES</b>			
Taxes			
Park sales tax receipts	\$ -	\$ -	\$ -
Intergovernmental revenues			
Federal, state and county grants	-	475	-
Gasoline and motor fuel tax	-	-	-
Gas 1989	-	-	-
Gas 3cent	-	-	-
Charges for services			
Cemetery and maintenance	17,114	-	-
Licenses and permits			
Impact fees	-	-	6,295
Fines and forfeitures			
Drug related fines and forfeitures	-	6,290	-
Contributions	-	-	-
Interest revenue	250	67	345
Miscellaneous			
Sale of equipment	-	-	-
Other revenues	-	-	-
Total revenues	17,364	6,832	6,640
<b>EXPENDITURES</b>			
Current operations:			
General government			
Capital outlay	18,583	19,806	-
Public safety			
Supplies	-	3,345	-
Other operating expenses	-	2,333	-
Capital outlay	-	-	-
Streets			
Utilities	-	-	-
Other operating expenses	-	-	-
Capital outlay	-	-	-

See independent auditor's report.

<u>Industrial Development Fund</u>	<u>Parks Sales Tax Fund</u>	<u>State Street Aid Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 76,188	\$ -	\$ 76,188
56,217	-	-	56,692
-	-	180,028	180,028
-	-	29,898	29,898
-	-	54,020	54,020
-	-	-	17,114
-	-	-	6,295
-	-	-	6,290
-	20,520	-	20,520
46	264	35	1,007
-	-	-	-
-	-	-	-
<u>56,263</u>	<u>96,972</u>	<u>263,981</u>	<u>448,052</u>
-	-	-	38,389
-	-	-	3,345
-	-	-	2,333
-	-	-	-
-	-	109,334	109,334
-	-	35,399	35,399
-	-	108,561	108,561

CITY OF WHITE HOUSE, TENNESSEE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - CONTINUED  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2013

	Cemetery Fund	Drug Fund	Impact Fee Fund
	<u>        </u>	<u>        </u>	<u>        </u>
EXPENDITURES - CONTINUED			
Cemetery and maintenance			
Payroll and payroll taxes	\$ 1,699	\$ -	\$ -
Employee benefits	129	-	-
Supplies	693	-	-
Utilities	1,106	-	-
Other operating expenses	12,388	-	-
Parks and recreation			
Other operating expenses	-	-	-
Capital outlay	-	-	-
Miscellaneous			
Other operating expenses	-	-	77
Debt service			
Principal	-	-	45,000
Interest	-	-	2,545
Total expenditures	<u>34,598</u>	<u>25,484</u>	<u>47,622</u>
REVENUES OVER (UNDER)			
EXPENDITURES	(17,234)	(18,652)	(40,982)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(17,234)	(18,652)	(40,982)
FUND BALANCES, June 30, 2012	<u>177,087</u>	<u>50,736</u>	<u>262,734</u>
FUND BALANCES, June 30, 2013	<u>\$ 159,853</u>	<u>\$ 32,084</u>	<u>\$ 221,752</u>

See independent auditor's report.

Industrial Development Fund	Parks Sales Tax Fund	State Street Aid Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,699
-	-	-	129
-	-	-	693
-	-	-	1,106
-	-	-	12,388
-	367	-	367
-	-	-	-
45,225	-	-	45,302
-	100,000	-	145,000
-	31,884	-	34,429
<u>45,225</u>	<u>132,251</u>	<u>253,294</u>	<u>538,474</u>
11,038	(35,279)	10,687	(90,422)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11,038	(35,279)	10,687	(90,422)
<u>47,724</u>	<u>206,130</u>	<u>77,472</u>	<u>821,883</u>
<u>\$ 58,762</u>	<u>\$ 170,851</u>	<u>\$ 88,159</u>	<u>\$ 731,461</u>

CITY OF WHITE HOUSE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 CEMETERY FUND  
 YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
<b>REVENUES</b>					
Charges for services	\$ 32,125	\$ 32,125	\$ 17,114	\$ -	\$ 17,114
Interest revenue	340	340	250	-	250
Miscellaneous	-	-	-	-	-
Total revenues	<u>32,465</u>	<u>32,465</u>	<u>17,364</u>	<u>-</u>	<u>17,364</u>
<b>EXPENDITURES</b>					
Cemetery and maintenance	22,606	22,606	9,517	6,498	16,015
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>18,583</u>	<u>-</u>	<u>18,583</u>
Total expenditures	<u>42,606</u>	<u>42,606</u>	<u>28,100</u>	<u>6,498</u>	<u>34,598</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>					
	(10,141)	(10,141)	(10,736)	(6,498)	(17,234)
<b>NET PAYMENTS TO OTHER FUNDS</b>					
	<u>-</u>	<u>-</u>	<u>(510)</u>	<u>510</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>					
	(10,141)	(10,141)	(11,246)	(5,988)	(17,234)
<b>FUND BALANCES, June 30, 2012</b>					
	<u>176,293</u>	<u>176,293</u>	<u>176,293</u>	<u>794</u>	<u>177,087</u>
<b>FUND BALANCES, June 30, 2013</b>					
	<u>\$ 166,152</u>	<u>\$ 166,152</u>	<u>\$ 165,047</u>	<u>\$ (5,194)</u>	<u>\$ 159,853</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	\$ (6,498)
Change in due to other funds	<u>510</u>
	<u>\$ (5,988)</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 \$11,246. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 DRUG FUND  
 YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Intergovernmental revenues	\$ 1,200	\$ 1,200	\$ 475	\$ -	\$ 475
Fines and forfeitures	15,900	15,900	6,290	-	6,290
Contributions	-	-	-	-	-
Interest revenue	100	100	67	-	67
Miscellaneous	-	-	-	-	-
Total revenues	<u>17,200</u>	<u>17,200</u>	<u>6,832</u>	<u>-</u>	<u>6,832</u>
EXPENDITURES					
Public safety	6,800	6,933	5,678	-	5,678
Capital outlay	<u>20,000</u>	<u>19,867</u>	<u>19,806</u>	<u>-</u>	<u>19,806</u>
Total expenditures	<u>26,800</u>	<u>26,800</u>	<u>25,484</u>	<u>-</u>	<u>25,484</u>
REVENUES OVER (UNDER) EXPENDITURES					
	(9,600)	(9,600)	(18,652)	-	(18,652)
NET PAYMENTS TO OTHER FUNDS					
	<u>-</u>	<u>-</u>	<u>(153)</u>	<u>153</u>	<u>-</u>
NET CHANGE IN FUND BALANCE					
	(9,600)	(9,600)	(18,805)	153	(18,652)
FUND BALANCES, June 30, 2012					
	<u>50,142</u>	<u>50,142</u>	<u>50,142</u>	<u>594</u>	<u>50,736</u>
FUND BALANCES, June 30, 2013					
	<u>\$40,542</u>	<u>\$40,542</u>	<u>\$ 31,337</u>	<u>\$ 747</u>	<u>\$32,084</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE - CONTINUED  
DRUG FUND  
YEAR ENDED JUNE 30, 2013

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

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

Change in due from other funds	<u>\$ 153</u>
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[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 \$18,805. The funding of this deficit is the responsibility of the City and was funded by using the prior year's fund balance.

CITY OF WHITE HOUSE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 IMPACT FEE FUND  
 YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
<b>REVENUES</b>					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	49,000	49,000	6,295	-	6,295
Interest revenue	<u>1,000</u>	<u>1,000</u>	<u>345</u>	<u>-</u>	<u>345</u>
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>6,640</u>	<u>-</u>	<u>6,640</u>
<b>EXPENDITURES</b>					
Streets	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Miscellaneous	250	250	77	-	77
Capital outlay	-	-	-	-	-
Debt service					
Principal	45,000	45,000	45,000	-	45,000
Interest	<u>2,545</u>	<u>2,545</u>	<u>2,545</u>	<u>-</u>	<u>2,545</u>
Total expenditures	<u>47,795</u>	<u>47,795</u>	<u>47,622</u>	<u>-</u>	<u>47,622</u>
REVENUES OVER (UNDER) EXPENDITURES	2,205	2,205	(40,982)	-	(40,982)
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>37,919</u>	<u>(37,919)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,205	2,205	(3,063)	(37,919)	(40,982)
FUND BALANCES, June 30, 2012	<u>262,734</u>	<u>262,734</u>	<u>262,734</u>	<u>-</u>	<u>262,734</u>
FUND BALANCES, June 30, 2013	<u>\$ 264,939</u>	<u>\$ 264,939</u>	<u>\$ 259,671</u>	<u>\$ (37,919)</u>	<u>\$ 221,752</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE - CONTINUED  
IMPACT FEE FUND  
YEAR ENDED JUNE 30, 2013

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

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

Changes in due from other funds	<u>\$ 37,919</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 \$3,063. 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, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
<b>REVENUES</b>					
Intergovernmental revenues	\$ 43,000	\$ 43,000	\$ 43,520	\$ 12,697	\$ 56,217
Interest revenue	150	150	46	-	46
Total revenues	43,150	43,150	43,566	12,697	56,263
<b>EXPENDITURES</b>					
Miscellaneous	54,500	54,500	43,225	2,000	45,225
Capital outlay	-	-	-	-	-
Total expenditures	54,500	54,500	43,225	2,000	45,225
<b>REVENUES OVER (UNDER) EXPENDITURES</b>					
	(11,350)	(11,350)	341	10,697	11,038
<b>NET BORROWINGS FROM OTHER FUNDS</b>					
	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(11,350)	(11,350)	341	10,697	11,038
FUND BALANCES, June 30, 2012	42,877	42,877	42,877	4,847	47,724
FUND BALANCES, June 30, 2013	\$ 31,527	\$ 31,527	\$ 43,218	\$ 15,544	\$ 58,762

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	\$ 12,697
Change in accounts payable	(2,000)
	\$ 10,697

[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 auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 PARKS SALES TAX FUND  
 YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
<b>REVENUES</b>					
Taxes	\$ 79,000	\$ 79,000	\$ 75,719	\$ 469	\$ 76,188
Contributions	20,000	20,000	20,520	-	20,520
Interest revenue	900	900	264		264
Miscellaneous	-	-	-	-	-
Total revenues	<u>99,900</u>	<u>99,900</u>	<u>96,503</u>	<u>469</u>	<u>96,972</u>
<b>EXPENDITURES</b>					
Miscellaneous	1,000	1,000	367	-	367
Capital outlay	10,000	10,000	-	-	-
Debt service					
Principal	100,000	100,000	100,000	-	100,000
Interest	31,884	31,884	31,884	-	31,884
Total expenditures	<u>142,884</u>	<u>142,884</u>	<u>132,251</u>	<u>-</u>	<u>132,251</u>
REVENUES OVER (UNDER) EXPENDITURES	(42,984)	(42,984)	(35,748)	469	(35,279)
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(26,227)</u>	<u>26,227</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(42,984)	(42,984)	(61,975)	26,696	(35,279)
FUND BALANCES, June 30, 2012	<u>(156,338)</u>	<u>(156,338)</u>	<u>(156,338)</u>	<u>362,468</u>	<u>206,130</u>
FUND BALANCES, June 30, 2013	<u>\$ (199,322)</u>	<u>\$ (199,322)</u>	<u>\$ (218,313)</u>	<u>\$ 389,164</u>	<u>\$ 170,851</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE - CONTINUED  
PARKS SALES TAX FUND  
YEAR ENDED JUNE 30, 2013

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	\$ 469
Changes in due to and due from other funds	<u>26,227</u>
	<u>\$ 26,696</u>

[2] The amount reported as "net change in fund balance" on the actual budgetary basis of accounting reported a deficit of \$61,975. The funding of this deficit is the is the responsibility of the City.

[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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Gasoline tax	\$ 273,296	\$ 273,296	\$ 179,236	\$ 792	\$ 180,028
Interest revenue	<u>120</u>	<u>120</u>	<u>35</u>	<u>-</u>	<u>35</u>
Total revenues	<u>273,416</u>	<u>273,416</u>	<u>179,271</u>	<u>792</u>	<u>180,063</u>
EXPENDITURES					
Streets	131,500	147,939	144,733	-	144,733
Capital outlay	<u>125,000</u>	<u>108,561</u>	<u>105,905</u>	<u>2,656</u>	<u>108,561</u>
Total expenditures	<u>256,500</u>	<u>256,500</u>	<u>250,638</u>	<u>2,656</u>	<u>253,294</u>
REVENUES OVER (UNDER)					
EXPENDITURES	16,916	16,916	(71,367)	(1,864)	(73,231)
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>1,717</u>	<u>(1,717)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	16,916	16,916	(69,650)	(3,581)	(73,231)
FUND BALANCES, June 30, 2012	<u>(13,821)</u>	<u>(13,821)</u>	<u>(13,821)</u>	<u>91,293</u>	<u>77,472</u>
FUND BALANCES, June 30, 2013	<u>\$ 3,095</u>	<u>\$ 3,095</u>	<u>\$ (83,471)</u>	<u>\$ 87,712</u>	<u>\$ 4,241</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	\$ 792
Changes in other assets and liabilities	(2,656)
Change in due from/to other funds	<u>(1,717)</u>
	<u>\$ (3,581)</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 auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Budget to GAAP Differences	Actual Amounts GAAP Basis
REVENUES					
Taxes	\$ 660,000	\$ 660,000	\$ 658,431	\$ 3,516	\$ 661,947
Interest revenue	600	600	237	-	237
Total revenues	<u>660,600</u>	<u>660,600</u>	<u>658,668</u>	<u>3,516</u>	<u>662,184</u>
EXPENDITURES					
Miscellaneous	1,170	1,327	1,327	-	1,327
Debt service					
Principal	471,089	471,089	471,089	-	471,089
Interest	205,463	205,463	205,463	-	205,463
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>677,722</u>	<u>677,879</u>	<u>677,879</u>	<u>-</u>	<u>677,879</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(17,122)</u>	<u>(17,279)</u>	<u>(19,211)</u>	<u>3,516</u>	<u>(15,695)</u>
NET BORROWINGS FROM OTHER FUNDS	<u>-</u>	<u>-</u>	<u>(38,804)</u>	<u>38,804</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(17,122)	(17,279)	(58,015)	42,320	(15,695)
FUND BALANCES, June 30, 2012	<u>34,309</u>	<u>34,309</u>	<u>34,309</u>	<u>33,706</u>	<u>68,015</u>
FUND BALANCES, June 30, 2013	<u>\$ 17,187</u>	<u>\$ 17,030</u>	<u>\$ (23,706)</u>	<u>\$ 76,026</u>	<u>\$ 52,320</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2013

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	\$ 3,516
Change in due from/to other funds	<u>38,804</u>
	<u>\$ 42,320</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 \$58,015. 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  
STATEMENT OF NET POSITION  
INTERNAL SERVICE FUND  
JUNE 30, 2013

	<u>Health Care Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 211,802
Due from other funds	<u>30,734</u>
	<u>242,536</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	<u>672</u>
	<u>672</u>
NET POSITION	
Unrestricted	<u>\$ 241,864</u>

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2013

	Health Care Fund
OPERATING REVENUES	
Insurance premiums	\$ 60,300
	60,300
 OPERATING EXPENSES	
Premiums	7,845
Claims, net of insurance recoveries	48,223
	56,068
 OPERATING INCOME (LOSS)	 4,232
 NONOPERATING REVENUES (EXPENSES)	
Interest income	317
	317
 CHANGE IN NET ASSETS	 4,549
 NET POSITION, June 30, 2012	 237,315
	237,315
 NET POSITION, June 30, 2013	 \$ 241,864
	241,864

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2013

	Health Care Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 29,566
Claims paid, net of insurance recoveries	(51,274)
Premiums paid	(7,845)
Net cash used in operating activities	(29,553)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	317
Net cash provided by investing activities	317
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (29,236)
 <b>CASH AND CASH EQUIVALENTS, June 30, 2012</b>	 241,038
 <b>CASH AND CASH EQUIVALENTS, June 30, 2013</b>	 \$ 211,802
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating income	\$ 4,232
Adjustments to reconcile operating income to net cash used in operating activities:	
Changes in operating assets and liabilities	
Due from other funds	(30,734)
Accounts payable	(3,051)
 Net cash used in operating activities	 \$ (29,553)

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
 SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE  
 YEAR ENDED JUNE 30, 2013

Tax Year	Balance June 30, 2012	Tax Levy	Collections	Adjustments	Penalties and Interest	Balance June 30, 2013
2012	\$ -	\$2,404,115	\$2,352,307	\$(6,470)	\$ 4,270	\$ 49,608
2011	98,975	-	46,659	-	5,861	58,177
2010	26,327	-	6,905	-	5,925	25,347
2009	19,204	-	3,310	-	7,630	23,524
2008	14,696	-	1,537	-	9,655	22,814
2007	8,588	-	1,247	-	7,054	14,395
2006	5,956	-	-	-	6,480	12,436
2005	5,656	-	288	-	7,466	12,834
2004	4,217	-	-	-	5,894	10,111
2003	2,750	-	-	-	4,620	7,370
	<u>\$186,370</u>	<u>\$2,404,115</u>	<u>\$ 2,412,253</u>	<u>\$(6,470)</u>	<u>\$64,854</u>	236,616

Deferred property tax revenues for 2013 accrued 2,919,000

\$3,155,616

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

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
 SCHEDULES OF LONG-TERM DEBT  
 JUNE 30, 2013

Governmental Activities Long-Term Debt

Year Ending June 30,	General Obligation Refunding Bonds, Series 2002		General Obligation Refunding Bonds, Series 2008				General Obligation Bonds, Series 2009				Tennessee Department of Economic and Community Development Loan				Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	and Interest
2014	50,000	4,200	345,000	185,562	190,000	30,429	-	6,090	-	-	591,090	220,191	811,281			
2015	55,000	2,200	350,000	171,764	115,000	26,266	-	-	-	-	520,000	200,230	720,230			
2016	-	-	395,000	157,762	110,000	23,591	-	-	-	-	505,000	181,353	686,353			
2017	-	-	410,000	141,964	110,000	20,596	-	-	-	-	520,000	162,560	682,560			
			360,000	125,562	100,000	17,321	-	-	-	-	460,000	142,883	602,883			
			400,000	110,984	115,000	13,728	-	-	-	-	515,000	124,712	639,712			
			415,000	93,784	125,000	9,665	-	-	-	-	540,000	103,449	643,449			
			150,000	75,936	135,000	5,075	-	-	-	-	285,000	81,011	366,011			
			150,000	69,187	145,000	-	-	-	-	-	295,000	69,187	364,187			
			150,000	62,438	-	-	-	-	-	-	150,000	62,438	212,438			
			200,000	55,686	-	-	-	-	-	-	200,000	55,686	255,686			
			200,000	46,388	-	-	-	-	-	-	200,000	46,388	246,388			
			200,000	37,087	-	-	-	-	-	-	200,000	37,087	237,087			
			200,000	27,787	-	-	-	-	-	-	200,000	27,787	227,787			
			200,000	18,286	-	-	-	-	-	-	200,000	18,286	218,286			
			185,000	8,786	-	-	-	-	-	-	185,000	8,786	193,786			
			\$ 4,310,000	\$ 1,388,963	\$ 1,145,000	\$ 146,671	\$ 6,090	\$ -	\$ -	\$ -	\$ 5,566,090	\$ 1,542,034	\$ 7,108,124			

See independent auditor's report.



## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF TAX RATES AND ASSESSMENTS  
(UNAUDITED)  
YEAR ENDED JUNE 30, 2013

<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>
2013	Sumner and Robertson Counties	\$0.74	\$0.24	\$0.00	\$ .98	\$375,339,589	\$ 96,775,783
		0.76	0.25	0.00	1.01	453,970,826	137,894,264
2012	Sumner and Robertson Counties	0.70	0.28	0.00	0.98	371,641,352	96,599,383
		0.72	0.29	0.00	1.01	453,984,383	136,674,122
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 and Robertson Counties	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

See independent auditor's report.

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF WASTEWATER RATES AND NUMBER OF CUSTOMERS  
(UNAUDITED)  
JUNE 30, 2013

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 3,935

See independent auditor's report.



Independent Auditor's 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of White House, Tennessee (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 15, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Section II of the accompanying schedule of findings and questioned costs as item IC 13-1, 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's financial statements are free from 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*.

### **City's Responses to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crosslin & Associates, P.C.*

March 15, 2014

Nashville, Tennessee

Independent Auditor's Report on Compliance for  
Each Major Program and on Internal Control Over  
Compliance Required by OMB Circular A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of White House, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.



### ***Opinion on Each Major Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

On consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

*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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item IC 13-1 to be a material weakness.



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

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Crosslin & Associates, P.C.*

March 15, 2014  
Nashville, Tennessee

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

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?   x   yes      no  
Significant deficiency(ies) identified not considered to  
be material weaknesses?      yes   x   none reported

Type of auditor's report issued on compliance for  
major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction, including ARRA
66.458	Capitalization 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, 2013

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**IC 13-1**

***Grant Cutoff***

Criteria, Condition, Cause and Effect

The City should present all 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 in the general ledger all grant revenue and receivables related to certain federal and state grants, as well as certain liabilities (revolving loan funds program) related to a federal assistance program. As a result, adjustments were required to the general fund and wastewater department fund financial statements in order for them to be properly stated at June 30, 2013.

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 and recording for grant revenues in the respective funds and government-wide financial statements.

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. Management had planned to redistribute workload after the addition of a Utility Accounting Clerk. However, instability in this position resulting from turnover, and 50% of the time spent covering clerical duties for another department last year rendered that plan ineffective. As of the date of this response, an Accountant position is being prepared in the next year's budget, and one of the primary functions of that position will include grant accounting.

CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
YEAR ENDED JUNE 30, 2013

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Federal Program:

U.S. Department of Transportation  
CFDA No. 20.205  
Highway Planning and Construction Cluster

U.S. Department of Homeland Security  
CFDA No. 97.083  
Staffing for Adequate Fire and Emergency Response (SAFER)

See Item IC 13-1 in Section II above.

CITY OF WHITE HOUSE, TENNESSEE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2013

The prior year audits included the finding summarized below:

Grant Revenue Cutoff

The City did not properly record grant revenue, receivables and liabilities in the general ledger related to certain federal and state grants. This finding is repeated in the current year.