

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2015

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2015

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INTRODUCTORY SECTION

CITY OF WHITE HOUSE, TENNESSEE

DIRECTORY OF OFFICIALS

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	Kerry Harville
Chief of Fire Department	Joe Palmer
Chief of Police Department	Pat Brady
Director of Finance	Jason Barnes
Director of Human Resources	Amanda Brewton
Director of Library	Elizabeth Kozlowski
Director of Parks and Recreation	Ashley Smith
Director of Planning and Codes	Reed Hillen
Director of Public Services	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, 2015, 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.

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, 2015, 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 A MATTER

Restatement

As part of our audit of the June 30, 2015 financial statements, we also audited adjustments described in Note 11 that were applied to restate the net position and fund balance as of July 1, 2014. In our opinion, such adjustments are appropriate and have been properly applied. 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 13, and the schedules of changes in net pension liability (asset) and related ratios and contributions based on participation in the public employee pension plan of TCRS schedule of funding progress - employee retirement system on pages 53-54 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.

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 55 through 75, 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 December 18, 2015, 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.

Kraj+CPAs PLLC

Nashville, Tennessee
December 18, 2015

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CITY OF WHITE HOUSE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015. Please read it in conjunction with the City's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

The City's governmental activities total assets increased by \$1,479,000 in 2015 or 3.9%, while business-type activities total assets increased by \$2,080,000 or 9.2%, resulting in an increase in total primary government assets of \$3,559,000 or about 5.9%. Governmental activities total revenues for the City increased by \$242,000 or 2.7%, while business-type total revenues decreased by \$5,000 or 0.1%, resulting in an increase in total primary government revenues of \$237,000, or 1.8%. The City's governmental activities total program costs for 2015 increased \$524,000 or 7.5%, while business-type activities total program costs decreased by \$123,000 or 3.6%, resulting in an increase in total primary government program costs of \$401,000 or 3.9%. With respect to the City's governmental activities, total program costs increased by a greater amount than total revenues increased. This resulted in a decrease in the change in net position of \$467,000 compared to the prior fiscal year. For the General Fund there was a negative net change in fund balance of \$3,461,000. The General Fund - fund balance at fiscal year-end was approximately \$4,555,000.

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 16. 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 \$39,068,000 in 2015 versus \$37,589,000 in 2014, representing an increase of \$1,479,000 or 3.9%. Table 1 also shows that total assets of the City's business-type activities were \$24,759,000 in 2015 versus \$22,679,000 in 2014, representing an increase of \$2,080,000 or 9.2%.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		
	2015	2014	2015	2014	2015	2014	Change
Current and other assets*	\$ 10,082	\$ 12,639	\$ 4,400	\$ 4,324	\$ 14,482	\$ 16,963	\$ (2,481)
Capital assets*	28,986	24,950	20,359	18,355	49,345	43,305	6,040
Total assets	39,068	37,589	24,759	22,679	63,827	60,268	3,559
Deferred outflows of resources	444	-	36	-	480	-	480
Long-term liabilities*	8,201	8,526	7,046	6,078	15,247	14,604	643
Other liabilities	1,167	441	354	264	1,521	705	816
Total liabilities	9,368	8,967	7,400	6,342	16,768	15,309	1,459
Deferred inflows of resources	3,366	2,984	54	-	3,420	2,984	436
Net position:							
Net investment in capital assets	21,390	16,838	13,312	12,309	34,702	29,147	5,555
Restricted	706	2,991	-	-	706	2,991	(2,285)
Unrestricted	4,682	5,809	4,029	4,028	8,711	9,837	(1,126)
Total net position*	\$ 26,778	\$ 25,638	\$ 17,341	\$ 16,337	\$ 44,119	\$ 41,975	\$ 2,144

* Prior period adjustments were posted to opening net position as of July 1, 2014 which affects the comparability of line items between periods. 2014 numbers have not been adjusted to reflect these changes. Please see Note 11 in the financial statements for more details.

The significant elements and causes for the changes in the City's governmental activities total assets in 2015 were: (1) Current and other assets decreased by \$2,557,000; (2) Capital assets net, including infrastructure additions, increased by \$4,036,000. This amount included an increase in land and construction in progress, machinery and equipment, and infrastructure, for a net increase of \$5,119,000 net of retirements and depreciation expense of \$1,083,000. Major capital asset events affecting governmental activities during the current fiscal year included the following:

- New Library Building project continued for an addition of \$2,991,000.
- Custom Cab Aerial Ladder Truck was delivered for an addition of \$712,000.
- Highway 31W Sidewalk (Phase 1) project was completed for an addition of \$603,000

The significant aspects of the increase in the City's business-type activities total assets in 2015 were an increase in current and other assets of \$76,000 and an increase in capital assets of \$2,004,000. The net increase is the result of an increase in construction in progress of \$2,393,000, a net increase in machinery and equipment of \$285,000, a net increase in the value of the utility plant in service of \$55,000, and depreciation expense of \$729,000. Major capital asset events affecting business-type activities during the current fiscal year included the following:

- Sage Road sewer system conversion from vacuum was completed for an addition of \$1,163,000.
- Hobbs Road/Dawn Court sewer system conversion from vacuum was completed for an addition of \$836,000.
- Meadows Road sewer system conversion from vacuum continued for an addition of \$191,000.

As shown in Table 1, total liabilities of the City's governmental activities increased by \$401,000 or 4.5% to \$9,368,000 in 2015 from \$8,967,000 in 2014. Table 1 also shows total liabilities of the City's business-type activities increased by \$1,058,000 or 16.7% to \$7,400,000 in 2015 from \$6,342,000 in 2014.

The significant elements and causes for the changes in the City's governmental activities total liabilities in 2015 were: (1) Other liabilities increased by \$726,000, and (2) long-term liabilities decreased by \$325,000.

The most significant aspects of the increase in the City's business-type activities total liabilities in 2015 were the increase in long-term debt primarily due to an additional debt issuance of \$1,333,000 drawn from State Revolving Fund Loans, offset by payments of long term debt in the amount of \$320,000.

Therefore, total net position of the City's governmental activities increased to \$26,778,000 in 2015 from \$25,638,000 in 2014 representing an increase of \$1,140,000 or 4.4%, and total net position of the City's business-type activities increased to \$17,341,000 in 2015 from \$16,337,000, representing an increase of \$1,004,000 or 6.1%.

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 \$4,552,000; and (2) Restricted net position decreased by \$2,285,000 and unrestricted net position decreased by \$1,127,000. The increase in the City's business-type activities net position of \$1,004,000 was due to an increase in net position for net investment in capital assets of \$1,003,000, along with an increase of \$1,000 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 increased to \$9,252,000 in 2015 from \$9,010,000 in 2014, representing an increase of \$242,000 or 2.7%. Total revenues for the City's business-type activities decreased to \$4,199,000 in 2015 from \$4,204,000 in 2014, representing a decrease of \$5,000 or 0.1%.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues:						
Charges for services	\$ 665	\$ 607	\$ 3,938	\$ 3,913	\$ 4,603	\$ 4,520
Operating grants and contributions	427	537	-	-	427	537
Capital grants and contributions	657	937	204	220	861	1,157
General revenues:						
Property taxes	2,990	2,957	-	-	2,990	2,957
Park sales tax	76	81	-	-	76	81
Impact fees	28	18	-	-	28	18
Intergovernmental revenues	4,259	4,009	-	-	4,259	4,009
Interest and investment earnings	15	13	3	3	18	16
Other revenues	135	(149)	54	68	189	(81)
Total revenues	9,252	9,010	4,199	4,204	13,451	13,214
PROGRAM EXPENDITURES:						
General government	1,460	1,386	-	-	1,460	1,386
City court	72	76	-	-	72	76
Public safety	3,067	3,179	-	-	3,067	3,179
Streets	940	451	-	-	940	451
Cemetery and maintenance	22	23	-	-	22	23
Library and museum	235	256	-	-	235	256
Parks and recreation	894	756	-	-	894	756
Planning and zoning	28	342	-	-	28	342
Senior citizens activities	30	33	-	-	30	33
Miscellaneous	279	157	-	-	279	157
Interest and issuance costs on long-term debt	447	291	-	-	447	291
Wastewater department	-	-	2,529	2,703	2,529	2,703
Sanitation department	-	-	724	677	724	677
Stormwater department	-	-	4	-	4	-
Total expenses	7,474	6,950	3,257	3,380	10,731	10,330
Excess before transfers	1,778	2,060	942	824	2,720	2,884
Transfers	-	185	-	(185)	-	-
CHANGE IN NET POSITION	1,778	2,245	942	639	2,720	2,884
NET POSITION, BEGINNING OF YEAR*	25,000	23,393	16,399	15,698	41,399	39,091
NET POSITION, END OF YEAR	\$ 26,778	\$ 25,638	\$ 17,341	\$ 16,337	\$ 44,119	\$ 41,975

* Prior period adjustments were posted to opening net position as of July 1, 2014 which affects the comparability of line items between periods. 2014 numbers have not been adjusted to reflect these changes. Please see Note 11 in the financial statements for more details.

The change in total revenues of the City's governmental activities for 2015 as compared to 2014 was primarily due to an increase in intergovernmental revenues.

The decrease in total revenues of the City's business-type activities was primarily due to a decreases in capital grants and contributions as well as other revenues.

Table 2 shows that total program expenditures for the City's governmental activities increased to \$7,474,000 in 2015 from \$6,950,000 in 2014, representing an increase of \$524,000 or 7.5%. Total program expenses for the City's business-type activities decreased to \$3,257,000 in 2015 from \$3,380,000 in 2014, representing a decrease of \$123,000 or 3.6%.

The increase in total program expenditures for the City's governmental activities was primarily due to increases in streets, interest and issuance costs on long-term debt, parks and recreation, and insurance costs (recognized under Miscellaneous).

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

The increase in the net position of the City's governmental activities in 2015 was \$1,778,000 as compared to an increase in net position in 2014 of \$2,245,000. This \$467,000 decrease is primarily due to the increase in program expenditures at a greater rate than the increase in revenues.

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 that are 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.

Some of the significant components of the City's budget for the General Fund for the year ended June 30, 2015 are as follows:

- The original budget revenue totaled \$8,030,000, not including revenue from other financing sources of \$2,866,000 for a total of \$10,896,000.
- Final budget revenues for the period were the same as the original budget revenue totals. Final actual (budgetary basis) revenues for the period amounted to \$8,397,000. The primary reason for the difference of actual to budget performance was that the proceeds from the bond issued to build the new library were incorrectly budgeted for 2015, but actually recognized in 2014. This caused the other financing sources line actual for the year to be \$0 instead of the budgeted \$2,866,000. The City's original budget expenditures for the 2015 year-end totaled \$12,796,000.
- Final budget expenditures for the period were the same as the original budget expenditures.
- Final actual (budgetary basis) expenditures for the period amounted to \$10,850,000. The actual to budget variance of Public Safety and Library and Museum expenditures 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 decrease in fund balance of \$2,454,000.

Business-type Activities

The Wastewater, Sanitation and Stormwater 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 3 provides a comparative view of the capital assets of the General Fund governmental and business-type activities in six major categories: land, buildings and improvements, machinery and equipment, utility plant in service, infrastructure and construction in progress. Also noted are the amounts of accumulated depreciation applicable to these capital assets.

Table 3
Capital Assets at Year-End
(in Thousands)

	Governmental Activities		Business-type Activities		Total		
	2015	2014*	2015	2014*	2015	2014*	Change
Land	\$ 8,450	\$ 8,284	\$ 793	\$ 793	\$ 9,243	\$ 9,077	\$ 166
Buildings and improvements	11,270	11,125	-	-	11,270	11,125	145
Machinery and equipment	4,537	3,841	2,807	2,522	7,344	6,363	981
Utility plant in service	-	-	22,127	22,072	22,127	22,072	55
Infrastructure	8,712	6,846	-	-	8,712	6,846	1,866
Construction in progress	5,142	3,301	5,249	2,856	10,391	6,157	4,234
Total capital assets	38,111	33,397	30,976	28,243	69,087	61,640	7,447
Accumulated depreciation	(9,125)	(8,447)	(10,617)	(9,888)	(19,742)	(18,335)	(1,407)
Net capital assets	\$ 28,986	\$ 24,950	\$ 20,359	\$ 18,355	\$ 49,345	\$ 43,305	\$ 6,040

*Prior period adjustments were posted to opening net position as of July 1, 2014 which affects the comparability of line items between periods. 2014 numbers have not been adjusted to reflect these changes. Please see Note 11 in the financial statements for more details.

Governmental Activities

In June 2014, the City's governmental activities had \$24,950,000 (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 2015 capital assets, were \$28,986,000 (net of accumulated depreciation), representing a net increase of \$4,036,000 or 16.2%. The increase in capital assets was comprised of two significant components: Infrastructure increase of \$1,866,000, and construction in progress increase of \$1,841,000. Capital asset additions in 2015 consisted primarily of buildings and improvements including the newly constructed library and infrastructure improvements on Highway 31W and 76.

Business-type Activities

In June 2014, the City's business-type activities, consisting of the Wastewater and Sanitation Departments, had \$18,355,000 (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 2015 capital assets were \$20,359,000 (net of accumulated depreciation), representing a net increase of \$2,004,000 or 10.9% from 2014. The net increase in capital assets included depreciation of \$729,000, net of the following: an increase in construction in progress of \$2,393,000, an increase in machinery and equipment of \$285,000, and an increase in utility plant in service of \$55,000.

DEBT ADMINISTRATION

Table 4 provides a comparative view of the various types of long-term debt utilized by the City's governmental and business-type activities in 2015 and 2014:

Table 4
Outstanding Debt at Year-End
(in Thousands)

	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014*	2015	2014*	Change
General obligation bonds	\$ 7,700	\$ 8,060	\$ 1,960	\$ 2,280	\$ 9,660	\$ 10,340	\$ (680)
State wastewater facility revolving loan	-	-	5,080	3,747	5,080	3,747	1,333
Total bonds and loans payable	7,700	8,060	7,040	6,027	14,740	14,087	653
Premium on bonds	131	34	6	9	137	43	94
Total long-term debt	\$ 7,831	\$ 8,094	\$ 7,046	\$ 6,036	\$ 14,877	\$ 14,130	\$ 747

* Prior period adjustments were posted to opening net position as of July 1, 2014 which affects the comparability of line items between periods. 2014 numbers have not been adjusted to reflect these changes. Please see Note 11 in the financial statements for more details.

Governmental Activities

At the end of the current fiscal year, the City's governmental activities had outstanding long-term debt of \$7,831,000. The prior year total of long-term liabilities amounted to \$8,094,000; consequently long-term liabilities decreased during the year by \$263,000 or 3.2%.

Business-type Activities

At the end of the current fiscal year, the City's business-type activities had outstanding long-term debt of \$7,046,000 related entirely to the Wastewater Department. The prior year total of long-term liabilities amounted to \$6,036,000; consequently long-term liabilities increased during the year by \$1,010,000 or 16.7%.

The Wastewater Department has outstanding Notes Payable to the State of Tennessee, Revolving Loan Fund due in monthly installments through 2035. 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 system. In addition, 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, 2015 on these obligations totaled \$5,080,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic factors currently affect the City of White House and were considered in developing the 2015-2016 fiscal year budget.

- As of May 2015, both Robertson and Sumner counties' unemployment rates were in the top 10 lowest rates in the state. Robertson County's unemployment rate is 4.9% and Sumner County's rate is 4.7%.
- Effective July 1, 2015 Wastewater rates increased 9% to cover needed improvement and operating costs.
- Effective July 1, 2015 the newly mandated Stormwater fee went into full effect for properties not considered single-family residential and single-family residential properties exceeding 10,000 square feet of impervious surface. This increased the number of assessed equivalent residential units (ERU's) to these properties to charge for the actual number of ERU's. This was a scheduled increase as part of the implementation process.
- The City Board of Mayor and Aldermen as well as administration decided to maintain no change to the current city tax rate for the 2015-2016 fiscal year budget.
- Recently the citizens of the City of White House passed a package liquor store referendum. We believe this will have a small impact on revenues for the 2015-2016 fiscal year budget because of implementation procedures and timing concerns. However we believe this will have a much greater impact on tax revenues in future years.
- Major construction is underway for a Love's Travel Stop near exit 108 on Interstate 65. We believe the majority of the impact of this construction to be primarily in construction permits and related fees for the 2015-2016 fiscal year budget. However we expect to benefit significantly in future years from sales tax revenues when the location is opened for operations.
- Over the past couple of years, we have averaged approximately 60 new homes per year in city. We have reason to believe this average will soon have a significant increase due to potential developments currently being planned.
- The most recent City population estimate according to the U.S. Census Bureau is 11,042 (2014). This represents a 7.5% increase from the 2010 census (10,273).

During the current fiscal year, the unassigned fund balance in the general fund was \$4,554,827. The City of White House has appropriated \$1,976,590 of this amount for spending in the 2015-2016 fiscal year budget.

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, or (615) 672-4350.

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CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,543,448	\$ 3,380,637	\$ 8,924,085
Receivables, net	4,171,710	207,602	4,379,312
Unbilled receivables	-	646,770	646,770
Internal balances	(719)	719	-
Inventories	-	88,883	88,883
Other current assets	164,994	39,620	204,614
Capital assets:			
Land and construction in progress	13,591,851	6,042,036	19,633,887
Other capital assets, net	15,393,619	14,316,625	29,710,244
Net pension asset	203,019	35,800	238,819
TOTAL ASSETS	<u>39,067,922</u>	<u>24,758,692</u>	<u>63,826,614</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on advance refunding	235,855	-	235,855
Deferred outflows relating to pension contributions	208,362	36,636	244,998
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>444,217</u>	<u>36,636</u>	<u>480,853</u>
LIABILITIES			
Accounts payable	765,780	220,966	986,746
Accrued liabilities	338,707	125,725	464,432
Accrued interest	62,325	7,167	69,492
Noncurrent liabilities:			
Due within one year	830,000	523,261	1,353,261
Due in more than one year	7,371,646	6,523,047	13,894,693
TOTAL LIABILITIES	<u>9,368,458</u>	<u>7,400,166</u>	<u>16,768,624</u>
DEFERRED INFLOWS OF RESOURCES			
Assessed and unlevied property taxes	3,059,000	-	3,059,000
Deferred inflows from pension activity	306,891	54,100	360,991
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,365,891</u>	<u>54,100</u>	<u>3,419,991</u>
NET POSITION			
Net investment in capital assets	21,390,242	13,312,353	34,702,595
Restricted for:			
Cemetery	166,012	-	166,012
Parks and recreation	63,877	-	63,877
Street maintenance and improvements	313,832	-	313,832
Other	162,324	-	162,324
Unrestricted	4,681,503	4,028,709	8,710,212
TOTAL NET POSITION	<u>\$ 26,777,790</u>	<u>\$ 17,341,062</u>	<u>\$ 44,118,852</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF ACTIVITIES

JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 1,460,247	\$ 269,891	\$ -	\$ -	\$ (1,190,356)	\$ -	\$ (1,190,356)
City court	72,418	131,129	-	-	58,711	-	58,711
Public safety	3,067,212	14,120	25,199	-	(3,027,893)	-	(3,027,893)
Streets	939,782	-	291,671	381,644	(266,467)	-	(266,467)
Cemetery and maintenance	22,422	33,400	-	-	10,978	-	10,978
Library and museum	235,386	8,745	101,180	200,000	74,539	-	74,539
Parks and recreation	893,897	111,811	-	75,709	(706,377)	-	(706,377)
Planning and zoning	28,258	96,148	-	-	67,890	-	67,890
Senior citizen activities	29,917	-	9,500	-	(20,417)	-	(20,417)
Miscellaneous	279,417	-	-	-	(279,417)	-	(279,417)
Interest and issuance costs on long-term debt	446,858	-	-	-	(446,858)	-	(446,858)
	<u>7,475,814</u>	<u>665,244</u>	<u>427,550</u>	<u>657,353</u>	<u>(5,725,667)</u>	<u>-</u>	<u>(5,725,667)</u>
BUSINESS-TYPE ACTIVITIES:							
Wastewater Department	2,529,227	3,038,135	-	203,667	-	712,575	712,575
Sanitation Department	724,123	792,130	-	-	-	68,007	68,007
Stormwater Department	3,500	107,464	-	-	-	103,964	103,964
	<u>3,256,850</u>	<u>3,937,729</u>	<u>-</u>	<u>203,667</u>	<u>-</u>	<u>884,546</u>	<u>884,546</u>
TOTAL GOVERNMENT	\$ 10,732,664	\$ 4,602,973	\$ 427,550	\$ 861,020	(5,725,667)	884,546	(4,841,121)
GENERAL REVENUES							
Property taxes					2,990,437	-	2,990,437
Park sales tax					75,648	-	75,648
Impact fees					28,103	-	28,103
Intergovernmental revenues					4,259,509	-	4,259,509
Interest and investment earnings					14,800	3,436	18,236
Other revenue					135,427	54,420	189,847
TOTAL GENERAL REVENUES					<u>7,503,924</u>	<u>57,856</u>	<u>7,561,780</u>
CHANGE IN NET POSITION					1,778,257	942,402	2,720,659
NET POSITION - BEGINNING OF YEAR, AS RESTATED					<u>24,999,533</u>	<u>16,398,660</u>	<u>41,398,193</u>
NET POSITION - END OF YEAR					<u>\$ 26,777,790</u>	<u>\$ 17,341,062</u>	<u>\$ 44,118,852</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,689,206	\$ 34,816	\$ 575,985	\$ 5,300,007
Receivables, net	3,258,232	819,174	94,304	4,171,710
Prepaid expenses	164,994	-	-	164,994
TOTAL ASSETS	<u>\$ 8,112,432</u>	<u>\$ 853,990</u>	<u>\$ 670,289</u>	<u>\$ 9,636,711</u>
LIABILITIES				
Accounts payable	\$ 764,538	\$ -	\$ 20	\$ 764,558
Accrued liabilities	338,707	-	-	338,707
Due to other funds	719	-	-	719
TOTAL LIABILITIES	<u>1,103,964</u>	<u>-</u>	<u>20</u>	<u>1,103,984</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	2,453,641	818,214	-	3,271,855
NET POSITION				
Nonspendable	164,994	-	-	164,994
Restricted	-	35,776	670,269	706,045
Committed	-	-	-	-
Unassigned	4,389,833	-	-	4,389,833
TOTAL FUND BALANCES	<u>4,554,827</u>	<u>35,776</u>	<u>670,269</u>	<u>5,260,872</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,112,432</u>	<u>\$ 853,990</u>	<u>\$ 670,289</u>	<u>\$ 9,636,711</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

RECONCILIATION OF BALANCE SHEET TO STATEMENT OF
NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2015

TOTAL GOVERNMENTAL FUND BALANCES	\$ 5,260,872
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet	28,985,470
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds and notes payable	(7,700,000)
Less: deferred charges on advance refundings	235,855
Add: bond premium	(131,083)
Compensated absences	(370,563)
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest expenditures are reported when due	(62,325)
Net pension asset in governmental activities is not a current financial resources and therefore is not reported in the governmental funds Balance Sheet	203,019
Employer pension contributions made since the measurement date are deferred outflows of resources in governmental activities but have been expensed in governmental funds Balance Sheet	208,362
Deferred inflows of resources caused by actuarial assumptions that result in an actuarial gain are not a financial resource and therefore are not reported in the governmental funds Balance Sheet	(306,891)
Certain deferred inflows relating to property taxes in the governmental fund statements is recognized as revenues in the government-wide Statement of Net Position	212,855
Internal service fund is used 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>242,219</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 26,777,790</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 2,313,125	\$ 705,474	\$ 75,648	\$ 3,094,247
Intergovernmental revenues	4,777,565	-	366,847	5,144,412
Charges for services	138,073	-	36,511	174,584
Licenses and permits	345,126	-	28,103	373,229
Fines and forfeitures	131,274	-	14,260	145,534
Interest revenue	13,787	290	723	14,800
Miscellaneous	<u>323,482</u>	<u>7,472</u>	<u>4,473</u>	<u>335,427</u>
	<u>8,042,432</u>	<u>713,236</u>	<u>526,565</u>	<u>9,282,233</u>
EXPENDITURES				
Current operations:				
General government	1,938,109	-	-	1,938,109
City court	75,357	-	-	75,357
Public safety	3,785,553	-	3,908	3,789,461
Streets	734,711	-	363,599	1,098,310
Cemetery and maintenance	-	-	38,200	38,200
Library and museum	3,219,222	-	-	3,219,222
Parks and recreation	1,225,787	-	34,388	1,260,175
Planning and zoning	267,390	-	-	267,390
Senior citizen activities	29,917	-	-	29,917
Miscellaneous	228,015	1,841	49,561	279,417
Debt service				
Principal	-	480,000	105,000	585,000
Interest	-	287,769	27,884	315,653
Bond issuance costs	<u>-</u>	<u>84,298</u>	<u>-</u>	<u>84,298</u>
TOTAL EXPENDITURES	<u>11,504,061</u>	<u>853,908</u>	<u>622,540</u>	<u>12,980,509</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(3,461,629)	(140,672)	(95,975)	(3,698,276)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	3,515,000	-	3,515,000
Premium on refunding bonds issued	-	99,778	-	99,778
Payments to refunded bond escrow agent	<u>-</u>	<u>(3,530,480)</u>	<u>-</u>	<u>(3,530,480)</u>
NET CHANGE IN FUND BALANCES	(3,461,629)	(56,374)	(95,975)	(3,613,978)
FUND BALANCES - BEGINNING OF YEAR,				
AS RESTATED	<u>8,016,456</u>	<u>92,150</u>	<u>766,244</u>	<u>8,874,850</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,554,827</u>	<u>\$ 35,776</u>	<u>\$ 670,269</u>	<u>\$ 5,260,872</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (3,613,978)

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:

Acquisition of capital assets	5,831,784
Depreciation expense	(1,082,960)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities 585,000

Proceeds from refunding bonds and corresponding payment to bond escrow agent are reported as other financing sources (uses) in governmental fund statements but affect the balances of long-term liabilities in the government-wide statements:

Issuance of refunding bonds	(3,515,000)
Payment to bond escrow agent	3,530,480

Governmental funds report the effects of bond premiums when debt is issued, whereas these amounts are deferred and amortized over the life of the bonds with deferred charges as a result of advance refunding:

Bond premium	(99,778)
Amortization of bond premiums	3,357
Amortization of deferred charges	(4,625)

Interest is accrued on the outstanding bonds in the Statement of Activities, whereas in the governmental funds, an interest expenditure is reported when due:

Accrued interest on debt obligations at June 30, 2015	(62,325)
Accrued interest on debt obligations at June 30, 2014	16,686

Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Changes in compensated absences	61,031
Net recognized differences in pension plan (expense) revenue	155,099

Delinquent property taxes do not provide current financial resources and are not reported as revenues for governmental funds (28,162)

The net revenue (expense) of the internal service fund is reported with governmental activities. 1,648

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,778,257

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON STATEMENT

GENERAL FUND

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amount GAAP Basis</u>
REVENUES					
Taxes	\$ 2,193,777	\$ 2,193,777	\$ 2,313,175	\$ (50)	\$ 2,313,125
Intergovernmental revenues	5,079,384	5,079,384	5,149,834	(372,269)	4,777,565
Charges for services	129,000	129,000	138,073	-	138,073
Licenses and permits	253,700	253,700	345,126	-	345,126
Fines and forfeitures	145,250	145,250	131,274	-	131,274
Interest revenue	5,200	5,200	13,787	-	13,787
Miscellaneous	223,500	223,500	323,482	-	323,482
	<u>8,029,811</u>	<u>8,029,811</u>	<u>8,414,751</u>	<u>(372,319)</u>	<u>8,042,432</u>
EXPENDITURES					
Current operations:					
General government	2,076,109	2,072,109	1,781,223	156,886	1,938,109
City court	78,164	78,164	75,357	-	75,357
Public safety	4,583,888	4,559,778	3,785,553	-	3,785,553
Streets	775,336	775,336	734,711	-	734,711
Library and museum	3,393,701	3,393,701	2,820,469	398,753	3,219,222
Parks and recreation	1,306,416	1,334,526	1,127,733	98,054	1,225,787
Planning and zoning	288,420	288,420	267,390	-	267,390
Senior citizen activities	42,760	42,760	29,917	-	29,917
Miscellaneous	251,000	251,000	228,015	-	228,015
TOTAL EXPENDITURES	<u>12,795,794</u>	<u>12,795,794</u>	<u>10,850,368</u>	<u>653,693</u>	<u>11,504,061</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,765,983)</u>	<u>(4,765,983)</u>	<u>(2,435,617)</u>	<u>(1,026,012)</u>	<u>(3,461,629)</u>
OTHER FINANCING SOURCES (USES)					
Bonds issued	2,866,164	2,866,164	-	-	-
Net payments to other funds	-	-	(18,250)	18,250	-
NET CHANGE IN FUND BALANCE	<u>(1,899,819)</u>	<u>(1,899,819)</u>	<u>\$ (2,453,867)</u>	<u>\$ (1,007,762)</u>	<u>(3,461,629)</u>
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>5,015,302</u>	<u>5,015,302</u>			<u>8,016,456</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,115,483</u>	<u>\$ 3,115,483</u>			<u>\$ 4,554,827</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

GENERAL FUND

YEAR ENDED JUNE 30, 2015

Notes to Schedule: 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	\$	(50)
Change in intergovernmental receivables		(372,269)
Changes in other assets and liabilities		(653,693)
Changes in due to and due from other funds		<u>18,250</u>
	\$	<u>(1,007,762)</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 accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund Health Care Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
ASSETS					
Cash and cash equivalents	\$ 2,736,599	\$ 489,546	\$ 81,705	\$ 3,307,850	\$ 243,441
Accounts receivable, net	36,141	6,475	4,127	46,743	-
Grants receivable	160,859	-	-	160,859	-
Unbilled receivables	561,541	67,080	18,149	646,770	-
Due from other funds	-	719	-	719	-
Inventories	88,883	-	-	88,883	-
Other current assets	34,867	4,753	-	39,620	-
Restricted cash and cash equivalents	69,447	3,340	-	72,787	-
Total current assets	3,688,337	571,913	103,981	4,364,231	243,441
Net pension asset	29,100	6,700	-	35,800	-
Capital assets, net	20,146,478	212,183	-	20,358,661	-
TOTAL ASSETS	23,863,915	790,796	103,981	24,758,692	243,441
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows relating to pension contributions	29,846	6,790	-	36,636	-
LIABILITIES					
Current liabilities					
Accounts payable	173,057	47,909	-	220,966	1,222
Accrued liabilities	53,415	1,203	-	54,618	-
Accrued interest	7,167	-	-	7,167	-
Accrued compensated absences	42,829	10,214	-	53,043	-
Current maturities of long-term liabilities	523,261	-	-	523,261	-
Liabilities payable from restricted cash - retainage	14,724	3,340	-	18,064	-
Total current liabilities	814,453	62,666	-	877,119	1,222
LONG-TERM LIABILITIES, less current maturities	6,523,047	-	-	6,523,047	-
TOTAL LIABILITIES	7,337,500	62,666	-	7,400,166	1,222
DEFERRED INFLOW OF RESOURCES					
Deferred inflows related to pension assumptions	44,000	10,100	-	54,100	-
NET POSITION					
Net investment in capital assets	13,100,170	212,183	-	13,312,353	-
Unrestricted	3,412,091	512,637	103,981	4,028,709	242,219
TOTAL NET POSITION	\$ 16,512,261	\$ 724,820	\$ 103,981	\$ 17,341,062	\$ 242,219

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund Health Care Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
OPERATING REVENUES					
Charges for services	\$ 3,038,135	\$ 792,130	\$ 107,464	\$ 3,937,729	\$ 63,706
Other operating revenues	<u>45,972</u>	<u>8,448</u>	<u>-</u>	<u>54,420</u>	<u>-</u>
TOTAL REVENUES	<u>3,084,107</u>	<u>800,578</u>	<u>107,464</u>	<u>3,992,149</u>	<u>63,706</u>
OPERATING EXPENSES					
Personnel services	647,045	115,633	-	762,678	-
Supplies	397,791	23,836	-	421,627	-
Utilities	192,818	348	-	193,166	-
Other operating expenses	462,851	561,414	3,500	1,027,765	7,790
Claims, net of insurance proceeds	-	-	-	-	54,484
Depreciation	<u>740,259</u>	<u>21,059</u>	<u>-</u>	<u>761,318</u>	<u>-</u>
TOTAL EXPENSES	<u>2,440,764</u>	<u>722,290</u>	<u>3,500</u>	<u>3,166,554</u>	<u>62,274</u>
OPERATING INCOME	<u>643,343</u>	<u>78,288</u>	<u>103,964</u>	<u>825,595</u>	<u>1,432</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	2,931	488	17	3,436	216
Interest expense	<u>(88,463)</u>	<u>(1,833)</u>	<u>-</u>	<u>(90,296)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(85,532)</u>	<u>(1,345)</u>	<u>17</u>	<u>(86,860)</u>	<u>216</u>
INCOME BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	557,811	76,943	103,981	738,735	1,648
CAPITAL GRANTS AND CONTRIBUTIONS	<u>203,667</u>	<u>-</u>	<u>-</u>	<u>203,667</u>	<u>-</u>
CHANGE IN NET POSITION	761,478	76,943	103,981	942,402	1,648
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>15,750,783</u>	<u>647,877</u>	<u>-</u>	<u>16,398,660</u>	<u>240,571</u>
NET POSITION - END OF YEAR	<u>\$ 16,512,261</u>	<u>\$ 724,820</u>	<u>\$ 103,981</u>	<u>\$ 17,341,062</u>	<u>\$ 242,219</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,984,516	\$ 788,133	\$ 85,188	\$ 3,857,837	\$ 63,706
Receipts from internal services provided	-	-	-	-	-
Payments to suppliers	(1,077,849)	(522,634)	(3,500)	(1,603,983)	-
Payments to or on behalf of employees	(662,039)	(120,725)	-	(782,764)	-
Claims paid, net of insurance recoveries	-	-	-	-	(54,982)
Premiums paid	-	-	-	-	(7,790)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,244,628</u>	<u>144,774</u>	<u>81,688</u>	<u>1,471,090</u>	<u>934</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of equipment	(2,547,925)	(198,867)	-	(2,746,792)	-
Proceeds from capital debt	2,159,538	-	-	2,159,538	-
Payments on long-term debt	(427,740)	(50,000)	-	(477,740)	-
Interest paid	(92,052)	(2,000)	-	(94,052)	-
NET CASH USED IN CAPITAL AND RELATED ACTIVITIES	<u>(908,179)</u>	<u>(250,867)</u>	<u>-</u>	<u>(1,159,046)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	2,931	488	17	3,436	216
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,931</u>	<u>488</u>	<u>17</u>	<u>3,436</u>	<u>216</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	339,380	(105,605)	81,705	315,480	1,150
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,466,666</u>	<u>598,491</u>	<u>-</u>	<u>3,065,157</u>	<u>242,291</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,806,046</u>	<u>\$ 492,886</u>	<u>\$ 81,705</u>	<u>\$ 3,380,637</u>	<u>\$ 243,441</u>
CASH AND CASH EQUIVALENTS:					
Cash and cash equivalents	\$ 2,736,599	\$ 489,546	\$ 81,705	\$ 3,307,850	\$ 243,441
Restricted cash and cash equivalents	69,447	3,340	-	72,787	-
	<u>\$ 2,806,046</u>	<u>\$ 492,886</u>	<u>\$ 81,705</u>	<u>\$ 3,380,637</u>	<u>\$ 243,441</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ 643,343	\$ 78,288	\$ 103,964	\$ 825,595	\$ 1,432
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	740,259	21,059	-	761,318	-
GASB 68 pension adjustment	(22,246)	(5,090)	-	(27,336)	
Changes in operating assets and liabilities					
Receivables, net	(1,857)	(3,454)	(4,127)	(9,438)	-
Unbilled receivables	(97,734)	(8,991)	(18,149)	(124,874)	-
Due from other funds	5,117	59,223	-	64,340	-
Inventories	8,481	-	-	8,481	-
Other current assets	(35,808)	4,559	-	(31,249)	-
Accounts payable	1,608	2,820	-	4,428	(498)
Accrued liabilities	79,813	(2)	-	79,811	-
Due to other funds	(76,348)	(3,638)	-	(79,986)	-
TOTAL ADJUSTMENTS	<u>601,285</u>	<u>66,486</u>	<u>(22,276)</u>	<u>645,495</u>	<u>(498)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,244,628</u>	<u>\$ 144,774</u>	<u>\$ 81,688</u>	<u>\$ 1,471,090</u>	<u>\$ 934</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - 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 (the “Corporation”) of White House, Tennessee. The Corporation provides industrial development bonds for private enterprises after approval by the City’s 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.

Basic Financial Statement

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (Continued)

Government-wide financial statements (continued)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

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. Each of these funds is considered a nonmajor fund.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (Continued)

Fund financial statements (continued)

The City reports the following major enterprise funds:

The *Wastewater Department Fund*, which accounts for the operation of the City's wastewater service.

The *Solid Waste Fund*, which accounts for solid waste collection services.

The *Stormwater Fund*, which accounts for costs associated with stormwater management and was established in January 2015.

Additionally, the government reports the following fund types:

An *internal service* fund - the Health Care Fund is used to report self-funded dental insurance provided to employees of the City.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance Classification

In the governmental fund financial statements, the City has established and will maintain reservations of fund balance, as described below. This policy shall only apply to the City's governmental funds. Fund balance shall be composed of the following fund types:

- *Non-spendable* fund balances are amounts that cannot be spent because they are either in a (a) non-spendable form, including items not expected to be converted to cash (i.e. inventories, prepaid amounts, long-term portion of loans and notes receivable and property acquired for resale), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).
- *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 and cannot be used for any other purpose unless the Board of Mayor and Alderman remove or change these commitments by taking the same action it employed to impose the commitment.
- *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 (CONTINUED)

JUNE 30, 2015

NOTE 1 - 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. Receivable balances for the governmental activities include property taxes of \$3,275,695 and intergovernmental revenues of \$896,015. Receivable balances for the business-type activities consist of billed charges to wastewater, sanitation and stormwater customers and \$160,859 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, 2015 totals \$175,000 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, 2015, but which were levied to finance fiscal year 2016 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.

Unbilled revenues for the Wastewater Department Fund, Solid Waste Fund and Stormwater Fund represent the estimated receivable amount for services provided 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 (two months delayed for wastewater and solid waste and one month for stormwater).

Internal Balances

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

Inventories

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The accounting treatment for property, plant and equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) (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 purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

Capital assets in the proprietary funds with a cost 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>
<u>Governmental activities:</u>	
Buildings and improvements	5 - 40 years
Infrastructure assets	15 - 50 years
Machinery and equipment	3 - 20 years
<u>Business-type activities:</u>	
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 (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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/expenditure) until then. Deferred outflows at June 30, 2015 consist of deferred charges on advance refunding of debt and amounts related to pensions (differences in experience and contributions after the measurement date).

Compensated Absences

The City's policies permit regular employees to accumulate earned but unused vacation leave up to a maximum of 200 hours and police and fire department employees may accumulate up to a maximum of 210 and 264 hours, respectively. Employees are paid their unused vacation hours upon termination provided the employees provide a two-week notice. Also, regular employees may accumulate unlimited sick leave. At retirement, employees are paid for one-half of their unused sick leave up to a maximum of 200 hours with the remaining hours counting as service credit in TCRS. 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 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will be recognized as an inflow of resource (revenue) at that time. 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 *assessed and unlevied property taxes* 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. Actuarial gains related to pension assets are also included in deferred inflows.

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 2014 for Sumner County and 2013 for Robertson County. The City's tax rate applicable to 2015 was \$1.2315 for both Sumner County and Robertson County on each \$100 of tax valuation.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 - 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.

Excess Expenditures

For the year ended June 30, 2015, expenditures did not exceed appropriations in any fund.

Interfund Transactions

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. At June 30, 2015, the only unliquidated interfund receivable (payable) was \$719 due to the Sanitation Fund from the General Fund.

The Wastewater Fund made payments totaling \$124,873 to the General Fund during the current year for payments in lieu of tax which have been reported as intergovernmental revenue in the general fund and other operating expenses in the Wastewater Fund.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 3 - 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, 2015, all deposits were insured or collateralized, as required by state statute. At June 30, 2015, the City's investments consist of the Tennessee Local Government Investment Pool ("LGIP") (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. For purposes of disclosing interest rate risk on the deposits held by LGIP, interest rate risk is based on the average maturity of the pool's investments, which was one hundred eleven days at June 30, 2015. The Pool does not have a credit rating. The City's investment in the Tennessee Local Government Investment Pool totaled \$5,806,347 at June 30, 2015.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance July 1, 2014 (Restated)</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2015</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 8,449,915	\$ -	\$ -	\$ 8,449,915
Construction in progress	<u>2,510,057</u>	<u>3,736,947</u>	<u>(1,105,068)</u>	<u>5,141,936</u>
Total capital assets not being depreciated	<u>10,959,972</u>	<u>3,736,947</u>	<u>(1,105,068)</u>	<u>13,591,851</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	11,124,534	157,204	(12,100)	11,269,638
Machinery and equipment	3,864,535	992,077	(319,724)	4,536,888
Infrastructure assets	<u>6,661,665</u>	<u>945,556</u>	<u>1,105,068</u>	<u>8,712,289</u>
Total capital assets being depreciated	<u>21,650,734</u>	<u>2,094,837</u>	<u>773,244</u>	<u>24,518,815</u>
<u>Less accumulated depreciation:</u>				
Land improvements, buildings, machinery and equipment	(6,824,696)	(724,755)	331,824	(7,217,627)
Infrastructure assets	<u>(1,549,364)</u>	<u>(358,205)</u>	<u>-</u>	<u>(1,907,569)</u>
Total accumulated depreciation	<u>(8,374,060)</u>	<u>(1,082,960)</u>	<u>331,824</u>	<u>(9,125,196)</u>
Governmental activities capital assets, net	<u>\$ 24,236,646</u>	<u>\$ 4,748,824</u>	<u>\$ -</u>	<u>\$ 28,985,470</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation was charged to governmental activities as follows:

Public safety	\$ 219,125
Parks and recreation	237,445
General government	414,333
Public works	189,304
Library	17,088
Planning and zoning	<u>5,665</u>
	<u>\$ 1,082,960</u>

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

<u>Business-Type Activities</u>	<u>Balance July 1, 2014 (Restated)</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2015</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 792,760	\$ -	\$ -	\$ 792,760
Construction in progress	<u>2,856,419</u>	<u>2,392,857</u>	<u>-</u>	<u>5,249,276</u>
Total capital assets not being depreciated	<u>3,649,179</u>	<u>2,392,857</u>	<u>-</u>	<u>6,042,036</u>
<u>Capital assets being depreciated:</u>				
Wastewater plant	22,072,390	80,308	(26,123)	22,126,575
Machinery and equipment	<u>2,544,263</u>	<u>273,240</u>	<u>(9,995)</u>	<u>2,807,508</u>
Total capital assets being depreciated	<u>24,616,653</u>	<u>353,548</u>	<u>(36,118)</u>	<u>24,934,083</u>
<u>Less accumulated depreciation:</u>				
Wastewater plant	(8,453,549)	(733,781)	26,123	(9,161,207)
Machinery and equipment	<u>(1,438,709)</u>	<u>(27,537)</u>	<u>9,995</u>	<u>(1,456,251)</u>
Total accumulated depreciation	<u>(9,892,258)</u>	<u>(761,318)</u>	<u>36,118</u>	<u>(10,617,458)</u>
Business-type activities capital assets, net	<u>\$ 18,373,574</u>	<u>\$ 1,985,087</u>	<u>\$ -</u>	<u>\$ 20,358,661</u>

Depreciation was charged to the following funds within business-type activities:

Wastewater	\$ 740,259
Solid Waste	<u>21,059</u>
	<u>\$ 761,318</u>

The cost to complete construction in progress for all fund types at June 30, 2015 was approximately \$930,000.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 5 - 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 changes in the City's governmental activity long-term liabilities for the year:

Governmental Activities	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Amounts Due Within One Year
General Obligation Refunding Bonds	\$ 4,975,000	\$ 3,515,000	\$ (3,810,000)	\$ 4,680,000	\$ 540,000
General Obligation Public Improvement Bonds	3,085,000	-	(65,000)	3,020,000	70,000
Plus: unamortized premium on bonds	<u>34,662</u>	<u>99,778</u>	<u>(3,357)</u>	<u>131,083</u>	<u>-</u>
Total long-term debt	8,094,662	3,614,778	(3,878,357)	7,831,083	610,000
Accrued compensated absences	<u>431,594</u>	<u>159,409</u>	<u>(220,440)</u>	<u>370,563</u>	<u>220,000</u>
Total long-term liabilities	<u>\$ 8,526,256</u>	<u>\$ 3,774,187</u>	<u>\$ (4,098,797)</u>	<u>\$ 8,201,646</u>	<u>\$ 830,000</u>

The Debt Service 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:

Business-Type Activities	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Amounts Due Within One Year
	(Restated)				
Notes payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund	\$ 3,402,661	\$ 1,833,000	\$ (155,392)	\$ 5,080,269	\$ 248,261
General Obligation Refunding Bonds	<u>2,280,000</u>	<u>-</u>	<u>(320,000)</u>	<u>1,960,000</u>	<u>275,000</u>
Total bonds and notes payable	5,682,661	1,833,000	(475,392)	7,040,269	523,261
Plus premium on bonds	<u>8,346</u>	<u>-</u>	<u>(2,307)</u>	<u>6,039</u>	<u>-</u>
Total long-term debt	<u>\$ 5,691,007</u>	<u>\$ 1,833,000</u>	<u>\$ (477,699)</u>	<u>\$ 7,046,308</u>	<u>\$ 523,261</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Details of the City's long-term liabilities are as follows:

Governmental Activities:

General Obligation Refunding Bonds, Series 2008 (portion not refunded), due in varying installments through June 2018, at a fixed interest rate of 4.00%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 1,165,000
General Obligation Public Improvement Bonds, Series 2013, due in increasing installments through June 2043, at fixed rates ranging from 2.00% to 4.25%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	3,020,000
General Obligation Refunding Bonds, Series 2015, due in varying installments through June 2028, at fixed interest rates ranging from 2.00% to 2.45%; interest payable semiannually on December 1 and June 1 and principal payable annually on June 1 of each year.	<u>3,515,000</u>
	7,700,000
Plus: unamortized premium on bonds	<u>131,083</u>
Total governmental-activities debt	<u>\$ 7,831,083</u>

Business-type Activities:

<u>General Obligation Bonds</u>	
General Obligation Refunding Bonds, Series 2008, due in increasing annual installments through June 2017, at fixed interest rate of 4.00%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 150,000
General Obligation Refunding Bonds, Series 2012, due in varying installments through June 2024, at fixed interest rates ranging from 1.00% to 2.00%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	<u>1,810,000</u>
	<u>1,960,000</u>

(Continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Business-type Activities (continued):

State Revolving Loan Fund 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.	\$ 494,920
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.	311,258
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest a 1.88%, due in monthly installments of \$3,878 through October 2033.	721,220
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.0%, due in monthly installments of \$16,556 through December 2034.	3,466,863
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.	86,008
	<u>5,080,269</u>
Total business-type debt, excluding unamortized premium	7,040,269
Plus: unamortized premium on bonds	<u>6,039</u>
Total business-type activities debt	<u>\$ 7,046,308</u>

The principal and related interest on the General Obligation Public Improvement Bonds, Series 2013 and the General Obligation Refunding Bonds, Series 2008 and Series 2015 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 General Obligation Refunding Bonds Series 2002 and 2012 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.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Bond Issuance and Refunding

On March 27, 2015, the City issued \$3,515,000 of General Obligation Refunding Bonds, Series 2015, to refund the remaining 2009 General Obligation Bonds and a portion of the Series 2008 General Obligation Refunding Bonds. The new refunding bonds bear interest at rates ranging from 2.00% to 2.45%. The refunded Series 2009 bonds bore interest at rates ranging from 2.25% to 3.5% and the Series 2008 bonds ranged from 4.30% to 4.75%.

The reacquisition price exceeded the net carrying amount of the old debt by \$240,480. This amount is being presented as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The refunded debt reduced the City's total debt service payments by \$283,843 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$233,969.

Debt Service Requirements

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
2016	\$ 610,000	\$ 248,965	\$ 858,965	\$ 523,261	\$ 94,281	\$ 617,542
2017	640,000	215,217	855,217	531,369	86,172	617,541
2018	580,000	194,217	774,217	459,511	77,981	537,492
2019	640,000	175,236	815,236	462,699	72,539	535,238
2020	655,000	162,436	817,436	470,931	66,641	537,572
2021-2025	1,670,000	659,306	2,329,306	2,139,737	232,013	2,371,750
2026-2030	1,125,000	454,763	1,579,763	1,408,271	110,031	1,518,302
2031-2035	575,000	321,181	896,181	1,044,490	26,185	1,070,675
2036-2040	705,000	195,650	900,650	-	-	-
2041-2043	500,000	43,057	543,057	-	-	-
	<u>\$ 7,700,000</u>	<u>\$ 2,670,028</u>	<u>\$ 10,370,028</u>	<u>\$ 7,040,269</u>	<u>\$ 765,843</u>	<u>\$ 7,806,112</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 7 - 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.

NOTE 8 - PENSION PLAN

Plan Description

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 8 - PENSION PLAN (CONTINUED)

Benefits Provided (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	77
Active employees	<u>82</u>
	<u>183</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the City were \$186,991 based on a rate of 5.89% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 8 - PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46 %	33.00 %
Developed market international equity	6.26 %	17.00 %
Emerging market international equity	6.40 %	5.00 %
Private equity and strategic lending	4.61 %	8.00 %
U.S. fixed income	0.98 %	29.00 %
Real estate	4.73 %	7.00 %
Short-term securities	-	<u>1.00 %</u>
		<u>100.00 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 8 - PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary Net</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Position</u>	<u>Liability (Asset)</u>
	(a)	(b)	(a) – (b)
BALANCE AT JUNE 30, 2013	\$ 5,067,901	\$ 4,821,301	\$ 246,600
 CHANGES FOR THE YEAR:			
Service cost	254,580	-	254,580
Interest	394,172	-	394,172
Differences between expected and actual experience	50,987	-	50,987
Contributions - employer	-	186,991	(186,991)
Contributions - employee	-	179,767	(179,767)
Net investment income	-	821,461	(821,461)
Benefit payments, including refunds of employee contributions	(133,720)	(133,720)	-
Administrative expense	-	(3,061)	3,061
Net changes	<u>566,019</u>	<u>1,051,438</u>	<u>(485,419)</u>
BALANCE AT JUNE 30, 2014	<u>\$ 5,633,920</u>	<u>\$ 5,872,739</u>	<u>\$ (238,819)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

	<u>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
City's net pension liability (asset)	<u>\$ 719,124</u>	<u>\$ (238,819)</u>	<u>\$ (1,019,004)</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 8 - PENSION PLAN (CONTINUED)

Pension Expense

For the year ended June 30, 2015, the City recognized pension expense of \$17,949.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 44,614	\$ -
Net difference between projected and actual earnings on pension plan investments	-	360,991
Contributions subsequent to the measurement date of June 30, 2014	<u>200,384</u>	<u>-</u>
Total	<u>\$ 244,998</u>	<u>\$ 360,991</u>

The amount shown above for Contributions subsequent to the measurement date of June 30, 2014, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2016	\$ (83,875)
2017	(83,875)
2018	(83,875)
2019	(83,875)
2020	6,373
Thereafter	12,746

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 9 - 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.

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. 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:

<u>Year Ended June 30,</u>	<u>Liability Beginning of of Year</u>	<u>Incurred Claims</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2015	\$ 1,720	\$ 52,764	\$ 53,262	\$ 1,222
2014	672	53,973	52,925	1,720
2013	3,723	45,456	48,507	672

NOTE 10 - 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.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

In April 2012, the City entered into a loan agreement with the Tennessee Department of Environment and Conservation, State Revolving Loan Fund, for CG1 2012-302, Green - Infiltration and Inflow Correction project loan in the amount of \$4,500,000 which includes a companion loan (CWSRF 2012-308) for \$500,000. The initial loan has \$400,000 in principal forgiveness. Internally, this project is referred to as the Hobbs Road/Dawn Court/Sage Road/Meadows Road project and will changeover a portion of the old, outdated vacuum wastewater collection system to a new gravity collection system. As of June 30, 2015, the project was in the construction phase, which is anticipated to be completed in the next fiscal year and expend the remainder of the loan amount available. The estimated cost to complete construction in progress related to this project is \$750,000.

In February 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. The initial loan has \$400,000 in principal forgiveness. Internally, this project is referred to as the Wastewater Treatment Plant Headworks Improvements. As of June 30, 2015, the design phase of this project was completed with expectation that construction would be completed during the following fiscal year and expend the remaining loan amount available.

In October 2013, the City issued a General Obligation Public Improvement Bond (Series 2013) for the purpose of constructing a new library building and paying for any associated costs related to this construction project. The amount of the bond issued was \$3,085,000. As of June 30, 2015, the City also received grant monies from the Tennessee State Library and Archives (\$100,000), The Memorial Foundation (\$200,000), and Sumner County (\$500,000) for the purposes of assisting the City pay for the construction of the new library and any related project costs. As of June 30, 2015 the construction phase of the project was near completion. The estimated cost to complete construction in progress related to this project is \$150,000.

In December 2013, the City entered into an engineering design and inspection contract for Tyree Springs / South Palmers Chapel turn lanes improvement. In January 2014, the city entered into a construction contract with the State of Tennessee, Department of Transportation for installation of this project. The estimated cost of this project is \$360,000, which will be 90% federally funded, and 10% state funded. As of June 30, 2015, the construction phase of this project was near completion. This agreement is effective until December 31, 2018. The estimated cost to complete construction in progress related to this project is \$25,000.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In March 2015, the City entered into a contract with Dowdle Construction Group, LLC for construction services related to the Municipal Recreation Complex - Phase 1. The main purpose of for these contracted services is to prepare the site work for the upcoming Splash Pad project that is anticipated to start the following fiscal year. As of June 30, 2015, the currently contracted services were near completion. The estimated cost to complete construction in progress directly related to this contract is \$5,000.

NOTE 11 - ADJUSTMENT TO PRIOR YEAR NET POSITION

Net position and fund balance as of July 1, 2014 have been restated to correct errors and for the adoption of Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement requires the liability of employers to employees for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The requirements of this statement are effective for financial periods beginning after June 15, 2014.

The effects of the error corrections and adoption of this Statement on the City's net position/fund balance as of July 1, 2014 are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>
Fund balance/net position - as previously stated	\$ 25,637,618	\$ 16,336,384	\$ 7,891,606	\$ 15,663,772	\$ 672,612
<u>Correction of errors:</u>					
To correct accounts receivable and unbilled utility revenues account balances, net of allowance for uncollectible accounts	124,850	101,251	124,850	142,998	(41,747)
To correct balances relating to State Revolving Fund Loans:					
Decrease in grants receivable	-	(393,038)	-	(393,038)	-
Decrease in loans payable	-	344,351	-	344,351	-
To reduce capital assets to match detail records	(712,326)	18,712	-	-	18,712
<u>Adoption of GASB Statement No 68:</u>					
Net pension liability at July 1, 2015	(209,600)	(37,000)	-	(30,100)	(6,900)
Deferred outflows of resources relating to pension contributions	<u>158,991</u>	<u>28,000</u>	<u>-</u>	<u>22,800</u>	<u>5,200</u>
Fund balance/net position - as restated	<u>\$ 24,999,533</u>	<u>\$ 16,398,660</u>	<u>\$ 8,016,456</u>	<u>\$ 15,750,783</u>	<u>\$ 647,877</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

NOTE 12 - NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 72, *Fair Value Measurement and Application* - This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The new standard is not expected to have a significant impact on the City's financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - These Statements make accounting and for other post-employment benefit plans consistent with the pension standards. Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. These new standards are not expected to have a significant impact on the City's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - This statement establishes a hierarchy of generally accepted accounting principles for states and local governments to follow in preparing financial statements. Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The new standard is not expected to have a significant impact on the City's financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* - This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: (1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; (2) The gross dollar amount of taxes abated during the period and (3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management has not determined the impact of this new standard on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION
PLAN OF TCRS

LAST FISCAL YEAR ENDING JUNE 30

	<u>2014</u>
<u>TOTAL PENSION LIABILITY</u>	
Service cost	\$ 254,580
Interest	394,172
Changes in benefit terms	-
Differences between actual & expected experience	50,987
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(133,720)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	566,019
TOTAL PENSION LIABILITY - BEGINNING	<u>5,067,901</u>
TOTAL PENSION LIABILITY - ENDING (A)	<u>5,633,920</u>
<u>PLAN FIDUCIARY NET POSITION</u>	
Contributions - employer	186,991
Contributions - employee	179,767
Net investment income	821,461
Benefit payments, including refunds of employee contributions	(133,720)
Administrative expense	<u>(3,061)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,051,438
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>4,821,301</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>5,872,739</u>
NET PENSION LIABILITY (ASSET) - ENDING (A)-(B)	<u>\$ (238,819)</u>

Plan fiduciary net position as a percentage of total pension liability 104.24 %

Covered-employee payroll \$ 3,174,709

Net pension liability (asset) as a percentage of covered-employee payroll (7.52) %

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF TCRS

LAST FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>
Actuarial determined contribution	\$ 186,991	\$ 170,348
Contributions in relation to the actuarial determined contribution	<u>186,991</u>	<u>170,348</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,174,709	\$ 3,312,492
Contributions as a percentage covered employee payroll	5.89 %	5.14 %

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

NOTE TO SCHEDULE:

Valuation date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	20 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

COMBINING AND NON-MAJOR FUND STATEMENTS

CITY OF WHITE HOUSE, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	Industrial Development Fund	State Street Aid Fund	Parks Sales Tax Fund	Impact Fee Fund	Drug Fund	Cemetery Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 115,186	\$ 117,561	\$ 50,658	\$ 81,912	\$ 44,636	\$ 166,032	\$ 575,985
Receivables, net	31,395	49,690	13,219	-	-	-	94,304
Total assets	<u>\$ 146,581</u>	<u>\$ 167,251</u>	<u>\$ 63,877</u>	<u>\$ 81,912</u>	<u>\$ 44,636</u>	<u>\$ 166,032</u>	<u>\$ 670,289</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20
Total liabilities	-	-	-	-	-	20	20
FUND BALANCES							
Restricted	146,581	167,251	63,877	81,912	44,636	166,012	670,269
Committed	-	-	-	-	-	-	-
Total fund balances	<u>146,581</u>	<u>167,251</u>	<u>63,877</u>	<u>81,912</u>	<u>44,636</u>	<u>166,012</u>	<u>670,269</u>
Total liabilities and fund balances	<u>\$ 146,581</u>	<u>\$ 167,251</u>	<u>\$ 63,877</u>	<u>\$ 81,912</u>	<u>\$ 44,636</u>	<u>\$ 166,032</u>	<u>\$ 670,289</u>

CITY OF WHITE HOUSE, TENNESSEE

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	Industrial Development Fund	State Street Aid Fund	Parks Sales Tax Fund	Impact Fee Fund	Drug Fund	Cemetery Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes							
Park sales tax receipts	\$ -	\$ -	\$ 75,648	\$ -	\$ -	\$ -	\$ 75,648
Intergovernmental revenues							
State and county revenue	95,821	-	-	-	275	-	96,096
Gasoline and motor fuel tax	-	186,210	-	-	-	-	186,210
Gas 1989	-	29,601	-	-	-	-	29,601
Gas 3 cent	-	54,940	-	-	-	-	54,940
Charges for services							
Cemetery and maintenance	-	-	-	-	-	36,511	36,511
Licenses and permits							
Impact fees	-	-	-	28,103	-	-	28,103
Fines and forfeitures							
Drug related fines and forfeitures	-	-	-	-	14,260	-	14,260
Interest revenue	163	103	91	122	48	196	723
Miscellaneous							
Sale of equipment	-	-	-	-	4,473	-	4,473
Total revenues	95,984	270,854	75,739	28,225	19,056	36,707	526,565
EXPENDITURES							
General government							
Capital outlay	-	-	-	-	-	15,778	15,778
Public safety							
Materials and supplies	-	-	-	-	1,510	-	1,510
Other operating expenses	-	-	-	-	2,398	-	2,398

(continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	Industrial Development Fund	State Street Aid Fund	Parks Sales Tax Fund	Impact Fee Fund	Drug Fund	Cemetery Fund	Total Nonmajor Governmental Funds
EXPENDITURES (CONTINUED)							
Streets							
Utilities	-	123,867	-	-	-	-	123,867
Other operating expenses	-	41,168	-	-	-	-	41,168
Capital outlay	-	76,205	-	122,359	-	-	198,564
Cemetery and maintenance							
Materials and supplies	-	-	-	-	-	1,127	1,127
Utilities	-	-	-	-	-	1,238	1,238
Other operating expenses	-	-	-	-	-	20,057	20,057
Parks and recreation							
Other operating expenses	-	-	388	-	-	-	388
Capital outlay	-	-	-	34,000	-	-	34,000
Miscellaneous							
Other operating expenses	49,497	-	-	64	-	-	49,561
Debt service							
Principal	-	-	105,000	-	-	-	105,000
Interest	-	-	27,884	-	-	-	27,884
Total expenditures	49,497	241,240	133,272	156,423	3,908	38,200	622,540
REVENUES OVER (UNDER) EXPENDITURES							
- NET CHANGE IN FUND BALANCE	46,487	29,614	(57,533)	(128,198)	15,148	(1,493)	(95,975)
FUND BALANCES - BEGINNING OF YEAR	100,094	137,637	121,410	210,110	29,488	167,505	766,244
FUND BALANCES - END OF YEAR	\$ 146,581	\$ 167,251	\$ 63,877	\$ 81,912	\$ 44,636	\$ 166,012	\$ 670,269

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

INDUSTRIAL DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Intergovernmental revenues	\$ 47,000	\$ 47,000	\$ 86,819	\$ 9,002	\$ 95,821
Interest revenue	<u>80</u>	<u>80</u>	<u>163</u>	<u>-</u>	<u>163</u>
Total revenues	<u>47,080</u>	<u>47,080</u>	<u>86,982</u>	<u>9,002</u>	<u>95,984</u>
EXPENDITURES					
Miscellaneous	<u>50,300</u>	<u>50,300</u>	<u>50,416</u>	<u>(919)</u>	<u>49,497</u>
Total expenditures	<u>50,300</u>	<u>50,300</u>	<u>50,416</u>	<u>(919)</u>	<u>49,497</u>
REVENUES OVER (UNDER)					
EXPENDITURES - NET CHANGE IN FUND BALANCE	(3,220)	(3,220)	<u>\$ 36,566</u>	<u>\$ 9,921</u>	46,487
FUND BALANCES - BEGINNING OF YEAR	<u>63,895</u>	<u>63,895</u>			<u>100,094</u>
FUND BALANCES - END OF YEAR	<u>\$ 60,675</u>	<u>\$ 60,675</u>			<u>\$ 146,581</u>

Notes to Schedule: 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:

Changes in intergovernmental receivables	\$ 9,002
Change in accounts payable	<u>919</u>
	<u>\$ 9,921</u>

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

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

STATE STREET AID FUND

YEAR ENDED JUNE 30, 2015

	<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					
State gasoline and motor fuel taxes	\$ 274,321	\$ 274,321	\$ 269,223	\$ 1,528	\$ 270,751
Interest revenue	<u>50</u>	<u>50</u>	<u>103</u>	<u>-</u>	<u>103</u>
Total revenues	<u>274,371</u>	<u>274,371</u>	<u>269,326</u>	<u>1,528</u>	<u>270,854</u>
EXPENDITURES					
Streets	154,000	186,794	165,035	-	165,035
Capital outlay	<u>109,000</u>	<u>76,206</u>	<u>76,205</u>	<u>-</u>	<u>76,205</u>
Total expenditures	<u>263,000</u>	<u>263,000</u>	<u>241,240</u>	<u>-</u>	<u>241,240</u>
REVENUES OVER EXPENDITURES	11,371	11,371	28,086	1,528	29,614
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>23,281</u>	<u>(23,281)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,371	11,371	<u>\$ 51,367</u>	<u>\$ (21,753)</u>	29,614
FUND BALANCE - BEGINNING OF YEAR	<u>5,161</u>	<u>5,161</u>			<u>137,637</u>
FUND BALANCE - END OF YEAR	<u>\$ 16,532</u>	<u>\$ 16,532</u>			<u>\$ 167,251</u>

Notes to Schedule: 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:

Changes in intergovernmental receivables	\$ 1,528
Change in due from/to other funds	<u>(23,281)</u>
	<u>\$ (21,753)</u>

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

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

PARKS SALES TAX FUND

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Taxes	\$ 78,000	\$ 78,000	\$ 76,796	\$ (1,148)	\$ 75,648
Interest revenue	<u>280</u>	<u>280</u>	<u>91</u>	<u>-</u>	<u>91</u>
Total revenues	<u>78,280</u>	<u>78,280</u>	<u>76,887</u>	<u>(1,148)</u>	<u>75,739</u>
EXPENDITURES					
Miscellaneous	400	400	388	-	388
Debt service					
Principal	105,000	105,000	105,000	-	105,000
Interest	<u>27,884</u>	<u>27,884</u>	<u>27,884</u>	<u>-</u>	<u>27,884</u>
Total expenditures	<u>133,284</u>	<u>133,284</u>	<u>133,272</u>	<u>-</u>	<u>133,272</u>
REVENUES UNDER EXPENDITURES	(55,004)	(55,004)	(56,385)	(1,148)	(57,533)
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>6,239</u>	<u>(6,239)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(55,004)	(55,004)	<u>\$ (50,146)</u>	<u>\$ (7,387)</u>	(57,533)
FUND BALANCE - BEGINNING OF YEAR	<u>118,733</u>	<u>118,733</u>			<u>121,410</u>
FUND BALANCE - END OF YEAR	<u>\$ 63,729</u>	<u>\$ 63,729</u>			<u>\$ 63,877</u>

Notes to Schedule: 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	\$ (1,148)
Changes in due to and due from other funds	<u>(6,239)</u>
	<u>\$ (7,387)</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 \$50,146. The funding of this deficit is the responsibility of the City.

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

IMPACT FEE FUND

YEAR ENDED JUNE 30, 2015

	<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					
Licenses and permits	\$ 7,900	\$ 7,900	\$ 28,103	\$ -	\$ 28,103
Interest revenue	<u>350</u>	<u>350</u>	<u>122</u>	<u>-</u>	<u>122</u>
Total revenues	<u>8,250</u>	<u>8,250</u>	<u>28,225</u>	<u>-</u>	<u>28,225</u>
EXPENDITURES					
Roads and streets	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Fire department	70	70	64	-	64
Police department					
Capital outlay	<u>165,765</u>	<u>165,765</u>	<u>156,359</u>	<u>-</u>	<u>156,359</u>
Total expenditures	<u>165,835</u>	<u>165,835</u>	<u>156,423</u>	<u>-</u>	<u>156,423</u>
REVENUES UNDER EXPENDITURES - NET CHANGE IN FUND BALANCE	(157,585)	(157,585)	<u>\$ (128,198)</u>	<u>\$ -</u>	(128,198)
FUND BALANCE - BEGINNING OF YEAR	<u>201,917</u>	<u>201,917</u>			<u>210,110</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,332</u>	<u>\$ 44,332</u>			<u>\$ 81,912</u>

Notes to Schedule: 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. There were no differences between these methods in the current year.

(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 \$128,198. The funding of this deficit is the responsibility of the City.

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

DRUG FUND

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Intergovernmental revenues	\$ 550	\$ 550	\$ 275	\$ -	\$ 275
Fines and forfeitures	7,900	7,900	14,260	-	14,260
Interest revenue	65	65	48	-	48
Miscellaneous	<u>-</u>	<u>-</u>	<u>4,473</u>	<u>-</u>	<u>4,473</u>
Total revenues	<u>8,515</u>	<u>8,515</u>	<u>19,056</u>	<u>-</u>	<u>19,056</u>
EXPENDITURES					
Public safety	6,833	6,833	3,908	-	3,908
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,833</u>	<u>6,833</u>	<u>3,908</u>	<u>-</u>	<u>3,908</u>
REVENUES OVER EXPENDITURES	1,682	1,682	15,148	-	15,148
NET PAYMENTS TO OTHER FUNDS	<u>-</u>	<u>-</u>	<u>475</u>	<u>(475)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,682	1,682	<u>\$ 15,623</u>	<u>\$ (475)</u>	15,148
FUND BALANCE - BEGINNING OF YEAR	<u>27,326</u>	<u>27,326</u>			<u>29,488</u>
FUND BALANCE - END OF YEAR	<u>\$ 29,008</u>	<u>\$ 29,008</u>			<u>\$ 44,636</u>

Notes to Schedule: 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 to other funds \$ (475)

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

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

CEMETERY FUND

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Charges for services	\$ 27,200	\$ 27,200	\$ 36,511	\$ -	\$ 36,511
Interest revenue	<u>250</u>	<u>250</u>	<u>196</u>	<u>-</u>	<u>196</u>
Total revenues	<u>27,450</u>	<u>27,450</u>	<u>36,707</u>	<u>-</u>	<u>36,707</u>
EXPENDITURES					
Cemetery and maintenance	27,426	27,426	22,777	(355)	22,422
Capital outlay	<u>15,000</u>	<u>18,800</u>	<u>15,778</u>	<u>-</u>	<u>15,778</u>
Total expenditures	<u>42,426</u>	<u>46,226</u>	<u>38,555</u>	<u>(355)</u>	<u>38,200</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE					
	(14,976)	(18,776)	<u>\$ (1,848)</u>	<u>\$ 355</u>	(1,493)
FUND BALANCE - BEGINNING OF YEAR	<u>159,904</u>	<u>159,904</u>			<u>167,505</u>
FUND BALANCE - END OF YEAR	<u>\$ 144,928</u>	<u>\$ 141,128</u>			<u>\$ 166,012</u>

Notes to Schedule: 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 accounts payable \$ 355

(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 \$1,848. The funding of this deficit is the responsibility of the City.

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>
REVENUES					
Taxes	\$ 809,000	\$ 809,000	\$ 720,935	\$ (15,461)	\$ 705,474
Interest revenue	250	250	290	-	290
Miscellaneous	-	-	7,472	-	7,472
Total revenues	<u>809,250</u>	<u>809,250</u>	<u>728,697</u>	<u>(15,461)</u>	<u>713,236</u>
EXPENDITURES					
Miscellaneous	1,350	1,850	1,841	-	1,841
Debt service					
Principal	480,000	480,000	480,000	-	480,000
Interest	287,769	287,769	287,769	-	287,769
Bond issuance costs	-	-	-	84,298	84,298
Total expenditures	<u>769,119</u>	<u>769,619</u>	<u>769,610</u>	<u>84,298</u>	<u>853,908</u>
REVENUES OVER (UNDER) EXPENDITURES	40,131	39,631	(40,913)	(99,759)	(140,672)
OTHER FINANCING SOURCES (USES)					
Issuance of refunding bonds	-	-	-	3,515,000	3,515,000
Premium on refunding bonds issued	-	-	-	99,778	99,778
Payments to refunded bond escrow agent	-	-	-	(3,530,480)	(3,530,480)
Net payments to other funds	-	-	1,816	(1,816)	-
NET CHANGE IN FUND BALANCE	40,131	39,631	<u>\$ (39,097)</u>	<u>\$ (17,277)</u>	(56,374)
FUND BALANCE - BEGINNING OF YEAR	<u>10,854</u>	<u>10,854</u>			<u>92,150</u>
FUND BALANCE - END OF YEAR	<u>\$ 50,985</u>	<u>\$ 50,485</u>			<u>\$ 35,776</u>

Notes to Schedule: 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	\$ (15,461)
Change in due from/to other funds	<u>(1,816)</u>
	<u>\$ (17,277)</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 \$39,097. The funding of this deficit is the responsibility of the City.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF REVENUES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
REVENUES			
Taxes			
Property taxes	\$ 2,313,125	\$ 705,474	\$ 3,018,599
Intergovernmental revenues			
Local sales tax	2,516,563	-	2,516,563
Wholesale and state beer tax	316,226	-	316,226
Business taxes	165,814	-	165,814
Payments in lieu of taxes	260,107	-	260,107
State sales and income tax	812,849	-	812,849
Other taxes	40,211	-	40,211
Federal, state and county grants	665,795	-	665,795
Charges for services			
Parks	129,328	-	129,328
Library	8,745	-	8,745
Licenses and permits			
Building permits	94,948	-	94,948
Franchise fees	246,468	-	246,468
Other permits	3,710	-	3,710
Fines and forfeitures			
Court fines and costs	131,274	-	131,274
Interest revenue	13,787	290	14,077
Miscellaneous			
Insurance recoveries	56,227	-	56,227
Sale of equipment	25,184	-	25,184
Other revenues	242,071	7,472	249,543
Total revenues	<u>\$ 8,042,432</u>	<u>\$ 713,236</u>	<u>\$ 8,755,668</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
<u>EXPENDITURES</u>			
<u>GENERAL GOVERNMENT</u>			
<u>Administration:</u>			
Personnel services	\$ 235,599	\$ -	\$ 235,599
Supplies	6,200	-	6,200
Utilities	32,390	-	32,390
Other operating expenses	113,622	-	113,622
Capital outlay	-	-	-
	<u>387,811</u>	<u>-</u>	<u>387,811</u>
<u>Finance:</u>			
Personnel services	178,700	-	178,700
Supplies	5,239	-	5,239
Other operating expenses	84,535	-	84,535
Capital outlay	-	-	-
	<u>268,474</u>	<u>-</u>	<u>268,474</u>
<u>Human Resources:</u>			
Personnel services	112,777	-	112,777
Supplies	6,412	-	6,412
Other operating expenses	20,007	-	20,007
Capital outlay	-	-	-
	<u>139,196</u>	<u>-</u>	<u>139,196</u>
<u>Engineering:</u>			
Other operating expenses	65,132	-	65,132
Capital outlay	861,558	-	861,558
	<u>926,690</u>	<u>-</u>	<u>926,690</u>
<u>Building Maintenance:</u>			
Personnel services	45,670	-	45,670
Supplies	19,986	-	19,986
Other operating expenses	31,168	-	31,168
Capital outlay	119,114	-	119,114
	<u>215,938</u>	<u>-</u>	<u>215,938</u>
 TOTAL GENERAL GOVERNMENT	 <u>1,938,109</u>	 <u>-</u>	 <u>1,938,109</u>

(continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Debt</u>	<u>Total Major</u>
	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>EXPENDITURES (CONTINUED)</u>			
<u>CITY COURT</u>			
Personnel services	\$ 71,827	\$ -	\$ 71,827
Supplies	14	-	14
Other operating expenses	<u>3,516</u>	<u>-</u>	<u>3,516</u>
	<u>75,357</u>	<u>-</u>	<u>75,357</u>
 <u>PUBLIC SAFETY</u>			
<u>Police Department:</u>			
Personnel services	1,317,420	-	1,317,420
Supplies	89,253	-	89,253
Utilities	21,038	-	21,038
Other operating expenses	274,810	-	274,810
Capital outlay	<u>97,625</u>	<u>-</u>	<u>97,625</u>
	<u>1,800,146</u>	<u>-</u>	<u>1,800,146</u>
 <u>Fire Department:</u>			
Personnel services	1,129,288	-	1,129,288
Supplies	46,090	-	46,090
Utilities	21,921	-	21,921
Other operating expenses	75,665	-	75,665
Capital outlay	<u>712,443</u>	<u>-</u>	<u>712,443</u>
	<u>1,985,407</u>	<u>-</u>	<u>1,985,407</u>
 <u>TOTAL PUBLIC SAFETY</u>	 <u>3,785,553</u>	 <u>-</u>	 <u>3,785,553</u>
 <u>STREETS</u>			
Personnel services	235,276	-	235,276
Supplies	81,382	-	81,382
Utilities	6,611	-	6,611
Other operating expenses	76,242	-	76,242
Capital outlay	<u>335,200</u>	<u>-</u>	<u>335,200</u>
	<u>734,711</u>	<u>-</u>	<u>734,711</u>
 <u>LIBRARY AND MUSEUM</u>			
Personnel services	175,320	-	175,320
Supplies	24,741	-	24,741
Utilities	8,086	-	8,086
Other operating expenses	19,668	-	19,668
Capital outlay	<u>2,991,407</u>	<u>-</u>	<u>2,991,407</u>
	<u>3,219,222</u>	<u>-</u>	<u>3,219,222</u>

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CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
<u>EXPENDITURES (CONTINUED)</u>			
PARKS AND RECREATION			
Personnel services	\$ 376,014	\$ -	\$ 376,014
Supplies	62,843	-	62,843
Utilities	80,918	-	80,918
Other operating expenses	121,378	-	121,378
Capital outlay	584,634	-	584,634
	<u>1,225,787</u>	<u>-</u>	<u>1,225,787</u>
PLANNING AND ZONING			
Personnel services	225,967	-	225,967
Supplies	9,024	-	9,024
Other operating expenses	23,476	-	23,476
Capital outlay	8,923	-	8,923
	<u>267,390</u>	<u>-</u>	<u>267,390</u>
SENIOR CITIZENS ACTIVITIES			
Personnel services	10,619	-	10,619
Supplies	2,463	-	2,463
Other operating expenses	16,835	-	16,835
	<u>29,917</u>	<u>-</u>	<u>29,917</u>
MISCELLANEOUS			
Other operating expenses	<u>228,015</u>	<u>1,841</u>	<u>229,856</u>
DEBT SERVICE			
Principal	-	480,000	480,000
Interest	-	287,769	287,769
Bond issuance costs	-	84,298	84,298
	<u>-</u>	<u>84,298</u>	<u>84,298</u>
Total expenditures	<u>\$ 11,504,061</u>	<u>\$ 853,908</u>	<u>\$ 12,357,969</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

YEAR ENDED JUNE 30, 2015

<u>Tax Year</u>	<u>Balance June 30, 2014</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Penalties and Interest</u>	<u>Balance June 30, 2015</u>
2014	\$ -	\$ 2,995,962	\$ 2,921,649	\$ (2,936)	\$ 4,459	\$ 75,836
2013	70,446	-	57,172	-	4,441	17,715
2012	16,085	-	6,893	-	5,486	14,678
2011	24,341	-	6,987	-	5,284	22,638
2010	12,727	-	3,161	-	4,889	14,455
2009	11,580	-	4,219	-	6,838	14,199
2008	12,122	-	3,553	-	8,537	17,106
2007	7,220	-	2,731	-	8,817	13,306
2006	5,684	-	-	-	7,650	13,334
2005	5,656	-	-	-	7,772	13,428
	<u>\$ 165,861</u>	<u>\$ 2,995,962</u>	<u>\$ 3,006,365</u>	<u>\$ (2,936)</u>	<u>\$ 64,173</u>	\$ 216,695
Deferred property tax revenues for 2015 accrued						<u>3,059,000</u>
						<u>\$ 3,275,695</u>

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

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF LONG-TERM DEBT (GOVERNMENTAL ACTIVITIES)

JUNE 30, 2015

Year	General Obligation Refunding Bonds, Series 2008		General Obligation Bonds, Series 2013		General Obligation Refunding Bonds, Series 2015		Total Principal	Total Interest	Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest			
2016	\$ 395,000	\$ 46,780	\$ 70,000	\$ 111,761	\$ 145,000	\$ 90,424	\$ 610,000	\$ 248,965	\$ 858,965
2017	410,000	30,980	70,000	110,362	160,000	73,875	640,000	215,217	855,217
2018	360,000	14,580	70,000	108,962	150,000	70,675	580,000	194,217	774,217
2019	-	-	75,000	107,561	565,000	67,675	640,000	175,236	815,236
2020	-	-	75,000	106,061	580,000	56,375	655,000	162,436	817,436
2021	-	-	75,000	104,561	315,000	44,775	390,000	149,336	539,336
2022	-	-	80,000	102,837	320,000	38,475	400,000	141,312	541,312
2023	-	-	80,000	100,836	180,000	28,875	260,000	129,711	389,711
2024	-	-	80,000	98,836	230,000	24,825	310,000	123,661	433,661
2025	-	-	85,000	95,636	225,000	19,650	310,000	115,286	425,286
2026	-	-	90,000	92,237	220,000	15,038	310,000	107,275	417,275
2027	-	-	90,000	88,636	215,000	10,198	305,000	98,834	403,834
2028	-	-	95,000	85,036	210,000	5,145	305,000	90,181	395,181
2029	-	-	100,000	81,236	-	-	100,000	81,236	181,236
2030	-	-	105,000	77,237	-	-	105,000	77,237	182,237
2031	-	-	105,000	73,036	-	-	105,000	73,036	178,036
2032	-	-	110,000	68,836	-	-	110,000	68,836	178,836
2033	-	-	115,000	64,436	-	-	115,000	64,436	179,436
2034	-	-	120,000	59,837	-	-	120,000	59,837	179,837
2035	-	-	125,000	55,036	-	-	125,000	55,036	180,036
2036	-	-	130,000	50,036	-	-	130,000	50,036	180,036
2037	-	-	135,000	44,836	-	-	135,000	44,836	179,836
2038	-	-	140,000	39,437	-	-	140,000	39,437	179,437
2039	-	-	145,000	33,661	-	-	145,000	33,661	178,661
2040	-	-	155,000	27,680	-	-	155,000	27,680	182,680
2041	-	-	160,000	21,170	-	-	160,000	21,170	181,170
2042	-	-	165,000	14,450	-	-	165,000	14,450	179,450
2043	-	-	175,000	7,437	-	-	175,000	7,437	182,437
	\$ 1,165,000	\$ 92,340	\$ 3,020,000	\$ 2,031,683	\$ 3,515,000	\$ 546,005	\$ 7,700,000	\$ 2,670,028	\$ 10,370,028

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF LONG-TERM DEBT (BUSINESS TYPE ACTIVITIES)

JUNE 30, 2015

Year Ending June 30,	Sewer Fund - General Obligation Refunding Bonds, Series 2008		Sewer Fund - General Obligation Refunding Bonds, Series 2012	
	Principal	Interest	Principal	Interest
2016	\$ 75,000	\$ 6,000	\$ 200,000	\$ 26,118
2017	75,000	3,000	205,000	24,118
2018	-	-	205,000	22,068
2019	-	-	205,000	19,813
2020	-	-	210,000	17,148
2021	-	-	210,000	14,103
2022	-	-	215,000	10,743
2023	-	-	220,000	6,980
2024	-	-	140,000	2,800
	<u>\$ 150,000</u>	<u>\$ 9,000</u>	<u>\$ 1,810,000</u>	<u>\$ 143,891</u>

Year	Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-246		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-278		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-302		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-326		Total Principal	Total Interest	Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2016	\$ 27,119	\$ 8,526	\$ 16,044	\$ 5,280	\$ 164,232	\$ 13,272	\$ 34,440	\$ 7,602	\$ 523,261	\$ 94,281	\$ 617,542
2017	27,502	8,042	16,320	5,004	165,888	12,636	32,784	7,659	531,369	86,172	617,541
2018	28,094	7,550	16,608	4,716	167,556	12,000	31,116	7,717	459,511	77,981	537,492
2019	28,596	7,049	16,896	4,428	169,236	11,340	29,436	7,775	462,699	72,539	535,238
2020	29,106	6,539	17,196	4,128	170,940	10,680	27,732	7,833	470,931	66,641	537,572
2021	29,626	6,019	17,496	3,828	172,656	9,996	26,016	7,892	474,210	60,318	534,528
2022	30,155	5,490	17,808	3,516	174,384	9,300	24,288	7,951	482,534	53,633	536,167
2023	30,692	4,952	18,120	3,204	176,148	8,604	22,524	8,011	490,903	46,501	537,404
2024	31,240	4,405	18,432	2,892	177,912	7,884	20,760	8,072	414,308	38,918	453,226
2025	31,798	3,847	18,756	2,568	179,700	7,140	18,972	8,132	277,782	32,643	310,425
2026	32,365	3,280	19,080	2,244	181,500	6,396	15,348	8,132	280,449	29,147	309,596
2027	32,942	2,702	19,416	1,908	183,324	5,640	13,500	7,364	276,578	25,598	302,176
2028	33,530	2,114	19,764	1,560	185,172	4,860	11,652	-	280,142	22,034	302,176
2029	34,128	1,517	20,112	1,212	187,020	4,068	9,768	-	283,728	18,449	302,177
2030	34,738	907	20,460	864	188,904	3,264	7,872	-	287,374	14,803	302,177
2031	33,189	286	20,820	492	190,800	2,448	6,000	-	288,897	11,098	299,995
2032	-	-	17,930	170	192,720	1,608	4,200	-	255,578	7,730	263,308
2033	-	-	-	-	194,652	756	4,020	-	240,432	4,776	245,208
2034	-	-	-	-	196,620	54	2,032	-	212,084	2,106	214,190
2035	-	-	-	-	47,499	-	475	-	47,499	475	47,974
	<u>\$ 494,920</u>	<u>\$ 73,225</u>	<u>\$ 311,258</u>	<u>\$ 48,014</u>	<u>\$ 721,220</u>	<u>\$ 131,946</u>	<u>\$ 346,863</u>	<u>\$ 86,008</u>	<u>\$ 7,040,269</u>	<u>\$ 765,843</u>	<u>\$ 7,806,112</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2015

	CFDA Number	Contract/ Grant Number	Balance July 1, 2014 (Receivable) Payable (Restated)	Receipts	Expenditures	Balance June 30, 2015 (Receivable) Payable
U. S. DEPARTMENT OF JUSTICE:						
Bulletproof Vest Partnership Program	16.607	N/A	\$ (1,230)	\$ 1,230	\$ -	\$ -
U. S. DEPARTMENT OF TRANSPORTATION:						
Passed through Tennessee Department of Transportation						
Highway Planning and Construction Cluster:						
Highway 76 Sidewalk Grant	20.205*	60128	(450,502)	460,430	9,928	-
31W Bike Lanes	20.205*	831PLM-F3-072	(12,998)	303,727	371,716	(80,987)
Recreation Trail Grant	20.219*	23RT005	(3,593)	79,302	75,709	-
Total Highway Planning and Construction Cluster			(467,093)	843,459	457,353	(80,987)
Passed through the Governors Highway Safety Office						
Alcohol Open Container Requirements	20.607	154AL-15-129	(542)	15,305	14,763	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(467,635)	858,764	472,116	(80,987)
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:						
Passed through State of Tennessee - Tennessee State Library and Archives						
Grants to States	45.31	N/A	-	844	844	-
ENVIRONMENTAL PROTECTION AGENCY:						
Passed through Tennessee Department of Environmental and Conservation						
Capitalization Grants for Clean Water State Revolving Funds						
Federal portion loan	66.458*	CGI 2012-302	(211,947)	1,613,175	1,521,390	(120,162)
Federal portion loan forgiveness	66.458*	CGI 2012-302	(23,554)	179,242	169,043	(13,355)
TOTAL ENVIRONMENTAL PROTECTION AGENCY			(235,501)	1,792,417	1,690,433	(133,517)
U. S. DEPARTMENT OF HOMELAND SECURITY:						
Passed through Tennessee Emergency Management Agency						
Management Agency	97.036	N/A	(60,910)	133,473	72,563	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ (765,276)	\$ 2,786,728	\$ 2,235,956	\$ (214,504)

* Denotes major program under OMB Circular A-133

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the grant activity of the City of White House, Tennessee, and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. This schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - RESTATEMENT

Beginning balances have been restated in the amount of \$321,725.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES OF STATE AWARDS

JUNE 30, 2015

<u>Grantor</u>	<u>State Contract Number</u>	<u>Balance July 1, 2014 (Restated)</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
U. S. DEPARTMENT OF ENVIRONMENT AND CONSERVATION					
State Revolving Fund Loans (State Share)	CGO 2012-302	\$ (48,230)	\$ 367,121	\$ 346,233	\$ (27,342)
		<u>\$ (48,230)</u>	<u>\$ 367,121</u>	<u>\$ 346,233</u>	<u>\$ (27,342)</u>

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of State Awards includes the grant activity of the City of White House, Tennessee, and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. This schedule is presented in accordance with the requirements of the State of Tennessee.

NOTE 2 - RESTATEMENT

Beginning balances have been restated in the amount of \$84,947.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF TAX RATES AND ASSESSMENTS
(UNAUDITED)

JUNE 30, 2015

<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>
2015	Robertson and Sumner Counties	\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	\$ 474,868,976	\$ 145,077,074
		\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	371,960,836	95,666,347
2014	Robertson and Sumner Counties	\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	460,660,636	140,074,389
		\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	365,586,398	94,909,602
2013	Robertson and Sumner Counties	\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	453,970,826	137,894,264
		\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	375,339,589	96,775,783
2012	Robertson and Sumner Counties	\$ 0.7171	\$ 0.2929	\$ -	\$ 1.0100	453,984,383	136,674,122
		\$ 0.6958	\$ 0.2842	\$ -	\$ 0.9800	373,672,840	96,697,618
2011	Robertson and Sumner Counties	\$ 0.7676	\$ 0.2424	\$ -	\$ 1.0100	450,267,799	135,644,122
		\$ 0.7448	\$ 0.2352	\$ -	\$ 0.9800	369,423,233	96,206,224
2010	Robertson and Sumner Counties	\$ 0.8989	\$ 0.1111	\$ -	\$ 1.0100	449,165,848	135,889,021
		\$ 0.8722	\$ 0.1078	\$ -	\$ 0.9800	367,079,659	95,672,406
2009	Robertson and Sumner Counties	\$ 0.7242	\$ 0.2958	\$ -	\$ 1.0200	812,547,071	231,067,309
2008	Robertson and Sumner Counties	\$ 0.6936	\$ 0.3264	\$ -	\$ 1.0200	753,025,193	214,357,449
2007	Robertson and Sumner Counties	\$ 0.8568	\$ 0.1122	\$ 0.0510	\$ 1.0200	713,977,422	202,747,529
2006	Robertson and Sumner Counties	\$ 0.8448	\$ 0.2304	\$ 0.2048	\$ 1.2800	300,020,060	87,307,901
		\$ 0.7458	\$ 0.2034	\$ 0.1808	\$ 1.1300	274,139,539	71,542,085

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF UTILITY RATES AND NUMBER OF CUSTOMERS

(UNAUDITED)

JUNE 30, 2015

WASTEWATER

Residential:

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

Non-Residential:

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

CAPACITY FEES		2,500.00 minimum
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NUMBER OF CUSTOMERS		3,986
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REFUSE COLLECTION

Residential & Non-Residential with no more than 2 containers:	\$	17.00
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NUMBER OF CUSTOMERS		3,941
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STORMWATER

1 Equivalent Residential Unit (ERU)	\$	4.56
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NUMBER OF ERU's		7,456
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NUMBER OF CUSTOMERS		3,980
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OTHER REPORTS SECTION



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PLLC

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2015.

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 deficiencies described in Section II of the accompanying schedule of findings and questioned costs as items 2015-1 and 2015-2, to be material weaknesses.

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.

Kraft CPAs PLLC

Nashville, Tennessee
December 18, 2015



KraftCPAs
PLLC

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, 2015. 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, 2015.

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 2015-2 to be a material weakness.

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 compliance 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.

Kraft CPAs PLLC

Nashville, Tennessee
December 18, 2015

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

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? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes 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? yes no

Identification of major programs:

CFDA Number	Name of Federal Program
20.205 & 20.219 66.458	Highway Planning and Construction Cluster (ARRA) Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes no

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED JUNE 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

PRIOR YEAR

IC 14-1- Grant Cutoff

Status: This finding has been integrated into current year finding 2015-2 below.

IC 14-2 - Accounting System and Processes

Status: This finding has been integrated into current year finding 2015-1 below.

CURRENT YEAR

2015 -1 Internal Control over Financial Reporting

Criteria:

Management is responsible for establishing and maintaining effective internal control over financial reporting so that financial statements are complete, accurate and presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Condition, Cause and Effect

Certain material adjustments were required to be made during the audit process to correct opening fund balance/net position as of July 1, 2014, as well as posting current year corrections to properly adjust balances in accordance with GAAP and present accurate financial statements as follows:

Opening fund balance/net position adjustments for:

- Correction of grants receivable, related revolving fund loan debt and loan forgiveness
- Capital assets
- Correction of accounts receivable, unbilled utility revenue and intergovernmental revenues

Current year adjustments for:

- Transfer of current year capital outlay items to capital assets for the business-type activities
- Record the issuance of refunding bonds, including related costs and premium
- Adjust current year grant revenue and receivable balances
- Conversion adjustments for government-wide financial statements

Recommendation

The Finance Director has expanded his governmental accounting knowledge and familiarity with the City during the current year, and assisted in developing many of the journal entries that were required during the audit to appropriately present activity. We recommend that the City continue to improve and monitor the accounting procedures and policies as necessary to reconcile and adjust the accounts above on a periodic basis throughout the year. The development of a well-structured accounting policies and procedures manual that defines proper procedures and documentation for the various accounting processes, reconciliations and review would also be beneficial.

Management's Response

Management concurs that the City's accounting and information systems, procedures, and policies should be reviewed to identify the specific causes of the concerns and recommendations listed above and formally adopted accordingly. Some of the countermeasures planned to address these issues include educating members of staff through the Certified Municipal Finance Officer (CMFO) courses and various other continuing professional education courses, and exploring new systems upgrades. The Finance Director is near completion of the CMFO program and the Assistant Director has started the program as well. Recently the city has formed a software committee whose purpose is to research options to upgrade our current software.

2015-2 Grant Accounting

Criteria

Management is responsible for establishing and maintaining internal control sufficient to account and report transactions, including federal and state award programs to demonstrate compliance and financial accountability.

Condition, Cause and Effect

During the audit, we noted that opening receivable and related liability balances and recognized loan forgiveness for two of the City's State Revolving Fund (SRF) Loans were overstated based on actual work performed in fiscal year 2014. The City had not requested reimbursement for these amounts, but there was an error in estimating the expenditures in accruing the year-end grant receivable balance. This resulted in the grant activity of the prior year presenting approximately \$393,000 of excess fiscal year 2014 expenditures.

The City does not currently have a centralized process for accumulating all grants and awards, which makes it difficult for the finance department to accurately record grant transactions and related receivable balances for amounts that have been expended but not yet reimbursed. As a result, several adjustments were made to the grant activity schedule to clean up old outstanding items or reclassify revenues that were recorded into other accounts.

Recommendation

We recommend the City develop a process that integrates the finance department into the grant application and billing process to ensure that a complete and accurate accounting of all federal and state awards is performed. The finance department should perform a reconciliation and rollforward of the federal and state grants at year-end as part of its preaudit closing procedures to ensure proper cutoff and recording for grant revenues and expenditures 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 has also begun to discuss the implementation of centralized grant responsibilities in the finance department for the entire city.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

PRIOR YEAR

Item IC 14-1 from Section II above (incorporated into finding 2015-2)

Federal Program:

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

Environmental Protection Agency
CFDA No. 66.458
Capitalization Grants for Clean Water State Revolving Funds

CURRENT YEAR

Item 2015-2 from Section II above

Federal Program:

U.S. Department of Transportation
CFDA No. 20.205 and 20.219
Highway Planning and Construction Cluster

Environmental Protection Agency
CFDA No. 66.458
Capitalization Grants for Clean Water State Revolving Funds