

CITY OF WHITE HOUSE, TENNESSEE

FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2018

CITY OF WHITE HOUSE, TENNESSEE

FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTARY INFORMATION  
AND  
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JUNE 30, 2018

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**INTRODUCTORY SECTION**

CITY OF WHITE HOUSE, TENNESSEE

DIRECTORY OF OFFICIALS

Mayor	Mike Arnold
Alderman - Vice Mayor	Farris H. Bibb, Jr.
Alderman	John Decker
Alderman	Clif Hutson
Alderman	John Corbitt
City Administrator	Gerald Herman
City Attorney	Valerie Webb
City Judge	Joseph Zanger
City Recorder	Amy Coles
Chief of Fire Department	Joe Palmer
Chief of Police Department	Pat Brady
Director of Finance	Jason Barnes, CMFO
Director of Human Resources	Amanda Brewton
Director of Library	Elizabeth Kozlowski
Director of Parks and Recreation	Kevin Whittaker
Director of Planning and Codes	Addam McMormick
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, 2018, 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, 2018, 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, 2018 financial statements, we also audited adjustments described in Note 12 that were applied to restate the net position as of July 1, 2017 for the adoption of a new pronouncement and other changes. In our opinion, such adjustments are appropriated 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 4 through 11, and the schedules of changes in net pension liability (asset) and related ratios, contributions based on participation in the public employee pension plan of TCRS, and schedules of changes in total other post-employment benefit liability and related ratios and notes to schedule of changes in other post-employment benefit liability on pages 53 through 56 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 on page i, combining and individual nonmajor fund financial statements and schedules on pages 57 through 76, 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 and state awards are presented for purposes of additional analysis as required by the State of Tennessee *Audit Manual* 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 and state awards 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 17, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is written in a cursive, stylized font.

Nashville, Tennessee  
December 17, 2018

## 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, 2018. Please read it in conjunction with the City's financial statements, which begin on page 12.

#### FINANCIAL HIGHLIGHTS

The City's governmental activities total assets increased by \$1,443,000 in 2018 or 3.5%, while business-type activities total assets increased by \$764,000 or 2.6%, resulting in an increase in total primary government assets of \$2,207,000 or 3.2%. Governmental activities total revenues for the City decreased by \$166,000 or 1.6%, while business-type total revenues increased by \$1,004,000 or 19.5%, resulting in an increase in total primary government revenues of \$838,000, or 5.4%. The City's governmental activities total program costs for 2018 decreased \$1,547,000 or 15.1%, while business-type activities total program costs decreased by \$101,000 or 2.3%, resulting in an increase in total primary government program costs of \$1,648,000 or 11.3%. With respect to the City's governmental activities, program costs decreased more than revenues decreased, which resulted in an increase in the change in net position of \$1,605,000 compared to the prior fiscal year.

#### 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 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

#### REPORTING THE CITY AS A WHOLE

For an analysis of the City'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 \$42,380,000 in 2018 versus \$40,937,000 in 2017, representing an increase of \$1,443,000 or 3.5%. Table 1 also shows that total assets of the City's business-type activities were \$29,678,000 in 2018 versus \$28,914,000 in 2017, representing an increase of \$764,000 or 2.6%.

	Governmental Activities		Business-type Activities		Total Primary Government		
	2018	2017	2018	2017	2018	2017	Change
Current and other assets*	\$ 10,888	\$ 9,529	\$ 6,621	\$ 5,992	\$ 17,509	\$ 15,521	\$ 1,988
Capital assets*	31,567	31,408	23,057	22,922	54,624	54,330	294
Total assets	42,455	40,937	29,678	28,914	72,133	69,851	2,282
Deferred outflows of resources	811	569	135	77	946	646	300
Long-term liabilities	8,935	9,183	7,846	8,679	16,781	17,862	(1,081)
Other liabilities	474	228	211	524	685	752	(67)
Total liabilities	9,409	9,411	8,057	9,203	17,466	18,614	(1,148)
Deferred inflows of resources	3,368	3,285	14	2	3,382	3,287	95
Net position:							
Net investment in capital assets*	25,405	24,807	15,610	14,274	41,015	39,081	1,934
Restricted	2,067	1,354	-	-	2,067	1,354	713
Unrestricted*	3,017	2,649	6,132	5,512	9,149	8,161	988
Total net position*	\$ 30,489	\$ 28,810	\$ 21,742	\$ 19,786	\$ 52,231	\$ 48,596	\$ 3,635

\* Prior period adjustments were posted to opening net position as of July 1, 2017. 2017 numbers have been adjusted to reflect these changes. Please see Note 12 in the financial statements for more details.

The significant elements and causes for the changes in the City's governmental activities total assets in 2018 were: (1) Current and other assets decreased by \$1,284,000; (2) Capital assets, net increased by \$159,000. This includes additions of \$1,511,000 and depreciation expense of \$1,351,000. Major capital asset events affecting governmental activities during the current fiscal year included the following:

- Asphalt Overlay Program/Street Resurfacing continued for an addition of \$363,000
- Additional soccer complex land purchased for an addition of \$249,000
- Amphitheater and playgroup design/construction started for an addition of \$149,000
- Mini-pumper/EMS response fire truck purchased for an addition of \$148,000

The significant aspects of the increase in the City's business-type activities total assets in 2018 were an increase in current and other assets of \$629,000 and an increase in capital assets of \$135,000. The net increase in capital assets is the result of an increase in machinery and equipment of \$321,000, an increase in utility plan in service of \$505,000, an increase in infrastructure of \$130,000, and increase in construction in progress of \$295,000, and depreciation expense of \$1,172,000. Major capital asset events affecting business-type activities during the current fiscal year included the following:

- Grinder Pump replacement program continued for an addition of \$298,000
- Sage Road Drainage Project construction for an addition of \$267,000
- Backhoe front end loader purchase for an addition of \$113,000
- WWTP expansion phase 1 for an addition of \$105,000

As shown in Table 1, total liabilities of the City's governmental activities decreased by \$3,000 or less than 1.0% to \$9,408,000 in 2018 from \$9,411,000 in 2017. Table 1 also shows total liabilities of the City's business-type activities decreased by \$1,145,000 or 12.4% to \$8,057,000 in 2018 from \$9,203,000 in 2017.

The significant elements and causes for the changes in the City's governmental activities liabilities in 2018 were: (1) long-term liabilities decreased by \$248,000, and (2) other liabilities increased by \$245,000

The most significant aspect of the change in the City's business-type activities liabilities in 2018 were the payments of long-term debt in the amount of \$1,200,000.

Therefore, total net position of the City's governmental activities increased to \$30,415,000 in 2018 from \$28,810,000 in 2017 representing an increase of \$1,605,000 or 5.5%, and total net position of the City's business-type activities increased to \$21,742,000 in 2018 from \$19,786,000 in 2017, representing an increase of \$1,956,000 or 9.9%.

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 \$598,000; (2) restricted net position increased by \$713,000; and (3) unrestricted net position increased by \$294,000. The increase in the City's business-type activities net position was due to: (1) net investment in capital assets increased by \$1,336,000; and (2) unrestricted net position increased by \$620,000.

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. Revenues for the City's governmental activities decreased to \$10,299,000 in 2018 from \$10,465,000 in 2017, representing a decrease of \$166,000 or -1.6%. Revenues for the City's business-type activities increased to \$6,160,000 in 2018 from \$5,156,000 in 2017, representing an increase of \$1,004,000 or 19.5%.

Table 2  
Changes in Net Position  
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 690	\$ 646	\$ 6,035	\$ 5,062	\$ 6,725	\$ 5,708
Operating grants and contributions	533	353	-	-	533	353
Capital grants and contributions	20	1,115	-	-	20	1,115
General revenues:						
Property taxes	3,291	3,178	-	-	3,291	3,178
Park sales tax	641	582	-	-	641	582
Impact fees	137	33	-	-	137	33
Intergovernmental revenues	4,873	4,418	-	-	4,873	4,418
Interest and investment earnings	48	18	60	18	108	36
Other revenues	140	122	65	76	205	198
<b>Total revenues</b>	<b>10,373</b>	<b>10,465</b>	<b>6,160</b>	<b>5,156</b>	<b>16,533</b>	<b>15,621</b>
<b>PROGRAM EXPENDITURES:</b>						
General government	1,948	2,150	-	-	1,948	2,150
Public safety	3,612	4,451	-	-	3,612	4,451
Streets	992	1,047	-	-	992	1,047
Cemetery and maintenance	40	31	-	-	40	31
Library and museum	515	633	-	-	515	633
Parks and recreation	1,143	1,282	-	-	1,143	1,282
Planning and zoning	18	148	-	-	18	148
Miscellaneous	231	272	-	-	231	272
Interest and issuance costs on long-term debt	195	227	-	-	195	227
Wastewater department	-	-	2,929	3,003	2,929	3,003
Sanitation department	-	-	853	858	853	858
Stormwater department	-	-	422	444	422	444
<b>Total expenses</b>	<b>8,694</b>	<b>10,241</b>	<b>4,204</b>	<b>4,305</b>	<b>12,898</b>	<b>14,546</b>
Excess before transfers	1,679	224	1,956	851	3,635	1,075
Transfers	-	13	-	(13)	-	-
<b>CHANGE IN NET POSITION</b>	<b>1,679</b>	<b>237</b>	<b>1,956</b>	<b>838</b>	<b>3,635</b>	<b>1,075</b>
<b>NET POSITION, BEGINNING OF YEAR*</b>	<b>28,810</b>	<b>28,573</b>	<b>19,786</b>	<b>18,948</b>	<b>48,596</b>	<b>47,521</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 30,489</b>	<b>\$ 28,810</b>	<b>\$ 21,742</b>	<b>\$ 19,786</b>	<b>\$ 52,231</b>	<b>\$ 48,596</b>

\* Prior period adjustments were posted to opening net position as of July 1, 2017. 2017 numbers have been adjusted to reflect these changes. Please see Note 12 in the financial statements for more details.

The change in revenues of the City's governmental activities for 2018 as compared to 2017 was primarily due to a decrease in capital grants and contributions.

The change in revenues of the City's business-type activities was primarily due to an increase in charges for services.

Table 2 shows that program expenditures for the City's governmental activities increased to \$8,694,000 in 2018 from \$10,241,000 in 2017, representing a decrease of \$1,547,000 or 15.1%. Program expenses for the City's business-type activities decreased to \$4,204,000 in 2018 from \$4,305,000 in 2017, representing a decrease of \$101,000 or 2.3%.

The decrease in program expenditures for the City's governmental activities was primarily due to decreased costs in parks and recreation, public safety, streets, library and museum, and general government.

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

The increase in the net position of the City's governmental activities in 2018 was \$1,605,000, as compared to the increase in net position in 2017 of \$237,000. This \$1,368,000 increase is primarily due to the fact that the decrease in program expenditures was greater than the decrease 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, 2018 are as follows:

- The original budgeted revenue totaled \$9,403,000.
- Final budgeted revenues for the period were the same as the original budgeted revenue totals. Final actual revenues for the period amounted to \$8,034,000. The primary reason for the difference of actual to budget performance was that grant revenue was not recognized because the related project expenditures were not incurred during the budget year.
- The original budgeted expenditures for the period totaled \$11,174,000.
- Final budgeted expenditures for the period totaled \$11,174,000. Final actual expenditures for the period totaled \$7,991,000. The primary reason for the difference of actual to budget performance was due to grant-driven projects that did not incur expenditures during the budget year.
- Therefore, the City realized an actual net increase in fund balance of \$293,000.

## 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)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land	\$ 8,758	\$ 8,508	\$ 793	\$ 793	\$ 9,551	\$ 9,301	\$ 250
Buildings and improvements	15,964	15,898	2,890	2,890	18,854	18,788	66
Machinery and equipment	4,961	4,746	4,124	3,803	9,085	8,549	536
Utility plant in service	-	-	22,496	21,991	22,496	21,991	505
Infrastructure	13,614	13,117	6,424	6,294	20,038	19,411	627
Construction in progress	<u>582</u>	<u>274</u>	<u>295</u>	<u>-</u>	<u>877</u>	<u>274</u>	<u>603</u>
Total capital assets	43,879	42,543	37,022	35,771	80,901	78,314	2,587
Accumulated depreciation*	<u>(12,312)</u>	<u>(11,135)</u>	<u>(13,965)</u>	<u>(12,849)</u>	<u>(26,277)</u>	<u>(23,984)</u>	<u>(2,293)</u>
Net capital assets	<u>\$ 31,567</u>	<u>\$ 31,408</u>	<u>\$ 23,057</u>	<u>\$ 22,922</u>	<u>\$ 54,624</u>	<u>\$ 54,330</u>	<u>\$ 294</u>

\*Prior period adjustments were posted to opening net position as of July 1, 2017. 2017 numbers have been adjusted to reflect these changes. Please see Note 12 in the financial statements for more detail.

## Governmental Activities

In June 2017, the City's governmental activities had \$31,408,000 (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 2018 capital assets, were \$31,567,000 (net of accumulated depreciation), representing a net increase of \$159,000 or 0.5%. The increase in capital assets was comprised of four significant components: land and CIP increase of \$250,000, machinery and equipment increase of \$215,000, infrastructure increase of \$497,000, and construction in progress increase of \$308,000. Capital asset additions in 2018 consisted primarily of buildings and improvements including the newly constructed or renovated facilities for parks and recreation, various new equipment for public safety and public works and infrastructure improvements on various streets.



## Business-type Activities

In June 2017, the City's business-type activities, consisting of the Wastewater, Sanitation, and Stormwater Departments, had \$22,922,000 (net of accumulated depreciation) invested in land, machinery and equipment which is the largest component of the Sanitation and Stormwater 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 2018 capital assets were \$23,057,000 (net of accumulated depreciation), representing a net increase of \$135,000 or 0.6% from 2017.

The net increase in capital assets included depreciation of \$1,177,000, net of the following: an increase in machinery and equipment of \$321,000, an increase in utility plant in service of \$505,000, an increase in infrastructure of \$130,000 and an increase in construction in progress of \$295,000.

## 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 2018 and 2017:

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

	Governmental Activities		Business-type Activities		Total		
	2018	2017	2018	2017	2018	2017	Change
General obligation bonds	\$ 5,870	\$ 6,450	\$ 1,200	\$ 1,405	\$ 7,070	\$ 7,855	\$ (785)
Capital outlay notes	368	236	-	-	368	236	132
State wastewater facility revolving loan	-	-	6,244	7,239	6,244	7,239	(995)
Total bonds and loans payable	6,238	6,686	7,444	8,644	13,682	15,330	(1,648)
Premium on bonds	105	113	3	4	108	117	(9)
Accrued compensated absences	196	435	-	-	196	435	(239)
Total long-term debt	<u>\$ 6,539</u>	<u>\$ 7,234</u>	<u>\$ 7,447</u>	<u>\$ 8,648</u>	<u>\$ 13,986</u>	<u>\$ 15,882</u>	<u>\$ (1,896)</u>

## Governmental Activities

At the end of the current fiscal year, the City's governmental activities had outstanding long-term debt of \$6,539,000. The prior year long-term debt amounted to \$7,234,000; consequently, long-term debt decreased during the year by \$695,000 or 9.6%.

## Business-type Activities

At the end of the current fiscal year, the City's business-type activities had outstanding long-term debt of \$7,447,000 related entirely to the Wastewater Department. The prior year long-term debt amounted to \$8,648,000; consequently, long-term debt decreased during the year by \$1,201,000 or 13.9%.

The Wastewater Department has outstanding Notes Payable to the State of Tennessee, Revolving Loan Fund due in monthly installments through fiscal year 2037. Also outstanding is a portion of the General Obligation Refunding Bond, Series 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, 2018 on the business-type obligations totaled \$7,447,000.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic factors currently affect the City of White House and were considered in developing the 2018-2019 fiscal year budget:

- As of July 2018, the Sumner County's unemployment rate was the sixth lowest rate in the state at 3.2%. Robertson County's unemployment rate is slightly out of the top ten at 3.6%. Both counties have improved from last year. However, nearly all the other counties in the state have also improved.
- Refuse Collection Fee rates have not changed since July 1, 2014.
- Wastewater rates have not changed since July 1, 2016.
- Stormwater Utility Fee rates have not changed since July 1, 2017.
- The City Board of Mayor and Aldermen decided to continue no change to the current city property tax rate for the 2018-2019 fiscal year budget for Sumner County taxpayers. This is the sixth consecutive year at the current rate. The rate was decreased to correspond with the State Board of Equalization recommendation for Robertson County taxpayers. This rate change was intended to maintain a level revenue stream for those properties that remained unchanged from the prior year while Robertson County underwent the reappraisal process.
- Over the past couple of years, we have averaged approximately 60 new homes per year in the city. We have reason to believe this average will soon have a significant increase due to potential developments currently being planned.
- During the current fiscal year, the unassigned fund balance in the general fund was \$4,405,970. The City of White House has appropriated \$2,192,888 of this amount for spending in the 2018-2019 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.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2018

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,095,820	\$ 5,399,944	\$ 11,495,764
Receivables, net	4,592,993	87,478	4,680,471
Unbilled receivables	-	958,058	958,058
Internal balances	50	(50)	-
Inventories	-	131,947	131,947
Other current assets	185,318	44,045	229,363
Restricted cash	13,360	-	13,360
Capital assets:			
Land and construction in progress	9,339,409	1,087,428	10,426,837
Other capital assets, net	<u>22,227,982</u>	<u>21,969,815</u>	<u>44,197,797</u>
<b>TOTAL ASSETS</b>	<u>42,454,932</u>	<u>29,678,665</u>	<u>72,133,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on advance refunding	180,360	-	180,360
Deferred outflows related to pensions	572,999	126,851	699,850
Deferred outflows related to other post-employment benefits	<u>57,821</u>	<u>8,175</u>	<u>65,996</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>811,180</u>	<u>135,026</u>	<u>946,206</u>
<b>LIABILITIES</b>			
Accounts payable	365,090	80,366	445,456
Accrued liabilities	89,046	124,288	213,334
Accrued interest	20,055	6,954	27,009
Due within one year	1,046,801	549,364	1,596,165
Noncurrent liabilities:			
Net pension liability	283,542	59,756	343,298
Net other post-employment benefits	2,112,866	339,103	2,451,969
Due in more than one year	<u>5,491,679</u>	<u>6,898,106</u>	<u>12,389,785</u>
<b>TOTAL LIABILITIES</b>	<u>9,409,079</u>	<u>8,057,937</u>	<u>17,467,016</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessed and unlevied property taxes	3,336,000	-	3,336,000
Deferred inflows related to pensions	<u>31,884</u>	<u>13,555</u>	<u>45,439</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,367,884</u>	<u>13,555</u>	<u>3,381,439</u>
<b>NET POSITION</b>			
Net investment in capital assets	25,405,221	15,609,773	41,014,994
Restricted for:			
Cemetery	194,918	-	194,918
Parks and recreation	798,074	-	798,074
Public works	576,586	-	576,586
Other	497,354	-	497,354
Unrestricted	<u>3,016,996</u>	<u>6,132,426</u>	<u>9,149,422</u>
<b>TOTAL NET POSITION</b>	<u>\$ 30,489,149</u>	<u>\$ 21,742,199</u>	<u>\$ 52,231,348</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 1,948,744	\$ 374,330	\$ -	\$ -	\$ (1,574,414)	\$ -	\$ (1,574,414)
Public safety	3,612,365	4,502	36,170	-	(3,571,693)	-	(3,571,693)
Public works	991,609	-	412,304	19,700	(559,605)	-	(559,605)
Library	514,996	11,828	820	-	(502,348)	-	(502,348)
Parks and recreation	1,142,818	117,253	83,930	-	(941,635)	-	(941,635)
Planning and zoning	18,170	135,842	-	-	117,672	-	117,672
Cemetery and maintenance	40,100	46,090	-	-	5,990	-	5,990
Miscellaneous	231,112	-	-	-	(231,112)	-	(231,112)
Interest and other debt service	194,668	-	-	-	(194,668)	-	(194,668)
	<u>8,694,582</u>	<u>689,845</u>	<u>533,224</u>	<u>19,700</u>	<u>(7,451,813)</u>	<u>-</u>	<u>(7,451,813)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Wastewater Department	2,928,604	4,329,413	-	-	-	1,400,809	1,400,809
Solid Waste Department	852,938	849,664	-	-	-	(3,274)	(3,274)
Stormwater Department	423,412	856,155	-	-	-	432,743	432,743
	<u>4,204,954</u>	<u>6,035,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,830,278</u>	<u>1,830,278</u>
<b>TOTAL GOVERNMENT</b>	<b>\$ 12,899,536</b>	<b>\$ 6,725,077</b>	<b>\$ 533,224</b>	<b>\$ 19,700</b>	<b>(7,451,813)</b>	<b>1,830,278</b>	<b>(5,621,535)</b>
<b>GENERAL REVENUES</b>							
Property taxes					3,291,190	-	3,291,190
Intergovernmental revenues					4,873,229	-	4,873,229
Impact fees					137,485	-	137,485
Park sales tax					640,985	-	640,985
Interest and investment earnings					48,413	59,743	108,156
Other revenue					140,420	65,393	205,813
Loss on disposal of capital assets					(282)	-	(282)
<b>TOTAL GENERAL REVENUES</b>					<b>9,131,440</b>	<b>125,136</b>	<b>9,256,576</b>
<b>CHANGE IN NET POSITION</b>					<b>1,679,627</b>	<b>1,955,414</b>	<b>3,635,041</b>
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>					<b>28,809,522</b>	<b>19,786,785</b>	<b>48,596,307</b>
<b>NET POSITION - END OF YEAR</b>					<b>\$ 30,489,149</b>	<b>\$ 21,742,199</b>	<b>\$ 52,231,348</b>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,997,658	\$ 197,528	\$ 1,638,063	\$ 5,833,249
Receivables, net	4,159,792	147,207	285,994	4,592,993
Prepaid expenses	185,318	-	-	185,318
Due from other funds	50	-	-	50
Restricted cash	-	-	13,360	13,360
<b>TOTAL ASSETS</b>	<u>\$ 8,342,818</u>	<u>\$ 344,735</u>	<u>\$ 1,937,417</u>	<u>\$ 10,624,970</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 149,870	\$ -	\$ 215,220	\$ 365,090
Accrued liabilities	89,046	-	-	89,046
<b>TOTAL LIABILITIES</b>	<u>238,916</u>	<u>-</u>	<u>215,220</u>	<u>454,136</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	3,512,614	-	-	3,512,614
<b>NET POSITION</b>				
Nonspendable	185,318	-	-	185,318
Restricted	-	344,735	1,722,197	2,066,932
Unassigned	4,405,970	-	-	4,405,970
<b>TOTAL FUND BALANCES</b>	<u>4,591,288</u>	<u>344,735</u>	<u>1,722,197</u>	<u>6,658,220</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 8,342,818</u>	<u>\$ 344,735</u>	<u>\$ 1,937,417</u>	<u>\$ 10,624,970</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, 2018

TOTAL GOVERNMENTAL FUND BALANCES	\$ 6,658,220
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet	31,567,391
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	(6,238,000)
Less: deferred charges on advance refundings	180,360
Add: bond premium	(104,530)
Compensated absences	(195,950)
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest expenditures are reported when due	(20,055)
Net pension liability in governmental activities is not due and payable in the current period and therefore is not reported in the governmental funds Balance Sheet	(283,542)
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	142,418
Deferred inflows and outflows of resources that are not due and payable in the current period and therefore are not reported in the governmental funds Balance Sheet:	
Deferred outflows related to pensions	430,581
Deferred inflows related to pensions	(31,884)
Deferred outflows related to other post-employment benefits	50,930
Net other post-employment benefit liability in governmental activities is not due and payable in the current period and therefore is not reported in the governmental funds Balance Sheet	(2,112,866)
Employer other post-employment benefit contributions made since the measurement date are deferred outflows of resources in governmental activities but have been expensed in governmental funds Balance Sheet	6,891
Certain deferred inflows relating to property taxes in the governmental fund statements is recognized as revenue in the government-wide Statement of Net Position	176,614
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>262,571</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 30,489,149</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, 2018

	<u>General</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
REVENUES				
Taxes	\$ 3,275,058	\$ -	\$ 640,985	\$ 3,916,043
Intergovernmental revenues	3,942,325	886,044	597,784	5,426,153
Charges for services	140,870	-	48,227	189,097
Licenses and permits	412,839	-	137,485	550,324
Fines and forfeitures	83,407	-	4,502	87,909
Interest revenue	39,287	2,099	7,027	48,413
Miscellaneous	140,420	-	-	140,420
	<u>8,034,206</u>	<u>888,143</u>	<u>1,436,010</u>	<u>10,358,359</u>
EXPENDITURES				
Current operations:				
General government	1,603,069	-	127,164	1,730,233
Public safety	3,561,196	-	18,764	3,579,960
Public works	638,086	-	344,367	982,453
Cemetery and maintenance	-	-	29,291	29,291
Library	385,856	-	-	385,856
Parks and recreation	1,233,140	-	192,016	1,425,156
Planning and zoning	341,718	-	-	341,718
Miscellaneous	228,330	2,782	-	231,112
Debt service				
Principal	-	598,000	100,000	698,000
Interest	-	184,882	13,500	198,382
TOTAL EXPENDITURES	<u>7,991,395</u>	<u>785,664</u>	<u>825,102</u>	<u>9,602,161</u>
REVENUES OVER EXPENDITURES	42,811	102,479	610,908	756,198
OTHER FINANCING SOURCES				
Capital outlay note issued	250,000	-	-	250,000
NET CHANGE IN FUND BALANCES	292,811	102,479	610,908	1,006,198
FUND BALANCES - BEGINNING OF YEAR	4,298,477	242,256	1,111,289	5,652,022
FUND BALANCES - END OF YEAR	<u>\$ 4,591,288</u>	<u>\$ 344,735</u>	<u>\$ 1,722,197</u>	<u>\$ 6,658,220</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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,006,198
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 capitalized and allocated over their estimated useful lives and reported as depreciation expense for governmental activities:	
Acquisition of capital assets	1,511,097
Depreciation expense	(1,350,673)
Loss on disposal of capital assets is not recorded in fund statements	(283)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	698,000
Proceeds from new debt is reported as other financing sources (uses) in governmental fund statements but affect balances of long-term liabilities in the government-wide statements:	
Issuance of capital outlay note	(250,000)
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:	
Amortization of bond premiums	8,851
Amortization of deferred charges	(18,498)
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, 2018	(20,055)
Accrued interest on debt obligations at June 30, 2017	33,416
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	239,053
Pension contributions after measurement date	142,418
Actuarially determined pension expense	(140,501)
Net recognized differences in other post-employment benefit expense revenue	(208,424)
Delinquent property taxes do not provide current financial resources and are not reported as revenues for governmental funds	16,132
The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>12,896</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,679,627</u>

See accompanying notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON STATEMENT

GENERAL FUND

YEAR ENDED JUNE 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>
<b>REVENUES</b>				
Taxes	\$ 3,214,273	\$ 3,214,273	\$ 3,275,058	\$ 60,785
Intergovernmental revenues	5,346,249	5,346,249	3,942,325	(1,403,924)
Charges for services	135,782	135,782	140,870	5,088
Licenses and permits	325,784	325,784	412,839	87,055
Fines and forfeitures	85,100	85,100	83,407	(1,693)
Interest revenue	10,000	10,000	39,287	29,287
Miscellaneous	<u>36,000</u>	<u>36,000</u>	<u>140,420</u>	<u>104,420</u>
<b>TOTAL REVENUES</b>	<u>9,153,188</u>	<u>9,153,188</u>	<u>8,034,206</u>	<u>(1,118,982)</u>
<b>EXPENDITURES</b>				
Current operations:				
General government	3,916,047	3,900,655	1,603,069	2,297,586
Public safety	4,041,747	4,041,747	3,561,196	480,551
Public works	762,356	762,356	638,086	124,270
Library	389,849	402,149	385,856	16,293
Parks and recreation	1,378,512	1,381,362	1,233,140	148,222
Planning and zoning	385,078	385,078	341,718	43,360
Miscellaneous	<u>300,000</u>	<u>300,242</u>	<u>228,330</u>	<u>71,912</u>
<b>TOTAL EXPENDITURES</b>	<u>11,173,589</u>	<u>11,173,589</u>	<u>7,991,395</u>	<u>3,182,194</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(2,020,401)</u>	<u>(2,020,401)</u>	<u>42,811</u>	<u>2,063,212</u>
<b>OTHER FINANCING SOURCES</b>				
Capital outlay note issued	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,020,401)</u>	<u>\$ (1,770,401)</u>	<u>292,811</u>	<u>\$ 2,063,212</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>4,298,477</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,591,288</u>	

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	<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>Stormwater Fund</u>	<u>Total</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,372,595	\$ 596,367	\$ 430,982	\$ 5,399,944	\$ 262,571
Accounts receivable, net	66,235	11,360	9,883	87,478	-
Unbilled receivables	670,372	144,619	143,067	958,058	-
Due to general fund	(50)	-	-	(50)	-
Inventories	131,947	-	-	131,947	-
Other current assets	33,400	5,594	5,051	44,045	-
Total current assets	5,274,499	757,940	588,983	6,621,422	262,571
Capital assets, net	22,538,801	99,960	418,482	23,057,243	-
<b>TOTAL ASSETS</b>	<u>27,813,300</u>	<u>857,900</u>	<u>1,007,465</u>	<u>29,678,665</u>	<u>262,571</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred outflows related to pensions	76,499	20,202	30,150	126,851	-
Deferred outflows related to other post-employment benefits	5,659	1,258	1,258	8,175	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>82,158</u>	<u>21,460</u>	<u>31,408</u>	<u>135,026</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	15,225	55,652	9,489	80,366	-
Accrued liabilities	79,365	2,655	4,457	86,477	-
Accrued interest	6,954	-	-	6,954	-
Accrued compensated absences	21,309	6,730	9,772	37,811	-
Current maturities of long-term liabilities	549,364	-	-	549,364	-
Total current liabilities	672,217	65,037	23,718	760,972	-
<b>Long-Term Liabilities</b>					
Long-Term Liabilities, less current maturities	6,898,106	-	-	6,898,106	-
Other post-employment benefits liability	234,763	52,170	52,170	339,103	-
Net pension liability	32,328	9,691	17,737	59,756	-
Total long-term liabilities	7,165,197	61,861	69,907	7,296,965	-
<b>TOTAL LIABILITIES</b>	<u>7,837,414</u>	<u>126,898</u>	<u>93,625</u>	<u>8,057,937</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred inflows related to pensions	10,592	1,894	1,069	13,555	-
<b>NET POSITION</b>					
Net investment in capital assets	15,091,331	99,960	418,482	15,609,773	-
Unrestricted	4,956,121	650,608	525,697	6,132,426	262,571
<b>TOTAL NET POSITION</b>	<u>\$ 20,047,452</u>	<u>\$ 750,568</u>	<u>\$ 944,179</u>	<u>\$ 21,742,199</u>	<u>\$ 262,571</u>

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, 2018

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Total</u>	<u>Activity -</u>
	<u>Department</u>	<u>Fund</u>	<u>Fund</u>		<u>Internal</u>
					<u>Service Fund</u>
					<u>Health Care Fund</u>
OPERATING REVENUES					
Charges for services	\$ 4,329,413	\$ 849,664	\$ 856,155	\$ 6,035,232	\$ 63,627
Other operating revenues	<u>44,007</u>	<u>6,284</u>	<u>15,102</u>	<u>65,393</u>	<u>-</u>
TOTAL REVENUES	<u>4,373,420</u>	<u>855,948</u>	<u>871,257</u>	<u>6,100,625</u>	<u>63,627</u>
OPERATING EXPENSES					
Personnel services	692,777	159,277	273,447	1,125,501	-
Supplies	241,682	29,599	46,669	317,950	-
Utilities	232,692	1,336	3,582	237,610	-
Other operating expenses	531,376	646,727	81,759	1,259,862	9,962
Claims, net of insurance proceeds	-	-	-	-	44,007
Depreciation	<u>1,138,264</u>	<u>15,999</u>	<u>17,955</u>	<u>1,172,218</u>	<u>-</u>
TOTAL EXPENSES	<u>2,836,791</u>	<u>852,938</u>	<u>423,412</u>	<u>4,113,141</u>	<u>53,969</u>
OPERATING INCOME	<u>1,536,629</u>	<u>3,010</u>	<u>447,845</u>	<u>1,987,484</u>	<u>9,658</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	49,718	5,998	4,027	59,743	3,238
Interest expense	<u>(91,813)</u>	<u>-</u>	<u>-</u>	<u>(91,813)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(42,095)</u>	<u>5,998</u>	<u>4,027</u>	<u>(32,070)</u>	<u>3,238</u>
CHANGE IN NET POSITION	1,494,534	9,008	451,872	1,955,414	12,896
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>18,552,918</u>	<u>741,560</u>	<u>492,307</u>	<u>19,786,785</u>	<u>249,675</u>
NET POSITION - END OF YEAR	<u>\$ 20,047,452</u>	<u>\$ 750,568</u>	<u>\$ 944,179</u>	<u>\$ 21,742,199</u>	<u>\$ 262,571</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 4,237,319	\$ 849,165	\$ 867,634	\$ 5,954,118	\$ -
Receipts from internal services provided	-	-	-	-	63,627
Payments to suppliers	(1,015,068)	(669,973)	(125,370)	(1,810,411)	-
Payments to or on behalf of employees	(684,042)	(163,280)	(268,269)	(1,115,591)	-
Claims paid, net of insurance recoveries	-	-	-	-	(45,298)
Premiums paid	-	-	-	-	(9,962)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,538,209</u>	<u>15,912</u>	<u>473,995</u>	<u>3,028,116</u>	<u>8,367</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(979,990)	(7,480)	(319,878)	(1,307,348)	-
Payments on long-term debt	(1,200,303)	-	-	(1,200,303)	-
Interest paid	(92,129)	-	-	(92,129)	-
<b>NET CASH USED IN CAPITAL AND RELATED ACTIVITIES</b>	<u>(2,272,422)</u>	<u>(7,480)</u>	<u>(319,878)</u>	<u>(2,599,780)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	<u>49,718</u>	<u>5,998</u>	<u>4,027</u>	<u>59,743</u>	<u>3,238</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>49,718</u>	<u>5,998</u>	<u>4,027</u>	<u>59,743</u>	<u>3,238</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	315,505	14,430	158,144	488,079	11,605
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>4,057,090</u>	<u>581,937</u>	<u>280,420</u>	<u>4,919,447</u>	<u>250,966</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,372,595</u>	<u>\$ 596,367</u>	<u>\$ 438,564</u>	<u>\$ 5,407,526</u>	<u>\$ 262,571</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 1,536,629	\$ 3,010	\$ 447,845	\$ 1,987,484	\$ 9,658
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,138,264	15,999	17,955	1,172,218	-
Net pension adjustment	738	(66)	7,481	8,153	-
Net other post-employment benefit adjustment	23,924	5,316	5,316	34,556	-
Changes in operating assets and liabilities					
Receivables, net	(10,589)	(2,805)	(2,197)	(15,591)	-
Unbilled receivables	(125,512)	(3,978)	(1,426)	(130,916)	-
Internal balances	767	(368)	(213)	186	-
Inventories	(7,257)	-	-	(7,257)	-
Other current assets	(1,237)	3,326	1,289	3,378	-
Accounts payable	(13,423)	4,731	5,564	(3,128)	(1,291)
Accrued liabilities	(4,095)	(9,253)	(7,619)	(20,967)	-
TOTAL ADJUSTMENTS	<u>1,001,580</u>	<u>12,902</u>	<u>26,150</u>	<u>1,040,632</u>	<u>(1,291)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,538,209</u>	<u>\$ 15,912</u>	<u>\$ 473,995</u>	<u>\$ 3,028,116</u>	<u>\$ 8,367</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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, wastewater and stormwater 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 Statements

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, 2018

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 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (continued)

*Fund financial statements (continued)*

The City reports the following 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.

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, 2018

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, 2018

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, 2018

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 \$3,523,917 and intergovernmental revenues of \$1,069,076. Receivable balances for the business-type activities consist of billed charges to wastewater, sanitation and stormwater. 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, 2018 totals \$263,000 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, 2018, but which were levied to finance fiscal year 2019 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, solid waste and 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, 2018

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 and has a useful life three (3) years or more 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>	
Buildings and improvements	5 - 40 years
Infrastructure assets	15 - 50 years
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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

*Deferred outflows of resources* arise when resources are used pertaining to a future reporting period and will not be recognized as an outflow of resource (expense/expenditure) until then. Deferred outflows at June 30, 2018 consist of deferred charges on advance refunding of debt and amounts related to pensions and other post-employment benefits (“OPEB”).

Compensated Absences

The City’s policies permit police and fire department employees to accumulate earned, but unused vacation leave up to a maximum of 210 and 264 hours, respectively. Other employees may accumulate up to a maximum of 200 hours. Employees are paid their unused vacation hours upon termination provided the employees provide a two-week notice. At regular retirement, employees that have unused accrued sick hours will be reported to Tennessee Consolidated Retirement System (“TCRS”) for consideration of retirement credits. The liability for 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 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

*Deferred inflows of resources* arise when assets are recognized before revenue recognition criteria have been satisfied. 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, arise from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. Differences between expected and actual experience related to pensions and difference between projected and actual pension plan investment 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 2018 for Robertson County. The City's tax rate applicable to 2018 and 2017 was \$1.2315 for Sumner County. The City's tax rate applicable to 2018 and 2017 was \$1.0315 and \$1.2315, respectively, for Robertson County on each \$100 of tax valuation.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications have no effect on the change in net position as previously presented.

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, 2018 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, 2018, the only unliquidated interfund receivable (payable) was \$50 due to the General Fund from the Sewer Fund.

The Wastewater Fund made payments totaling \$131,571 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, 2018

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, 2018, all deposits were insured or collateralized, as required by state statute. At June 30, 2018, 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 2a-7 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 dollar weighted days to maturity considering the approved maturity shortening features was seventy-two days. The Pool does not have a credit rating. The City's investment in the Tennessee Local Government Investment Pool totaled \$7,398,141 at June 30, 2018.



CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
<u>Capital assets not being depreciated:</u>				
Land	\$ 8,508,225	\$ 249,328	\$ -	\$ 8,757,553
Construction in progress	<u>273,839</u>	<u>308,017</u>	<u>-</u>	<u>581,856</u>
Total capital assets not being depreciated	<u>8,782,064</u>	<u>557,345</u>	<u>-</u>	<u>9,339,409</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	15,897,683	72,963	(5,387)	15,965,259
Machinery and equipment	4,745,805	383,540	(168,625)	4,960,720
Infrastructure assets	<u>13,116,521</u>	<u>497,249</u>	<u>-</u>	<u>13,613,770</u>
Total capital assets being depreciated	<u>33,760,009</u>	<u>953,752</u>	<u>(174,012)</u>	<u>34,539,749</u>
<u>Less accumulated depreciation:</u>				
Land improvements, buildings, machinery and equipment	(8,162,825)	(767,972)	173,729	(8,757,068)
Infrastructure assets	<u>(2,971,998)</u>	<u>(582,701)</u>	<u>-</u>	<u>(3,554,699)</u>
Total accumulated depreciation	<u>(11,134,823)</u>	<u>(1,350,673)</u>	<u>173,729</u>	<u>(12,311,767)</u>
Governmental activities capital assets, net	<u>\$ 31,407,250</u>	<u>\$ 160,424</u>	<u>\$ (283)</u>	<u>\$ 31,567,391</u>

Depreciation was charged to governmental activities as follows:

Public safety	\$ 309,414
Parks and recreation	325,732
General government	453,484
Public works	114,335
Library	129,678
Planning and zoning	10,809
Cemetery	<u>7,221</u>
	<u>\$ 1,350,673</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Business-Type Activities	Balance July 1, 2017 (Restated)	Additions	Retirements	Balance June 30, 2018
<u>Capital assets not being depreciated:</u>				
Land	\$ 792,760	\$ -	\$ -	\$ 792,760
Construction in progress	-	294,668	-	294,668
Total capital assets not being depreciated	<u>792,760</u>	<u>294,668</u>	<u>-</u>	<u>1,087,428</u>
<u>Capital assets being depreciated:</u>				
Wastewater plant	21,990,957	511,490	(6,768)	22,495,679
Building and improvements	2,890,251	-	-	2,890,251
Machinery and equipment	3,803,627	370,880	(49,601)	4,124,906
Infrastructure assets	<u>6,293,626</u>	<u>130,310</u>	<u>-</u>	<u>6,423,936</u>
Total capital assets being depreciated	<u>34,978,461</u>	<u>1,012,680</u>	<u>(56,369)</u>	<u>35,934,772</u>
<u>Less accumulated depreciation:</u>				
Wastewater plant	(9,951,241)	(531,362)	6,768	(10,475,835)
Building and improvements	(19,223)	(115,225)	-	(134,448)
Machinery and equipment	(2,339,454)	(257,948)	49,601	(2,547,801)
Infrastructure assets	<u>(539,190)</u>	<u>(267,683)</u>	<u>-</u>	<u>(806,873)</u>
Total accumulated depreciation	<u>(12,849,108)</u>	<u>(1,172,218)</u>	<u>56,369</u>	<u>(13,964,957)</u>
Business-type activities capital assets, net	<u>\$ 22,922,113</u>	<u>\$ 135,130</u>	<u>\$ -</u>	<u>\$ 23,057,243</u>

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

Wastewater	\$ 1,138,264
Solid Waste	15,999
Stormwater	<u>17,955</u>
	<u>\$ 1,172,218</u>

The cost to complete construction in progress for all fund types at June 30, 2018 was approximately \$4,292,000.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE

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 Debt Service Fund and Parks Sales Tax Fund have been used to liquidate governmental activities long-term debt, while the General Fund liquidates compensated absences.

The following table summarizes the changes in the City's governmental activity long-term liabilities for the year:

Governmental Activities	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Refunding Bonds	\$ 3,570,000	\$ -	\$ (510,000)	\$ 3,060,000	\$ 565,000
General Obligation Public					
Improvement Bonds	2,880,000	-	(70,000)	2,810,000	75,000
Capital Outlay Notes	236,000	250,000	(118,000)	368,000	202,000
Total long-term debt before premiums	6,686,000	250,000	(698,000)	6,238,000	842,000
Plus: unamortized premium on bonds	113,381	-	(8,851)	104,530	8,851
Total long-term debt	6,799,381	250,000	(706,851)	6,342,530	850,851
Accrued compensated absences	435,003	213,104	(452,157)	195,950	195,950
Total long-term liabilities	\$ 7,234,384	\$ 463,104	\$ (1,159,008)	\$ 6,538,480	\$ 1,046,801

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

Business-Type Activities	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Amounts Due Within One Year
Notes payable to the State of Tennessee, Wastewater Facility					
Revolving Loan Fund	\$ 7,238,842	\$ -	\$ (994,714)	\$ 6,244,128	\$ 344,364
General Obligation Refunding Bonds	1,405,000	-	(205,000)	1,200,000	205,000
Total long-term debt before premiums	8,643,842	-	(1,199,714)	7,444,128	549,364
Plus: unamortized premium on bonds	3,931	-	(589)	3,342	-
Total long-term debt	\$ 8,647,773	\$ -	\$ (1,200,303)	\$ 7,447,470	\$ 549,364

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (CONTINUED)

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

Governmental Activities:

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.	\$ 2,810,000
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.	3,060,000
General Obligation Fire Apparatus Capital Outlay Notes, Series 2015, due in principal installments of \$118,000 through March 2019, plus interest at a fixed rate of 1.75%.	118,000
General Obligation Land Purchase Capital Outlay Notes, Series 2017, due in two varying installments through July 2019, at interest rates ranging from 2.15% to 3.00%; interest payable annually on July 20 of each year.	<u>250,000</u>
Total long-term debt before premiums	6,238,000
Plus: unamortized premium on bonds	<u>104,530</u>
Total long-term debt	6,342,530
Accrued compensated absences	<u>195,950</u>
Total long-term governmental-activities liabilities	<u>\$ 6,538,480</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (CONTINUED)

Business-type Activities:

General Obligation Refunding Bond

General Obligation Refunding Bond, 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. \$ 1,200,000

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. 411,298

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. 262,028

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments of \$16,556, including interest at 1.0%, through December 2034. 3,017,356

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments of \$1,765, including interest at 1.00%, through March 2036. 344,300

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments of \$7,181, including interest at 0.75%, through September 2033. 1,469,250

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments of \$3,719, including interest at 1.11%, through October 2036. 739,896

Total long term debt before premiums 7,444,128

Plus: unamortized premium on bonds 3,342

Total long-term business-type activities liabilities \$ 7,447,470

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE (CONTINUED)

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

Debt Issuance

On July 20, 2017, the City issued a \$250,000 General Obligation Land Purchase Capital Outlay Note to purchase land for use as parks.

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
2019	\$ 842,000	\$ 182,705	\$ 1,024,705	\$ 549,364	\$ 82,842	\$ 632,206
2020	738,000	166,669	904,669	558,030	76,511	634,541
2021	473,000	151,829	624,829	561,730	69,766	631,496
2022	400,000	141,312	541,312	570,475	62,661	633,136
2023	260,000	129,711	389,711	579,264	55,108	634,372
2024-2028	1,540,000	535,237	2,075,237	1,994,643	185,120	2,179,763
2029-2033	535,000	364,781	899,781	1,855,464	82,411	1,937,875
2034-2038	650,000	249,182	899,182	775,158	9,416	784,574
2039-2043	800,000	104,398	904,398	-	-	-
	<u>\$ 6,238,000</u>	<u>\$ 2,025,824</u>	<u>\$ 8,263,824</u>	<u>\$ 7,444,128</u>	<u>\$ 623,835</u>	<u>\$ 8,067,963</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 6 - DEFERRED COMPENSATION PLAN

Effective August 1, 2016, the City joined the Tennessee State Employees Deferred Compensation Plan and Trust 457(b) and the State of Tennessee Deferred Compensation Plan II 401(k) plans administered by the Treasury Department. The Treasury Department issues a publicly-available financial report that can be obtained at [www.treasury.tn.gov/treasurer\\_Annual\\_Reports](http://www.treasury.tn.gov/treasurer_Annual_Reports).

Employees are not required to contribute to the plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the plan. The plan allows members to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's does not contribute to the plan. Total employee contributions for the year ended June 30, 2018 were \$1,300 for the 457(b) plan. For year ended June 30, 2018, there were no employees participating in the 401(k).

NOTE 7 - 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 publicly-available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://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, 2018

NOTE 7 - PENSION PLAN (CONTINUED)

Benefits Provided (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (“COLA”) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	99
Active employees	93
	<u>220</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, 2018, the employer contributions for the City was \$220,223 based on a rate of 5.42% 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 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

The City’s net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.



CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 7 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions

In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term percentage and by adding expected inflation of 2.50 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 7 - PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69 %	31 %
Developed market international equity	5.29 %	14 %
Emerging market international equity	6.36 %	4 %
Private equity and strategic lending	5.79 %	20 %
U.S. fixed income	2.01 %	20 %
Real estate	4.32 %	10 %
Short-term securities	0.00 %	<u>1 %</u>
		<u>100 %</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 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, 2018

NOTE 7 - PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

	<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, 2016	\$ 6,782,914	\$ 6,657,771	\$ 125,143
 CHANGES FOR THE YEAR:			
Service cost	305,365	-	305,365
Interest	525,791	-	525,791
Differences between expected and actual experience	383,813	-	383,813
Changes of assumptions	189,549	-	189,549
Contributions - employer	-	220,223	(220,223)
Contributions - employee	-	204,761	(204,761)
Net investment income	-	769,325	(769,325)
Benefit payments, including refunds of employee contributions	(155,473)	(155,473)	-
Administrative expense	-	(7,946)	7,946
Net changes	<u>1,249,045</u>	<u>1,030,890</u>	<u>218,155</u>
BALANCE AT JUNE 30, 2017	<u>\$ 8,031,959</u>	<u>\$ 7,688,661</u>	<u>\$ 343,298</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 7.25 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 (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	<u>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
City's net pension liability (asset)	<u>\$ 1,719,478</u>	<u>\$ 343,298</u>	<u>\$ (761,962)</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 7 - PENSION PLAN (CONTINUED)

Pension Expense

For the year ended June 30, 2018, the City recognized pension expense of \$169,250.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, 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	\$ 361,331	\$ 39,072
Net difference between projected and actual earnings on pension plan investments	-	6,367
Changes in assumptions	166,959	-
Contributions subsequent to the measurement date of June 30, 2017	<u>171,560</u>	<u>-</u>
Total	<u>\$ 699,850</u>	<u>\$ 45,439</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2017”, 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>	
2019	\$ 44,051
2020	134,299
2021	81,283
2022	19,285
2023	64,949
Thereafter	137,879

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, 2018

NOTE 8 - POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description

The City administers the City of White House Post-Retirement Medical Insurance Plan. For accounting purposes, the plan is a single-employer OPEB plan. Benefits are established and amended by the Mayor and Board of Aldermen. Retirement for the purpose of receiving medical benefits from the City is defined as follows: (a) either a minimum thirty (30) years of service with the City or (b) age sixty (60) with a minimum of fifteen (15) years of service with the City. The plan does not issue a stand-alone report.

Benefits Provided

The Retiree will pay the same percentage of the monthly premium as active employees, and City will be required to pay the remainder premium. The City will pay 100% of the dental insurance premium for retiree only coverage. Retiree medical benefits cease when the retiree or retiree's spouse becomes eligible for Medicare, whichever occurs later, or upon the retiree's death.

Employees Covered

At the measurement date, the following employees of the City were covered by the benefit terms:

Inactive employees currently receiving benefit payments	1
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	94
	<hr/>
	95
	<hr/>

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	3.00 percent
Salary increases	3.00 percent
Healthcare cost trend rates	8.00 percent decreasing per year to an ultimate rate of 5.00 percent
Investment rate of return	2.98 percent
Retirees' share of benefit-related cost	8.00 percent of medical premium for retiree, 26.00 percent of medical premium for dependent/family, and 100 percent of dental premium (for retiree only)

Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 8 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.98 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in the total OPEB liability for the year ended June 30, 2018 measured as of June 30, 2017 follows:

	Increase (Decrease)
	Total OPEB Liability
BALANCE AT JUNE 30, 2017	\$ 2,142,993
CHANGES FOR THE YEAR:	
Service cost	184,183
Interest	72,960
Differences between expected and actual experience	59,105
Benefit payments	(7,272)
Net changes	308,976
BALANCE AT JUNE 30, 2018	\$ 2,451,969

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98%) or 1-percentage-point higher (3.98%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
	(1.98%)	(2.98%)	(3.98%)
Total OPEB liability	\$ 2,817,568	\$ 2,451,969	\$ 2,086,367

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 8 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.0% decreasing to 4.0%) or 1-percentage-point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
	<u>(7.0% decreasing to 4.0%)</u>	<u>(8.0% decreasing to 5.0%)</u>	<u>(9.0% decreasing to 6.0%)</u>
Total OPEB liability	<u>\$ 1,882,654</u>	<u>\$ 2,451,969</u>	<u>\$ 3,168,008</u>

OPEB Expense

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$257,143.

Deferred Outflows of Resources

At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

Differences between expected and actual experience	\$ 59,105
Contributions subsequent to the measurement date of June 30, 2017	<u>6,891</u>
Total	<u>\$ 65,996</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 8 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Deferred Outflows of Resources (continued)

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

<u>Year Ended June 30:</u>		
2019	\$	2,815
2020		2,815
2021		2,815
2022		2,815
2023		2,815

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

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).



CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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

Year Ended June 30,	Liability Beginning of of Year	Incurred Claims	Claim Payments	Liability End of Year
2018	\$ 1,291	\$ 42,717	\$ 44,008	\$ -
2017	2,087	54,281	55,077	1,291
2016	1,222	49,467	48,602	2,087

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.

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 2015, the City entered into a grant agreement with the State of Tennessee Department of Transportation to complete an improvement project relating to a .75-mile section of SR-41 / US-31W North of SR-76 consisting of a sidewalk and striping improvements. As of June 30, 2018, the engineering phase for this project was near completion. The estimated cost to complete this project is \$3,150,000 with 80% of the cost to be reimbursed from the Federal Highway Administration via Tennessee Department of Transportation.

In June 2017, the City entered into a Local Parks and Recreation Fund grant agreement with the State of Tennessee Department of Environment and Conservation to complete a playground and amphitheater at the White House Municipal Recreation Complex. As of June 30, 2018, the engineering phase for this project was near completion. The remaining estimated cost to complete this project is \$1,000,000 with 50% of the cost to be reimbursed from the Tennessee Department of Environment and Conservation.

In July 2017, the City entered into an agreement with Tyler Technologies to implement hosted financial software as well as permitting software. As of June 30, 2018, the implementation was near completion. The remaining estimated cost to complete this project is \$96,000.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In September 2017, the City entered into an agreement with Charles DeWeese Construction to complete the Sage Rd Stormwater (Sidewalk/Culvert) Project. As of June 30, 2018, the construction phase for this project was near completion. The remaining estimated cost of this agreement to complete is \$6,000.

In December 2017, the City entered into an agreement with Volkert, Inc. to assist in the execution of the Long Range Comprehensive Plan. As of June 30, 2018, the data collection phase for this project was near completion. The remaining estimated cost to complete this project is \$40,000.

NOTE 11 - TAX ABATEMENT

The City enters into property tax abatement agreements with local businesses under the Tennessee Code Annotated Section 7-53-305, being a provision of the Tennessee Industrial Development Corporations Act (“Act”). Under the Act, localities may grant property tax abatements of up to 100 percent of a business’ property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatement may be granted to any business located within or promising to relocate to the City.

For the fiscal year ended June 30, 2018, the City abated property taxes totaling \$21,969 under this program.

NOTE 12 - ADJUSTMENT TO PRIOR YEAR NET POSITION

Prior year net position has been adjusted due to the adoption of Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. The objective of this statement is to improve accounting and reporting by state and local governments for other post-employment benefits. This statement requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB to be measured as the portion of the present value of projected benefit payments to be provided to current, active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability).

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 12 - ADJUSTMENT TO PRIOR YEAR NET POSITION (CONTINUED)

Net position as of July 1, 2017 has been restated to correct accumulated depreciation for assets that should have previously been placed in service as of that date. The effects of the error correction and the adoption of this Statement on the City's net position/fund balance are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>
Fund balance/net position - as previously stated	\$ 30,624,715	\$ 20,178,736	\$ 18,859,391	\$ 784,299	\$ 535,046
<u>Correction of errors:</u>					
Entry to record accumulated depreciation not properly recognized in prior year	-	(104,150)	(104,150)	-	-
<u>Adoption of GASB Statement No 75:</u>					
Remove prior year OPEB liability	31,428	8,571	2,857	2,857	2,857
Record total OPEB liability	<u>(1,846,621)</u>	<u>(296,372)</u>	<u>(205,180)</u>	<u>(45,596)</u>	<u>(45,596)</u>
Fund balance/net position - as restated	<u>\$ 28,809,522</u>	<u>\$ 19,786,785</u>	<u>\$ 18,552,918</u>	<u>\$ 741,560</u>	<u>\$ 492,307</u>

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

In November 2016 GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, (GASB 83) addresses accounting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a capital asset. Governmental entities with such obligations to perform future asset retirement activities should recognize a liability and corresponding deferred outflow when the liability is both incurred and reasonably estimable based on the guidance of GASB 83. The deferred outflow will then be recognized as an expense over the expected life of the asset, and the liability adjusted to reflect the effects of inflation or deflation. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact that this standard may have on the financial statements and related disclosures.

In January 2017 GASB issued Statement No. 84, *Fiduciary Activities*, (GASB 84) addresses the identification and reporting for fiduciary activities of state and local governments. GASB 84 describes four fiduciary funds that should be reported: (1) pension and other employee benefit trust funds, (2) investment trust funds, (3) private trust funds, and (4) custodial trust funds. The requirements of GASB 84 are effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact that this standard may have on the financial statements and related disclosures. It is expected to further expand the disclosures related to its trust funds.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In June 2017, GASB issued Statement No. 87, *Leases*, (GASB 87) which establishes single model for lease accounting based on the foundational principles that leases are financing and require lessee to recognize a lease liability and intangible right-to-use asset. The provisions in GASB 87 are effective for reporting periods beginning after December 15, 2019. The City is evaluating the effects of adoption of GASB 87.

In March 2018, GASB issued Statement No. 88, *Certain disclosures related to Debt, including Direct Borrowing and Direct Placements*, (GASB 88) which expands the disclosures related to debt for matters such as unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreement related to significant events of default significant termination events and significant acceleration clauses. The standard also adds direct borrowings as debt subject to these disclosure requirements. The provisions in GASB 88 are effective for reporting periods beginning after June 15, 2018. The City is evaluating the effects of adoption of GASB 88 which may expand some disclosures related to debt.

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>2015</u>	<u>2016</u>	<u>2017</u>
<u>TOTAL PENSION LIABILITY</u>				
Service cost	\$ 254,580	\$ 278,351	\$ 289,785	\$ 305,365
Interest	394,172	438,848	482,007	525,791
Changes in benefit terms	-	-	-	-
Differences between actual & expected experience	50,987	(10,068)	(43,707)	383,813
Change of assumptions	-	-	-	189,549
Benefit payments, including refunds of employee contributions	<u>(133,720)</u>	<u>(121,931)</u>	<u>(164,291)</u>	<u>(155,473)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	566,019	585,200	563,794	1,249,045
TOTAL PENSION LIABILITY - BEGINNING	<u>5,067,901</u>	<u>5,633,920</u>	<u>6,219,120</u>	<u>6,782,914</u>
TOTAL PENSION LIABILITY - ENDING (A)	<u>5,633,920</u>	<u>6,219,120</u>	<u>6,782,914</u>	<u>8,031,959</u>
<u>PLAN FIDUCIARY NET POSITION</u>				
Contributions - employer	186,991	189,806	199,188	220,223
Contributions - employee	179,767	166,038	173,811	204,761
Net investment income	821,461	183,990	169,078	769,325
Benefit payments, including refunds of employee contributions	<u>(133,720)</u>	<u>(121,931)</u>	<u>(164,291)</u>	<u>(155,473)</u>
Administrative expense	<u>(3,061)</u>	<u>(4,191)</u>	<u>(6,466)</u>	<u>(7,946)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,051,438	413,712	371,320	1,030,890
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>4,821,301</u>	<u>5,872,739</u>	<u>6,286,451</u>	<u>6,657,771</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>5,872,739</u>	<u>6,286,451</u>	<u>6,657,771</u>	<u>7,688,661</u>
NET PENSION LIABILITY (ASSET) - ENDING (A)-(B)	<u>\$ (238,819)</u>	<u>\$ (67,331)</u>	<u>\$ 125,143</u>	<u>\$ 343,298</u>
Plan fiduciary net position as a percentage of total pension liability	104.24 %	101.08 %	98.16 %	95.73 %
Covered-employee payroll	\$ 3,174,709	\$ 3,312,492	\$ 3,476,222	\$ 4,062,490
Net pension liability (asset) as a percentage of covered-employee payroll	(7.52) %	(2.03) %	3.60 %	8.45 %

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>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarial determined contribution	\$ 186,991	\$ 189,806	\$ 199,188	\$ 220,223	\$ 171,560
Contributions in relation to the actuarial determined contribution	<u>186,991</u>	<u>189,806</u>	<u>199,188</u>	<u>220,223</u>	<u>171,560</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,174,709	\$ 3,312,492	\$ 3,476,222	\$ 4,062,490	\$ 4,501,492
Contributions as a percentage covered employee payroll	5.89 %	5.73 %	5.73 %	5.42 %	3.81 %

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 the year ended June 30, 2018 are based on the results of the June 30, 2016 actuarial valuation. Detailed below are the methods and assumptions used in the June 30, 2017 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Various
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 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	2.25 percent, if provided

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS

LAST FISCAL YEAR ENDING JUNE 30

	<u>2018</u>
<u>TOTAL OPEB LIABILITY</u>	
Service cost	\$ 184,183
Interest	72,960
Changes in benefit terms	-
Differences between actual & expected experience	59,105
Change of assumptions	-
Benefit payments	<u>(7,272)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	308,976
TOTAL OPEB LIABILITY - BEGINNING	<u>2,142,993</u>
TOTAL OPEB LIABILITY - ENDING (A)	<u>2,451,969</u>
<u>PLAN FIDUCIARY NET POSITION</u>	
Contributions - employer	7,272
Net investment income	-
Benefit payments	(7,272)
Administrative expense	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>-</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>-</u>
TOTAL OPEB LIABILITY (ASSET) - ENDING (A)-(B)	<u>\$ 2,451,969</u>
Plan fiduciary net position as a percentage of total OPEB liability	- %
Covered-employee payroll	\$ 4,371,261
Net OPEB liability as a percentage of covered-employee payroll	56.09 %

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

NOTES TO SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY  
AND RELATED RATIOS

LAST FISCAL YEAR ENDING JUNE 30

*Valuation date:* Actuarially determined contribution rates for the year ended June 30, 2018 are based on the results of the July 1, 2017 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry Age Normal
Amortization method	N/A
Amortization period	N/A
Asset valuation	Market
Inflation	3.00 percent
Discount rate	2.98 percent per annum* (1.98% and 3.98% are illustrated for Sensitivity)
Healthcare cost trend rates	8.00 percent decrease to 5.00 percent ultimate
Salary increases	3.00 percent per annum (for EAN)
Investment Rate of Return	2.98 percent
Retirement age	Rates from age 55
Mortality	RP-2014 mortality table with MP-2016 projection
Withdrawal:	Sarasson T-5 Table
Marital - Actives	Wife is assumed to be same age as the husband. 70% of males and 50% of females are assumed married
Participation Rate:	100% of eligible retirees expected to participate

\* Reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of 06/30/2018 was 2.98%. Since the plan is not pre-funded, the Index will apply.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WHITE HOUSE, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2018

	Industrial Development Fund	State Street Aid Fund	Parks Sales Tax Fund	Impact Fee Fund	Drug Fund	Cemetery Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 140,940	\$ 448,803	\$ 614,143	\$ 238,902	\$ 357	\$ 194,918	\$ 1,638,063
Restricted cash	-	-	-	-	13,360	-	13,360
Receivables, net	33,739	68,324	183,931	-	-	-	285,994
Total assets	\$ 174,679	\$ 517,127	\$ 798,074	\$ 238,902	\$ 13,717	\$ 194,918	\$ 1,937,417
<b>LIABILITIES</b>							
Accounts payable	\$ 4,246	\$ 110,974	\$ -	\$ 100,000	\$ -	\$ -	\$ 215,220
Total liabilities	4,246	110,974	-	100,000	-	-	215,220
<b>FUND BALANCES</b>							
Restricted	170,433	406,153	798,074	138,902	13,717	194,918	1,722,197
Total fund balances	170,433	406,153	798,074	138,902	13,717	194,918	1,722,197
Total liabilities and fund balances	\$ 174,679	\$ 517,127	\$ 798,074	\$ 238,902	\$ 13,717	\$ 194,918	\$ 1,937,417

CITY OF WHITE HOUSE, TENNESSEE

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	Industrial Development Fund	State Street Aid Fund	Parks Sales Tax Fund	Impact Fee Fund	Drug Fund	Cemetery Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>							
Taxes							
Park sales tax receipts	\$ -	\$ -	\$ 640,985	\$ -	\$ -	\$ -	\$ 640,985
Intergovernmental revenues							
State and county revenue	133,884	-	-	-	475	-	134,359
Gasoline and motor fuel tax	-	236,214	-	-	-	-	236,214
Gas 1989	-	34,722	-	-	-	-	34,722
Gas 3 cent	-	64,354	-	-	-	-	64,354
Gas 2017 tax	-	53,705	-	-	-	-	53,705
State grants	-	-	74,430	-	-	-	74,430
Charges for services							
Cemetery and maintenance	-	-	-	-	-	48,227	48,227
Licenses and permits							
Impact fees	-	-	-	137,485	-	-	137,485
Fines and forfeitures							
Drug related fines and forfeitures	-	-	-	-	4,502	-	4,502
Interest revenue	254	459	3,341	976	18	1,979	7,027
<b>Total revenues</b>	<u>134,138</u>	<u>389,454</u>	<u>718,756</u>	<u>138,461</u>	<u>4,995</u>	<u>50,206</u>	<u>1,436,010</u>
<b>EXPENDITURES</b>							
General government							
Other operating expenses	45,601	-	-	-	-	-	45,601
Capital outlay	81,563	-	-	-	-	-	81,563
Public safety							
Materials and supplies	-	-	-	-	1,896	-	1,896
Other operating expenses	-	-	-	-	2,000	-	2,000
Capital outlay	-	-	-	14,868	-	-	14,868

(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, 2018

	Industrial Development Fund	State Street Aid Fund	Parks Sales Tax Fund	Impact Fee Fund	Drug Fund	Cemetery Fund	Total Nonmajor Governmental Funds
<b>EXPENDITURES (CONTINUED)</b>							
Streets							
Other operating expenses	\$ -	\$ 16,814	\$ -	\$ -	\$ -	\$ -	\$ 16,814
Capital outlay	-	227,553	-	100,000	-	-	327,553
Cemetery and maintenance							
Materials and supplies	-	-	-	-	-	4,677	4,677
Utilities	-	-	-	-	-	1,860	1,860
Other operating expenses	-	-	-	-	-	22,754	22,754
Parks and recreation							
Other operating expenses	-	-	202	-	-	-	202
Capital outlay	-	-	183,314	8,500	-	-	191,814
Debt service							
Principal	-	-	100,000	-	-	-	100,000
Interest	-	-	13,500	-	-	-	13,500
<b>Total expenditures</b>	<u>127,164</u>	<u>244,367</u>	<u>297,016</u>	<u>123,368</u>	<u>3,896</u>	<u>29,291</u>	<u>825,102</u>
<b>REVENUES OVER EXPENDITURES</b>							
- NET CHANGE IN FUND BALANCE	6,974	145,087	421,740	15,093	1,099	20,915	610,908
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>163,459</u>	<u>261,066</u>	<u>376,334</u>	<u>123,809</u>	<u>12,618</u>	<u>174,003</u>	<u>1,111,289</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 170,433</u>	<u>\$ 406,153</u>	<u>\$ 798,074</u>	<u>\$ 138,902</u>	<u>\$ 13,717</u>	<u>\$ 194,918</u>	<u>\$ 1,722,197</u>

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

INDUSTRIAL DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Intergovernmental revenues	\$ 99,000	\$ 99,000	\$ 133,884	\$ 34,884
Interest revenue	<u>150</u>	<u>150</u>	<u>254</u>	<u>104</u>
Total revenues	<u>99,150</u>	<u>99,150</u>	<u>134,138</u>	<u>34,988</u>
EXPENDITURES				
Capital outlay	95,000	95,000	81,563	13,437
Miscellaneous	<u>57,250</u>	<u>57,250</u>	<u>45,601</u>	<u>11,649</u>
Total expenditures	<u>152,250</u>	<u>152,250</u>	<u>127,164</u>	<u>25,086</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE				
	<u>\$ (53,100)</u>	<u>\$ (53,100)</u>	6,974	<u>\$ 60,074</u>
FUND BALANCES - BEGINNING OF YEAR			<u>163,459</u>	
FUND BALANCES - END OF YEAR			<u>\$ 170,433</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

STATE STREET AID FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>REVENUES</b>				
Intergovernmental:				
Gasoline and motor fuel tax	\$ 385,120	\$ 385,120	\$ 236,214	\$ (148,906)
Gas 1989	-	-	34,722	34,722
Gas 3 cent	-	-	64,354	64,354
Gas 2017 tax	-	-	53,705	53,705
Interest revenue	<u>200</u>	<u>200</u>	<u>459</u>	<u>259</u>
Total revenues	<u>385,320</u>	<u>385,320</u>	<u>389,454</u>	<u>4,134</u>
<b>EXPENDITURES</b>				
Streets	39,500	39,500	16,814	22,686
Capital outlay	<u>295,000</u>	<u>295,000</u>	<u>227,553</u>	<u>67,447</u>
Total expenditures	<u>334,500</u>	<u>334,500</u>	<u>244,367</u>	<u>90,133</u>
<b>REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE</b>				
	<u>\$ 50,820</u>	<u>\$ 50,820</u>	145,087	<u>\$ 94,267</u>
FUND BALANCE - BEGINNING OF YEAR			<u>261,066</u>	
FUND BALANCE - END OF YEAR			<u>\$ 406,153</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

PARKS SALES TAX FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>REVENUES</b>				
Taxes	\$ 579,271	\$ 579,271	\$ 640,985	\$ 61,714
Intergovernmental revenue	500,000	500,000	74,430	(425,570)
Interest revenue	300	300	3,341	3,041
Total revenues	<u>1,079,571</u>	<u>1,079,571</u>	<u>718,756</u>	<u>(360,815)</u>
<b>EXPENDITURES</b>				
Capital outlay	1,000,000	1,043,500	183,314	860,186
Miscellaneous	400	400	202	198
Debt service				
Principal	100,000	100,000	100,000	-
Interest	13,500	13,500	13,500	-
Total expenditures	<u>1,113,900</u>	<u>1,157,400</u>	<u>297,016</u>	<u>860,384</u>
<b>REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE</b>				
	<u>\$ (34,329)</u>	<u>\$ (77,829)</u>	421,740	<u>\$ 499,569</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>376,334</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 798,074</u>	



CITY OF WHITE HOUSE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE

IMPACT FEE FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>REVENUES</b>				
Licenses and permits	\$ 116,800	\$ 116,800	\$ 137,485	\$ 20,685
Interest revenue	<u>200</u>	<u>200</u>	<u>976</u>	<u>776</u>
 Total revenues	 <u>117,000</u>	 <u>117,000</u>	 <u>138,461</u>	 <u>21,461</u>
 <b>EXPENDITURES</b>				
Capital outlay	<u>123,500</u>	<u>123,500</u>	<u>123,368</u>	<u>132</u>
 Total expenditures	 <u>123,500</u>	 <u>123,500</u>	 <u>123,368</u>	 <u>132</u>
 <b>REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE</b>				
	<u>\$ (6,500)</u>	<u>\$ (6,500)</u>	15,093	<u>\$ 21,593</u>
 FUND BALANCE - BEGINNING OF YEAR			<u>123,809</u>	
 FUND BALANCE - END OF YEAR			<u>\$ 138,902</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

DRUG FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Intergovernmental revenues	\$ 450	\$ 450	\$ 475	\$ 25
Fines and forfeitures	3,000	3,000	4,502	1,502
Interest revenue	<u>20</u>	<u>20</u>	<u>18</u>	<u>(2)</u>
Total revenues	<u>3,470</u>	<u>3,470</u>	<u>4,995</u>	<u>1,525</u>
EXPENDITURES				
Public safety	<u>4,908</u>	<u>4,908</u>	<u>3,896</u>	<u>1,012</u>
Total expenditures	<u>4,908</u>	<u>4,908</u>	<u>3,896</u>	<u>1,012</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE	<u>\$ (1,438)</u>	<u>\$ (1,438)</u>	1,099	<u>\$ 2,537</u>
FUND BALANCE - BEGINNING OF YEAR			<u>12,618</u>	
FUND BALANCE - END OF YEAR			<u>\$ 13,717</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

CEMETERY FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Charges for services	\$ 39,800	\$ 39,800	\$ 48,227	\$ 8,427
Interest revenue	<u>400</u>	<u>400</u>	<u>1,979</u>	<u>1,579</u>
Total revenues	<u>40,200</u>	<u>40,200</u>	<u>50,206</u>	<u>10,006</u>
EXPENDITURES				
Cemetery and maintenance	<u>34,950</u>	<u>34,950</u>	<u>29,291</u>	<u>5,659</u>
Total expenditures	<u>34,950</u>	<u>34,950</u>	<u>29,291</u>	<u>5,659</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE	<u>\$ 5,250</u>	<u>\$ 5,250</u>	20,915	<u>\$ 15,665</u>
FUND BALANCE - BEGINNING OF YEAR			<u>174,003</u>	
FUND BALANCE - END OF YEAR			<u>\$ 194,918</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Intergovernmental revenues	\$ 807,043	\$ 807,043	\$ 886,044	\$ 79,001
Interest revenue	<u>200</u>	<u>200</u>	<u>2,099</u>	<u>1,899</u>
Total revenues	<u>807,243</u>	<u>807,243</u>	<u>888,143</u>	<u>80,900</u>
EXPENDITURES				
Miscellaneous	2,888	2,888	2,782	106
Debt service				
Principal	598,000	598,000	598,000	-
Interest	<u>184,905</u>	<u>184,905</u>	<u>184,882</u>	<u>23</u>
Total expenditures	<u>785,793</u>	<u>785,793</u>	<u>785,664</u>	<u>129</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 21,450</u>	<u>\$ 21,450</u>	102,479	<u>\$ 81,029</u>
FUND BALANCE - BEGINNING OF YEAR			<u>242,256</u>	
FUND BALANCE - END OF YEAR			<u>\$ 344,735</u>	

OTHER SCHEDULES

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF REVENUES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
REVENUES			
Taxes			
Property taxes	\$ 3,275,058	\$ -	\$ 3,275,058
Intergovernmental revenues			
Local sales tax	1,812,879	886,044	2,698,923
Wholesale and state beer tax	465,892	-	465,892
Business taxes	219,762	-	219,762
Payments in lieu of taxes	281,266	-	281,266
State sales and income tax	1,025,056	-	1,025,056
Other taxes	71,280	-	71,280
Federal, state and county grants	66,190	-	66,190
Charges for services			
Parks	129,042	-	129,042
Library	11,828	-	11,828
Licenses and permits			
Building permits	133,513	-	133,513
Franchise fees	271,122	-	271,122
Other permits	8,204	-	8,204
Fines and forfeitures			
Court fines and costs	83,407	-	83,407
Interest revenue	39,287	2,099	41,386
Miscellaneous			
Insurance recoveries	3,047	-	3,047
Sale of equipment	18,788	-	18,788
Other revenues	118,585	-	118,585
Total revenues	<u>\$ 8,034,206</u>	<u>\$ 888,143</u>	<u>\$ 8,922,349</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2018

	<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	\$ 343,524	\$ -	\$ 343,524
Supplies	7,223	-	7,223
Utilities	40,251	-	40,251
Other operating expenses	<u>159,841</u>	-	<u>159,841</u>
	<u>550,839</u>	-	<u>550,839</u>
<u>City Court:</u>			
Personnel services	77,773	-	77,773
Supplies	1,303	-	1,303
Utilities	448	-	448
Other operating expenses	<u>14,615</u>	-	<u>14,615</u>
	<u>94,139</u>	-	<u>94,139</u>
<u>Finance:</u>			
Personnel services	292,221	-	292,221
Supplies	7,012	-	7,012
Other operating expenses	111,506	-	111,506
Capital outlay	<u>94,953</u>	-	<u>94,953</u>
	<u>505,692</u>	-	<u>505,692</u>
<u>Human Resources:</u>			
Personnel services	144,550	-	144,550
Supplies	6,894	-	6,894
Other operating expenses	<u>18,842</u>	-	<u>18,842</u>
	<u>170,286</u>	-	<u>170,286</u>
<u>Engineering:</u>			
Supplies	2,175	-	2,175
Utilities	448	-	448
Other operating expenses	107,327	-	107,327
Capital outlay	<u>63,050</u>	-	<u>63,050</u>
	<u>173,000</u>	-	<u>173,000</u>
<u>Building Maintenance:</u>			
Personnel services	54,204	-	54,204
Supplies	5,899	-	5,899
Utilities	1,515	-	1,515
Other operating expenses	27,216	-	27,216
Capital outlay	<u>20,279</u>	-	<u>20,279</u>
	<u>109,113</u>	-	<u>109,113</u>
TOTAL GENERAL GOVERNMENT	<u>1,603,069</u>	-	<u>1,603,069</u>

(continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2018

<u>EXPENDITURES (CONTINUED)</u>	<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>
<b>PUBLIC SAFETY</b>			
<u>Police Department:</u>			
Personnel services	\$ 1,591,085	\$ -	\$ 1,591,085
Supplies	82,354	-	82,354
Utilities	37,818	-	37,818
Other operating expenses	226,682	-	226,682
Capital outlay	94,196	-	94,196
	<u>2,032,135</u>	<u>-</u>	<u>2,032,135</u>
<u>Fire Department:</u>			
Personnel services	1,220,609	-	1,220,609
Supplies	69,066	-	69,066
Utilities	40,543	-	40,543
Other operating expenses	50,901	-	50,901
Capital outlay	147,942	-	147,942
	<u>1,529,061</u>	<u>-</u>	<u>1,529,061</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>3,561,196</u>	<u>-</u>	<u>3,561,196</u>
<b>PUBLIC WORKS</b>			
Personnel services	275,453	-	275,453
Supplies	76,137	-	76,137
Utilities	142,073	-	142,073
Other operating expenses	42,708	-	42,708
Capital outlay	101,715	-	101,715
	<u>638,086</u>	<u>-</u>	<u>638,086</u>
<b>LIBRARY</b>			
Personnel services	279,503	-	279,503
Supplies	25,984	-	25,984
Utilities	38,263	-	38,263
Other operating expenses	42,106	-	42,106
	<u>385,856</u>	<u>-</u>	<u>385,856</u>
<b>PARKS AND RECREATION</b>			
<u>Recreation and Park Maintenance:</u>			
Personnel services	460,593	-	460,593
Supplies	118,539	-	118,539
Utilities	125,063	-	125,063
Other operating expenses	100,907	-	100,907
Capital outlay	332,611	-	332,611
	<u>1,137,713</u>	<u>-</u>	<u>1,137,713</u>

(continued on next page)



CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
<u>EXPENDITURES (CONTINUED)</u>			
<u>PARKS AND RECREATION (CONTINUED)</u>			
<u>Senior Services:</u>			
Personnel services	\$ 10,377	\$ -	\$ 10,377
Supplies	1,466	-	1,466
Utilities	448	-	448
Other operating expenses	<u>20,739</u>	<u>-</u>	<u>20,739</u>
	<u>33,030</u>	<u>-</u>	<u>33,030</u>
<u>Museum Services:</u>			
Personnel services	44,661	-	44,661
Supplies	1,244	-	1,244
Utilities	9,176	-	9,176
Other operating expenses	<u>7,316</u>	<u>-</u>	<u>7,316</u>
	<u>62,397</u>	<u>-</u>	<u>62,397</u>
 TOTAL PARKS AND RECREATION	 <u>1,233,140</u>	 <u>-</u>	 <u>1,233,140</u>
 <u>PLANNING AND ZONING</u>			
Personnel services	270,109	-	270,109
Supplies	7,702	-	7,702
Utilities	4,628	-	4,628
Other operating expenses	19,727	-	19,727
Capital outlay	<u>39,552</u>	<u>-</u>	<u>39,552</u>
	<u>341,718</u>	<u>-</u>	<u>341,718</u>
 <u>MISCELLANEOUS</u>			
Other operating expenses	<u>228,330</u>	<u>2,782</u>	<u>231,112</u>
 <u>DEBT SERVICE</u>			
Principal	-	598,000	598,000
Interest	<u>-</u>	<u>184,882</u>	<u>184,882</u>
 Total expenditures	 <u>\$ 7,991,395</u>	 <u>\$ 785,664</u>	 <u>\$ 8,777,059</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

YEAR ENDED JUNE 30, 2018

<u>Tax Year</u>	<u>Balance June 30, 2017</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Penalties and Interest</u>	<u>Balance June 30, 2018</u>
2017	\$ -	\$ 3,254,683	\$ 3,186,920	\$ 6,771	\$ 4,472	\$ 79,006
2016	55,912	-	37,368	4,371	1,575	24,490
2015	11,131	-	6,918	4,336	532	9,081
2014	11,108	-	4,703	1,303	(631)	7,077
2013	13,424	-	975	(501)	359	12,307
2012	10,646	-	2,066	671	(262)	8,989
2011	10,355	-	1,993	671	(556)	8,477
2010	5,585	-	769	298	(152)	4,962
2009	14,630	-	273	273	1,135	15,765
2008	16,570	-	-	-	1,193	17,763
	<u>\$ 149,361</u>	<u>\$ 3,254,683</u>	<u>\$ 3,241,985</u>	<u>\$ 18,193</u>	<u>\$ 7,665</u>	\$ 187,917
Deferred property tax revenues for 2018 assessed but unlevied						<u>3,336,000</u>
						<u>\$ 3,523,917</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, 2018

Year	General Obligation Bonds, Series 2013		General Obligation Refunding Bonds, Series 2015		General Obligation Fire Apparatus Capital Outlay Notes, Series 2015		General Obligation Land Purchase Capital Outlay Note, Series 2017		Total Principal	Total Interest	Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2019	\$ 75,000	\$ 107,561	\$ 565,000	\$ 67,675	\$ 118,000	\$ 2,094	\$ 84,000	\$ 5,375	\$ 842,000	\$ 182,705	\$ 1,024,705
2020	75,000	106,061	580,000	56,375	-	-	83,000	4,233	738,000	166,669	904,669
2021	75,000	104,561	315,000	44,775	-	-	83,000	2,493	473,000	151,829	624,829
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
	<u>\$ 2,810,000</u>	<u>\$ 1,700,598</u>	<u>\$ 3,060,000</u>	<u>\$ 311,031</u>	<u>\$ 118,000</u>	<u>\$ 2,094</u>	<u>\$ 250,000</u>	<u>\$ 12,101</u>	<u>\$ 6,238,000</u>	<u>\$ 2,025,824</u>	<u>\$ 8,263,824</u>



CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2018

	CFDA Number	Contract/Grant Number	Balance July 1, 2017 (Receivable) Payable	Receipts	Expenditures	Balance June 30, 2018 (Receivable) Payable
U.S. DEPARTMENT OF JUSTICE: Bulletproof Vest Partnership Program	16.607	N/A	(1,210)	1,210	-	\$ -
U.S. DEPARTMENT OF TRANSPORTATION: Passed through Tennessee Department of Transportation Highway Planning and Construction Cluster: 3 /W Bike Lanes	20.205	83LPLM-F3-072	(2,280)	5,003	19,700	(16,977)
Passed through the Governors Highway Safety Office Alcohol Open Container Requirements	20.607	154AL-15-129	(10,557)	18,176	16,370	(8,751)
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(12,837)	23,179	36,070	(25,728)
TOTAL EXPENDITURES OF FEDERAL AWARDS			(14,047)	24,389	36,070	(25,728)
TENNESSEE DEPARTMENT OF AGRICULTURE: Tennessee Agriculture Enhancement Program	NA	52506-09717	-	-	820	(820)
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION Local Parks and Recreation Fund			-	-	74,430	(74,430)
TOTAL TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION			-	-	74,430	(74,430)
TOTAL EXPENDITURES OF STATE AWARDS			-	-	75,250	(75,250)

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal award activity of the City of White House, Tennessee (the "City"), under programs of the federal and state government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the State of Tennessee Audit Manual. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, or cash flows of the City.

NOTE 2 - REVOLVING LOAN FUND BALANCES

At June 30, 2018, the City has outstanding revolving loan fund balances as follows:

State of Tennessee - Project # CWA 2009-246	\$ 411,298
State of Tennessee - Project # CWSRF 2010-256	\$ 262,028
State of Tennessee - Project # CG1 2012-302	\$ 3,017,356
State of Tennessee - Project # CWSRF 2012-308	\$ 344,300
State of Tennessee - State of TN - CG2 2013-326	\$ 1,469,250
State of Tennessee - State of TN - CWSRF 2016-364	\$ 739,896

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF TAX RATES AND ASSESSMENTS

(UNAUDITED)

JUNE 30, 2018

<u>Year</u>	<u>County</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Tax Rate</u>	<u>Appraised Value of Property</u>	<u>Assessed Value of Property</u>
2018	Robertson and Sumner Counties	\$ 1.0315 \$ 1.2315	\$ - \$ -	\$ 1.0315 \$ 1.2315	\$ 620,771,004 411,671,613	\$ 189,782,180 105,627,299
2017	Robertson and Sumner Counties	\$ 1.2315 \$ 1.2315	\$ - \$ -	\$ 1.2315 \$ 1.2315	\$ 521,909,292 388,313,395	\$ 160,557,621 100,247,124
2016	Robertson and Sumner Counties	\$ 1.2315 \$ 1.2315	\$ - \$ -	\$ 1.2315 \$ 1.2315	\$ 501,174,739 378,834,438	\$ 154,788,975 97,852,955
2015	Robertson and Sumner Counties	\$ 0.9236 \$ 0.9236	\$ 0.3079 \$ 0.3079	\$ 1.2315 \$ 1.2315	\$ 474,868,976 371,960,836	\$ 145,077,074 95,666,347
2014	Robertson and Sumner Counties	\$ 0.9236 \$ 0.9236	\$ 0.3079 \$ 0.3079	\$ 1.2315 \$ 1.2315	\$ 460,660,636 365,586,398	\$ 140,074,389 94,909,602
2013	Robertson and Sumner Counties	\$ 0.9236 \$ 0.9236	\$ 0.3079 \$ 0.3079	\$ 1.2315 \$ 1.2315	\$ 453,970,826 375,339,589	\$ 137,894,264 96,775,783
2012	Robertson and Sumner Counties	\$ 0.7171 \$ 0.6958	\$ 0.2929 \$ 0.2842	\$ 1.0100 \$ 0.9800	\$ 453,984,383 373,672,840	\$ 136,674,122 96,697,618
2011	Robertson and Sumner Counties	\$ 0.7676 \$ 0.7448	\$ 0.2424 \$ 0.2352	\$ 1.0100 \$ 0.9800	\$ 450,267,799 369,423,233	\$ 135,644,122 96,206,224
2010	Robertson and Sumner Counties	\$ 0.8989 \$ 0.8722	\$ 0.1111 \$ 0.1078	\$ 1.0100 \$ 0.9800	\$ 449,165,848 367,079,659	\$ 135,889,021 95,672,406
2009	Robertson and Sumner Counties	\$ 0.7242	\$ 0.2958	\$ 1.0200	\$ 812,547,071	\$ 231,067,309

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF UTILITY RATES AND NUMBER OF CUSTOMERS

(UNAUDITED)

JUNE 30, 2018

WASTEWATER

Residential:			
Minimum bill (0 - 1,000 gallons)	\$	17.96	
Over 1,000 gallons		7.75	per 1,000 gallons
Non-Residential:			
Minimum bill (0 - 1,000 gallons)		39.30	
Over 1,000 gallons		7.75	per 1,000 gallons
CAPACITY FEES		2,500.00	minimum
NUMBER OF CUSTOMERS		4,280	

REFUSE COLLECTION

Residential & Non-Residential with no more than 2 containers:	\$	17.00	
NUMBER OF CUSTOMERS		4,073	

STORMWATER

1 Equivalent Residential Unit (ERU)	\$	8.99	
NUMBER OF ERU's		7,926	
NUMBER OF CUSTOMERS		4,259	

OTHER REPORT SECTION



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, 2018, 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 17, 2018.

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.

*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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses, that we consider to be a material weakness, which is item 2018-001.

## 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 responses. 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 17, 2018

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2018

PRIOR YEAR

**2017-001- Internal Control over Financial Reporting**

**Status:** This finding has been integrated into current year finding 2018-001 below.

CURRENT YEAR

**2018 -001 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

A material adjustment was required to be made during the audit process to correct opening net position in one business-type activity fund as of July 1, 2017, as well as current year corrections to properly adjust balances in accordance with GAAP and present accurate financial statements as follows:

Opening net position adjustments included:

- Correction of accumulated depreciation that should have been recorded in prior years

Current year adjustments included:

- Transfer of current year capital outlay items to capital assets for the business-type activities
- Adjust proprietary fund accounts receivable and unbilled revenue amounts at year-end
- Adjust current year grant revenue and receivable balances
- Adjust accrued compensated absences
- Record OPEB liability
- Conversion adjustments for government-wide financial statements

During 2018, as part of the software conversion there were several assets found that were not properly depreciated which resulted in a prior period adjustment in the Wastewater Fund. The Finance Director and Assistant Finance Director provided depreciation calculation to record the prior period adjustment. Additionally, they provided updates capital asset details and rollforwards.

### Recommendation

The Finance Director and Assistant Finance Director have continued to expand their governmental accounting knowledge and have completed the CMFO program. In addition to seeking formalized training, we recommend that a process be developed to assist the Finance Director and Assistant Finance Director in reviewing account balances and financial statements more systematically.

### Management's Response

Management concurs with the recommendation and both the Finance Director and Assistant Director have completed the CMFO certification program and will continue participating in continuing education opportunities that correspond to the CMFO program. The City is nearing completion of the software upgrades implementation which will ensure the system is reliable, timely, and useful. Also the Finance Department is developing a monthly process to validate general ledger account information that will require the cooperation of every department to ensure the completion of reliable, timely, and useful monthly reporting (which will result in the completion of reliable, timely, and useful annual reporting.) This monthly process will have an emphasis on activities related (but not limited) to capital assets, major revenues, personnel changes, and accounts payable.