

CITY OF WHITE HOUSE, TENNESSEE

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

JUNE 30, 2017

CITY OF WHITE HOUSE, TENNESSEE

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

JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
<b><u>INTRODUCTORY SECTION</u></b>	
Directory of Officials (Unaudited).....	i
<b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR'S REPORT .....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4 - 11
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	12
Statement of Activities .....	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund .....	18
Statement of Net Position - Proprietary Funds .....	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds .....	20
Statement of Cash Flows - Proprietary Funds .....	21 - 22
Notes to Financial Statements.....	23 - 52

CITY OF WHITE HOUSE, TENNESSEE

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

JUNE 30, 2017

TABLE OF CONTENTS (CONTINUED)

**FINANCIAL SECTION (CONTINUED)**

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios .....	53
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS .....	54
Schedule of Funding Progress - OPEB Plan .....	55

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheet - Nonmajor Governmental Funds .....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	57 - 58
Budgetary Comparison Schedule - Industrial Development Fund .....	59
Budgetary Comparison Schedule - State Street Aid Fund .....	60
Budgetary Comparison Schedule - Parks Sales Tax Fund .....	61
Budgetary Comparison Schedule - Impact Fee Fund .....	62
Budgetary Comparison Schedule - Drug Fund .....	63
Budgetary Comparison Schedule - Cemetery Fund .....	64
Budgetary Comparison Schedule - Debt Service Fund .....	65

**OTHER SCHEDULES**

Schedule of Major Fund Revenues .....	66
Schedule of Major Fund Expenditures .....	67 - 69
Schedule of Changes in Property Taxes Receivable .....	70
Schedules of Governmental Activities Long-Term Debt .....	71

CITY OF WHITE HOUSE, TENNESSEE

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

JUNE 30, 2017

TABLE OF CONTENTS (CONTINUED)

**OTHER SCHEDULES (CONTINUED)**

Schedules of Business-Type Activities Long-Term Debt.....	72
Schedule of Expenditures of Federal and State Awards .....	73
Schedule of Tax Rates and Assessments (unaudited) .....	74
Schedule of Wastewater Rates and Number of Customers (unaudited) .....	75

**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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	76 - 77
SCHEDULE OF FINDINGS AND RESPONSES .....	78 - 79

**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	Kerry Harville
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	Reed Hillen
Director of Public Services	Joe Moss

**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of White House, Tennessee (the "City") as of and for the year ended June 30, 2017, 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, 2017, 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, 2017 financial statements, we also audited adjustments described in Note 12 that were applied to restate the net position as of July 1, 2016. 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 schedule of funding progress - OPEB Plan on pages 53-55 be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of White House, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules on pages 56 through 75, and the information listed as other supplementary schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal 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 19, 2017, on our consideration of the City of White House, Tennessee’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Kraft CPAs PLLC

Nashville, Tennessee  
December 19, 2017

## 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, 2017. 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 \$978,000 in 2017 or 2.4%, while business-type activities total assets increased by \$850,000 or 3.0%, resulting in an increase in total primary government assets of \$1,828,000 or 2.7%. Governmental activities total revenues for the City increased by \$1,385,000 or 15.3%, while business-type total revenues decreased by \$320,000 or 5.8%, resulting in an increase in total primary government revenues of \$1,065,000, or 7.3%. The City's governmental activities total program costs for 2017 increased \$667,000 or 8.6%, while business-type activities total program costs increased by \$242,000 or 6.6%, resulting in an increase in total primary government program costs of \$909,000 or 8.0%. With respect to the City's governmental activities, total revenues increased more than total program costs increased. This resulted in an increase in the change in net position of \$509,000 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 \$40,936,000 in 2017 versus \$39,958,000 in 2016, representing an increase of \$978,000 or 2.4%. Table 1 also shows that total assets of the City's business-type activities were \$29,018,000 in 2017 versus \$28,168,000 in 2016, representing an increase of \$850,000 or 3.0%.

Table 1  
Net Position  
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		
	2017	2016	2017	2016	2017	2016	Change
Current and other assets*	\$ 9,529	\$ 10,043	\$ 5,992	\$ 5,406	\$ 15,521	\$ 15,449	\$ 72
Capital assets*	31,407	29,915	23,026	22,762	54,433	52,677	1,756
Total assets	<u>40,936</u>	<u>39,958</u>	<u>29,018</u>	<u>28,168</u>	<u>69,954</u>	<u>68,126</u>	<u>1,828</u>
Deferred outflows of resources	<u>569</u>	<u>603</u>	<u>78</u>	<u>63</u>	<u>647</u>	<u>666</u>	<u>(19)</u>
Long-term liabilities	7,368	7,938	8,679	8,857	16,047	16,795	(748)
Other liabilities	<u>227</u>	<u>607</u>	<u>236</u>	<u>383</u>	<u>463</u>	<u>990</u>	<u>(527)</u>
Total liabilities	<u>7,595</u>	<u>8,545</u>	<u>8,915</u>	<u>9,240</u>	<u>16,510</u>	<u>17,785</u>	<u>(1,275)</u>
Deferred inflows of resources	<u>3,285</u>	<u>3,442</u>	<u>2</u>	<u>44</u>	<u>3,287</u>	<u>3,486</u>	<u>(199)</u>
Net position:							
Net investment in capital assets*	24,807	22,564	14,378	13,905	39,185	36,469	2,716
Restricted	1,354	1,035	-	14	1,354	1,049	305
Unrestricted*	<u>4,464</u>	<u>4,974</u>	<u>5,800</u>	<u>5,029</u>	<u>10,264</u>	<u>10,003</u>	<u>261</u>
Total net position*	<u>\$ 30,625</u>	<u>\$ 28,573</u>	<u>\$ 20,178</u>	<u>\$ 18,948</u>	<u>\$ 50,803</u>	<u>\$ 47,521</u>	<u>\$ 3,282</u>

\* Prior period adjustments were posted to opening net position as of July 1, 2016. 2016 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 2017 were: (1) Current and other assets decreased by \$514,000; (2) Capital assets, net increased by \$1,492,000. This includes additions of \$2,766,000 and depreciation expense of \$1,285,000. Major capital asset events affecting governmental activities during the current fiscal year included the following:

- Fire Apparatus (Pumper Truck) purchased for an addition of \$451,000
- Asphalt Overlay Program/Street Resurfacing continued for an addition of \$335,000
- Splash Pad (Phase 2) construction for an addition of \$306,000
- Museum renovation project continued for an addition of \$185,000

\*

The significant aspects of the increase in the City's business-type activities total assets in 2017 were an increase in current and other assets of \$586,000 and an increase in capital assets of \$264,000. The net increase in capital assets is the result of a decrease in construction in progress of \$3,798,000, a net increase in machinery and equipment of \$615,000, and depreciation expense of \$942,000. Major capital asset events affecting business-type activities during the current fiscal year included the following:

- WWTP Effluent Irrigation Improvements/Headworks construction completed for an addition of \$455,000
- Grinder Pump replacement program continued for an addition of \$364,000
- Vapex Unit at Copes Crossing Lift Station was completed for an addition of \$94,000
- Northern Force Main extension project completed for an addition of \$91,000

As shown in Table 1, total liabilities of the City's governmental activities decreased by \$950,000 or 11.1% to \$7,595,000 in 2017 from \$8,545,000 in 2016. Table 1 also shows total liabilities of the City's business-type activities increased by \$324,000 or 3.5% to \$8,916,000 in 2017 from \$9,240,000 in 2016.

The significant elements and causes for the changes in the City's governmental activities total liabilities in 2017 were: (1) Other liabilities decreased by \$570,000, and (2) long-term liabilities decreased by \$380,000.

The most significant aspects of the change in the City's business-type activities total liabilities in 2017 were the payments of long-term debt in the amount of \$623,000, offset by the increase in long-term debt primarily due to an additional debt issuance of \$415,000 drawn from State Revolving Fund Loans.

Therefore, total net position of the City's governmental activities increased to \$30,624,000 in 2017 from \$28,537,000 in 2016 representing an increase of \$2,051,000 or 7.2%, and total net position of the City's business-type activities increased to \$20,179,000 in 2017 from \$18,948,000 in 2016, representing an increase of \$1,231,000 or 6.5%.

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 \$2,243,000; (2) restricted net position increased by \$319,000; and (3) unrestricted net position decreased by \$510,000. The increase in the City's business-type activities net position was due to: (1) net investment in capital assets increased by \$473,000; (2) restricted net position increased by \$15,000; and (3) unrestricted net position increased by \$771,000.

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. Total revenues for the City's governmental activities increased to \$10,464,000 in 2017 from \$9,079,000 in 2016, representing an increase of \$1,385,000 or 15.3%. Total revenues for the City's business-type activities decreased to \$5,155,000 in 2017 from \$5,475,000 in 2016, representing a decrease of \$320,000 or 5.8%.

Table 2  
Changes in Net Position  
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 646	\$ 665	\$ 5,062	\$ 5,001	\$ 5,708	\$ 5,666
Operating grants and contributions	353	337	-	-	353	337
Capital grants and contributions	1,115	119	-	361	1,115	480
General revenues:						
Property taxes	3,178	3,089	-	-	3,178	3,089
Park sales tax	582	546	-	-	582	546
Impact fees	33	33	-	-	33	33
Intergovernmental revenues	4,418	4,173	-	-	4,418	4,173
Interest and investment earnings	18	10	17	7	35	17
Other revenues	122	107	76	106	198	213
Total revenues	10,465	9,079	5,155	5,475	15,620	14,554
<b>PROGRAM EXPENDITURES:</b>						
General government	1,781	1,738	-	-	1,781	1,738
City court	83	78	-	-	83	78
Public safety	3,514	3,246	-	-	3,514	3,246
Streets	887	655	-	-	887	655
Cemetery and maintenance	31	23	-	-	31	23
Library and museum	519	475	-	-	519	475
Parks and recreation	1,022	701	-	-	1,022	701
Planning and zoning	57	242	-	-	57	242
Senior citizens activities	33	33	-	-	33	33
Miscellaneous	272	334	-	-	272	334
Interest and issuance costs on long-term debt	227	234	-	-	227	234
Wastewater department	-	-	2,696	2,615	2,696	2,615
Sanitation department	-	-	814	761	814	761
Stormwater department	-	-	402	293	402	293
Total expenses	8,426	7,759	3,912	3,669	12,338	11,428
Excess before transfers	2,039	1,320	1,243	1,806	3,282	3,126
Transfers	13	222	(13)	(222)	-	-
<b>CHANGE IN NET POSITION</b>	2,052	1,542	1,230	1,584	3,282	3,126
<b>NET POSITION, BEGINNING OF YEAR*</b>	28,573	27,031	18,948	17,364	47,521	44,395
<b>NET POSITION, END OF YEAR</b>	\$ 30,625	\$ 28,573	\$ 20,178	\$ 18,948	\$ 50,803	\$ 47,521

\* Prior period adjustments were posted to opening net position as of July 1, 2016. 2016 numbers have been adjusted to reflect these changes. Please see Note 12 in the financial statements for more details.

The change in total revenues of the City's governmental activities for 2017 as compared to 2016 was primarily due to an increase in capital grants and contributions.

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

Table 2 shows that total program expenditures for the City's governmental activities increased to \$8,426,000 in 2017 from \$7,759,000 in 2016, representing an increase of \$667,000 or 8.6%. Total program expenses for the City's business-type activities increased to \$3,911,000 in 2017 from \$3,669,000 in 2016, representing an increase of \$242,000 or 6.6%.

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

The increase in total program expenses for the City's business-type activities was primarily due to increases in the Stormwater Department.

The increase in the net position of the City's governmental activities in 2017 was \$2,051,000, as compared to an increase in net position in 2016 of \$1,542,000. This \$509,000 increase is primarily due to the fact that the increase in revenues was greater than the increase in program expenditures.

## 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, 2017 are as follows:

- The original budgeted revenue totaled \$8,443,000.
- Final budgeted revenues for the period were the same as the original budgeted revenue totals. Final actual revenues for the period amounted to \$7,429,000. 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 \$10,639,000.
- Final budgeted expenditures for the period totaled \$10,807,000. Final actual expenditures for the period totaled \$7,811,000. 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 decrease in fund balance of \$533,000.

## 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
Land	\$ 8,508	\$ 8,450	\$ 793	\$ 793	\$ 9,301	\$ 9,243	\$ 58
Buildings and improvements	15,897	15,529	2,890	10	18,787	15,539	3,248
Machinery and equipment	4,746	4,377	3,803	3,188	8,549	7,565	984
Utility plant in service	-	-	21,991	21,991	21,991	21,991	-
Infrastructure	13,117	11,125	6,294	4,628	19,411	15,753	3,658
Construction in progress*	274	490	-	3,798	274	4,288	(4,014)
Total capital assets	42,542	39,971	35,771	34,408	78,313	74,379	3,934
Accumulated depreciation*	(11,135)	(10,056)	(12,745)	(11,646)	(23,880)	(21,702)	(2,178)
Net capital assets	<u>\$ 31,407</u>	<u>\$ 29,915</u>	<u>\$ 23,026</u>	<u>\$ 22,762</u>	<u>\$ 54,433</u>	<u>\$ 52,677</u>	<u>\$ 1,756</u>

\*Prior period adjustments were posted to opening net position as of July 1, 2016. 2016 Numbers have been adjusted to reflect these changes. Please see Note 12 in the financial statements for more detail.

## Governmental Activities

In June 2016, the City's governmental activities had \$29,915,000 (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 2017 capital assets, were \$31,407,000 (net of accumulated depreciation), representing a net increase of \$1,492,000 or 5.0%. The increase in capital assets was comprised of three significant components: infrastructure increase of \$1,992,000, machinery and equipment increase of \$369,000 and buildings and improvements increase of \$368,000. Capital asset additions in 2017 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 2016, the City's business-type activities, consisting of the Wastewater, Sanitation, and Stormwater Departments, had \$22,762,000 (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 2017 capital assets were \$23,026,000 (net of accumulated depreciation), representing a net increase of \$264,000 or 1.2% from 2016. The net increase in capital assets included depreciation of \$942,000, net of the following: a decrease in construction in progress of \$3,798,000, an increase in building and improvements of \$2,880,000, an increase in infrastructure of \$1,666,000 and an increase in machinery and equipment of \$615,000.

## 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 2017 and 2016:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>Change</u>
General obligation bonds	\$ 6,450	\$ 7,090	\$ 1,405	\$ 1,685	\$ 7,855	\$ 8,775	\$ (920)
Capital outlay notes	236	355	-	-	236	355	(119)
State wastewater facility revolving loan	-	-	7,239	7,167	7,239	7,167	72
Total bonds and loans payable	6,686	7,445	8,644	8,852	15,330	16,297	(967)
Premium on bonds	113	122	4	5	117	127	(10)
Accrued compensated absences	435	371	-	-	435	371	64
Net OPEB liability	31	-	9	-	40	-	40
Total long-term debt	<u>\$ 7,265</u>	<u>\$ 7,938</u>	<u>\$ 8,657</u>	<u>\$ 8,857</u>	<u>\$ 15,922</u>	<u>\$ 16,795</u>	<u>\$ (873)</u>

## Governmental Activities

At the end of the current fiscal year, the City's governmental activities had outstanding long-term debt of \$7,265,000. The prior year total of long-term liabilities amounted to \$7,938,000; consequently, long-term liabilities decreased during the year by \$673,000 or 8.5%.

## Business-type Activities

At the end of the current fiscal year, the City's business-type activities had outstanding long-term debt of \$8,657,000 related entirely to the Wastewater Department. The prior year total of long-term liabilities amounted to \$8,857,000; consequently, long-term liabilities decreased during the year by \$200,000 or 2.3%.

The Wastewater Department has outstanding Notes Payable to the State of Tennessee, Revolving Loan Fund due in monthly installments through 2037. Also outstanding is a portion of the General Obligation Refunding Bond, Series, 2008 and 2012 due annually through 2024. These are all direct obligations of the City and are backed by the full faith and credit of the City and secured by a lien upon and pledge of the net revenues of the Wastewater system. In addition, the City has pledged to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations under these agreements. In addition, the City has pledged to assign its state shared taxes to the State of Tennessee to secure the payment of the City's obligations to the State Revolving Loan Fund. The amount due as of June 30, 2017 on the business-type obligations totaled \$8,657,000.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic factors currently affect the City of White House and were considered in developing the 2017-2018 fiscal year budget.

- As of June 2017, the Sumner county unemployment rates were in the top five lowest rates in the state at 3.4%. Robertson County's unemployment rate is slightly out of the top ten at 3.9%. Both counties have improved from last year. However, nearly all the other counties in the state have also improved.
- Wastewater rates have not changed since July 1, 2016.
- Effective July 1, 2017, Stormwater Utility Fee rates increased 35% (\$2.32/ERU) to cover needed improvements and operating costs.
- The City Board of Mayor and Aldermen decided to continue no change to the current city tax rate for the 2017-2018 fiscal year budget. This is the fifth consecutive year at the current rate.
- Over the past couple of years, we have averaged approximately 60 new homes per year in city. We have reason to believe this average will soon have a significant increase due to potential developments currently being planned.
- The City conducted a special census in fiscal year 2017 and the results of that census showed an increase in population from the 2010 census of 1,345 citizens to make the new population total 11,600. This is an increase of 13% from the previous count of 10,255.
- During the current fiscal year, the unassigned fund balance in the general fund was \$4,133,085. The City of White House has appropriated \$1,770,401 of this amount for spending in the 2017-2018 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, 2017

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,997,792	\$ 4,919,447	\$ 9,917,239
Receivables, net	4,353,611	72,851	4,426,462
Unbilled receivables	-	827,142	827,142
Internal balances	(136)	136	-
Inventories	-	124,690	124,690
Other current assets	165,392	47,423	212,815
Restricted cash	12,618	-	12,618
Capital assets:			
Land and construction in progress	8,782,064	792,760	9,574,824
Other capital assets, net	<u>22,625,186</u>	<u>22,233,503</u>	<u>44,858,689</u>
<b>TOTAL ASSETS</b>	<u>40,936,527</u>	<u>29,017,952</u>	<u>69,954,479</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on advance refunding	198,858	-	198,858
Deferred outflows related to pensions	<u>369,678</u>	<u>78,194</u>	<u>447,872</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>568,536</u>	<u>78,194</u>	<u>646,730</u>
<b>LIABILITIES</b>			
Accounts payable	69,040	83,494	152,534
Accrued liabilities	125,058	145,255	270,313
Accrued interest	33,416	7,270	40,686
Noncurrent liabilities:			
Net pension liability	102,443	22,700	125,143
Due within one year	1,004,851	580,278	1,585,129
Due in more than one year	<u>6,260,961</u>	<u>8,076,066</u>	<u>14,337,027</u>
<b>TOTAL LIABILITIES</b>	<u>7,595,769</u>	<u>8,915,063</u>	<u>16,510,832</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Assessed and unlevied property taxes	3,273,000	-	3,273,000
Deferred inflows related to pensions	<u>11,579</u>	<u>2,347</u>	<u>13,926</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,284,579</u>	<u>2,347</u>	<u>3,286,926</u>
<b>NET POSITION</b>			
Net investment in capital assets	24,806,727	14,378,490	39,185,217
Restricted for:			
Cemetery	174,003	-	174,003
Parks and recreation	376,334	-	376,334
Street maintenance and improvements	424,525	-	424,525
Other	378,683	-	378,683
Unrestricted	<u>4,464,443</u>	<u>5,800,246</u>	<u>10,264,689</u>
<b>TOTAL NET POSITION</b>	<u>\$ 30,624,715</u>	<u>\$ 20,178,736</u>	<u>\$ 50,803,451</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 1,781,595	\$ 276,706	\$ -	\$ -	\$ (1,504,889)	\$ -	\$ (1,504,889)
City court	83,257	91,199	-	-	7,942	-	7,942
Public safety	3,514,442	4,414	37,971	-	(3,472,057)	-	(3,472,057)
Streets	887,935	-	304,581	1,115,267	531,913	-	531,913
Cemetery and maintenance	31,378	36,340	-	-	4,962	-	4,962
Library and museum	518,582	10,964	1,000	-	(506,618)	-	(506,618)
Parks and recreation	1,021,600	117,232	-	-	(904,368)	-	(904,368)
Planning and zoning	56,832	109,413	-	-	52,581	-	52,581
Senior citizen activities	32,747	-	9,500	-	(23,247)	-	(23,247)
Miscellaneous	271,739	-	-	-	(271,739)	-	(271,739)
Interest and other debt service	227,421	-	-	-	(227,421)	-	(227,421)
	<u>8,427,528</u>	<u>646,268</u>	<u>353,052</u>	<u>1,115,267</u>	<u>(6,312,941)</u>	<u>-</u>	<u>(6,312,941)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Wastewater Department	2,695,820	3,574,707	-	-	-	878,887	878,887
Sanitation Department	814,234	837,942	-	-	-	23,708	23,708
Stormwater Department	401,724	649,582	-	-	-	247,858	247,858
	<u>3,911,778</u>	<u>5,062,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,150,453</u>	<u>1,150,453</u>
<b>TOTAL GOVERNMENT</b>	<b>\$ 12,339,306</b>	<b>\$ 5,708,499</b>	<b>\$ 353,052</b>	<b>\$ 1,115,267</b>	<b>(6,312,941)</b>	<b>1,150,453</b>	<b>(5,162,488)</b>
<b>GENERAL REVENUES</b>							
Property taxes					3,178,216	-	3,178,216
Park sales tax					582,426	-	582,426
Impact fees					33,192	-	33,192
Intergovernmental revenues					4,418,337	-	4,418,337
Interest and investment earnings					17,652	17,664	35,316
Other revenue					122,226	75,867	198,093
Transfers					12,773	(12,773)	-
<b>TOTAL GENERAL REVENUES</b>					<u>8,364,822</u>	<u>80,758</u>	<u>8,445,580</u>
<b>CHANGE IN NET POSITION</b>					<u>2,051,881</u>	<u>1,231,211</u>	<u>3,283,092</u>
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>					<u>28,572,834</u>	<u>18,947,525</u>	<u>47,520,359</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 30,624,715</u>	<u>\$ 20,178,736</u>	<u>\$ 50,803,451</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	<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	\$ 3,733,768	\$ 90,302	\$ 922,756	\$ 4,746,826
Receivables, net	4,025,542	151,954	176,115	4,353,611
Prepaid expenses	165,392	-	-	165,392
Restricted cash	-	-	12,618	12,618
<b>TOTAL ASSETS</b>	<u>\$ 7,924,702</u>	<u>\$ 242,256</u>	<u>\$ 1,111,489</u>	<u>\$ 9,278,447</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 67,549	\$ -	\$ 200	\$ 67,749
Accrued liabilities	125,058	-	-	125,058
Due to other funds	136	-	-	136
<b>TOTAL LIABILITIES</b>	<u>192,743</u>	<u>-</u>	<u>200</u>	<u>192,943</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>3,433,482</u>	<u>-</u>	<u>-</u>	<u>3,433,482</u>
<b>NET POSITION</b>				
Nonspendable	165,392	-	-	165,392
Restricted	-	242,256	1,111,289	1,353,545
Unassigned	<u>4,133,085</u>	<u>-</u>	<u>-</u>	<u>4,133,085</u>
<b>TOTAL FUND BALANCES</b>	<u>4,298,477</u>	<u>242,256</u>	<u>1,111,289</u>	<u>5,652,022</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 7,924,702</u>	<u>\$ 242,256</u>	<u>\$ 1,111,489</u>	<u>\$ 9,278,447</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, 2017

TOTAL GOVERNMENTAL FUND BALANCES	\$ 5,652,022
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet	31,407,250
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	(6,686,000)
Less: deferred charges on advance refundings	198,858
Add: bond premium	(113,381)
Compensated absences	(435,003)
Other post employment benefits obligation	(31,428)
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest expenditures are reported when due	(33,416)
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	(102,443)
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	173,671
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	196,007
Deferred inflows related to pensions	(11,579)
Certain deferred inflows relating to property taxes in the governmental fund statements is recognized as revenue in the government-wide Statement of Net Position	160,482
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>249,675</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 30,624,715</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, 2017

	<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>
<b>REVENUES</b>				
Taxes	\$ 3,171,700	\$ -	\$ 582,426	\$ 3,754,126
Intergovernmental revenues	3,518,284	937,083	386,574	4,841,941
Charges for services	146,380	-	39,063	185,443
Licenses and permits	364,962	-	33,192	398,154
Fines and forfeitures	91,449	-	4,414	95,863
Interest revenue	15,089	399	2,164	17,652
Miscellaneous	121,566	-	660	122,226
	<u>7,429,430</u>	<u>937,482</u>	<u>1,048,493</u>	<u>9,415,405</u>
<b>EXPENDITURES</b>				
Current operations:				
General government	1,508,464	-	19,120	1,527,584
City court	80,246	-	-	80,246
Public safety	3,720,574	-	5,828	3,726,402
Streets	635,280	-	293,444	928,724
Cemetery and maintenance	-	-	26,069	26,069
Library and museum	568,832	-	-	568,832
Parks and recreation	763,303	-	382,595	1,145,898
Planning and zoning	286,123	-	-	286,123
Senior citizen activities	32,747	-	-	32,747
Miscellaneous	215,209	2,729	53,801	271,739
Debt service				
Principal	-	659,000	100,000	759,000
Interest	-	207,743	14,273	222,016
Bond issuance costs	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>7,810,778</u>	<u>869,472</u>	<u>895,130</u>	<u>9,575,380</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(381,348)	68,010	153,363	(159,975)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	151,484	-	151,484
Transfer out	(151,484)	-	-	(151,484)
<b>NET CHANGE IN FUND BALANCES</b>	(532,832)	219,494	153,363	(159,975)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,831,309</u>	<u>22,762</u>	<u>957,926</u>	<u>5,811,997</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,298,477</u>	<u>\$ 242,256</u>	<u>\$ 1,111,289</u>	<u>\$ 5,652,022</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, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (159,975)
Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:	
Acquisition of capital assets	1,720,868
Donation of capital assets	1,044,715
Depreciation expense	(1,285,277)
Capital assets transferred from business type activities to governmental activities in 2017	12,773
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	759,000
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	(18,499)
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, 2017	(33,416)
Accrued interest on debt obligations at June 30, 2016	37,659
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	(63,968)
Net recognized differences in pension plan (expense) revenue	52,175
Change in accrual for other post benefits obligation	(31,428)
Delinquent property taxes do not provide current financial resources and are not reported as revenues for governmental funds	6,516
The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>1,887</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,051,881</u>

See accompanying notes to financial statements.



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON STATEMENT

GENERAL FUND

YEAR ENDED JUNE 30, 2017

	<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	\$ 2,997,260	\$ 2,997,260	\$ 3,171,700	\$ 174,440
Intergovernmental revenues	4,831,790	4,831,790	3,518,284	(1,313,506)
Charges for services	146,675	146,675	146,380	(295)
Licenses and permits	332,450	332,450	364,962	32,512
Fines and forfeitures	100,200	100,200	91,449	(8,751)
Interest revenue	6,500	6,500	15,089	8,589
Miscellaneous	27,966	27,966	121,566	93,600
	<u>8,442,841</u>	<u>8,442,841</u>	<u>7,429,430</u>	<u>(1,013,411)</u>
<b>EXPENDITURES</b>				
Current operations:				
General government	3,776,945	3,753,195	1,508,464	2,244,731
City court	82,514	84,264	80,246	4,018
Public safety	4,018,142	4,018,144	3,720,574	297,570
Streets	741,702	741,702	635,280	106,422
Library and museum	420,398	606,973	568,832	38,141
Parks and recreation	885,510	892,611	763,303	129,308
Planning and zoning	316,821	316,820	286,123	30,697
Senior citizen activities	42,448	38,448	32,747	5,701
Miscellaneous	355,000	355,000	215,209	139,791
	<u>10,639,480</u>	<u>10,807,157</u>	<u>7,810,778</u>	<u>2,996,379</u>
<b>TOTAL EXPENDITURES</b>	<u>10,639,480</u>	<u>10,807,157</u>	<u>7,810,778</u>	<u>2,996,379</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(2,196,639)</u>	<u>(2,364,316)</u>	<u>(381,348)</u>	<u>1,982,968</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>(151,484)</u>	<u>(151,484)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,196,639)</u>	<u>\$ (2,364,316)</u>	<u>(532,832)</u>	<u>\$ 1,831,484</u>
<b>FUND BALANCE - BEGINNING</b>				
<b>OF YEAR</b>			<u>4,831,309</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,298,477</u>	

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Storm Water</u>		<u>Activity -</u>
	<u>Department</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>	<u>Internal</u>
					<u>Service Fund</u>
					<u>Health Care Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,057,090	\$ 581,937	\$ 280,420	\$ 4,919,447	\$ 250,966
Accounts receivable, net	56,610	8,555	7,686	72,851	-
Unbilled receivables	544,860	140,641	141,641	827,142	-
Internal balances	717	(368)	(213)	136	-
Inventories	124,690	-	-	124,690	-
Other current assets	32,163	8,920	6,340	47,423	-
<b>Total current assets</b>	<b>4,816,130</b>	<b>739,685</b>	<b>435,874</b>	<b>5,991,689</b>	<b>250,966</b>
Capital assets, net	<u>22,801,225</u>	<u>108,479</u>	<u>116,559</u>	<u>23,026,263</u>	-
<b>TOTAL ASSETS</b>	<u><b>27,617,355</b></u>	<u><b>848,164</b></u>	<u><b>552,433</b></u>	<u><b>29,017,952</b></u>	<u><b>250,966</b></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred outflows related to pensions	<u>46,400</u>	<u>12,351</u>	<u>19,443</u>	<u>78,194</u>	-
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	28,648	50,921	3,925	83,494	1,291
Accrued liabilities	65,831	2,868	4,160	72,859	-
Accrued interest	7,270	-	-	7,270	-
Accrued compensated absences	38,938	15,770	17,688	72,396	-
Current maturities of long-term liabilities	580,278	-	-	580,278	-
Net pension liability	<u>11,000</u>	<u>3,500</u>	<u>8,200</u>	<u>22,700</u>	-
<b>Total current liabilities</b>	<b>731,965</b>	<b>73,059</b>	<b>33,973</b>	<b>838,997</b>	<b>1,291</b>
<b>LONG-TERM LIABILITIES, less current maturities</b>	<u><b>8,070,352</b></u>	<u><b>2,857</b></u>	<u><b>2,857</b></u>	<u><b>8,076,066</b></u>	-
<b>TOTAL LIABILITIES</b>	<u><b>8,802,317</b></u>	<u><b>75,916</b></u>	<u><b>36,830</b></u>	<u><b>8,915,063</b></u>	<u><b>1,291</b></u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred inflows related to pensions	<u>2,047</u>	<u>300</u>	-	<u>2,347</u>	-
<b>NET POSITION</b>					
Net investment in capital assets	14,153,452	108,479	116,559	14,378,490	-
Unrestricted	<u>4,705,939</u>	<u>675,820</u>	<u>418,487</u>	<u>5,800,246</u>	<u>249,675</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 18,859,391</b></u>	<u><b>\$ 784,299</b></u>	<u><b>\$ 535,046</b></u>	<u><b>\$ 20,178,736</b></u>	<u><b>\$ 249,675</b></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, 2017

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Storm Water</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>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,574,707	\$ 837,942	\$ 649,582	\$ 5,062,231	\$ 64,793
Other operating revenues	<u>71,712</u>	<u>4,155</u>	<u>-</u>	<u>75,867</u>	<u>780</u>
<b>TOTAL REVENUES</b>	<u>3,646,419</u>	<u>842,097</u>	<u>649,582</u>	<u>5,138,098</u>	<u>65,573</u>
<b>OPERATING EXPENSES</b>					
Personnel services	602,426	163,595	261,385	1,027,406	-
Supplies	268,853	21,359	78,021	368,233	-
Utilities	234,361	572	1,970	236,903	-
Other operating expenses	571,210	610,338	50,159	1,231,707	9,863
Claims, net of insurance proceeds	-	-	-	-	55,077
Depreciation	<u>913,808</u>	<u>18,370</u>	<u>10,189</u>	<u>942,367</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<u>2,590,658</u>	<u>814,234</u>	<u>401,724</u>	<u>3,806,616</u>	<u>64,940</u>
<b>OPERATING INCOME</b>	<u>1,055,761</u>	<u>27,863</u>	<u>247,858</u>	<u>1,331,482</u>	<u>633</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	15,072	2,035	557	17,664	1,254
Interest expense	<u>(105,162)</u>	<u>-</u>	<u>-</u>	<u>(105,162)</u>	<u>-</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(90,090)</u>	<u>2,035</u>	<u>557</u>	<u>(87,498)</u>	<u>1,254</u>
<b>INCOME BEFORE CAPITAL GRANTS, CONTRIBUTIONS AND TRANSFERS</b>	<u>965,671</u>	<u>29,898</u>	<u>248,415</u>	<u>1,243,984</u>	<u>1,887</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in, net	567	-	-	567	-
Transfers out, net	<u>-</u>	<u>(13,340)</u>	<u>-</u>	<u>(13,340)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>966,238</u>	<u>16,558</u>	<u>248,415</u>	<u>1,231,211</u>	<u>1,887</u>
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>	<u>17,893,153</u>	<u>767,741</u>	<u>286,631</u>	<u>18,947,525</u>	<u>247,788</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 18,859,391</u>	<u>\$ 784,299</u>	<u>\$ 535,046</u>	<u>\$ 20,178,736</u>	<u>\$ 249,675</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,653,987	\$ 830,036	\$ 606,161	\$ 5,090,184	\$ -
Receipts from internal services provided	-	-	-	-	65,573
Payments to suppliers	(1,151,032)	(628,563)	(129,547)	(1,909,142)	-
Payments to or on behalf of employees	(664,277)	(163,599)	(259,593)	(1,087,469)	-
Claims paid, net of insurance recoveries	-	-	-	-	(55,873)
Premiums paid	-	-	-	-	(9,863)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,838,678</u>	<u>37,874</u>	<u>217,021</u>	<u>2,093,573</u>	<u>(163)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of equipment	(1,130,567)	-	(88,846)	(1,219,413)	-
Proceeds from revolving fund loan debt	1,321,292	-	-	1,321,292	-
Payments on long-term debt	(622,841)	-	-	(622,841)	-
Interest paid	(106,458)	-	-	(106,458)	-
	<u>(106,458)</u>	<u>-</u>	<u>-</u>	<u>(106,458)</u>	<u>-</u>
<b>NET CASH USED IN CAPITAL AND RELATED ACTIVITIES</b>	<u>(538,574)</u>	<u>-</u>	<u>(88,846)</u>	<u>(627,420)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	15,072	2,035	557	17,664	1,254
	<u>15,072</u>	<u>2,035</u>	<u>557</u>	<u>17,664</u>	<u>1,254</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>15,072</u>	<u>2,035</u>	<u>557</u>	<u>17,664</u>	<u>1,254</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,315,176	39,909	128,732	1,483,817	1,091
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,741,914</u>	<u>542,028</u>	<u>151,688</u>	<u>3,435,630</u>	<u>249,875</u>
<b>CASH AND CASH EQUIVALENTS - END 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>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ 1,055,761	\$ 27,863	\$ 247,858	\$ 1,331,482	\$ 633
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	913,808	18,370	10,189	942,367	-
Net pension adjustment	(11,982)	(2,055)	(6,786)	(20,823)	-
Changes in operating assets and liabilities					
Receivables, net	(2,109)	60,036	47,528	105,455	-
Unbilled receivables	9,677	(72,097)	(90,949)	(153,369)	-
Internal balances	(25)	368	(479)	(136)	-
Inventories	13,425	-	-	13,425	-
Other current assets	16,429	280	(1,941)	14,768	-
Accounts payable	10,121	3,058	3,023	16,202	(796)
Accrued liabilities	(166,427)	2,051	8,578	(155,798)	-
TOTAL ADJUSTMENTS	<u>782,917</u>	<u>10,011</u>	<u>(30,837)</u>	<u>762,091</u>	<u>(796)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,838,678</u>	<u>\$ 37,874</u>	<u>\$ 217,021</u>	<u>\$ 2,093,573</u>	<u>\$ (163)</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of White House, Tennessee (“City”) was incorporated January 30, 1971, under Section 6-101 through 6-134, *Tennessee Code Annotated*. The City provides public safety, public works, sanitation, recreation, planning and zoning, and wastewater services to residents and businesses of the City. The City is governed by a mayor and four aldermen.

The accounting and reporting policies of the City in its basic financial statements conform to U.S. generally accepted accounting principles applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (“GASB”).

Reporting Entity

The City’s basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City’s reporting entity, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization’s board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is a fiscal dependency by the organization on the City

Based on the aforementioned criteria, management has determined the City has no component units.

The City’s Board of Mayor and Aldermen is responsible for appointing the members of the White House Industrial Development Corporation Board (the “Corporation”) of White House, Tennessee. The Corporation provides industrial development bonds for private enterprises after approval by the City’s Board. The bonds do not constitute debt of the City and are secured solely by revenues received from the commercial organizations on whose behalf the bonds are issued. The City’s accountability for this organization does not extend beyond making the appointments.

Basic Financial 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, 2017

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, 2017

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 and was established in January 2015.

Additionally, the government reports the following fund types:

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

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

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



CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017

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, 2017

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 \$3,440,249 and intergovernmental revenues of \$913,362. 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, 2017 totals \$214,000 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, 2017, but which were levied to finance fiscal year 2018 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, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

*Deferred outflows of resources* represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource (expense/expenditure) until then. Deferred outflows at June 30, 2017 consist of deferred charges on advance refunding of debt and amounts related to pensions (differences in projected and actual earnings and contributions after the measurement date).

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. Also, employees may accumulate unlimited sick leave. At retirement, employees are paid for one-half of their unused sick leave up to a maximum of 100 hours with the remaining hours counting as service credit in TCRS. The liability for these compensated absences is recorded as long-term debt in the government-wide statements for government activities and for business-type activities. The current portion of the compensated absences is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Long-Term Obligations

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

Pensions

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

*Deferred inflows of resources* represent an acquisition of net position that applies to a future period and will be recognized as an inflow of resource (revenue) at that time. The *unavailable revenue* reported in the balance sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The *assessed and unlevied property taxes* reported in the statement of net position, 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 are also included in deferred inflows.

Property Taxes

Property taxes include amounts levied against all real property and tangible personal property used in businesses located in the City. Property taxes are levied (based on the assessed valuation as of January 1) and become due and payable from October 1 through the end of February of each year. Taxes not paid by March 1 of the following year are considered delinquent. The lien for taxes levied each year attaches on the first day of January and continues until such taxes and any penalties, interest or other charges accruing thereon are paid. Assessed values are established by the State of Tennessee at the following rates of appraised value:

Real property:	
Public utility property	55%
Industrial and commercial property	40%
Residential property	25%
Farming and agricultural property	25%
Personal property:	
Public utility property	55%
Industrial and commercial property	30%

A revaluation of all property is required to be completed every five years for Sumner County, Tennessee and every six years for Robertson County, Tennessee. The last revaluation was completed in 2014 for Sumner County and 2013 for Robertson County. The City's tax rate applicable to 2017 and 2016 was \$1.2315 for both Sumner County and Robertson County on each \$100 of tax valuation.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017 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, 2017, the only unliquidated interfund receivable (payable) was \$717 due to the Solid Waste, Stormwater, and General Fund from the Sewer Fund.

The Wastewater Fund made payments totaling \$142,572 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. Additionally, the Debt Service Fund transferred \$151,484 to the General Fund in 2017 to fund debt service requirements.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017, all deposits were insured or collateralized, as required by state statute. At June 30, 2017, 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 forty-three days. The Pool does not have a credit rating. The City's investment in the Tennessee Local Government Investment Pool totaled \$7,746,162 at June 30, 2017.



CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2016 (Restated)	Additions	Retirements	Transfers	Balance June 30, 2017
<u>Capital assets not being depreciated:</u>					
Land	\$ 8,449,915	\$ 58,310	\$ -	\$ -	\$ 8,508,225
Construction in progress	490,448	176,002	-	(392,611)	273,839
Total capital assets not being depreciated	8,940,363	234,312	-	(392,611)	8,782,064
<u>Capital assets being depreciated:</u>					
Buildings and improvements	15,529,109	185,211	-	183,363	15,897,683
Machinery and equipment	4,377,426	563,750	(28,012)	(167,359)	4,745,805
Infrastructure assets	11,124,963	1,782,310	-	209,248	13,116,521
Total capital assets being depreciated	31,031,498	2,531,271	(28,012)	225,252	33,760,009
<u>Less accumulated depreciation:</u>					
Land improvements, buildings, machinery and equipment	(7,618,728)	(752,241)	28,012	180,132	(8,162,825)
Infrastructure assets	(2,438,962)	(533,036)	-	-	(2,971,998)
Total accumulated depreciation	(10,057,690)	(1,285,277)	28,012	180,132	(11,134,823)
Governmental activities capital assets, net	\$ 29,914,171	\$ 1,480,306	\$ -	\$ 12,773	\$ 31,407,250

Depreciation was charged to governmental activities as follows:

Public safety	\$ 303,151
Parks and recreation	298,395
General government	459,631
Public works	84,912
Library	121,158
Planning and zoning	10,809
Planning and zoning	7,221
	<u>\$ 1,285,277</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Business-Type Activities	Balance July 1, 2016 (Restated)	Additions	Retirements	Transfers	Balance June 30, 2017
<u>Capital assets not being depreciated:</u>					
Land	\$ 792,760	\$ -	\$ -		\$ 792,760
Construction in progress	<u>3,797,636</u>	<u>-</u>	<u>-</u>	<u>(3,797,636)</u>	<u>-</u>
Total capital assets not being depreciated	<u>4,590,396</u>	<u>-</u>	<u>-</u>	<u>(3,797,636)</u>	<u>792,760</u>
<u>Capital assets being depreciated:</u>					
Wastewater plant	21,990,957	-	-	-	21,990,957
Building and improvements	9,621	454,567	-	2,426,063	2,890,251
Machinery and equipment	3,188,795	471,213	-	143,619	3,803,627
Infrastructure assets	<u>4,628,418</u>	<u>293,634</u>	<u>-</u>	<u>1,371,574</u>	<u>6,293,626</u>
Total capital assets being depreciated	<u>29,817,791</u>	<u>1,219,414</u>	<u>-</u>	<u>3,941,256</u>	<u>34,978,461</u>
<u>Less accumulated depreciation:</u>					
Wastewater plant	(9,451,051)	(500,190)	-	-	(9,951,241)
Building and improvements	(9,621)	(9,602)	-	-	(19,223)
Machinery and equipment	(1,883,089)	(213,229)	-	(156,393)	(2,252,711)
Infrastructure assets	<u>(302,437)</u>	<u>(219,346)</u>	<u>-</u>	<u>-</u>	<u>(521,783)</u>
Total accumulated depreciation	<u>(11,646,198)</u>	<u>(942,367)</u>	<u>-</u>	<u>(156,393)</u>	<u>(12,744,958)</u>
Business-type activities capital assets, net	<u>\$ 22,761,989</u>	<u>\$ 277,047</u>	<u>\$ -</u>	<u>\$ (12,773)</u>	<u>\$ 23,026,263</u>

The net book value of assets transferred between business-type activities and governmental activities resulted in a net transfer out of business-type activities of \$12,773.

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

Wastewater	\$ 913,808
Solid Waste	18,370
Stormwater	<u>10,189</u>
	<u>\$ 942,367</u>

The cost to complete construction in progress for all fund types at June 30, 2017 was approximately \$3,034,000.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

For governmental activities, compensated absences and Other Post-Employment Benefits ("OPEB") obligations are generally liquidated by the fund in which the employees' time is charged, typically the general, wastewater, solid waste, and stormwater funds.

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

Governmental Activities	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
General Obligation Refunding Bonds	\$ 4,140,000	\$ -	\$ (570,000)	\$ 3,570,000	\$ 510,000
General Obligation Public					
Improvement Bonds	2,950,000	-	(70,000)	2,880,000	70,000
Capital Outlay Note	355,000	-	(119,000)	236,000	118,000
Total long-term debt before premiums	7,445,000	-	(759,000)	6,686,000	698,000
Plus: unamortized premium on bonds	122,232	-	(8,851)	113,381	8,851
Total long-term debt	7,567,232	-	(767,851)	6,799,381	706,851
Accrued compensated absences	371,035	361,709	(297,741)	435,003	298,000
Net OPEB liability	-	47,143	(15,715)	31,428	-
Total long-term liabilities	<u>\$ 7,938,267</u>	<u>\$ 408,852</u>	<u>\$ (1,081,307)</u>	<u>\$ 7,265,812</u>	<u>\$ 1,004,851</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

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 and OPEB liabilities.

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

Business-Type Activities	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
Notes payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund	\$ 7,167,486	\$ 414,757	\$ (343,401)	\$ 7,238,842	\$ 375,278
General Obligation Refunding Bonds	<u>1,685,000</u>	<u>-</u>	<u>(280,000)</u>	<u>1,405,000</u>	<u>205,000</u>
Total long-term debt before premiums	8,852,486	414,757	(623,401)	8,643,842	580,278
Plus: unamortized premium on bonds	<u>4,520</u>	<u>-</u>	<u>(589)</u>	<u>3,931</u>	<u>-</u>
Total long-term debt	8,857,006	414,757	(623,990)	8,647,773	580,278
Net OPEB liability	<u>-</u>	<u>12,857</u>	<u>(4,286)</u>	<u>8,571</u>	<u>-</u>
Total long-term liabilities	<u>\$ 8,857,006</u>	<u>\$ 427,614</u>	<u>\$ (628,276)</u>	<u>\$ 8,656,344</u>	<u>\$ 580,278</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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 Refunding Bonds, Series 2008, due in one remaining installment in June 2018, at a fixed interest rate of 4.00%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 360,000
General Obligation Public Improvement Bonds, Series 2013, due in increasing installments through June 2043, at fixed rates ranging from 2.00% to 4.25%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	2,880,000
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.	3,210,000
General Obligation Fire Apparatus Capital Outlay Notes, Series 2015, due in principal installments of \$118,000 through March 2019, at fixed interest rate of 1.75%; interest payable annually on March 25 of each year.	<u>236,000</u>
Total long-term debt before premiums	6,686,000
Plus: unamortized premium on bonds	<u>113,381</u>
Total long-term debt	6,799,381
Accrued compensated absences	435,003
Net OPEB liability	<u>31,428</u>
Total long-term governmental-activities liabilities	<u>\$ 7,265,812</u>

Business-type Activities:

General Obligation Refunding Bonds

General Obligation Refunding Bonds, Series 2012, due in varying installments through June 2024, at fixed interest rates ranging from 1.00% to 2.00%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 1,405,000
	<u>1,405,000</u>

(Continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

Business-type Activities (continued):

State Revolving Loan Fund Debt:

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in monthly installments of \$2,970, including interest at 1.77%, through May 2031.	\$ 439,392
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.	278,636
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest a 1.88%, due in monthly installments of \$3,878 through October 2033.	653,972
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.0%, due in monthly installments of \$16,556 through December 2034.	3,184,720
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.00%, due in monthly installments of \$1,765 through March 2036.	361,940
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 0.75%, due in monthly installments of \$7,181 through September 2033.	1,544,094
Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.11%, due in monthly installments of \$3,719 through October 2036.	<u>776,088</u>
Total long term debt before premiums	8,643,842
Plus: unamortized premium on bonds	<u>3,931</u>
Total long-term debt	8,647,773
Net OPEB liability	<u>8,571</u>
Total long-term business-type activities liabilities	<u>\$ 8,656,344</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

The principal and related interest on the General Obligation Public Improvement Bonds, Series 2013, the General Obligation Refunding Bonds, Series 2008 and Series 2015 are direct obligations of the City and are backed by the full faith and credit of the City. Also, the City pledges to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations as they become due.

The General Obligation Refunding Bonds Series 2008 and 2012 are backed by the full faith and credit of the City and are payable from and secured by a lien upon and pledge of the net revenues of the Wastewater system. Also, the City pledges to levy and collect additional taxes, to the extent necessary, to meet the debt service obligations under these agreements.

Debt Issuance

Subsequent to year end, on July 20, 2017, the City issued a \$250,000 General Obligation Land Purchase Capital Outlay Note, to purchase land for use as parks. The capital outlay note has a fixed interest rate varying from 2.15% to 3.00%.

Debt Service Requirements

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

Year Ended June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 698,000	\$ 198,404	\$ 896,404	\$ 580,278	\$ 100,718	\$ 680,996
2019	758,000	177,330	935,330	584,560	94,182	678,742
2020	655,000	162,436	817,436	593,886	87,191	681,077
2021	390,000	149,336	539,336	598,270	79,762	678,032
2022	400,000	141,312	541,312	607,711	71,961	679,672
2023-2027	1,495,000	574,767	2,069,767	2,392,057	247,366	2,639,423
2028-2032	725,000	390,526	1,115,526	2,109,314	118,209	2,227,523
2033-2037	625,000	274,181	899,181	1,177,766	19,202	1,196,968
2038-2042	765,000	136,398	901,398	-	-	-
2043	175,000	7,437	182,437	-	-	-
	<u>\$ 6,686,000</u>	<u>\$ 2,212,127</u>	<u>\$ 8,898,127</u>	<u>\$ 8,643,842</u>	<u>\$ 818,591</u>	<u>\$ 9,462,433</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 6 - DEFERRED COMPENSATION PLAN

Until July 31, 2016, the City offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City of White House 457 Plan, which was available to all City employees, permitted them to defer a portion of their salary to future years subject to maximum deferral limitations provided in the plan. The Plan was administered by ICMA Retirement Corporation and Vantage Trust and was available for all full-time employees.

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 plans. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the plans. The plans allow 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 plans. Total employee contributions for the year ended June 30, 2017 were \$1,350 for the 457(b) plan. For year ended June 30, 2017, 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, 2017

NOTE 7 - PENSION PLAN (CONTINUED)

Benefits Provided (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. 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, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	95
Active employees	<u>86</u>
	<u>210</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, 2017, the employer contributions for the City was \$199,188 based on a rate of 5.73% 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 (Asset)

The City's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 7 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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	6.46 %	33 %
Developed market international equity	6.26 %	17 %
Emerging market international equity	6.40 %	5 %
Private equity and strategic lending	4.61 %	8 %
U.S. fixed income	0.98 %	29 %
Real estate	4.73 %	7 %
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 7.5 percent based on a blending of the three factors described above.

Discount Rate

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 7 - PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary Net</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Position</u>	<u>Liability (Asset)</u>
	(a)	(b)	(a) – (b)
BALANCE AT JUNE 30, 2015	\$ 6,219,120	\$ 6,286,451	\$ (67,331)
<b>CHANGES FOR THE YEAR:</b>			
Service cost	289,785	-	289,785
Interest	482,007	-	482,007
Differences between expected and actual experience	(43,707)	-	(43,707)
Contributions - employer	-	199,188	(199,188)
Contributions - employee	-	173,811	(173,811)
Net investment income	-	169,078	(169,078)
Benefit payments, including refunds of employee contributions	(164,291)	(164,291)	-
Administrative expense	-	(6,466)	6,466
Net changes	<u>563,794</u>	<u>371,320</u>	<u>192,474</u>
BALANCE AT JUNE 30, 2016	<u>\$ 6,782,914</u>	<u>\$ 6,657,771</u>	<u>\$ 125,143</u>

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

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

	<u>Current Discount</u>		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
City's net pension liability (asset)	<u>\$ 1,255,530</u>	<u>\$ 125,143</u>	<u>\$ (786,725)</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 7 - PENSION PLAN (CONTINUED)

Pension Expense

For the year ended June 30, 2017, the City recognized pension expense of \$149,796.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2017, 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	\$ -	\$ 13,926
Net difference between projected and actual earnings on pension plan investments	226,545	-
Contributions subsequent to the measurement date of June 30, 2016	<u>221,327</u>	<u>-</u>
Total	<u>\$ 447,872</u>	<u>\$ 13,926</u>

The amount shown above for Contributions subsequent to the measurement date of June 30, 2016, 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>	
2018	\$ 24,417
2019	24,417
2020	114,665
2021	61,649
2022	(349)
Thereafter	(12,185)

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, 2017

NOTE 8 - POST-EMPLOYMENT HEALTHCARE PLAN

The City administers the City of White House Post-Retirement Medical Insurance Plan. For accounting purposes, the plan is a single-employer other post-employment benefits (“OPEB”) plan. Benefits are established and amended by the Mayor and Board of Aldermen. Retired employees with at least 15 years of service and the City of White House as his/her last employer are eligible for the plan. 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. The plan does not issue a stand-alone report.

Funding Policy

The premium requirements are established and may be amended by the Mayor and Board of Aldermen. The Plan is a fully insured plan. The current monthly premium is generally \$566 per month for medical and \$30 a month for dental single coverage and generally \$1,163 per month for family coverage.

The most recent actuarial valuation was July 2015 and the following is based on projections from the City’s actuary.

Annual OPEB Cost and Net OPEB Obligations

	<u>July 1, 2015</u>
ARC	\$ 60,000
Interest on NPO	-
Amortization of prior year net OPEB Obligation	-
Annual OPEB Cost	60,000
Amount of Contribution*	<u>(20,000)</u>
Increase in NPO	40,000
Net OPEB Obligation - beginning of year	-
Net OPEB Obligation - end of year	<u>\$ 40,000</u>

\*Contribution based on expected contribution from study.

The balance shown as a net OPEB obligation represents the actuarially determined liability resulting from the cumulative difference between annual required contributions to the plan and actual premium payments.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 8 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Funded Policy (continued)

<u>Year End</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation At Year End</u>
6/30/17	\$ 30,000	33.30%	\$ 40,000

Funded Status and Funding Progress

The funding status of the plan as of the last actuarial valuation date was as follows:

Actuarial valuation date	July 1, 2015
Actuarial accrued liability (AAL)	\$ 330,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 330,000
Actuarial value of assets as a % of AAL	0%
Covered payroll	\$ 648,453
UAAL as a percentage of covered payroll	50.89%

Actuarial valuations involve estimates of the value reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern on sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 8 - POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions (continued)

In the July 2015 actuarial valuation, the Projected Unit Cost Method was used. The actuarial assumptions included a 4.50 percent discount rate of return and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5 percent in 2025. Both rates include a 3 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of compensation on an open basis over a 30 year period.

NOTE 9 - RISK MANAGEMENT

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

Through March 31, 2012, the City had a self-funded insurance plan for City employees and their covered dependents to minimize the total cost of medical, dental and prescription drug insurance to the City. Effective April 1, 2012, the City terminated the portion of the self-funded plan for medical and prescription drug insurance and has contracted with a commercial insurance carrier to provide employee medical and prescription drug insurance for the benefit of the City’s employees. The City continues to maintain a self-funded plan for dental insurance, which is administered by a third party, and remains the only activity of the Health Care Fund (Internal Service Fund).

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

<u>Year Ended</u> <u>June 30,</u>	<u>Liability</u> <u>Beginning of</u> <u>of Year</u>	<u>Incurred</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>End of Year</u>
2017	\$ 2,087	\$ 54,281	\$ 55,077	\$ 1,291
2016	1,222	49,467	48,602	2,087
2015	1,720	52,764	53,292	1,192



CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, 2017, the engineering phase for this project was near completion. The estimated cost to complete this project is \$2,000,000 with 80% of the cost to be reimbursed from the Federal Highway Administration via Tennessee Department of Transportation.

In March 2017, the City ordered a 15-passenger van for the Senior Center. As of June 2017, the van had not been delivered. The total cost of this order, to be paid upon delivery, is \$34,453.

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, 2017, the engineering phase for this project had not begun. The 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.

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, 2017, the City abated property taxes totaling \$23,690 under this program.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 12 - ADJUSTMENT TO PRIOR YEAR NET POSITION

Net position as of July 1, 2016 has been restated to correct capital assets, revenue and inventory as of that date. The effects of the error corrections 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>
Net position - as previously stated	\$ 28,594,392	\$ 19,065,779	\$ 18,130,643	\$ 699,197	\$ 235,939
<u>Correction of errors:</u>					
Entry to record accumulated depreciation on projects not placed in service in prior year.	(118,224)	(286,722)	(286,722)	-	-
Entry to record construction in progress project in prior year.	96,666	-	-	-	-
Entry to adjust prior year ending inventory.	-	49,232	49,232	-	-
To record omitted revenue for prior year services .	<u>-</u>	<u>119,236</u>	<u>-</u>	<u>68,544</u>	<u>50,692</u>
Net position - as restated	<u>\$ 28,572,834</u>	<u>\$ 18,947,525</u>	<u>\$ 17,893,153</u>	<u>\$ 767,741</u>	<u>\$ 286,631</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - These Statements make accounting for other post-employment benefit plans consistent with the pension standards. Effective Date: The provisions in Statement 74 are effective for OPEB Plan for fiscal years beginning after June 15, 2016. The provisions in Statement 75 for the employer are effective for fiscal years beginning after June 15, 2017. Management is currently evaluating impact on the City's financial statements.

GASB Statement No. 85, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* - These Statements address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contributions requirements. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

	2014	2015	2016
<u>TOTAL PENSION LIABILITY</u>			
Service cost	\$ 254,580	\$ 278,351	\$ 289,785
Interest	394,172	438,848	482,007
Changes in benefit terms	-	-	-
Differences between actual & expected experience	50,987	(10,068)	(43,707)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(133,720)	(121,931)	(164,291)
NET CHANGE IN TOTAL PENSION LIABILITY	566,019	585,200	563,794
TOTAL PENSION LIABILITY - BEGINNING	5,067,901	5,633,920	6,219,120
TOTAL PENSION LIABILITY - ENDING (A)	5,633,920	6,219,120	6,782,914
 <u>PLAN FIDUCIARY NET POSITION</u>			
Contributions - employer	186,991	189,806	199,188
Contributions - employee	179,767	166,038	173,811
Net investment income	821,461	183,990	169,078
Benefit payments, including refunds of employee contributions	(133,720)	(121,931)	(164,291)
Administrative expense	(3,061)	(4,191)	(6,466)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,051,438	413,712	371,320
PLAN FIDUCIARY NET POSITION - BEGINNING	4,821,301	5,872,739	6,286,451
PLAN FIDUCIARY NET POSITION - ENDING (B)	5,872,739	6,286,451	6,657,771
NET PENSION LIABILITY (ASSET) - ENDING (A)-(B)	\$ (238,819)	\$ (67,331)	\$ 125,143
Plan fiduciary net position as a percentage of total pension liability	104.24 %	101.08 %	98.16 %
Covered-employee payroll	\$ 3,174,709	\$ 3,312,492	\$ 3,476,222
Net pension liability (asset) as a percentage of covered-employee payroll	(7.52) %	(2.03) %	3.60 %

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>
Actuarial determined contribution	\$ 186,991	\$ 189,806	\$ 199,188	\$ 221,327
Contributions in relation to the actuarial determined contribution	<u>186,991</u>	<u>189,806</u>	<u>199,188</u>	<u>221,327</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,174,709	\$ 3,312,492	\$ 3,476,222	\$ 4,254,168
Contributions as a percentage covered employee payroll	5.89 %	5.73 %	5.73 %	5.20 %

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 2017 were calculated based on the June 30, 2016 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	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

CITY OF WHITE HOUSE, TENNESSEE

OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
07/01/15	\$ -	\$ 330,000	\$ 330,000	0%	\$ 648,453	50.89%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



CITY OF WHITE HOUSE, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

	<u>Industrial Development Fund</u>	<u>State Street Aid Fund</u>	<u>Parks Sales Tax Fund</u>	<u>Impact Fee Fund</u>	<u>Drug Fund</u>	<u>Cemetery Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 141,124	\$ 211,723	\$ 271,897	\$ 123,809	\$ -	\$ 174,203	\$ 922,756
Restricted cash	-	-	-	-	12,618	-	12,618
Receivables, net	<u>22,335</u>	<u>49,343</u>	<u>104,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,115</u>
Total assets	<u>\$ 163,459</u>	<u>\$ 261,066</u>	<u>\$ 376,334</u>	<u>\$ 123,809</u>	<u>\$ 12,618</u>	<u>\$ 174,203</u>	<u>\$ 1,111,489</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 200
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>
<b>FUND BALANCES</b>							
Restricted	<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>
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 163,459</u>	<u>\$ 261,066</u>	<u>\$ 376,334</u>	<u>\$ 123,809</u>	<u>\$ 12,618</u>	<u>\$ 174,203</u>	<u>\$ 1,111,489</u>

CITY OF WHITE HOUSE, TENNESSEE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	<u>Industrial Development Fund</u>	<u>State Street Aid Fund</u>	<u>Parks Sales Tax Fund</u>	<u>Impact Fee Fund</u>	<u>Drug Fund</u>	<u>Cemetery Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>							
Taxes							
Park sales tax receipts	\$ -	\$ -	\$ 582,426	\$ -	\$ -	\$ -	\$ 582,426
Intergovernmental revenues							
State and county revenue	102,206	-	-	-	525	-	102,731
Gasoline and motor fuel tax	-	194,015	-	-	-	-	194,015
Gas 1989	-	31,452	-	-	-	-	31,452
Gas 3 cent	-	58,376	-	-	-	-	58,376
Charges for services							
Cemetery and maintenance	-	-	-	-	-	39,063	39,063
Licenses and permits							
Impact fees	-	-	-	33,192	-	-	33,192
Fines and forfeitures							
Drug related fines and forfeitures	-	-	-	-	4,414	-	4,414
Interest revenue	222	307	459	408	18	750	2,164
Miscellaneous							
Other Revenue	-	660	-	-	-	-	660
Sale of equipment	-	-	-	-	-	-	-
	<u>102,428</u>	<u>284,810</u>	<u>582,885</u>	<u>33,600</u>	<u>4,957</u>	<u>39,813</u>	<u>1,048,493</u>
<b>EXPENDITURES</b>							
General government							
Capital outlay	19,120	-	-	-	-	-	19,120
Public safety							
Materials and supplies	-	-	-	-	3,420	-	3,420
Other operating expenses	-	-	-	-	2,408	-	2,408

(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, 2017

	<u>Industrial Development Fund</u>	<u>State Street Aid Fund</u>	<u>Parks Sales Tax Fund</u>	<u>Impact Fee Fund</u>	<u>Drug Fund</u>	<u>Cemetery Fund</u>	<u>Total Nonmajor Governmental Funds</u>
EXPENDITURES (CONTINUED)							
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Streets							
Utilities	-	-	-	-	-	-	-
Other operating expenses	-	31,736	-	-	-	-	31,736
Capital outlay	-	236,708	-	25,000	-	-	261,708
Cemetery and maintenance							
Materials and supplies	-	-	-	-	-	374	374
Utilities	-	-	-	-	-	1,850	1,850
Other operating expenses	-	-	-	-	-	18,345	18,345
Capital outlay	-	-	-	-	-	5,500	5,500
Parks and recreation							
Other operating expenses	-	-	202	-	-	-	202
Capital outlay	-	-	382,393	-	-	-	382,393
Miscellaneous							
Other operating expenses	53,801	-	-	-	-	-	53,801
Debt service							
Principal	-	-	100,000	-	-	-	100,000
Interest	-	-	14,273	-	-	-	14,273
Total expenditures	<u>72,921</u>	<u>268,444</u>	<u>496,868</u>	<u>25,000</u>	<u>5,828</u>	<u>26,069</u>	<u>895,130</u>
REVENUES OVER (UNDER) EXPENDITURES	29,507	16,366	86,017	8,600	(871)	13,744	153,363
OTHER FINANCING SOURCES (USES)							
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	29,507	16,366	86,017	8,600	(871)	13,744	153,363
FUND BALANCES - BEGINNING OF YEAR	<u>133,952</u>	<u>244,700</u>	<u>290,317</u>	<u>115,209</u>	<u>13,489</u>	<u>160,259</u>	<u>957,926</u>
FUND BALANCES - END OF YEAR	<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>

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

INDUSTRIAL DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 97,000	\$ 97,000	\$ 102,206	\$ 5,206
Interest revenue	<u>150</u>	<u>150</u>	<u>222</u>	<u>72</u>
Total revenues	<u>97,150</u>	<u>97,150</u>	<u>102,428</u>	<u>5,278</u>
<b>EXPENDITURES</b>				
Capital outlay	75,000	79,925	19,120	60,805
Miscellaneous	<u>59,500</u>	<u>59,500</u>	<u>53,801</u>	<u>5,699</u>
Total expenditures	<u>134,500</u>	<u>139,425</u>	<u>72,921</u>	<u>66,504</u>
<b>REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE</b>				
	<u>\$ (37,350)</u>	<u>\$ (42,275)</u>	29,507	<u>\$ 71,782</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>			<u>133,952</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 163,459</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

STATE STREET AID FUND

YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>REVENUES</b>				
State gasoline and motor fuel taxes	\$ 284,431	\$ 284,431	\$ 283,843	\$ (588)
Interest revenue	175	175	307	132
Miscellaneous	<u>-</u>	<u>-</u>	<u>660</u>	<u>660</u>
Total revenues	<u>284,606</u>	<u>284,606</u>	<u>284,810</u>	<u>204</u>
<b>EXPENDITURES</b>				
Streets	31,500	39,500	31,736	7,764
Capital outlay	<u>295,000</u>	<u>287,000</u>	<u>236,708</u>	<u>50,292</u>
Total expenditures	<u>326,500</u>	<u>326,500</u>	<u>268,444</u>	<u>58,056</u>
<b>REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE</b>				
	<u>\$ (41,894)</u>	<u>\$ (41,894)</u>	16,366	<u>\$ 58,260</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>244,700</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 261,066</u>	

CITY OF WHITE HOUSE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE  
PARKS SALES TAX FUND  
YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>REVENUES</b>				
Taxes	\$ 551,048	\$ 551,048	\$ 582,426	\$ 31,378
Interest revenue	<u>200</u>	<u>200</u>	<u>459</u>	<u>259</u>
Total revenues	<u>551,248</u>	<u>551,248</u>	<u>582,885</u>	<u>31,637</u>
<b>EXPENDITURES</b>				
Capital outlay	402,000	417,441	382,393	35,048
Miscellaneous	500	500	202	298
Debt service				
Principal	100,000	100,000	100,000	-
Interest	<u>14,274</u>	<u>14,274</u>	<u>14,273</u>	<u>1</u>
Total expenditures	<u>516,774</u>	<u>532,215</u>	<u>496,868</u>	<u>35,347</u>
<b>REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE</b>				
	<u>\$ 34,474</u>	<u>\$ 19,033</u>	86,017	<u>\$ 66,984</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>290,317</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 376,334</u>	

CITY OF WHITE HOUSE, TENNESSEE  
BUDGETARY COMPARISON SCHEDULE

IMPACT FEE FUND

YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<b>REVENUES</b>				
Licenses and permits	\$ 22,000	\$ 22,000	\$ 33,192	\$ 11,192
Interest revenue	<u>150</u>	<u>150</u>	<u>408</u>	<u>258</u>
 Total revenues	 <u>22,150</u>	 <u>22,150</u>	 <u>33,600</u>	 <u>11,450</u>
 <b>EXPENDITURES</b>				
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
 Total expenditures	 <u>25,000</u>	 <u>25,000</u>	 <u>25,000</u>	 <u>-</u>
 <b>REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE</b>				
	<u>\$ (2,850)</u>	<u>\$ (2,850)</u>	8,600	<u>\$ 11,450</u>
 FUND BALANCE - BEGINNING OF YEAR			<u>115,209</u>	
 FUND BALANCE - END OF YEAR			<u>\$ 123,809</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

DRUG FUND

YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Intergovernmental revenues	\$ 500	\$ 500	\$ 525	\$ 25
Fines and forfeitures	2,700	2,700	4,414	1,714
Interest revenue	<u>24</u>	<u>24</u>	<u>18</u>	<u>(6)</u>
Total revenues	<u>3,224</u>	<u>3,224</u>	<u>4,957</u>	<u>1,733</u>
EXPENDITURES				
Public safety	<u>5,830</u>	<u>5,830</u>	<u>5,828</u>	<u>2</u>
Total expenditures	<u>5,830</u>	<u>5,830</u>	<u>5,828</u>	<u>2</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE	<u>\$ (2,606)</u>	<u>\$ (2,606)</u>	(871)	<u>\$ 1,735</u>
FUND BALANCE - BEGINNING OF YEAR			<u>13,489</u>	
FUND BALANCE - END OF YEAR			<u>\$ 12,618</u>	



CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

CEMETERY FUND

YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Charges for services	\$ 35,716	\$ 35,716	\$ 39,063	\$ 3,347
Interest revenue	200	200	750	550
Miscellaneous revenue	-	-	-	-
Total revenues	<u>35,916</u>	<u>35,916</u>	<u>39,813</u>	<u>3,897</u>
EXPENDITURES				
Cemetery and maintenance	28,275	27,975	20,569	7,406
Capital outlay	-	5,500	5,500	-
Total expenditures	<u>28,275</u>	<u>33,475</u>	<u>26,069</u>	<u>7,406</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE	<u>\$ 7,641</u>	<u>\$ 2,441</u>	13,744	<u>\$ 11,303</u>
FUND BALANCE - BEGINNING OF YEAR			<u>160,259</u>	
FUND BALANCE - END OF YEAR			<u>\$ 174,003</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Intergovernmental revenues	\$ 904,056	\$ 904,056	\$ 937,083	\$ 33,027
Interest revenue	<u>72</u>	<u>72</u>	<u>399</u>	<u>327</u>
Total revenues	<u>904,128</u>	<u>904,128</u>	<u>937,482</u>	<u>33,354</u>
EXPENDITURES				
Miscellaneous	2,912	2,912	2,729	183
Debt service				
Principal	659,000	659,000	659,000	-
Interest	207,744	207,744	207,743	1
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>869,656</u>	<u>869,656</u>	<u>869,472</u>	<u>184</u>
REVENUES OVER (UNDER) EXPENDITURES	34,472	34,472	68,010	33,170
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>151,484</u>	<u>151,484</u>
NET CHANGE IN FUND BALANCE	<u>\$ 34,472</u>	<u>\$ 34,472</u>	219,494	<u>\$ 184,654</u>
FUND BALANCE - BEGINNING OF YEAR			<u>22,762</u>	
FUND BALANCE - END OF YEAR			<u>\$ 242,256</u>	

OTHER SCHEDULES

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF REVENUES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
REVENUES			
Taxes			
Property taxes	\$ 3,171,700	\$ -	\$ 3,171,700
Intergovernmental revenues			
Local sales tax	1,536,534	937,083	2,473,617
Wholesale and state beer tax	454,609	-	454,609
Business taxes	200,087	-	200,087
Payments in lieu of taxes	274,867	-	274,867
State sales and income tax	872,438	-	872,438
Other taxes	60,726	-	60,726
Federal, state and county grants	119,023	-	119,023
Charges for services			
Parks	135,416	-	135,416
Library	10,964	-	10,964
Licenses and permits			
Building permits	103,841	-	103,841
Franchise fees	253,749	-	253,749
Other permits	7,372	-	7,372
Fines and forfeitures			
Court fines and costs	91,449	-	91,449
Interest revenue	15,089	399	15,488
Miscellaneous			
Insurance recoveries	22,251	-	22,251
Sale of equipment	17,325	-	17,325
Other revenues	81,990	-	81,990
Total revenues	<u>\$ 7,429,430</u>	<u>\$ 937,482</u>	<u>\$ 8,366,912</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	<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	\$ 315,662	\$ -	\$ 315,662
Supplies	2,670	-	2,670
Utilities	39,999	-	39,999
Other operating expenses	150,369	-	150,369
Capital outlay	18,361	-	18,361
	<u>527,061</u>	<u>-</u>	<u>527,061</u>
<u>Finance:</u>			
Personnel services	285,833	-	285,833
Supplies	2,132	-	2,132
Other operating expenses	76,525	-	76,525
	<u>364,490</u>	<u>-</u>	<u>364,490</u>
<u>Human Resources:</u>			
Personnel services	133,281	-	133,281
Supplies	4,557	-	4,557
Other operating expenses	18,905	-	18,905
	<u>156,743</u>	<u>-</u>	<u>156,743</u>
<u>Engineering:</u>			
Other operating expenses	138,471	-	138,471
Capital outlay	176,002	-	176,002
	<u>314,473</u>	<u>-</u>	<u>314,473</u>
<u>Building Maintenance:</u>			
Personnel services	52,950	-	52,950
Supplies	27,499	-	27,499
Other operating expenses	24,348	-	24,348
Capital outlay	40,900	-	40,900
	<u>145,697</u>	<u>-</u>	<u>145,697</u>
 TOTAL GENERAL GOVERNMENT	 <u>1,508,464</u>	 <u>-</u>	 <u>1,508,464</u>

(continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Debt</u>	<u>Total Major</u>
	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>EXPENDITURES (CONTINUED)</u>			
<u>CITY COURT</u>			
Personnel services	\$ 75,744	\$ -	\$ 75,744
Supplies	181	-	181
Other operating expenses	<u>4,321</u>	-	<u>4,321</u>
	<u>80,246</u>	-	<u>80,246</u>
 <u>PUBLIC SAFETY</u>			
<u>Police Department:</u>			
Personnel services	1,536,685	-	1,536,685
Supplies	61,850	-	61,850
Utilities	21,715	-	21,715
Other operating expenses	265,497	-	265,497
Capital outlay	<u>90,108</u>	-	<u>90,108</u>
	<u>1,975,855</u>	-	<u>1,975,855</u>
 <u>Fire Department:</u>			
Personnel services	1,129,597	-	1,129,597
Supplies	36,933	-	36,933
Utilities	21,040	-	21,040
Other operating expenses	105,976	-	105,976
Capital outlay	<u>451,173</u>	-	<u>451,173</u>
	<u>1,744,719</u>	-	<u>1,744,719</u>
 <u>TOTAL PUBLIC SAFETY</u>	 <u>3,720,574</u>	 -	 <u>3,720,574</u>
 <u>STREETS</u>			
Personnel services	237,661	-	237,661
Supplies	75,497	-	75,497
Utilities	133,179	-	133,179
Other operating expenses	63,943	-	63,943
Capital outlay	<u>125,000</u>	-	<u>125,000</u>
	<u>635,280</u>	-	<u>635,280</u>
 <u>LIBRARY AND MUSEUM</u>			
Personnel services	291,942	-	291,942
Supplies	19,009	-	19,009
Utilities	38,916	-	38,916
Other operating expenses	47,323	-	47,323
Capital outlay	<u>171,642</u>	-	<u>171,642</u>
	<u>568,832</u>	-	<u>568,832</u>

(continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
<u>EXPENDITURES (CONTINUED)</u>			
<b>PARKS AND RECREATION</b>			
Personnel services	\$ 404,594	\$ -	\$ 404,594
Supplies	79,969	-	79,969
Utilities	108,414	-	108,414
Other operating expenses	149,133	-	149,133
Capital outlay	21,193	-	21,193
	<u>763,303</u>	<u>-</u>	<u>763,303</u>
<b>PLANNING AND ZONING</b>			
Personnel services	254,521	-	254,521
Supplies	5,697	-	5,697
Other operating expenses	25,905	-	25,905
	<u>286,123</u>	<u>-</u>	<u>286,123</u>
<b>SENIOR CITIZENS ACTIVITIES</b>			
Personnel services	10,417	-	10,417
Supplies	1,187	-	1,187
Other operating expenses	21,143	-	21,143
	<u>32,747</u>	<u>-</u>	<u>32,747</u>
<b>MISCELLANEOUS</b>			
Other operating expenses	<u>215,209</u>	<u>2,729</u>	<u>217,938</u>
<b>DEBT SERVICE</b>			
Principal	-	659,000	659,000
Interest	-	207,743	207,743
	<u>-</u>	<u>207,743</u>	<u>207,743</u>
Total expenditures	<u>\$ 7,810,778</u>	<u>\$ 869,472</u>	<u>\$ 8,680,250</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

YEAR ENDED JUNE 30, 2017

<u>Tax Year</u>	<u>Balance June 30, 2016</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Penalties and Interest</u>	<u>Balance June 30, 2017</u>
2016	\$ -	\$ 3,149,565	\$ 3,093,539	\$ (3,279)	\$ 3,165	\$ 55,912
2015	37,652	-	22,228	(4,316)	23	11,131
2014	18,381	-	4,713	(2,288)	(272)	11,108
2013	14,548	-	2,746	891	731	13,424
2012	14,662	-	1,638	(1,545)	(833)	10,646
2011	11,896	-	250	(1,150)	(141)	10,355
2010	8,754	-	746	(1,111)	(1,312)	5,585
2009	14,578	-	982	476	558	14,630
2008	17,022	-	984	275	257	16,570
2007	16,702	-	3	-	1,189	17,888
	<u>\$ 154,195</u>	<u>\$ 3,149,565</u>	<u>\$ 3,127,829</u>	<u>\$ (12,047)</u>	<u>\$ 3,365</u>	\$ 167,249
Deferred property tax revenues for 2017 assessed but unlevied						<u>3,273,000</u>
						<u>\$ 3,440,249</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, 2017

Year	General Obligation Refunding Bonds, Series 2008		General Obligation Bonds, Series 2013		General Obligation Refunding Bonds, Series 2015		General Obligation Fire Apparatus Capital Outlay Notes, Series 2015		Total Principal	Total Interest	Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2018	\$ 360,000	\$ 14,580	\$ 70,000	\$ 108,962	\$ 150,000	\$ 70,675	\$ 118,000	\$ 4,187	\$ 698,000	\$ 198,404	\$ 896,404
2019	-	-	75,000	107,561	565,000	67,675	118,000	2,094	758,000	177,330	935,330
2020	-	-	75,000	106,061	580,000	56,375	-	-	655,000	162,436	817,436
2021	-	-	75,000	104,561	315,000	44,775	-	-	390,000	149,336	539,336
2022	-	-	80,000	102,837	320,000	38,475	-	-	400,000	141,312	541,312
2023	-	-	80,000	100,836	180,000	28,875	-	-	260,000	129,711	389,711
2024	-	-	80,000	98,836	230,000	24,825	-	-	310,000	123,661	433,661
2025	-	-	85,000	95,636	225,000	19,650	-	-	310,000	115,286	425,286
2026	-	-	90,000	92,237	220,000	15,038	-	-	310,000	107,275	417,275
2027	-	-	90,000	88,636	215,000	10,198	-	-	305,000	98,834	403,834
2028	-	-	95,000	85,036	210,000	5,145	-	-	305,000	90,181	395,181
2029	-	-	100,000	81,236	-	-	-	-	100,000	81,236	181,236
2030	-	-	105,000	77,237	-	-	-	-	105,000	77,237	182,237
2031	-	-	105,000	73,036	-	-	-	-	105,000	73,036	178,036
2032	-	-	110,000	68,836	-	-	-	-	110,000	68,836	178,836
2033	-	-	115,000	64,436	-	-	-	-	115,000	64,436	179,436
2034	-	-	120,000	59,837	-	-	-	-	120,000	59,837	179,837
2035	-	-	125,000	55,036	-	-	-	-	125,000	55,036	180,036
2036	-	-	130,000	50,036	-	-	-	-	130,000	50,036	180,036
2037	-	-	135,000	44,836	-	-	-	-	135,000	44,836	179,836
2038	-	-	140,000	39,437	-	-	-	-	140,000	39,437	179,437
2039	-	-	145,000	33,661	-	-	-	-	145,000	33,661	178,661
2040	-	-	155,000	27,680	-	-	-	-	155,000	27,680	182,680
2041	-	-	160,000	21,170	-	-	-	-	160,000	21,170	181,170
2042	-	-	165,000	14,450	-	-	-	-	165,000	14,450	179,450
2043	-	-	175,000	7,437	-	-	-	-	175,000	7,437	182,437
	<u>\$ 360,000</u>	<u>\$ 14,580</u>	<u>\$ 2,880,000</u>	<u>\$ 1,809,560</u>	<u>\$ 3,210,000</u>	<u>\$ 381,706</u>	<u>\$ 236,000</u>	<u>\$ 6,281</u>	<u>\$ 6,686,000</u>	<u>\$ 2,212,127</u>	<u>\$ 8,898,127</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF LONG-TERM DEBT (BUSINESS TYPE ACTIVITIES)

JUNE 30, 2017

Year Ending June 30,	Sewer Fund - General Obligation Refunding Bonds, Series 2012		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-246		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-256	
	Principal	Interest	Principal	Interest	Principal	Interest
	2018	\$ 205,000	\$ 22,068	\$ 28,094	\$ 7,550	\$ 16,608
2019	205,000	19,813	28,596	7,049	16,896	4,428
2020	210,000	17,148	29,106	6,539	17,196	4,128
2021	210,000	14,103	29,626	6,019	17,496	3,828
2022	215,000	10,743	30,155	5,490	17,808	3,516
2023	220,000	6,980	30,692	4,952	18,120	3,204
2024	140,000	2,800	31,240	4,405	18,432	2,892
2025	-	-	31,798	3,847	18,756	2,568
2026	-	-	32,365	3,280	19,080	2,244
2027	-	-	32,942	2,702	19,416	1,908
2028	-	-	33,530	2,114	19,764	1,560
2029	-	-	34,128	1,517	20,112	1,212
2030	-	-	34,738	907	20,460	864
2031	-	-	32,382	286	20,820	504
2032	-	-	-	-	17,672	153
	<u>\$ 1,405,000</u>	<u>\$ 93,655</u>	<u>\$ 439,392</u>	<u>\$ 56,657</u>	<u>\$ 278,636</u>	<u>\$ 37,725</u>

-72-

Year	Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-278		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-302		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-308		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-326		Note Payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund-364		Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal and Interest
2018	\$ 34,536	\$ 12,000	\$ 167,364	\$ 31,080	\$ 17,640	\$ 3,540	\$ 74,844	\$ 11,328	\$ 36,192	\$ 8,436	\$ 580,278	\$ 100,718	\$ 680,996
2019	35,196	11,340	169,044	29,400	17,820	3,360	75,408	10,764	36,600	8,028	584,560	94,182	678,742
2020	35,856	10,680	170,736	27,708	18,000	3,180	75,984	10,188	37,008	7,620	593,886	87,191	681,077
2021	36,540	9,996	172,452	25,992	18,180	3,000	76,548	9,624	37,428	7,200	598,270	79,762	678,032
2022	37,236	9,300	174,192	24,252	18,360	2,820	77,124	9,048	37,836	6,792	607,711	71,961	679,672
2023	37,932	8,604	175,944	22,500	18,540	2,640	77,712	8,460	38,256	6,372	617,196	63,712	680,908
2024	38,652	7,884	177,708	20,736	18,732	2,448	78,288	7,884	38,688	5,940	541,740	54,989	596,729
2025	39,396	7,140	179,496	18,948	18,924	2,256	78,876	7,296	39,120	5,508	406,366	47,563	453,929
2026	40,140	6,396	181,296	17,148	19,104	2,076	79,476	6,696	39,552	5,076	411,013	42,916	453,929
2027	40,896	5,640	183,120	15,324	19,296	1,884	80,076	6,096	39,996	4,632	415,742	38,186	453,928
2028	41,676	4,860	184,956	13,488	19,500	1,680	80,676	5,496	40,440	4,188	420,542	33,386	453,928
2029	42,468	4,068	186,816	11,628	19,692	1,488	81,288	4,884	40,896	3,732	425,400	28,529	453,929
2030	43,272	3,264	188,688	9,756	19,884	1,296	81,888	4,284	41,352	3,276	430,282	23,647	453,929
2031	44,088	2,448	190,584	7,860	20,088	1,092	82,512	3,660	41,808	2,820	432,282	18,670	450,952
2032	44,928	1,608	192,504	5,940	20,292	888	83,136	3,036	42,276	2,352	400,808	13,977	414,785
2033	45,780	756	194,436	4,008	20,496	684	83,760	2,412	42,756	1,872	387,228	9,732	396,960
2034	15,380	54	196,392	2,052	20,700	480	84,384	1,788	43,224	1,404	360,080	5,778	365,858
2035	-	-	98,992	289	20,904	276	85,020	1,152	43,716	912	248,632	2,629	251,261
2036	-	-	-	-	15,788	65	85,668	504	44,196	432	145,652	1,001	146,653
2037	-	-	-	-	-	-	21,426	32	14,748	30	36,174	62	36,236
	<u>\$ 653,972</u>	<u>\$ 106,038</u>	<u>\$ 3,184,720</u>	<u>\$ 288,109</u>	<u>\$ 361,940</u>	<u>\$ 35,153</u>	<u>\$ 1,544,094</u>	<u>\$ 114,632</u>	<u>\$ 776,088</u>	<u>\$ 86,622</u>	<u>\$ 8,643,842</u>	<u>\$ 818,591</u>	<u>\$ 9,462,433</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2017

	CFDA Number	Contract/ Grant Number	Balance July 1, 2016 (Receivable) Payable	Receipts	Expenditures	Balance June 30, 2017 (Receivable) Payable
U.S. DEPARTMENT OF JUSTICE:						
Bulletproof Vest Partnership Program	16.607	N/A	\$ (1,190)	\$ 1,190	\$ 1,210	\$ (1,210)
U.S. DEPARTMENT OF TRANSPORTATION:						
Passed through Tennessee Department of Transportation						
Highway Planning and Construction Cluster:						
31W Bike Lanes	20.205	83LPLM-F3-072	(91,130)	159,402	70,552	(2,280)
Total Highway Planning and Construction Cluster			(91,130)	159,402	70,552	(2,280)
Passed through the Governors Highway Safety Office						
Alcohol Open Container Requirements	20.607	154AL-15-129	(228)	13,843	24,172	(10,557)
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>(91,358)</b>	<b>173,245</b>	<b>94,724</b>	<b>(12,837)</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ (92,548)</b>	<b>\$ 174,435</b>	<b>\$ 95,934</b>	<b>\$ (14,047)</b>
ENVIRONMENTAL PROTECTION AGENCY:						
Passed through Tennessee Department of Environmental and Conservation						
Capitalization Grants for Clean Water State Revolving Funds						
State portion loan	66.458	CWSRF 2012-308	\$ (220,414)	\$ 220,414	\$ -	\$ -
State portion loan	66.458	CG2 2013-326	(240,703)	240,703	-	-
State portion loan forgiveness	66.458	CG2 2013-326	(60,175)	60,175	-	-
State portion loan	66.458	CWSRF 2016-364	(385,243)	800,000	414,757	-
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			<b>(906,535)</b>	<b>1,321,292</b>	<b>414,757</b>	<b>-</b>
TENNESSEE DEPARTMENT OF AGRICULTURE:						
Tennessee Agriculture Enhancement Program	NA	52506-09717	-	1,000	1,000	-
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ (906,535)</b>	<b>\$ 1,322,292</b>	<b>\$ 415,757</b>	<b>\$ -</b>

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - REVOLVING LOAN FUND BALANCES

At June 30, 2017, the City has outstanding revolving loan fund balances as follows:

State of Tennessee - Project # CWA 2009-246	\$ 439,392
State of Tennessee - Project # CWSRF 2010-256	\$ 278,636
State of Tennessee - Project # CG0 2011-278	\$ 653,972
State of Tennessee - Project # CG1 2012-302	\$ 3,184,720
State of Tennessee - Project # CWSRF 2012-308	\$ 361,940
State of Tennessee - State of TN - CG2 2013-326	\$ 1,544,094
State of Tennessee - State of TN - CWSRF 2016-364	\$ 776,088

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF TAX RATES AND ASSESSMENTS  
(UNAUDITED)

JUNE 30, 2017

<u>Year</u>	<u>County</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Solid Waste Fund</u>	<u>Total Tax Rate</u>	<u>Appraised Value of Property</u>	<u>Assessed Value of Property</u>
2017	Robertson and Sumner Counties	\$ 1.2315	\$ -	\$ -	\$ 1.2315	\$ 521,909,292	\$ 160,557,621
		\$ 1.2315	\$ -	\$ -	\$ 1.2315	388,313,395	100,247,124
2016	Robertson and Sumner Counties	\$ 1.2315	\$ -	\$ -	\$ 1.2315	\$ 501,174,739	\$ 154,788,975
		\$ 1.2315	\$ -	\$ -	\$ 1.2315	378,834,438	97,852,955
2015	Robertson and Sumner Counties	\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	\$ 474,868,976	\$ 145,077,074
		\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	371,960,836	95,666,347
2014	Robertson and Sumner Counties	\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	\$ 460,660,636	\$ 140,074,389
		\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	365,586,398	94,909,602
2013	Robertson and Sumner Counties	\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	\$ 453,970,826	\$ 137,894,264
		\$ 0.9236	\$ 0.3079	\$ -	\$ 1.2315	375,339,589	96,775,783
2012	Robertson and Sumner Counties	\$ 0.7171	\$ 0.2929	\$ -	\$ 1.0100	\$ 453,984,383	\$ 136,674,122
		\$ 0.6958	\$ 0.2842	\$ -	\$ 0.9800	373,672,840	96,697,618
2011	Robertson and Sumner Counties	\$ 0.7676	\$ 0.2424	\$ -	\$ 1.0100	\$ 450,267,799	\$ 135,644,122
		\$ 0.7448	\$ 0.2352	\$ -	\$ 0.9800	369,423,233	96,206,224
2010	Robertson and Sumner Counties	\$ 0.8989	\$ 0.1111	\$ -	\$ 1.0100	\$ 449,165,848	\$ 135,889,021
		\$ 0.8722	\$ 0.1078	\$ -	\$ 0.9800	367,079,659	95,672,406
2009	Robertson and Sumner Counties	\$ 0.7242	\$ 0.2958	\$ -	\$ 1.0200	\$ 812,547,071	\$ 231,067,309
2008	Robertson and Sumner Counties	\$ 0.6936	\$ 0.3264	\$ -	\$ 1.0200	\$ 753,025,193	\$ 214,357,449

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF UTILITY RATES AND NUMBER OF CUSTOMERS

(UNAUDITED)

JUNE 30, 2017

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		4,197	

REFUSE COLLECTION

Residential & Non-Residential with no more than 2 containers:	\$	17.00	
NUMBER OF CUSTOMERS		3,986	

STORMWATER

1 Equivalent Residential Unit (ERU)	\$	6.67	
NUMBER OF ERU's		7,899	
NUMBER OF CUSTOMERS		4,182	

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, 2017, 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 19, 2017.

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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses, which is item 2017-1.

## 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 19, 2017



CITY OF WHITE HOUSE, TENNESSEE  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2017

PRIOR YEAR

**2016-1- Internal Control over Financial Reporting**

**Status:** This finding has been integrated into current year finding 2017-1 below.

CURRENT YEAR

**2017 -1 Internal Control over Financial Reporting**

Criteria:

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

Condition, Cause and Effect

Material adjustments were required to be made during the audit process to correct opening net position in the governmental activities and all three business-type activities funds as of July 1, 2016, 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 construction in progress that should have been placed in service in prior years as well as accumulated depreciation
- Correction of ending inventory
- Correction to record omitted revenue in prior year

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

Also in 2017, as part of the audit it was determined there were several construction projects in progress that should have been placed in service and depreciation should have been expensed in prior years. The Finance Director and Assistance Finance Director provided service dates and useful lives for each project and provided updated capital asset details. Also, the Finance Director identified an error in the ending inventory schedule and noted an error in the revenue recorded in the prior year for Sanitation and Stormwater.

### 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 the city has adopted a formal Internal Control Policy. 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 also implementing software upgrades which will ensure the system is reliable, timely, and useful.