

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2016

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2016

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Directory of Officials (Unaudited)..... i

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT 1 - 3

MANAGEMENT’S DISCUSSION AND ANALYSIS 4 - 12

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position 13

Statement of Activities 14

Fund Financial Statements:

Balance Sheet - Governmental Funds..... 15

Reconciliation of Balance Sheet to Statement of Net Position of Governmental Activities 16

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds 17

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 18

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund 19

Statement of Net Position - Proprietary Funds 20

Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds 21

Statement of Cash Flows - Proprietary Funds 22 - 23

Notes to Financial Statements..... 24 - 51

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2016

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	52
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	53

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheet - Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	55 - 56
Budgetary Comparison Schedule - Industrial Development Fund	57
Budgetary Comparison Schedule - State Street Aid Fund	58
Budgetary Comparison Schedule - Parks Sales Tax Fund	59
Budgetary Comparison Schedule - Impact Fee Fund	60
Budgetary Comparison Schedule - Drug Fund	61
Budgetary Comparison Schedule - Cemetery Fund	62
Budgetary Comparison Schedule - Debt Service Fund	63

OTHER SCHEDULES

Schedule of Major Fund Revenues	64
Schedule of Major Fund Expenditures	65 - 67
Schedule of Changes in Property Taxes Receivable	68
Schedules of Governmental Activities Long-Term Debt	69

CITY OF WHITE HOUSE, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2016

TABLE OF CONTENTS (CONTINUED)

OTHER SCHEDULES SECTION (CONTINUED)

Schedules of Business-Type Activities Long-Term Debt.....	70
Schedule of Expenditures of Federal and State Awards	71 - 72
Schedule of Tax Rates and Assessments (unaudited)	73
Schedule of Wastewater Rates and Number of Customers (unaudited)	74

OTHER REPORTS 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>	75 - 76
SCHEDULE OF FINDINGS AND RESPONSES	77 - 78

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	Dave Paltzik
City Administrator	Gerald Herman
City Attorney	Valerie Webb
City Judge	Joseph Zanger
City Recorder	Kerry Harville
Chief of Fire Department	Joe Palmer
Chief of Police Department	Pat Brady
Director of Finance	Jason Barnes, 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, 2016, 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, 2016, 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.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, and the schedules of changes in net pension liability (asset) and related ratios and contributions based on participation in the public employee pension plan of TCRS schedule of funding progress - employee retirement system on pages 52-53 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 54 through 74, 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 16, 2016, on our consideration of the City of White House, Tennessee’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Kraj+CPAs PLLC

Nashville, Tennessee
December 16, 2016

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CITY OF WHITE HOUSE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of White House, Tennessee's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the City's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

The City's governmental activities total assets increased by \$657,000 in 2016 or 1.7%, while business-type activities total assets increased by \$3,377,000 or 13.6%, resulting in an increase in total primary government assets of \$4,034,000 or 6.3%. Governmental activities total revenues for the City decreased by \$426,000 or 4.5%, while business-type total revenues increased by \$1,136,000 or 26.9%, resulting in an increase in total primary government revenues of \$710,000, or 5.2%. The City's governmental activities total program costs for 2016 increased \$263,000 or 3.5%, while business-type activities total program costs increased by \$175,000 or 5.4%, resulting in an increase in total primary government program costs of \$438,000 or 4.1%. With respect to the City's governmental activities, total program costs increased while total revenues decreased. This resulted in a decrease in the change in net position of \$467,000 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 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

For an analysis of the City's financial operation as a whole, we must examine the statement of net position and the statement of activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most companies in the private sector. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In reviewing these financial statements, we must ask, "Is the City of White House as a whole financially better or worse as a result of this year's activities?"

One way to answer this question of the City's financial position and stability is to review the City's statements of net position (the difference between assets and liabilities) and the changes in net position over time. Tables 1 and 2 of this discussion and analysis offer this information in a comparative format, which provides an excellent opportunity to evaluate the City's financial health.

In reviewing these statements, you will also need to consider other non-financial factors, such as changes in the City's property and sales tax base and the condition of the City's infrastructure facilities and equipment.

As illustrated in Table 1, total assets of the City's governmental activities were \$39,979,000 in 2016 versus \$39,322,000 in 2015, representing an increase of \$657,000 or 1.7%. Table 1 also shows that total assets of the City's business-type activities were \$28,286,000 in 2016 versus \$24,909,000 in 2015, representing an increase of \$3,377,000 or 13.6%.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		
	2016	2015	2016	2015	2016	2015	Change
Current and other assets*	\$ 10,043	\$ 10,336	\$ 5,237	\$ 4,550	\$ 15,280	\$ 14,886	\$ 394
Capital assets	29,936	28,986	23,049	20,359	52,985	49,345	3,640
Total assets	<u>39,979</u>	<u>39,322</u>	<u>28,286</u>	<u>24,909</u>	<u>68,265</u>	<u>64,231</u>	<u>4,034</u>
Deferred outflows of resources	603	444	64	36	667	480	187
Long-term liabilities*	7,938	8,202	8,857	7,174	16,795	15,376	1,419
Other liabilities	607	1,167	383	354	990	1,521	(531)
Total liabilities	<u>8,545</u>	<u>9,369</u>	<u>9,240</u>	<u>7,528</u>	<u>17,785</u>	<u>16,897</u>	<u>888</u>
Deferred inflows of resources	3,442	3,366	44	54	3,486	3,420	66
Net position:							
Net investment in capital assets	22,586	21,390	14,192	13,312	36,778	34,702	2,076
Restricted	1,035	706	13	-	1,048	706	342
Unrestricted*	4,974	4,935	4,861	4,051	9,835	8,986	849
Total net position*	<u>\$ 28,595</u>	<u>\$ 27,031</u>	<u>\$ 19,066</u>	<u>\$ 17,363</u>	<u>\$ 47,661</u>	<u>\$ 44,394</u>	<u>\$ 3,267</u>

* Prior period adjustments were posted to opening net position as of July 1, 2015. 2015 numbers have been adjusted to reflect these changes. Please see Note 11 in the financial statements for more details.

The significant elements and causes for the changes in the City's governmental activities total assets in 2016 were: (1) Current and other assets decreased by \$293,000; (2) Capital assets net, including infrastructure additions, increased by \$950,000. Add depreciation expense of \$1,146,000 to this amount to calculate the net increase in land, construction in progress, buildings & improvements, machinery & equipment, and infrastructure of \$2,096,000 net of retirements. Major capital asset events affecting governmental activities during the current fiscal year included the following:

- Asphalt Overlay Program/Street Resurfacing continued for an addition of \$302,000.
- Splash Pad (Phase 1) construction completed for an addition of \$302,000.
- Highway 31W Sidewalk (Phase 2) project continued for an addition of \$149,000.

The significant aspects of the increase in the City's business-type activities total assets in 2016 were an increase in current and other assets of \$687,000 and an increase in capital assets of \$2,690,000. The net increase in capital assets is the result of an increase in construction in progress of \$1,836,000, a net increase in machinery and equipment of \$1,596,000, and depreciation expense of \$742,000. Major capital asset events affecting business-type activities during the current fiscal year included the following:

- WWTP Effluent Irrigation Improvements/Headworks construction continued for an addition of \$2,192,000.
- Calista Lift Station Rehabilitation was completed for an addition of \$490,000.
- Hobbs Road/Sage Road/Meadows Road sewer system conversion from vacuum was completed for an addition of \$431,000.

As shown in Table 1, total liabilities of the City's governmental activities decreased by \$824,000 or 8.8% to \$8,545,000 in 2016 from \$9,369,000 in 2015. Table 1 also shows total liabilities of the City's business-type activities increased by \$1,712,000 or 22.7% to \$9,240,000 in 2016 from \$7,528,000 in 2015.

The significant elements and causes for the changes in the City's governmental activities total liabilities in 2016 were: (1) Other liabilities decreased by \$560,000, and (2) long-term liabilities decreased by \$264,000.

The most significant aspects of the increase in the City's business-type activities total liabilities in 2016 were the increase in long-term debt primarily due to an additional debt issuance of \$2,206,000 drawn from State Revolving Fund Loans, offset by payments of long term debt in the amount of \$521,000.

Therefore, total net position of the City's governmental activities increased to \$28,595,000 in 2016 from \$27,031,000 in 2015 representing an increase of \$1,564,000 or 5.8%, and total net position of the City's business-type activities increased to \$19,066,000 in 2016 from \$17,363,000, representing an increase of \$1,703,000 or 9.8%.

The significant elements and causes for the increase in the City's governmental activities net position are: (1) net investment in capital assets increased by \$1,196,000; (2) restricted net position increased by \$329,000; and (3) unrestricted net position increased by \$39,000. The increase in the City's business-type activities net position was due to: (1) net investment in capital assets increased by \$880,000; (2) restricted net position increased by \$13,000; and (3) unrestricted net position increased by \$810,000.

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 decreased to \$9,080,000 in 2016 from \$9,506,000 in 2015, representing a decrease of \$426,000 or 4.5%. Total revenues for the City's business-type activities increased to \$5,357,000 in 2016 from \$4,221,000 in 2015, representing an increase of \$1,136,000 or 26.9%.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	\$ 665	\$ 665	\$ 4,881	\$ 3,938	\$ 5,546	\$ 4,603
Operating grants and contributions	337	427	-	-	337	427
Capital grants and contributions	119	911	361	226	480	1,137
General revenues:						
Property taxes	3,089	2,990	-	-	3,089	2,990
Park sales tax	546	76	-	-	546	76
Impact fees	33	28	-	-	33	28
Intergovernmental revenues	4,174	4,259	-	-	4,174	4,259
Interest and investment earnings	10	15	9	3	19	18
Other revenues	107	135	106	54	213	189
Total revenues	9,080	9,506	5,357	4,221	14,437	13,727
PROGRAM EXPENDITURES:						
General government	1,646	1,460	-	-	1,646	1,460
City court	78	72	-	-	78	72
Public safety	3,246	3,067	-	-	3,246	3,067
Streets	655	940	-	-	655	940
Cemetery and maintenance	23	22	-	-	23	22
Library and museum	475	235	-	-	475	235
Parks and recreation	772	894	-	-	772	894
Planning and zoning	242	28	-	-	242	28
Senior citizens activities	33	30	-	-	33	30
Miscellaneous	334	280	-	-	334	280
Interest and issuance costs on long-term debt	234	447	-	-	234	447
Wastewater department	-	-	2,376	2,529	2,376	2,529
Sanitation department	-	-	762	724	762	724
Stormwater department	-	-	294	4	294	4
Total expenses	7,738	7,475	3,432	3,257	11,170	10,732
Excess before transfers	1,342	2,031	1,925	964	3,267	2,995
Transfers	222	-	(222)	-	-	-
CHANGE IN NET POSITION	1,564	2,031	1,703	964	3,267	2,995
NET POSITION, BEGINNING OF YEAR*	27,031	25,000	17,363	16,399	44,394	41,399
NET POSITION, END OF YEAR	\$ 28,595	\$ 27,031	\$ 19,066	\$ 17,363	\$ 47,661	\$ 44,394

* Prior period adjustments were posted to opening net position as of July 1, 2015. 2015 numbers have been adjusted to reflect these changes. Please see Note 11 in the financial statements for more details.

The change in total revenues of the City's governmental activities for 2016 as compared to 2015 was primarily due to a decrease in capital grants and contributions.

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

Table 2 shows that total program expenditures for the City's governmental activities increased to \$7,738,000 in 2016 from \$7,475,000 in 2015, representing an increase of \$263,000 or 3.5%. Total program expenses for the City's business-type activities increased to \$3,432,000 in 2016 from \$3,257,000 in 2015, representing an increase of \$175,000 or 5.4%.

The increase in total program expenditures for the City's governmental activities was primarily due to increases in general government, public safety, library & museum, planning & zoning.

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 2016 was \$1,564,000 as compared to an increase in net position in 2015 of \$2,031,000. This \$467,000 decrease is primarily due to the increase in program expenditures and a decrease in revenues.

BUDGETARY HIGHLIGHTS

Governmental Activities

The City's fiscal operating year is the 12-month period beginning each July 1. An annual operating budget is submitted to the Board of Mayor and Aldermen prior to the commencement of the related fiscal year, and a budget ordinance for the year is subsequently adopted. Any revisions or amendments require Board action. All annual appropriations that are not expended lapse at fiscal year-end. The budgetary appropriations constitute maximum expenditure authorizations during the fiscal year and cannot legally be exceeded unless subsequently amended by the Board of Mayor and Aldermen.

Some of the significant components of the City's budget for the General Fund for the year ended June 30, 2016 are as follows:

- The original budgeted revenue totaled \$8,121,000.
- Final budgeted revenues for the period were the same as the original budgeted revenue totals. Final actual revenues for the period amounted to \$7,784,000. The primary reason for the difference of actual to budget performance was the grant revenue that was not recognized because the related project expenditures were not incurred during the budget year.
- The original budgeted expenditures for the period totaled \$10,098,000.
- Final budgeted expenditures for the period totaled \$10,145,000. Final actual expenditures for the period totaled \$7,707,000. The primary reason for the difference of actual to budget performance was the due to grant-driven projects that did not incur expenditures during the budget year.
- Therefore, the City realized an actual net increase in fund balance of \$358,000.

Business-type Activities

The Wastewater, Sanitation and Stormwater Departments adopt an Operating Budget to assist in planning and forecasting for the fiscal year. The Budget is approved and is in effect for the entire fiscal year. Management uses the budget as a planning tool for the coming year.

CAPITAL ASSETS

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

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

	Governmental Activities		Business-type Activities		Total		
	2016	2015	2016	2015	2016	2015	Change
Land	\$ 8,450	\$ 8,450	\$ 793	\$ 793	\$ 9,243	\$ 9,243	\$ -
Buildings and improvements	15,124	11,270	-	-	15,124	11,270	3,854
Machinery and equipment	4,361	4,537	4,403	2,807	8,764	7,344	1,420
Utility plant in service	-	-	22,127	22,127	22,127	22,127	-
Infrastructure	10,253	8,712	-	-	10,253	8,712	1,541
Construction in progress	<u>1,687</u>	<u>5,142</u>	<u>7,085</u>	<u>5,249</u>	<u>8,772</u>	<u>10,391</u>	<u>(1,619)</u>
Total capital assets	39,875	38,111	34,408	30,976	74,283	69,087	5,196
Accumulated depreciation	<u>(9,939)</u>	<u>(9,125)</u>	<u>(11,359)</u>	<u>(10,617)</u>	<u>(21,298)</u>	<u>(19,742)</u>	<u>(1,556)</u>
Net capital assets	<u>\$ 29,936</u>	<u>\$ 28,986</u>	<u>\$ 23,049</u>	<u>\$ 20,359</u>	<u>\$ 52,985</u>	<u>\$ 49,345</u>	<u>\$ 3,640</u>

Governmental Activities

In June 2015, the City's governmental activities had \$28,986,000 (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 2016 capital assets, were \$29,936,000 (net of accumulated depreciation), representing a net increase of \$950,000 or 3.3%. The increase in capital assets was comprised of two significant components: Infrastructure increase of \$1,541,000, and buildings & improvements increase of \$3,854,000. Capital asset additions in 2016 consisted primarily of buildings and improvements including the newly constructed library (transferred out of prior year construction in progress) and infrastructure improvements on various streets.

Business-type Activities

In June 2015, the City's business-type activities, consisting of the Wastewater, Sanitation, and Stormwater Departments, had \$20,359,000 (net of accumulated depreciation) invested in land, machinery and equipment which is the largest component of the Sanitation Department's capital assets, and utility plant in service which is by far the most significant component of the Wastewater Department's capital assets. In June 2016 capital assets were \$23,049,000 (net of accumulated depreciation), representing a net increase of \$2,690,000 or 13.2% from 2015. The net increase in capital assets included depreciation of \$742,000, net of the following: an increase in construction in progress of \$1,836,000, and an increase in machinery and equipment of \$1,596,000.

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 2016 and 2015:

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

	Governmental Activities		Business-type Activities		Total		Change
	2016	2015	2016	2015	2016	2015	
General obligation bonds	\$ 7,090	\$ 7,700	\$ 1,685	\$ 1,960	\$ 8,775	\$ 9,660	\$ (885)
Capital outlay notes	355	-	-	-	355	-	355
State wastewater facility revolving loan *	-	-	7,167	5,208	7,167	5,208	1,959
Total bonds and loans payable	7,445	7,700	8,852	7,168	16,297	14,868	1,429
Premium on bonds	122	131	5	6	127	137	(10)
Total long-term debt	<u>\$ 7,567</u>	<u>\$ 7,831</u>	<u>\$ 8,857</u>	<u>\$ 7,174</u>	<u>\$ 16,424</u>	<u>\$ 15,005</u>	<u>\$ 1,419</u>

* Prior period adjustments were posted to opening net position as of July 1, 2015. 2015 numbers have been adjusted to reflect these changes. Please see Note 11 in the financial statements for more details.

Governmental Activities

At the end of the current fiscal year, the City's governmental activities had outstanding long-term debt of \$7,567,000. The prior year total of long-term liabilities amounted to \$7,831,000; consequently long-term liabilities decreased during the year by \$264,000 or 3.4%.

Business-type Activities

At the end of the current fiscal year, the City's business-type activities had outstanding long-term debt of \$8,857,000 related entirely to the Wastewater Department. The prior year total of long-term liabilities amounted to \$7,174,000; consequently long-term liabilities increased during the year by \$1,684,000 or 23.5%.

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, 2016 on the business-type obligations totaled \$8,857,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic factors currently affect the City of White House and were considered in developing the 2016-2017 fiscal year budget.

- As of October 2016, both Robertson and Sumner counties' unemployment rates were in the top 10 lowest rates in the state. Robertson County's unemployment rate is 4.1% and Sumner County's rate is 3.9%.
- Effective July 1, 2016 Wastewater rates increased 3% to cover needed improvements and operating costs.
- Effective July 1, 2016 Stormwater Utility Fee rates increased 46% (\$2.11/ERU) to cover needed improvements and operating costs.
- The City Board of Mayor and Aldermen decided to maintain no change to the current city tax rate for the 2016-2017 fiscal year budget.
- Recently construction was completed for a Love's Travel Stop near exit 108 on Interstate 65. We believe the majority of the impact of this construction to be an increase in sales tax revenue for the 2016-2017 fiscal year budget. Additionally we expect to benefit significantly in future years from property tax revenues from the improvements on this property.
- Over the past couple of years, we have averaged approximately 60 new homes per year in city. We have reason to believe this average will soon have a significant increase due to potential developments currently being planned.
- The most recent City population estimate according to the U.S. Census Bureau is 11,226 (2015). This represents a 9.5% increase from the 2010 census (10,255).
- During the 2016-2017 budget year the City is conducting a special census to certify the expected population growth of approximately 1,200 people based on increased traffic counts and number of new homes.
- During the current fiscal year, the unassigned fund balance in the general fund was \$4,595,230. The City of White House has appropriated \$2,196,639 of this amount for spending in the 2016-2017 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, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,458,054	\$ 3,435,630	\$ 8,893,684
Receivables, net	4,295,123	965,605	5,260,728
Unbilled receivables	-	673,773	673,773
Inventories	-	88,883	88,883
Other current assets	236,079	59,736	295,815
Capital assets:			
Land and construction in progress	10,136,470	7,877,736	18,014,206
Other capital assets, net	19,799,259	15,170,976	34,970,235
Net pension asset	<u>53,831</u>	<u>13,500</u>	<u>67,331</u>
TOTAL ASSETS	<u>39,978,816</u>	<u>28,285,839</u>	<u>68,264,655</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on advance refunding	217,357	-	217,357
Deferred outflows relating to pensions	<u>385,602</u>	<u>63,573</u>	<u>449,175</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>602,959</u>	<u>63,573</u>	<u>666,532</u>
LIABILITIES			
Accounts payable	300,304	67,292	367,596
Accrued liabilities	269,201	307,169	576,370
Accrued interest	37,659	8,566	46,225
Noncurrent liabilities:			
Due within one year	996,851	616,212	1,613,063
Due in more than one year	<u>6,941,416</u>	<u>8,240,794</u>	<u>15,182,210</u>
TOTAL LIABILITIES	<u>8,545,431</u>	<u>9,240,033</u>	<u>17,785,464</u>
DEFERRED INFLOWS OF RESOURCES			
Assessed and unlevied property taxes	3,206,000	-	3,206,000
Deferred inflows relating to pensions	<u>235,952</u>	<u>43,600</u>	<u>279,552</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,441,952</u>	<u>43,600</u>	<u>3,485,552</u>
NET POSITION			
Net investment in capital assets	22,585,854	14,191,706	36,777,560
Restricted for:			
Cemetery	160,259	-	160,259
Parks and recreation	290,317	-	290,317
Street maintenance and improvements	378,652	-	378,652
Pension	53,831	13,500	67,331
Other	151,460	-	151,460
Unrestricted	<u>4,974,019</u>	<u>4,860,573</u>	<u>9,834,592</u>
TOTAL NET POSITION	<u>\$ 28,594,392</u>	<u>\$ 19,065,779</u>	<u>\$ 47,660,171</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 1,645,777	\$ 318,344	\$ -	\$ -	\$ (1,327,433)	\$ -	\$ (1,327,433)
City court	77,582	96,949	-	-	19,367	-	19,367
Public safety	3,246,278	2,817	24,000	-	(3,219,461)	-	(3,219,461)
Streets	655,332	-	302,744	119,408	(233,180)	-	(233,180)
Cemetery and maintenance	22,622	36,250	-	-	13,628	-	13,628
Library and museum	475,353	11,101	350	-	(463,902)	-	(463,902)
Parks and recreation	772,118	105,478	-	-	(666,640)	-	(666,640)
Planning and zoning	242,084	93,880	-	-	(148,204)	-	(148,204)
Senior citizen activities	33,242	-	9,500	-	(23,742)	-	(23,742)
Miscellaneous	334,355	-	-	-	(334,355)	-	(334,355)
Interest and issuance costs on long-term debt	233,948	-	-	-	(233,948)	-	(233,948)
	<u>7,738,691</u>	<u>664,819</u>	<u>336,594</u>	<u>119,408</u>	<u>(6,617,870)</u>	<u>-</u>	<u>(6,617,870)</u>
BUSINESS-TYPE ACTIVITIES:							
Wastewater Department	2,377,276	3,654,901	-	361,237	-	1,638,862	1,638,862
Sanitation Department	761,746	800,686	-	-	-	38,940	38,940
Stormwater Department	293,943	425,729	-	-	-	131,786	131,786
	<u>3,432,965</u>	<u>4,881,316</u>	<u>-</u>	<u>361,237</u>	<u>-</u>	<u>1,809,588</u>	<u>1,809,588</u>
TOTAL GOVERNMENT	<u>\$ 11,171,656</u>	<u>\$ 5,546,135</u>	<u>\$ 336,594</u>	<u>\$ 480,645</u>	<u>(6,617,870)</u>	<u>1,809,588</u>	<u>(4,808,282)</u>
GENERAL REVENUES							
Property taxes					3,088,842	-	3,088,842
Park sales tax					546,313	-	546,313
Impact fees					33,102	-	33,102
Intergovernmental revenues					4,173,497	-	4,173,497
Interest and investment earnings					9,963	7,966	17,929
Other revenue					165,425	106,318	271,743
Gain (loss) on disposal of assets					(57,945)	-	(57,945)
Transfers					221,719	(221,719)	-
TOTAL GENERAL REVENUES					<u>8,180,916</u>	<u>(107,435)</u>	<u>8,073,481</u>
CHANGE IN NET POSITION					1,563,046	1,702,153	3,265,199
NET POSITION - BEGINNING OF YEAR, AS RESTATED					<u>27,031,346</u>	<u>17,363,626</u>	<u>44,394,972</u>
NET POSITION - END OF YEAR					<u>\$ 28,594,392</u>	<u>\$ 19,065,779</u>	<u>\$ 47,660,171</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,317,062	\$ 22,762	\$ 868,355	\$ 5,208,179
Receivables, net	4,126,544	-	168,579	4,295,123
Prepaid expenses	<u>236,079</u>	<u>-</u>	<u>-</u>	<u>236,079</u>
TOTAL ASSETS	<u>\$ 8,679,685</u>	<u>\$ 22,762</u>	<u>\$ 1,036,934</u>	<u>\$ 9,739,381</u>
LIABILITIES				
Accounts payable	\$ 219,209	\$ -	\$ 79,008	\$ 298,217
Accrued liabilities	<u>269,201</u>	<u>-</u>	<u>-</u>	<u>269,201</u>
TOTAL LIABILITIES	<u>488,410</u>	<u>-</u>	<u>79,008</u>	<u>567,418</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>3,359,966</u>	<u>-</u>	<u>-</u>	<u>3,359,966</u>
NET POSITION				
Nonspendable	236,079	-	-	236,079
Restricted	-	22,762	957,926	980,688
Unassigned	<u>4,595,230</u>	<u>-</u>	<u>-</u>	<u>4,595,230</u>
TOTAL FUND BALANCES	<u>4,831,309</u>	<u>22,762</u>	<u>957,926</u>	<u>5,811,997</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,679,685</u>	<u>\$ 22,762</u>	<u>\$ 1,036,934</u>	<u>\$ 9,739,381</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, 2016

TOTAL GOVERNMENTAL FUND BALANCES	\$ 5,811,997
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet	29,935,729
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds and notes payable	(7,445,000)
Less: deferred charges on advance refundings	217,357
Add: bond premium	(122,232)
Compensated absences	(371,035)
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest expenditures are reported when due	(37,659)
Net pension asset in governmental activities is not a current financial resources and therefore is not reported in the governmental funds Balance Sheet	53,831
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	168,617
Deferred inflows and outflows of resources that are not financial resources and therefore are not reported in the governmental funds Balance Sheet:	
Deferred outflows related to pensions	216,985
Deferred inflows related to pensions	(235,952)
Certain deferred inflows relating to property taxes in the governmental fund statements is recognized as revenues in the government-wide Statement of Net Position	153,966
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>247,788</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 28,594,392</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, 2016

	<u>General</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
REVENUES				
Taxes	\$ 2,409,895	\$ 737,836	\$ 546,313	\$ 3,694,044
Intergovernmental revenues	4,577,716	-	386,326	4,964,042
Charges for services	138,198	-	39,129	177,327
Licenses and permits	387,113	-	33,102	420,215
Fines and forfeitures	97,562	-	2,817	100,379
Interest revenue	8,274	291	1,398	9,963
Miscellaneous	165,376	-	49	165,425
	<u>7,784,134</u>	<u>738,127</u>	<u>1,009,134</u>	<u>9,531,395</u>
EXPENDITURES				
Current operations:				
General government	1,455,987	-	65,075	1,521,062
City court	78,880	-	-	78,880
Public safety	3,148,122	-	35,041	3,183,163
Streets	623,925	-	204,658	828,583
Cemetery and maintenance	-	-	45,254	45,254
Library and museum	480,847	-	-	480,847
Parks and recreation	1,305,231	-	284,685	1,589,916
Planning and zoning	300,015	-	-	300,015
Senior citizen activities	33,242	-	-	33,242
Miscellaneous	281,004	2,143	51,208	334,355
Debt service				
Principal	-	519,091	90,909	610,000
Interest	-	229,907	19,059	248,966
Bond issuance costs	-	-	-	-
TOTAL EXPENDITURES	<u>7,707,253</u>	<u>751,141</u>	<u>795,889</u>	<u>9,254,283</u>
REVENUES OVER (UNDER)				
EXPENDITURES	76,881	(13,014)	213,245	277,112
OTHER FINANCING SOURCES (USES)				
Capital outlay note issued	355,000	-	-	355,000
Transfers in	-	-	74,412	74,412
Transfer out	(74,412)	-	-	(74,412)
NET CHANGE IN FUND BALANCES	357,469	(13,014)	287,657	632,112
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>4,473,840</u>	<u>35,776</u>	<u>670,269</u>	<u>5,179,885</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,831,309</u>	<u>\$ 22,762</u>	<u>\$ 957,926</u>	<u>\$ 5,811,997</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, 2016

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 632,112
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	1,932,240
Depreciation expense	(1,145,755)
Loss on disposal of capital assets is not recorded in fund statements	(57,945)
Capital assets transferred from business type activities to governmental activities in 2016	221,719
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	610,000
Proceeds from new debt is reported as other financing sources (uses) in governmental fund statements but affect balances of long-term liabilities in the government-wide statements:	
Issuance of capital outlay note	(355,000)
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, 2016	(37,659)
Accrued interest on debt obligations at June 30, 2015	62,325
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	(471)
Net recognized differences in pension plan (expense) revenue	98,991
Delinquent property taxes do not provide current financial resources and are not reported as revenues for governmental funds	(58,889)
Grant revenue recognized in the governmental funds under modified accrual was reported in the prior year grant revenue in the Statement of Activities	(334,543)
The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>5,569</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,563,046</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON STATEMENT

GENERAL FUND

YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Taxes	\$ 2,245,919	\$ 2,245,919	\$ 2,409,895	\$ 163,976
Intergovernmental revenues	5,252,908	5,252,908	4,577,716	(675,192)
Charges for services	124,600	124,600	138,198	13,598
Licenses and permits	319,050	319,050	387,113	68,063
Fines and forfeitures	140,100	140,100	97,562	(42,538)
Interest revenue	4,200	4,200	8,274	4,074
Miscellaneous	34,500	34,500	165,376	130,876
	<u>8,121,277</u>	<u>8,121,277</u>	<u>7,784,134</u>	<u>(337,143)</u>
EXPENDITURES				
Current operations:				
General government	2,553,417	2,409,592	1,455,987	953,605
City court	80,520	80,520	78,880	1,640
Public safety	4,031,663	4,078,820	3,148,122	930,698
Streets	764,354	764,354	623,925	140,429
Library and museum	633,859	673,859	480,847	193,012
Parks and recreation	1,405,726	1,475,726	1,305,231	170,495
Planning and zoning	320,025	320,025	300,015	20,010
Senior citizen activities	43,303	43,303	33,242	10,061
Miscellaneous	265,000	298,825	281,004	17,821
	<u>10,097,867</u>	<u>10,145,024</u>	<u>7,707,253</u>	<u>2,437,771</u>
TOTAL EXPENDITURES				
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,976,590)</u>	<u>(2,023,747)</u>	<u>76,881</u>	<u>2,100,628</u>
OTHER FINANCING SOURCES (USES)				
Capital outlay note issued	-	-	355,000	355,000
Transfers	-	-	(74,412)	(74,412)
	<u>-</u>	<u>-</u>	<u>(74,412)</u>	<u>(74,412)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,976,590)</u>	<u>\$ (2,023,747)</u>	<u>357,469</u>	<u>\$ 2,381,216</u>
FUND BALANCE - BEGINNING OF YEAR				
			<u>4,473,840</u>	
FUND BALANCE - END OF YEAR				
			<u>\$ 4,831,309</u>	

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund Health Care Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
ASSETS					
Cash and cash equivalents	\$ 2,608,919	\$ 542,028	\$ 151,688	\$ 3,302,635	\$ 249,875
Accounts receivable, net	54,501	47	4,522	59,070	-
Grants receivable	906,535	-	-	906,535	-
Unbilled receivables	554,537	68,544	50,692	673,773	-
Due from other funds	692	-	-	692	-
Inventories	88,883	-	-	88,883	-
Other current assets	48,496	6,848	4,392	59,736	-
Restricted cash and cash equivalents	132,995	-	-	132,995	-
Total current assets	4,395,558	617,467	211,294	5,224,319	249,875
Net pension asset	11,500	2,000	-	13,500	-
Capital assets, net	22,870,621	140,189	37,902	23,048,712	-
TOTAL ASSETS	27,277,679	759,656	249,196	28,286,531	249,875
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows relating to pension contributions	46,720	12,396	4,457	63,573	-
LIABILITIES					
Current liabilities					
Accounts payable	18,527	47,863	902	67,292	2,087
Accrued liabilities	72,244	2,704	7,584	82,532	-
Accrued interest	8,566	-	-	8,566	-
Due to other funds	-	-	692	692	-
Accrued compensated absences	68,718	14,388	8,536	91,642	-
Current maturities of long-term liabilities	616,212	-	-	616,212	-
Liabilities payable from restricted cash - retainage	132,995	-	-	132,995	-
Total current liabilities	917,262	64,955	17,714	999,931	2,087
LONG-TERM LIABILITIES, less current maturities	8,240,794	-	-	8,240,794	-
TOTAL LIABILITIES	9,158,056	64,955	17,714	9,240,725	2,087
DEFERRED INFLOW OF RESOURCES					
Deferred inflows related to pension assumptions	35,700	7,900	-	43,600	-
NET POSITION					
Net investment in capital assets	14,013,615	140,189	37,902	14,191,706	-
Restricted for pensions	11,500	2,000	-	13,500	-
Unrestricted	4,105,528	557,008	198,037	4,860,573	247,788
TOTAL NET POSITION	\$ 18,130,643	\$ 699,197	\$ 235,939	\$ 19,065,779	\$ 247,788

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, 2016

	<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>(RESTATED)</u>				<u>Service Fund</u>
					<u>Health Care Fund</u>
OPERATING REVENUES					
Charges for services	\$ 3,654,901	\$ 800,686	\$ 425,729	\$ 4,881,316	\$ 62,384
Other operating revenues	<u>99,643</u>	<u>6,675</u>	<u>-</u>	<u>106,318</u>	<u>-</u>
TOTAL REVENUES	<u>3,754,544</u>	<u>807,361</u>	<u>425,729</u>	<u>4,987,634</u>	<u>62,384</u>
OPERATING EXPENSES					
Personnel services	590,097	144,962	161,099	896,158	-
Supplies	237,607	17,254	69,643	324,504	-
Utilities	199,665	408	2,732	202,805	-
Other operating expenses	534,819	579,074	56,265	1,170,158	7,992
Claims, net of insurance proceeds	-	-	-	-	49,382
Depreciation	<u>717,766</u>	<u>20,048</u>	<u>4,204</u>	<u>742,018</u>	<u>-</u>
TOTAL EXPENSES	<u>2,279,954</u>	<u>761,746</u>	<u>293,943</u>	<u>3,335,643</u>	<u>57,374</u>
OPERATING INCOME	<u>1,474,590</u>	<u>45,615</u>	<u>131,786</u>	<u>1,651,991</u>	<u>5,010</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	6,901	893	172	7,966	559
Interest expense	<u>(97,322)</u>	<u>-</u>	<u>-</u>	<u>(97,322)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(90,421)</u>	<u>893</u>	<u>172</u>	<u>(89,356)</u>	<u>559</u>
INCOME BEFORE CAPITAL GRANTS, CONTRIBUTIONS AND TRANSFERS	1,384,169	46,508	131,958	1,562,635	5,569
TRANSFERS OUT	(149,588)	(72,131)	-	(221,719)	-
CAPITAL GRANTS AND CONTRIBUTIONS	<u>361,237</u>	<u>-</u>	<u>-</u>	<u>361,237</u>	<u>-</u>
CHANGE IN NET POSITION	1,595,818	(25,623)	131,958	1,702,153	5,569
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>16,534,825</u>	<u>724,820</u>	<u>103,981</u>	<u>17,363,626</u>	<u>242,219</u>
NET POSITION - END OF YEAR	<u>\$ 18,130,643</u>	<u>\$ 699,197</u>	<u>\$ 235,939</u>	<u>\$ 19,065,779</u>	<u>\$ 247,788</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activity - Internal Service Fund</u>
	<u>Wastewater Department</u>	<u>Solid Waste Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,743,188	\$ 812,325	\$ 392,791	\$ 4,948,304	\$ -
Receipts from internal services provided	-	-	-	-	62,384
Payments to suppliers	(1,204,490)	(598,877)	(131,438)	(1,934,805)	-
Payments to or on behalf of employees	(371,135)	(145,014)	(149,436)	(665,585)	-
Claims paid, net of insurance recoveries	-	-	-	-	(48,517)
Premiums paid	-	-	-	-	(7,992)
	<u>2,167,563</u>	<u>68,434</u>	<u>111,917</u>	<u>2,347,914</u>	<u>5,875</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES					
	<u>2,167,563</u>	<u>68,434</u>	<u>111,917</u>	<u>2,347,914</u>	<u>5,875</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of equipment	(3,591,496)	(20,185)	(42,106)	(3,653,787)	-
Revolving fund loan proceeds not required to be repaid	339,713	-	-	339,713	-
Proceeds from revolving fund loan debt	1,631,940	-	-	1,631,940	-
Payments on long-term debt	(522,830)	-	-	(522,830)	-
Interest paid	(95,923)	-	-	(95,923)	-
	<u>(2,238,596)</u>	<u>(20,185)</u>	<u>(42,106)</u>	<u>(2,300,887)</u>	<u>-</u>
NET CASH USED IN CAPITAL AND RELATED ACTIVITIES					
	<u>(2,238,596)</u>	<u>(20,185)</u>	<u>(42,106)</u>	<u>(2,300,887)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>6,901</u>	<u>893</u>	<u>172</u>	<u>7,966</u>	<u>559</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES					
	<u>6,901</u>	<u>893</u>	<u>172</u>	<u>7,966</u>	<u>559</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(64,132)</u>	<u>49,142</u>	<u>69,983</u>	<u>54,993</u>	<u>6,434</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,806,046</u>	<u>492,886</u>	<u>81,705</u>	<u>3,380,637</u>	<u>243,441</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,741,914</u>	<u>\$ 542,028</u>	<u>\$ 151,688</u>	<u>\$ 3,435,630</u>	<u>\$ 249,875</u>
CASH AND CASH EQUIVALENTS:					
Cash and cash equivalents	\$ 2,608,919	\$ 542,028	\$ 151,688	\$ 3,302,635	\$ 249,875
Restricted cash and cash equivalents	<u>132,995</u>	<u>-</u>	<u>-</u>	<u>132,995</u>	<u>-</u>
	<u>\$ 2,741,914</u>	<u>\$ 542,028</u>	<u>\$ 151,688</u>	<u>\$ 3,435,630</u>	<u>\$ 249,875</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	<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 OPERATING ACTIVITIES					
Operating income	\$ 1,474,590	\$ 45,615	\$ 131,786	\$ 1,651,991	\$ 5,010
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	717,766	20,048	4,204	742,018	-
Net pension adjustment	11,974	(5,727)	(4,457)	1,790	-
Changes in operating assets and liabilities					
Receivables, net	(18,360)	6,428	(395)	(12,327)	-
Unbilled receivables	7,004	(1,464)	(32,543)	(27,003)	-
Due from other funds	(692)	-	-	(692)	-
Inventories	-	-	-	-	-
Other current assets	(77,177)	(2,095)	(4,392)	(83,664)	-
Accounts payable	(154,530)	(46)	902	(153,674)	865
Accrued liabilities	206,988	5,675	16,120	228,783	-
Due to other funds	-	-	692	692	-
TOTAL ADJUSTMENTS	<u>692,973</u>	<u>22,819</u>	<u>(19,869)</u>	<u>695,923</u>	<u>865</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,167,563</u>	<u>\$ 68,434</u>	<u>\$ 111,917</u>	<u>\$ 2,347,914</u>	<u>\$ 5,875</u>

See accompanying notes to financial statements.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

Basic Financial Statement

Government-wide financial statements

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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 \$3,373,863 and intergovernmental revenues of \$752,861. Receivable balances for the business-type activities consist of billed charges to wastewater, sanitation and stormwater customers and \$906,535 for federal and state grants. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts at June 30, 2016 totals \$202,000 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, 2016, but which were levied to finance fiscal year 2017 operations, have been recorded as deferred inflows. In the governmental funds financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows.

Unbilled revenues for the Wastewater Department Fund, Solid Waste Fund and Stormwater Fund represent the estimated receivable amount for services provided that have not been billed to customers at the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (two months delayed for wastewater and solid waste and one month for stormwater).

Internal Balances

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

Inventories

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The accounting treatment for property, plant and equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, capital assets used in governmental activities with a total cost greater than \$5,000 are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

Capital assets in the proprietary funds with a cost over \$5,000 are capitalized at the original cost of construction or acquisition, which includes the cost of contracted services, direct labor, materials and overhead items. Maintenance and repairs, including the renewal of minor items of plant, are charged to the appropriate maintenance or other expense accounts. Depreciation of capital assets is computed and recorded in the statement of activities with accumulated depreciation reflected in the statement of net position.

Depreciation is provided over the assets' estimated useful lives using the straight-line method. The cost of assets under capital leases are depreciated (amortized) over the lesser of the terms of the related leases or the estimated useful lives of the leased assets. Amortization of assets under capital leases is included in depreciation expense. The range of estimated useful lives by type of asset is as follows:

	<u>Depreciable Life</u>
<u>Governmental activities:</u>	
Buildings and improvements	5 - 40 years
Infrastructure assets	15 - 50 years
Machinery and equipment	3 - 20 years
<u>Business-type activities:</u>	
Machinery and equipment	3 - 15 years
Wastewater plant	5 - 50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in the proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016 consist of deferred charges on advance refunding of debt and amounts related to pensions (differences in experience and contributions after the measurement date).

Compensated Absences

The City's policies permit 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 200 hours with the remaining hours counting as service credit in TCRS. The liability for these compensated absences is recorded as long-term debt in the government-wide statements for government activities and for business-type activities. The current portion of the compensated absences is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Long-term Obligations

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

Pensions

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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. Actuarial gains related to pension assets are also included in deferred inflows.

Property Taxes

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

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

A revaluation of all property is required to be completed every five years for Sumner County, Tennessee and every six years for Robertson County, Tennessee. The last revaluation was completed in 2014 for Sumner County and 2013 for Robertson County. The City's tax rate applicable to 2015 was \$1.2315 for both Sumner County and Robertson County on each \$100 of tax valuation.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Control

The City's fiscal operating year is the 12-month period beginning each July 1. An annual operating budget is submitted to the Board of Mayor and Aldermen prior to the commencement of the related fiscal year, and a budget resolution for the year is subsequently adopted. Any revisions or amendments require Board action. All annual appropriations not expended lapse at fiscal year-end. The budgetary appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot legally be exceeded unless subsequently amended by the Board of Mayor and Aldermen. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the General Fund, the account level for the Drug Fund and the fund level for all other funds.

Excess Expenditures

For the year ended June 30, 2016 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, 2016, the only unliquidated interfund receivable (payable) was \$692 due to the Wastewater Fund from the Stormwater Fund.

The Wastewater Fund made payments totaling \$131,248 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 General Fund transferred \$74,412 to the Parks Sales Tax Fund in 2016.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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, 2016, all deposits were insured or collateralized, as required by state statute. At June 30, 2016, 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 average maturity of the pool's investments, which was one hundred eleven days at June 30, 2016. The Pool does not have a credit rating. The City's investment in the Tennessee Local Government Investment Pool totaled \$5,611,061 at June 30, 2016.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2015	Additions	Retirements and Transfers	Balance June 30, 2016
<u>Capital assets not being depreciated:</u>				
Land	\$ 8,449,915	\$ -	\$ -	\$ 8,449,915
Construction in progress	<u>5,141,936</u>	<u>761,412</u>	<u>(4,216,793)</u>	<u>1,686,555</u>
Total capital assets not being depreciated	<u>13,591,851</u>	<u>761,412</u>	<u>(4,216,793)</u>	<u>10,136,470</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	11,269,638	113,953	3,741,406	15,124,997
Machinery and equipment	4,536,888	213,597	(389,430)	4,361,055
Infrastructure assets	<u>8,712,289</u>	<u>843,278</u>	<u>697,106</u>	<u>10,252,673</u>
Total capital assets being depreciated	<u>24,518,815</u>	<u>1,170,828</u>	<u>4,049,082</u>	<u>29,738,725</u>
<u>Less accumulated depreciation:</u>				
Land improvements, buildings, machinery and equipment	(7,217,627)	(715,935)	331,485	(7,602,077)
Infrastructure assets	<u>(1,907,569)</u>	<u>(429,820)</u>	<u>-</u>	<u>(2,337,389)</u>
Total accumulated depreciation	<u>(9,125,196)</u>	<u>(1,145,755)</u>	<u>331,485</u>	<u>(9,939,466)</u>
Governmental activities capital assets, net	<u>\$ 28,985,470</u>	<u>\$ 786,485</u>	<u>\$ 163,774</u>	<u>\$ 29,935,729</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation was charged to governmental activities as follows:

Public safety	\$ 263,683
Parks and recreation	245,373
General government	419,502
Public works	75,065
Library	135,026
Planning and zoning	<u>7,106</u>
	<u>\$ 1,145,755</u>

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

<u>Business-Type Activities</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2016</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 792,760	\$ -	\$ -	\$ 792,760
Construction in progress	<u>5,249,276</u>	<u>3,312,684</u>	<u>(1,476,984)</u>	<u>7,084,976</u>
Total capital assets not being depreciated	<u>6,042,036</u>	<u>3,312,684</u>	<u>(1,476,984)</u>	<u>7,877,736</u>
<u>Capital assets being depreciated:</u>				
Wastewater plant	22,126,575	-	-	22,126,575
Machinery and equipment	<u>2,807,508</u>	<u>341,104</u>	<u>1,255,265</u>	<u>4,403,877</u>
Total capital assets being depreciated	<u>24,934,083</u>	<u>341,104</u>	<u>1,255,265</u>	<u>26,530,452</u>
<u>Less accumulated depreciation:</u>				
Wastewater plant	(9,161,207)	(695,998)	-	(9,857,205)
Machinery and equipment	<u>(1,456,251)</u>	<u>(46,020)</u>	<u>-</u>	<u>(1,502,271)</u>
Total accumulated depreciation	<u>(10,617,458)</u>	<u>(742,018)</u>	<u>-</u>	<u>(11,359,476)</u>
Business-type activities capital assets, net	<u>\$ 20,358,661</u>	<u>\$ 2,911,770</u>	<u>\$ (221,719)</u>	<u>\$ 23,048,712</u>

Business-type activities transferred assets with a net book value of \$221,719 (\$72,131 from Solid Waste and \$149,588 from Wastewater) to governmental activities for assets that were partially funded by both governmental activities and business-type activities to simplify tracking purposes.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (CONTINUED)

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

Wastewater	\$	717,766
Solid Waste		20,048
Stormwater		<u>4,204</u>
	\$	<u>742,018</u>

The cost to complete construction in progress for all fund types at June 30, 2016 was approximately \$1,054,000.

NOTE 5 - LONG-TERM DEBT

The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

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

Governmental Activities	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
General Obligation Refunding Bonds	\$ 4,680,000	\$ -	\$ (540,000)	\$ 4,140,000	\$ 570,000
General Obligation Public Improvement Bonds	3,020,000	-	(70,000)	2,950,000	70,000
Capital Outlay Note	<u>-</u>	<u>355,000</u>	<u>-</u>	<u>355,000</u>	<u>119,000</u>
Total long-term debt before premiums	7,700,000	355,000	(610,000)	7,445,000	759,000
Plus: unamortized premium on bonds	<u>131,083</u>	<u>-</u>	<u>(8,851)</u>	<u>122,232</u>	<u>8,851</u>
Total long-term debt	7,831,083	355,000	(618,851)	7,567,232	767,851
Accrued compensated absences	<u>370,564</u>	<u>229,058</u>	<u>(228,587)</u>	<u>371,035</u>	<u>229,000</u>
Total long-term liabilities	<u>\$ 8,201,647</u>	<u>\$ 584,058</u>	<u>\$ (847,438)</u>	<u>\$ 7,938,267</u>	<u>\$ 996,851</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The Debt Service Fund and Parks Sales Tax Fund have been used to liquidate governmental activities long-term liabilities.

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

Business-Type Activities	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
	(Restated)				
Notes payable to the State of Tennessee, Wastewater Facility Revolving Loan Fund	\$ 5,207,521	\$ 2,206,276	\$ (246,311)	\$ 7,167,486	\$ 336,212
General Obligation Refunding Bonds	<u>1,960,000</u>	<u>-</u>	<u>(275,000)</u>	<u>1,685,000</u>	<u>280,000</u>
Total bonds and notes payable	7,167,521	2,206,276	(521,311)	8,852,486	616,212
Plus premium on bonds	<u>6,039</u>	<u>-</u>	<u>(1,519)</u>	<u>4,520</u>	<u>-</u>
Total long-term debt	<u>\$ 7,173,560</u>	<u>\$ 2,206,276</u>	<u>\$ (522,830)</u>	<u>\$ 8,857,006</u>	<u>\$ 616,212</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

Governmental Activities:

General Obligation Refunding Bonds, Series 2008 (portion not refunded), due in varying installments through June 2018, at a fixed interest rate of 4.00%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 770,000
General Obligation Public Improvement Bonds, Series 2013, due in increasing installments through June 2043, at fixed rates ranging from 2.00% to 4.25%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	3,950,000
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.	3,370,000
General Obligation Fire Apparatus Capital Outlay Notes, Series 2015, due in varying installments through March 2019, at fixed interest rate of 1.75%; interest payable annually on March 25 and principal payable annually on March 25 of each year.	<u>355,000</u>
	7,445,000
Plus: unamortized premium on bonds	<u>122,232</u>
Total governmental-activities debt	<u>\$ 7,567,232</u>

Business-type Activities:

General Obligation Bonds

General Obligation Refunding Bonds, Series 2008, due in increasing annual installments through June 2017, at fixed interest rate of 4.00%; interest payable semiannually on June 1 and December 1 and principal payable annually on June 1 of each year.	\$ 75,000
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CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Business-type Activities (continued):

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.

\$ 1,610,000
1,685,000

State Revolving Loan Fund Debt:

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in monthly installments of \$2,970, including interest at 1.77%, through May 2031.

\$ 467,801

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.

295,214

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.88%, due in monthly installments of \$3,878 through October 2033.

687,956

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.

3,350,664

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.00%, through 2036. Payment on this note will begin once completion of the related grant and drawdown of funds has occurred.

380,741

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 0.75%, through 2033. Payment on this note will begin once completion of the related grant and drawdown of funds has occurred.

1,599,867

Note Payable to State of Tennessee, Wastewater Facility Revolving Loan Fund, due in equal monthly installments, including interest at 1.11%, through 2036. Payment on this note will begin once completion of the related grant and drawdown of funds has occurred.

385,243

7,167,486

Total business-type debt, excluding unamortized premium

8,852,486

Plus: unamortized premium on bonds

4,520

Total business-type activities debt

\$ 8,857,006

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (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

On March 24, 2016, the City issued a \$355,000 Fire Apparatus Capital Outlay Note, to purchase a fire truck. The capital outlay note has a fixed interest rate of 1.75%.

Debt Service Requirements

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

Year Ended June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 759,000	\$ 222,016	\$ 981,016	\$ 616,212	\$ 102,659	\$ 718,871
2018	698,000	198,404	896,404	580,434	96,358	676,792
2019	758,000	177,330	935,330	584,716	89,833	674,549
2020	655,000	162,436	817,436	594,042	82,836	676,878
2021	390,000	149,336	539,336	598,414	75,420	673,834
2022-2026	1,590,000	617,245	2,207,245	2,584,734	259,497	2,844,231
2027-2031	920,000	420,524	1,340,524	1,948,734	124,152	2,072,886
2032-2036	600,000	298,181	898,181	1,323,774	26,154	1,349,928
2037-2041	735,000	166,784	901,784	21,426	32	21,458
2042-2043	340,000	21,887	361,887	-	-	-
	<u>\$ 7,445,000</u>	<u>\$ 2,434,143</u>	<u>\$ 9,879,143</u>	<u>\$ 8,852,486</u>	<u>\$ 856,941</u>	<u>\$ 9,709,427</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 6 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary to future years subject to maximum deferral limitations provided in the plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust and is available for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Board. At June 30, 2016, there were 5 active plan members.

Employees are not required to contribute to the plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the plan. The plan allows members to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's does not contribute to the plan. Total employee contributions for the year ended June 30, 2016 were \$775.

Subsequent to year-end, the City approved resolutions to join the State of Tennessee's 457 and 401(k) plans administered by TCRS. Participation in these plans not required, and the City will not make matching or discretionary contributions.

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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided

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

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 7 - PENSION PLAN (CONTINUED)

Benefits Provided (continued)

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	82
Active employees	82
	<u>190</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarially Determined Contribution (ADC) for the City was \$189,806 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, 2015, 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, 2016

NOTE 7 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2015 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, 2015 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, 2016

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, 2016

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, 2014	\$ 5,633,920	\$ 5,872,739	\$ (238,819)
 CHANGES FOR THE YEAR:			
Service cost	278,351	-	278,351
Interest	438,848	-	438,848
Differences between expected and actual experience	(10,068)	-	(10,068)
Contributions - employer	-	189,806	(189,806)
Contributions - employee	-	166,038	(166,038)
Net investment income	-	183,990	(183,990)
Benefit payments, including refunds of employee contributions	(121,931)	(121,931)	-
Administrative expense	-	(4,191)	4,191
Net changes	<u>585,200</u>	<u>413,712</u>	<u>171,488</u>
BALANCE AT JUNE 30, 2015	<u>\$ 6,219,120</u>	<u>\$ 6,286,451</u>	<u>\$ (67,331)</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>\$ 996,798</u>	<u>\$ (67,331)</u>	<u>\$ (933,870)</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 7 - PENSION PLAN (CONTINUED)

Pension Expense

For the year ended June 30, 2016, the City recognized pension expense of \$74,164.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2016, 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	\$ 38,241	\$ 8,809
Net difference between projected and actual earnings on pension plan investments	212,064	270,743
Contributions subsequent to the measurement date of June 30, 2015	<u>198,870</u>	<u>-</u>
Total	<u>\$ 449,175</u>	<u>\$ 279,552</u>

The amount shown above for Contributions subsequent to the measurement date of June 30, 2015, 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>	
2017	\$ (32,118)
2018	(32,118)
2019	(32,118)
2020	58,130
2021	5,114
Thereafter	3,855

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, 2016

NOTE 8 - RISK MANAGEMENT

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

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

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

<u>Year Ended June 30,</u>	<u>Liability Beginning of of Year</u>	<u>Incurred Claims</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2016	\$ 1,222	\$ 49,382	\$ 48,517	\$ 2,087
2015	1,720	52,764	53,262	1,222
2014	672	53,973	52,925	1,720

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 9 - 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 February 2013, the City entered into a loan agreement with the Tennessee Department of Environment and Conservation, State Revolving Loan Fund, for CG2 2013-326, Green-Wastewater Treatment Plant improvements - Advanced Treatment (Effluent screens, EQ basins modifications and new spray irrigation disposal system) project loan in the amount of \$1,999,834 as well as a companion loan (CWSRF 2016-364) in March 2016 for \$800,000. The initial loan has \$399,967 in principal forgiveness. Internally, this project is referred to as the Wastewater Treatment Plant Headworks Improvements. As of June 30, 2016, the construction phase of this project was near completion. The estimated cost to complete construction in progress related to this project is \$500,000.

In August 2015, the City issued a purchase order to The Sutphen Corporation for the manufacturing of a new 1500 GPM pumper fire apparatus. As of June 30, 2016 the apparatus was still being manufactured. The cost associated with this order is paid 100% at the time of completion. The total cost of this order is \$451,250.

In September 2015, the City entered into an agreement with Cumberland Valley Constructors, Inc. for construction services related to Wastewater Treatment Plant Effluent Improvements & Headworks. As of June 30, 2016 the construction for this project was near completion. The estimated cost to complete construction in progress directly related to this contract is \$500,000.

In January 2016, the City entered into an agreement with C & C Contracting, LLC for construction services related to the bathroom expansion (at the back of the municipal park). As of June 30, 2016 the construction for this project was near completion. The estimated cost to complete construction in progress directly related to this contract is \$12,200.

In January 2016, the City entered into an agreement with C & C Contracting, LLC for construction services related to the Municipal Recreation Complex (bathroom / pavilion). As of June 30, 2016 the construction for this project was near completion. The estimated cost to complete construction in progress directly related to this contract is \$36,000.

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In April 2016, the City entered into an agreement with C & C Contracting, LLC for construction services related to the Marquee Signs & Flagpoles (at City Hall). As of June 30, 2016 the construction for this project was near completion. The estimated cost to complete construction in progress directly related to this contract is \$30,000.

In April 2016, the City entered into an agreement with Carter Douglas Company, LLC for construction services related to the renovation of the White House museum (old library) building. As of June 30, 2016 this project was in the construction phase and anticipated to be complete in the following fiscal year. The estimated cost to complete construction in progress directly related to this contract is \$170,000.

In April 2016, the City entered into an agreement with Dynamic Construction, LLC for construction services related to the Northern Force Main Sewer Improvements project. As of June 30, 2016 the construction for this project was near completion. The estimated cost to complete construction in progress directly related to this contract is \$200,000.

NOTE 10 - ADJUSTMENT TO PRIOR YEAR NET POSITION

Net position and fund balance as of July 1, 2015 has been restated to correct certain grant receivable balances as of that date. The effects of the error corrections on the City's net position/fund balance are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>General Fund</u>	<u>Wastewater</u> <u>Fund</u>
Fund balance/net position - as previously stated	\$ 26,777,790	\$ 17,341,062	\$ 4,554,827	\$ 16,512,261
<u>Correction of errors:</u>				
To record additional SRF grant receivables, SRF loan balance and related forgiveness.	-	22,564	-	22,564
To adjust grant receivable and revenue for projects not properly recognized in prior years.	<u>253,556</u>	<u>-</u>	<u>(80,987)</u>	<u>-</u>
Fund balance/net position - as restated	<u>\$ 27,031,346</u>	<u>\$ 17,363,626</u>	<u>\$ 4,473,840</u>	<u>\$ 16,534,825</u>

CITY OF WHITE HOUSE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

NOTE 11 - 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 and for other post-employment benefit plans consistent with the pension standards. Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. These new standards are not expected to have a significant impact on the City's financial statements.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WHITE HOUSE, TENNESSEE

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

LAST FISCAL YEAR ENDING JUNE 30

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

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>
Actuarial determined contribution	\$ 186,991	\$ 189,806	\$ 198,870
Contributions in relation to the actuarial determined contribution	<u>186,991</u>	<u>189,806</u>	<u>198,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,174,709	\$ 3,312,492	\$ 3,958,866
Contributions as a percentage covered employee payroll	5.89 %	5.73 %	5.02 %

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 2016 were calculated based on the July 1, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

COMBINING AND NON-MAJOR FUND STATEMENTS

CITY OF WHITE HOUSE, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2016

	<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>
ASSETS							
Cash and cash equivalents	\$ 113,341	\$ 194,058	\$ 271,999	\$ 115,209	\$ 13,489	\$ 160,259	\$ 868,355
Receivables, net	<u>23,598</u>	<u>51,302</u>	<u>93,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,579</u>
Total assets	<u>\$ 136,939</u>	<u>\$ 245,360</u>	<u>\$ 365,678</u>	<u>\$ 115,209</u>	<u>\$ 13,489</u>	<u>\$ 160,259</u>	<u>\$ 1,036,934</u>
LIABILITIES							
Accounts payable	\$ 2,987	\$ 660	\$ 75,361	\$ -	\$ -	\$ -	\$ 79,008
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,987</u>	<u>660</u>	<u>75,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,008</u>
FUND BALANCES							
Restricted	133,952	244,700	290,317	115,209	13,489	160,259	957,926
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 136,939</u>	<u>\$ 245,360</u>	<u>\$ 365,678</u>	<u>\$ 115,209</u>	<u>\$ 13,489</u>	<u>\$ 160,259</u>	<u>\$ 1,036,934</u>

CITY OF WHITE HOUSE, TENNESSEE

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

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	<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>
REVENUES							
Taxes							
Park sales tax receipts	\$ -	\$ -	\$ 546,313	\$ -	\$ -	\$ -	\$ 546,313
Intergovernmental revenues							
State and county revenue	103,401	-	-	-	1,050	-	104,451
Gasoline and motor fuel tax	-	193,693	-	-	-	-	193,693
Gas 1989	-	30,876	-	-	-	-	30,876
Gas 3 cent	-	57,306	-	-	-	-	57,306
Charges for services							
Cemetery and maintenance	-	-	-	-	-	39,129	39,129
Licenses and permits							
Impact fees	-	-	-	33,102	-	-	33,102
Fines and forfeitures							
Drug related fines and forfeitures	-	-	-	-	2,817	-	2,817
Interest revenue	243	232	349	195	27	352	1,398
Miscellaneous							
Other Revenue	10	-	19	-	-	20	49
Sale of equipment	-	-	-	-	-	-	-
Total revenues	<u>103,654</u>	<u>282,107</u>	<u>546,681</u>	<u>33,297</u>	<u>3,894</u>	<u>39,501</u>	<u>1,009,134</u>
EXPENDITURES							
General government							
Capital outlay	65,075	-	-	-	-	-	65,075
Public safety							
Materials and supplies	-	-	-	-	3,479	-	3,479
Other operating expenses	-	-	-	-	2,333	-	2,333

(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, 2016

	<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	-	-	-	-	29,229	-	29,229
Streets							
Utilities	-	120,809	-	-	-	-	120,809
Other operating expenses	-	24,505	-	-	-	-	24,505
Capital outlay	-	59,344	-	-	-	-	59,344
Cemetery and maintenance							
Materials and supplies	-	-	-	-	-	967	967
Utilities	-	-	-	-	-	1,202	1,202
Other operating expenses	-	-	-	-	-	20,453	20,453
Capital outlay	-	-	-	-	-	22,632	22,632
Parks and recreation							
Other operating expenses	-	-	126	-	-	-	126
Capital outlay	-	-	284,559	-	-	-	284,559
Miscellaneous							
Other operating expenses	51,208	-	-	-	-	-	51,208
Debt service							
Principal	-	-	90,909	-	-	-	90,909
Interest	-	-	19,059	-	-	-	19,059
Total expenditures	<u>116,283</u>	<u>204,658</u>	<u>394,653</u>	<u>-</u>	<u>35,041</u>	<u>45,254</u>	<u>795,889</u>
REVENUES OVER (UNDER) EXPENDITURES	(12,629)	77,449	152,028	33,297	(31,147)	(5,753)	213,245
OTHER FINANCING SOURCES (USES)							
Transfer in	<u>-</u>	<u>-</u>	<u>74,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,412</u>
NET CHANGE IN FUND BALANCES	(12,629)	77,449	226,440	33,297	(31,147)	(5,753)	287,657
FUND BALANCES - BEGINNING OF YEAR	<u>146,581</u>	<u>167,251</u>	<u>63,877</u>	<u>81,912</u>	<u>44,636</u>	<u>166,012</u>	<u>670,269</u>
FUND BALANCES - END 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>

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

INDUSTRIAL DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Intergovernmental revenues	\$ 70,000	\$ 70,000	\$ 103,401	\$ 33,401
Interest revenue	100	100	243	143
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Total revenues	<u>70,100</u>	<u>70,100</u>	<u>103,654</u>	<u>33,554</u>
EXPENDITURES				
Capital outlay	50,000	70,000	65,075	4,925
Miscellaneous	<u>68,500</u>	<u>68,500</u>	<u>51,208</u>	<u>17,292</u>
Total expenditures	<u>118,500</u>	<u>138,500</u>	<u>116,283</u>	<u>22,217</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE				
	<u>\$ (48,400)</u>	<u>\$ (68,400)</u>	<u>(12,629)</u>	<u>\$ 55,771</u>
FUND BALANCES - BEGINNING OF YEAR			<u>146,581</u>	
FUND BALANCES - END OF YEAR			<u>\$ 133,952</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

STATE STREET AID FUND

YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
State gasoline and motor fuel taxes	\$ 269,194	\$ 269,194	\$ 281,875	\$ 12,681
Interest revenue	<u>70</u>	<u>70</u>	<u>232</u>	<u>162</u>
Total revenues	<u>269,264</u>	<u>269,264</u>	<u>282,107</u>	<u>12,843</u>
EXPENDITURES				
Streets	166,000	166,000	145,314	20,686
Capital outlay	<u>109,000</u>	<u>109,000</u>	<u>59,344</u>	<u>49,656</u>
Total expenditures	<u>275,000</u>	<u>275,000</u>	<u>204,658</u>	<u>70,342</u>
REVENUES OVER EXPENDITURES - NET CHANGE IN FUND BALANCES	<u>\$ (5,736)</u>	<u>\$ (5,736)</u>	77,449	<u>\$ 83,185</u>
FUND BALANCE - BEGINNING OF YEAR			<u>167,251</u>	
FUND BALANCE - END OF YEAR			<u>\$ 244,700</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

PARKS SALES TAX FUND

YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Taxes	\$ 494,566	\$ 494,566	\$ 546,313	\$ 51,747
Interest revenue	200	200	349	149
Miscellaneous	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
Total revenues	<u>494,766</u>	<u>494,766</u>	<u>546,681</u>	<u>51,915</u>
EXPENDITURES				
Capital outlay	300,000	300,000	284,559	15,441
Miscellaneous	600	600	126	474
Debt service				
Principal	90,910	90,910	90,909	1
Interest	<u>19,059</u>	<u>19,059</u>	<u>19,059</u>	<u>-</u>
Total expenditures	<u>410,569</u>	<u>410,569</u>	<u>394,653</u>	<u>15,916</u>
REVENUES OVER EXPENDITURES	84,197	84,197	152,028	67,831
Transfers in	<u>-</u>	<u>-</u>	<u>74,412</u>	<u>74,412</u>
NET CHANGE IN FUND BALANCE	<u>\$ 84,197</u>	<u>\$ 84,197</u>	226,440	<u>\$ 142,243</u>
FUND BALANCE - BEGINNING OF YEAR			<u>63,877</u>	
FUND BALANCE - END OF YEAR			<u>\$ 290,317</u>	

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
IMPACT FEE FUND
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Licenses and permits	\$ 12,500	\$ 12,500	\$ 33,102	\$ 20,602
Interest revenue	<u>200</u>	<u>200</u>	<u>195</u>	<u>(5)</u>
Total revenues	<u>12,700</u>	<u>12,700</u>	<u>33,297</u>	<u>20,597</u>
EXPENDITURES				
Capital outlay	<u>3,290</u>	<u>3,290</u>	<u>-</u>	<u>3,290</u>
Total expenditures	<u>3,290</u>	<u>3,290</u>	<u>-</u>	<u>3,290</u>
REVENUES UNDER EXPENDITURES - NET CHANGE IN FUND BALANCE	<u>\$ 9,410</u>	<u>\$ 9,410</u>	33,297	<u>\$ 23,887</u>
FUND BALANCE - BEGINNING OF YEAR			<u>81,912</u>	
FUND BALANCE - END OF YEAR			<u>\$ 115,209</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

DRUG FUND

YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Intergovernmental revenues	\$ 350	\$ 350	\$ 1,050	\$ 700
Fines and forfeitures	4,120	4,120	2,817	(1,303)
Interest revenue	<u>50</u>	<u>50</u>	<u>27</u>	<u>(23)</u>
Total revenues	<u>4,520</u>	<u>4,520</u>	<u>3,894</u>	<u>(626)</u>
EXPENDITURES				
Public safety	6,633	6,404	5,812	592
Capital outlay	<u>29,000</u>	<u>29,229</u>	<u>29,229</u>	<u>-</u>
Total expenditures	<u>35,633</u>	<u>35,633</u>	<u>35,041</u>	<u>592</u>
REVENUES UNDER EXPENDITURES - NET CHANGE IN FUND BALANCE	<u>\$ (31,113)</u>	<u>\$ (31,113)</u>	(31,147)	<u>\$ (34)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>44,636</u>	
FUND BALANCE - END OF YEAR			<u>\$ 13,489</u>	

CITY OF WHITE HOUSE, TENNESSEE

BUDGETARY COMPARISON SCHEDULE

CEMETERY FUND

YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Charges for services	\$ 26,600	\$ 26,600	\$ 39,129	\$ 12,529
Interest revenue	175	175	352	177
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
Total revenues	<u>26,775</u>	<u>26,775</u>	<u>39,501</u>	<u>12,726</u>
EXPENDITURES				
Cemetery and maintenance	28,300	28,300	22,622	5,678
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>22,632</u>	<u>12,368</u>
Total expenditures	<u>63,300</u>	<u>63,300</u>	<u>45,254</u>	<u>18,046</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE				
	<u>\$ (36,525)</u>	<u>\$ (36,525)</u>	<u>(5,753)</u>	<u>\$ 30,772</u>
FUND BALANCE - BEGINNING OF YEAR			<u>166,012</u>	
FUND BALANCE - END OF YEAR			<u>\$ 160,259</u>	

CITY OF WHITE HOUSE, TENNESSEE
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
REVENUES				
Taxes	\$ 750,000	\$ 750,000	\$ 737,836	\$ (12,164)
Interest revenue	<u>200</u>	<u>200</u>	<u>291</u>	<u>91</u>
Total revenues	<u>750,200</u>	<u>750,200</u>	<u>738,127</u>	<u>(12,073)</u>
EXPENDITURES				
Miscellaneous	2,060	2,143	2,143	-
Debt service				
Principal	519,091	519,091	519,091	-
Interest	229,907	229,907	229,907	-
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>751,058</u>	<u>751,141</u>	<u>751,141</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES - NET CHANGE IN FUND BALANCE				
	<u>\$ (858)</u>	<u>\$ (941)</u>	(13,014)	<u>\$ (12,073)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>35,776</u>	
FUND BALANCE - END OF YEAR			<u>\$ 22,762</u>	

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF REVENUES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
REVENUES			
Taxes			
Property taxes	\$ 2,409,895	\$ 737,836	\$ 3,147,731
Intergovernmental revenues			
Local sales tax	2,285,119	-	2,285,119
Wholesale and state beer tax	426,070	-	426,070
Business taxes	203,182	-	203,182
Payments in lieu of taxes	268,169	-	268,169
State sales and income tax	864,710	-	864,710
Other taxes	42,665	-	42,665
Federal, state and county grants	487,801	-	487,801
Charges for services			
Parks	127,097	-	127,097
Library	11,101	-	11,101
Licenses and permits			
Building permits	90,204	-	90,204
Franchise fees	292,013	-	292,013
Other permits	4,896	-	4,896
Fines and forfeitures			
Court fines and costs	97,562	-	97,562
Interest revenue	8,274	291	8,565
Miscellaneous			
Insurance recoveries	32,151	-	32,151
Sale of equipment	11,112	-	11,112
Other revenues	122,113	-	122,113
Total revenues	<u>\$ 7,784,134</u>	<u>\$ 738,127</u>	<u>\$ 8,522,261</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES

MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	<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	\$ 304,700	\$ -	\$ 304,700
Supplies	3,508	-	3,508
Utilities	36,373	-	36,373
Other operating expenses	116,240	-	116,240
Capital outlay	-	-	-
	<u>460,821</u>	<u>-</u>	<u>460,821</u>
<u>Finance:</u>			
Personnel services	241,460	-	241,460
Supplies	2,910	-	2,910
Other operating expenses	81,547	-	81,547
Capital outlay	-	-	-
	<u>325,917</u>	<u>-</u>	<u>325,917</u>
<u>Human Resources:</u>			
Personnel services	122,598	-	122,598
Supplies	7,767	-	7,767
Other operating expenses	16,670	-	16,670
Capital outlay	-	-	-
	<u>147,035</u>	<u>-</u>	<u>147,035</u>
<u>Engineering:</u>			
Other operating expenses	73,801	-	73,801
Capital outlay	206,712	-	206,712
	<u>280,513</u>	<u>-</u>	<u>280,513</u>
<u>Building Maintenance:</u>			
Personnel services	57,775	-	57,775
Supplies	23,058	-	23,058
Other operating expenses	39,434	-	39,434
Capital outlay	121,434	-	121,434
	<u>241,701</u>	<u>-</u>	<u>241,701</u>
TOTAL GENERAL GOVERNMENT	<u>1,455,987</u>	<u>-</u>	<u>1,455,987</u>

(continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
<u>EXPENDITURES (CONTINUED)</u>			
<u>CITY COURT</u>			
Personnel services	\$ 74,753	\$ -	\$ 74,753
Supplies	87	-	87
Other operating expenses	4,040	-	4,040
	<u>78,880</u>	<u>-</u>	<u>78,880</u>
 <u>PUBLIC SAFETY</u>			
<u>Police Department:</u>			
Personnel services	1,366,096	-	1,366,096
Supplies	46,253	-	46,253
Utilities	21,057	-	21,057
Other operating expenses	287,729	-	287,729
Capital outlay	112,781	-	112,781
	<u>1,833,916</u>	<u>-</u>	<u>1,833,916</u>
 <u>Fire Department:</u>			
Personnel services	1,146,368	-	1,146,368
Supplies	41,768	-	41,768
Utilities	21,179	-	21,179
Other operating expenses	104,891	-	104,891
Capital outlay	-	-	-
	<u>1,314,206</u>	<u>-</u>	<u>1,314,206</u>
 TOTAL PUBLIC SAFETY	 <u>3,148,122</u>	 <u>-</u>	 <u>3,148,122</u>
 <u>STREETS</u>			
Personnel services	230,060	-	230,060
Supplies	76,013	-	76,013
Utilities	6,490	-	6,490
Other operating expenses	68,337	-	68,337
Capital outlay	243,025	-	243,025
	<u>623,925</u>	<u>-</u>	<u>623,925</u>
 <u>LIBRARY AND MUSEUM</u>			
Personnel services	254,022	-	254,022
Supplies	28,351	-	28,351
Utilities	39,358	-	39,358
Other operating expenses	23,541	-	23,541
Capital outlay	135,575	-	135,575
	<u>480,847</u>	<u>-</u>	<u>480,847</u>

(continued on next page)

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
<u>EXPENDITURES (CONTINUED)</u>			
PARKS AND RECREATION			
Personnel services	\$ 357,681	\$ -	\$ 357,681
Supplies	60,827	-	60,827
Utilities	69,935	-	69,935
Other operating expenses	110,623	-	110,623
Capital outlay	706,165	-	706,165
	<u>1,305,231</u>	<u>-</u>	<u>1,305,231</u>
PLANNING AND ZONING			
Personnel services	238,428	-	238,428
Supplies	8,217	-	8,217
Other operating expenses	28,577	-	28,577
Capital outlay	24,793	-	24,793
	<u>300,015</u>	<u>-</u>	<u>300,015</u>
SENIOR CITIZENS ACTIVITIES			
Personnel services	10,374	-	10,374
Supplies	1,796	-	1,796
Other operating expenses	21,072	-	21,072
	<u>33,242</u>	<u>-</u>	<u>33,242</u>
MISCELLANEOUS			
Other operating expenses	<u>281,004</u>	<u>2,143</u>	<u>283,147</u>
DEBT SERVICE			
Principal	-	519,091	519,091
Interest	-	229,907	229,907
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 7,707,253</u>	<u>\$ 751,141</u>	<u>\$ 8,458,394</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

YEAR ENDED JUNE 30, 2016

<u>Tax Year</u>	<u>Balance June 30, 2015</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Adjustments</u>	<u>Penalties and Interest</u>	<u>Balance June 30, 2016</u>
2015	\$ -	\$ 3,110,774	\$ 3,075,253	\$ -	\$ 2,131	\$ 37,652
2014	75,836	-	60,591	4,037	(901)	18,381
2013	17,715	-	8,259	5,230	(138)	14,548
2012	14,678	-	3,575	3,546	13	14,662
2011	22,638	-	3,075	(7,596)	(71)	11,896
2010	14,455	-	1,803	(3,296)	(602)	8,754
2009	14,199	-	307	(242)	928	14,578
2008	17,106	-	152	(1,079)	1,147	17,022
2007	13,306	-	-	2,189	1,207	16,702
2006	13,334	-	-	(584)	918	13,668
	<u>\$ 203,267</u>	<u>\$ 3,110,774</u>	<u>\$ 3,153,015</u>	<u>\$ 2,205</u>	<u>\$ 4,632</u>	<u>\$ 167,863</u>
Deferred property tax revenues for 2016 accrued						<u>3,206,000</u>
						<u>\$ 3,373,863</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, 2016

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	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal and Interest
2017	\$ 410,000	\$ 30,980	\$ 70,000	\$ 110,362	\$ 160,000	\$ 73,875	\$ 119,000	\$ 6,799	\$ 759,000	\$ 222,016	\$ 981,016
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>\$ 770,000</u>	<u>\$ 45,560</u>	<u>\$ 2,950,000</u>	<u>\$ 1,919,922</u>	<u>\$ 3,370,000</u>	<u>\$ 455,581</u>	<u>\$ 355,000</u>	<u>\$ 13,080</u>	<u>\$ 7,445,000</u>	<u>\$ 2,434,143</u>	<u>\$ 9,879,143</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF LONG-TERM DEBT (BUSINESS TYPE ACTIVITIES)

JUNE 30, 2016

Year Ending June 30,	Sewer Fund - General Obligation Refunding Bonds, Series 2008		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	Principal	Interest
	2017	\$ 75,000	\$ 3,000	\$ 205,000	\$ 24,118	\$ 27,602	\$ 8,042	\$ 16,320
2018	-	-	205,000	22,068	28,094	7,550	16,608	4,716
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	-	-	-	-	33,189	286	20,820	504
2032	-	-	-	-	-	-	17,930	153
	<u>\$ 75,000</u>	<u>\$ 3,000</u>	<u>\$ 1,610,000</u>	<u>\$ 117,773</u>	<u>\$ 467,801</u>	<u>\$ 64,699</u>	<u>\$ 295,214</u>	<u>\$ 42,729</u>

-70-

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 Principal	Total Interest	Total Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2017	\$ 33,900	\$ 12,636	\$ 165,888	\$ 32,784	\$ 18,801	\$ 3,981	\$ 55,773	\$ 8,856	\$ 17,928	\$ 4,238	\$ 616,212	\$ 102,659	\$ 718,871
2018	34,536	12,000	167,556	31,116	17,640	3,540	74,844	11,328	36,156	4,040	580,434	96,358	676,792
2019	35,196	11,340	169,236	29,436	17,820	3,360	75,408	10,764	36,564	3,643	584,716	89,833	674,549
2020	35,856	10,680	170,940	27,732	18,000	3,180	75,984	10,188	36,960	3,241	594,042	82,836	676,878
2021	36,540	9,996	172,656	26,016	18,180	3,000	76,548	9,624	37,368	2,834	598,414	75,420	673,834
2022	37,236	9,300	174,384	24,288	18,360	2,820	77,124	9,048	37,788	2,423	607,855	67,628	675,483
2023	37,932	8,604	176,148	22,524	18,540	2,640	77,712	8,460	38,208	2,007	617,352	59,371	676,723
2024	38,652	7,884	177,912	20,760	18,732	2,448	78,288	7,884	38,628	1,587	541,884	50,660	592,544
2025	39,396	7,140	179,700	18,972	18,924	2,256	78,876	7,296	39,048	1,162	406,498	43,241	449,739
2026	40,140	6,396	181,500	17,172	19,104	2,076	79,476	6,696	39,480	733	411,145	38,597	449,742
2027	40,896	5,640	183,324	15,348	19,296	1,884	80,076	6,096	27,115	298	403,065	33,876	436,941
2028	41,676	4,860	185,172	13,500	19,500	1,680	80,676	5,496	-	-	380,318	29,210	409,528
2029	42,468	4,068	187,020	11,652	19,692	1,488	81,288	4,884	-	-	384,708	24,821	409,529
2030	43,272	3,264	188,904	9,768	19,884	1,296	81,888	4,284	-	-	389,146	20,383	409,529
2031	44,088	2,448	190,800	7,872	20,088	1,092	82,512	3,660	-	-	391,497	15,862	407,359
2032	44,928	1,608	192,720	5,952	20,292	888	83,136	3,036	-	-	359,006	11,637	370,643
2033	45,780	756	194,652	4,020	20,496	684	83,760	2,412	-	-	344,688	7,872	352,560
2034	15,464	54	196,620	2,052	20,700	480	84,384	1,788	-	-	317,168	4,374	321,542
2035	-	-	95,532	274	20,904	276	85,020	1,152	-	-	201,456	1,702	203,158
2036	-	-	-	-	15,788	65	85,668	504	-	-	101,456	569	102,025
2037	-	-	-	-	-	-	21,426 #	32	-	-	21,426	32	21,458
	<u>\$ 687,956</u>	<u>\$ 118,674</u>	<u>\$ 3,350,664</u>	<u>\$ 321,238</u>	<u>\$ 380,741</u>	<u>\$ 39,134</u>	<u>\$ 1,599,867</u>	<u>\$ 123,488</u>	<u>\$ 385,243</u>	<u>\$ 26,206</u>	<u>\$ 8,852,486</u>	<u>\$ 856,941</u>	<u>\$ 9,709,427</u>

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2016

	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Balance July 1, 2015 (Receivable) Payable (Restated)</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2016 (Receivable) Payable</u>
U. S. DEPARTMENT OF JUSTICE:						
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ 1,160	\$ 2,350	\$ (1,190)
U. S. DEPARTMENT OF TRANSPORTATION:						
Passed through Tennessee Department of Transportation						
Highway Planning and Construction Cluster:						
31W Bike Lanes	20.205	83LPLM-F3-072	-	28,278	119,408	(91,130)
State Route 258 / South Palmers Chapel Turn Lane	20.205	83018-3216-94	(334,543)	334,543	-	-
Total Highway Planning and Construction Cluster			(334,543)	362,821	119,408	(91,130)
Passed through the Governors Highway Safety Office						
Alcohol Open Container Requirements	20.607	154AL-15-129	-	12,412	12,640	(228)
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(334,543)	375,233	132,048	(91,358)
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:						
Passed through State of Tennessee - Tennessee State Library and Archives						
Grants to States	45.31	N/A	-	350	350	-
ENVIRONMENTAL PROTECTION AGENCY:						
Passed through Tennessee Department of Environmental and Conservation						
Capitalization Grants for Clean Water State Revolving Funds						
Federal portion loan	66.458	CG1 2012-302	(131,414)	160,669	29,255	-
Federal portion loan forgiveness	66.458	CG1 2012-302	(14,602)	17,852	3,250	-
Federal portion loan	66.458	CWSRF 2012-308	(24,844)	138,316	113,472	-
Federal portion loan	66.458	CG2 2013-326	(70,427)	164,797	94,370	-
Federal portion loan forgiveness	66.458	CG2 2013-326	(17,607)	41,200	23,593	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY			(258,894)	522,834	263,940	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ (593,437)	\$ 899,577	\$ 398,688	\$ (92,548)

(continued on following page)

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

JUNE 30, 2016

	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Balance July 1, 2015 (Receivable) Payable (Restated)</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2016 (Receivable) Payable</u>
ENVIRONMENTAL PROTECTION AGENCY:						
Passed through Tennessee Department of Environmental and Conservation						
Capitalization Grants for Clean Water State Revolving Funds						
State portion loan	66.458	CG1 2012-302	\$ (26,285)	\$ 32,136	\$ 5,851	\$ -
State portion loan forgiveness	66.458	CG1 2012-302	(2,921)	3,571	650	-
State portion loan	66.458	CWSRF 2012-308	(4,969)	27,663	243,108	(220,414)
State portion loan	66.458	CG2 2013-326	(14,085)	1,108,359	1,334,977	(240,703)
State portion loan forgiveness	66.458	CG2 2013-326	(3,521)	277,090	333,744	(60,175)
State portion loan	66.458	CWSRF 2016-364	-	-	385,243	(385,243)
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ (51,781)</u>	<u>\$ 1,448,819</u>	<u>\$ 2,303,573</u>	<u>\$ (906,535)</u>

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 - RESTATEMENT

Beginning balances have been restated as follows:

Highway Planning and Construction Cluster	\$ 253,556
Capitalization Grants for Clean Water Revolving Funds	\$ 160,859

NOTE 3 - REVOLVING LOAN FUND BALANCES

At June 30, 2016, the City has outstanding revolving loan fund balances as follows:

State of Tennessee - Project # CWA 2009-246	\$ 467,801
State of Tennessee - Project # CWSRF 2010-256	\$ 295,214
State of Tennessee - Project # CG0 2011-278	\$ 687,956
State of Tennessee - Project # CG1 2012-302	\$ 3,350,664
State of Tennessee - Project #CWSRF 2012-308	\$ 380,741
State of Tennessee - State of TN - CG2 2013-326	\$ 1,599,867
State of Tennessee - State of TN - CWSRF 2016-364	\$ 385,243

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF TAX RATES AND ASSESSMENTS
(UNAUDITED)

JUNE 30, 2016

<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>
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
2007	Robertson and Sumner Counties	\$ 0.8568	\$ 0.1122	\$ 0.0510	\$ 1.0200	713,977,422	202,747,529

CITY OF WHITE HOUSE, TENNESSEE

SCHEDULE OF UTILITY RATES AND NUMBER OF CUSTOMERS

(UNAUDITED)

JUNE 30, 2016

WASTEWATER

Residential:

Minimum bill (0 - 1,000 gallons)	\$	17.44	
Over 1,000 gallons		7.52	per 1,000 gallons

Non-Residential:

Minimum bill (0 - 1,000 gallons)		38.15	
Over 1,000 gallons		7.52	per 1,000 gallons

CAPACITY FEES		2,500.00	minimum
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NUMBER OF CUSTOMERS		4,162	
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REFUSE COLLECTION

Residential & Non-Residential with no more than 2 containers:	\$	17.00	
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NUMBER OF CUSTOMERS		3,948	
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STORMWATER

1 Equivalent Residential Unit (ERU)	\$	4.56	
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NUMBER OF ERU's		7,627	
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NUMBER OF CUSTOMERS		4,149	
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OTHER REPORTS 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, 2016, 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 16, 2016.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2016-1 to be a significant deficiency.

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.

Kraj+CPAs PLLC

Nashville, Tennessee
December 16, 2016

CITY OF WHITE HOUSE, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2016

PRIOR YEAR

2015-1- Internal Control over Financial Reporting

Status: This finding has been reduced to a significant deficiency, and integrated into current year finding 2016-1 below.

2015-2 Grant Accounting

Status: This finding has been resolved in the current year.

CURRENT YEAR

2015 -1 Internal Control over Financial Reporting

Criteria:

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

Condition, Cause and Effect

Certain adjustments were required to be made during the audit process to correct opening fund balance/net position as of July 1, 2015, as well as posting current year corrections or client prepared entries to properly adjust balances in accordance with GAAP and present accurate financial statements as follows:

Opening fund balance/net position adjustments for:

- Correction of grants receivable, related revolving fund loan debt and loan forgiveness

Current year adjustments for:

- 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
- Conversion adjustments for government-wide financial statements

In 2016, the Finance Director identified the errors in the prior year schedule of expenditures of federal and state awards, as well as prepared workpapers that calculated the majority of the routine fund-level adjustments that were posted as part of the audit. In many instances, his journal entries did not require any changes upon audit.

Recommendation

The Finance Director has continued to expand his governmental accounting knowledge, completing the CMFO program and the Assistant Finance Director has been working on the program this year as well. With another year of experience and knowledge, we feel that he should be comfortable posting the fund-level closing entries going forward and expect the main audit adjustments would relate to the government-wide conversion.

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 has also been researching software upgrades and alternatives to ensure the system is reliable, timely, and useful.