THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

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

DECEMBER 31, 2023 AND 2022

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

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DECEMBER 31, 2023 AND 2022

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THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

BOARD OF COMMISSIONERS (UNAUDITED)

DECEMBER 31, 2023

Valerie Webb
President

Frank Flynn

Dan Green
Secretary

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
The White House Utility District of Robertson
and Sumner Counties, Tennessee
White House, Tennessee

REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the White House Utility District of Robertson and Sumner Counties, Tennessee (the "District"), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the White House Utility District of Robertson and Sumner Counties, Tennessee, as of December 31, 2023 and 2022, and the changes in its financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of changes in long-term debt by individual issue and the schedule of long-term debt, principal and interest requirements on pages 27 and 28 as required by the State of Tennessee *Audit Manual* and schedule of expenditures of federal awards on page 29 as required by Title 2 *U.S. Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of changes in long-term debt by individual issue, the schedule of long-term debt, principal and interest requirements and schedule of expenditures of federal awards on pages 27 through 29 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information on pages i and 30-37, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

KraftCPAs PLLC

Nashville, Tennessee
May 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the White House Utility District of Robertson and Sumner Counties, Tennessee (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

Financial Highlights

- The District's assets exceeded its liabilities (net position) at December 31, 2023 by approximately $272.8 million and at December 31, 2022 by approximately $239.2 million.

- During 2023, the District's net position increased by $33.6 million. During the prior year, the District's net position increased by approximately $27.4 million. The sources of these increases for 2023 and 2022 were contributions of utility plant from developers ($21.1 million and $11.9 million, respectively), charges for capacity fees for new water and sewer service connections ($4.8 million and $8.0 million, respectively) and income from operations of ($7.7 million and $7.4 million respectively).

- Utility plant (net of accumulated depreciation and including plant under construction) increased by approximately $21.2 million in 2023 and $11.0 million in 2022.

Overview of Financial Statements

The District's basic financial statements are comprised of three parts –

1. Management's Discussion and Analysis,
2. Basic Financial Statements and
3. Optional Other Information

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and other information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, bond resolutions and other management tools were used for this analysis.

The basic financial statements consist of entity-wide financial statements that provide both the short and long-term financial information about the District's financial activities, all of which are operated like commercial enterprises. These statements report information about the District using full accrual accounting methods as utilized by similar businesses in the private sector. Information concerning all the District's assets and liabilities, both financial and capital, and short-term and long-term are included. All revenues earned, and expenses incurred during the year, regardless of when cash is received or paid, are also included in these statements.

The basic financial statements of the District include a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows and notes to the financial statements. Descriptions of each of these statements follow –

- The statement of net position presents the financial position of the District on a full accrual, historical cost basis. This statement provides information about the nature, and amount of resources and obligations at year-end.
- The statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the year and information as to how net position changed during the year. All transactions are reported as soon as the underlying events giving rise to the transaction occur, regardless of the timing of the related cash flows.
- The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.
- The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes also present information about the District's significant accounting policies, account balances, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The other information presented by the District includes schedules detailing the District's future debt service requirements, current rate information and the number of the District's customers, together with other information required to be provided annually to satisfy provisions stipulated in the District's bond covenants.

Financial Analysis

The District's financial statements report, among other things, its net position and how that amount has changed over the reporting period. Net position - the difference between assets and liabilities – can serve as a useful indicator of the District's financial condition. Over time, increases or decreases in the District's net position are a useful indicator of whether its financial health is improving or deteriorating, respectively. However, one also needs to consider other financial factors, as well as non-financial factors such as changes in economic conditions, population growth and new or changed governmental regulations to adequately assess its overall health.

The material portion of the District's assets is invested in utility plant (e.g. land, buildings, pipe, tanks and equipment). These utility plant assets are used to provide utility services to our customers.

TABLE A-1

Condensed Statements of Net Position
(Dollars in thousands)

	2023	2022	Dollar Change	Percent Change	2021	Dollar Change	Percent Change
Current and other assets	$ 99,343	$ 88,205	$ 11,138	12.6%	$ 73,990	$ 14,215	19.2%
Capital assets	213,442	192,277	21,165	11.0%	181,358	10,919	6.0%
Total assets	312,785	280,482	32,303	11.5%	255,348	25,134	9.8%
Deferred outflows of resources	321	381	(60)	-15.7%	443	(62)	-14.0%
Total assets and deferred outflows	313,106	280,863	32,243	11.5%	255,791	25,072	9.8%
Long-term obligations	$ 36,211	38,282	(2,071)	-5.4%	41,261	(2,979)	-7.2%
Other liabilities	4,060	3,335	725	21.7%	2,692	643	23.9%
Total liabilities	40,271	41,617	(1,346)	-3.2%	43,953	(2,336)	-5.3%
Net investment in capital assets	177,378	154,232	23,146	15.0%	140,428	13,804	9.8%
Restricted for debt service	2,860	2,806	54	1.9%	2,972	(166)	-5.6%
Unrestricted net assets	92,597	82,208	10,389	12.6%	68,438	13,770	20.1%
Total net position	$ 272,835	$ 239,246	$ 33,589	14.0%	$ 211,838	$ 27,408	12.9%

During 2023, the District's total assets increased by approximately $32.3 million. Utility plant investment (net) increased by approximately $21.2 million. The 2023 and 2022 operating years saw repayments of long-term debt of approximately$2.1 million and $3.0 million, respectively.

TABLE A-2

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Dollars in thousands)

	2023	2022	Dollar Change	Percent Change	2021	Dollar Change	Percent Change
Operating revenues	$ 35,606	$ 34,071	$ 1,535	4.5%	$ 31,500	$ 2,571	8.2%
Depreciation expense	7,155	6,601	554	8.4%	6,425	176	2.7%
Other operating expenses	22,571	19,052	3,519	18.5%	17,596	1,456	8.3%
Total operating expenses	29,726	25,653	4,073	15.9%	24,021	1,632	6.8%
Operating income	5,880	8,418	(2,538)	-30.1%	7,479	939	12.6%
Other expenses, net	(1,813)	976	(2,789)	-285.8%	1,139	(163)	-14.3%
Income (loss) before contributions	7,693	7,442	251	3.4%	6,340	1,102	17.4%
Contributions in aid of construction:							
Water and sewer tap fees and cash contributions	4,763	8,058	(3,295)	-40.9%	6,222	1,836	29.5%
Noncash capital contributions	21,133	11,908	9,225	77.5%	9,482	2,426	25.6%
Total contributions	25,896	19,966	5,930	29.7%	15,704	4,262	27.1%
Change in net position	33,589	27,408	6,181	22.6%	22,044	5,364	24.3%
Beginning net position	239,246	211,838	27,408	12.9%	189,794	22,044	11.6%
Ending net position	$ 272,835	$ 239,246	$ 33,589	14.0%	$ 211,838	$ 27,408	12.9%

While the statement of net position shows a snapshot of the District's financial position at the end of each year, the statement of revenues, expenses and changes in net position provides answers as to the nature and source of changes from year to year. As can be seen above, an increase in current and other assets of approximately $11.1 million, an increase in capital assets of approximately $21.2 million, and a decrease in long-term obligations of approximately $2.1 million are the primary sources of the increase in net position. Operating revenues increased in 2023 by approximately $1.5 million. This increase was attributable primarily to increased water and sewer sales revenue.

Financial Condition

The District's financial condition remained strong at year-end with adequate liquid assets, reliable plant, and systems in place to meet customer demand. The District's ratio of debt to net position is improving. Operating and expansion plans to meet anticipated customer needs are balanced and under control. Current resources are more than adequate to meet current obligations.

Results of Operations

Operating revenues come from four sources: water service, wastewater service, ancillary charges (i.e. account service fees, penalty charges, reconnection fees and other miscellaneous charges) and fees charged for construction related management, oversight and inspection. With the exception of one wholesale customer, all customers of the District are retail customers.

Capital Assets and Debt Administration

Net investment in capital assets increased approximately $23.2 million during 2023 to a total of $177.4 million. Gross plant in service and under construction increased $27.8 million to a total of $305.9 million. This increase was funded by capacity fees, operating funds, and noncash contributions in aid of construction.

The District has approximately 1,090 miles of pipe in its water transmission and distribution system. Laying this pipe out straight would reach from White House, TN to Canada. The District serves in excess of 42,000 customers in an area of northern middle Tennessee that encompasses over 600 square miles. White House Utility District is geographically Tennessee's largest water and sewer utility serving Robertson and Sumner counties. The water plant is located in Hendersonville, TN and pumps water 20 miles north to White House. Growth and demand are evaluated continuously, and capital improvement projects are planned in advance and funded annually through the budgetary process to continue to meet demand.

At December 31, 2023, the District's total long-term debt is $36.2 million, including interest accrued and payable compared to $38.3 million in 2022. Total debt service is approximately $4.0 million annually through November 2062.

Debt service coverage, including cash capital contribution fees, was 510%, exceeding the 110% required by the most restrictive bond covenant.

The District has a current bond rating of AA+ from Standard and Poor's and Aa2 from Moody's Investors Service.

Currently Known Facts, Decisions or Conditions

RATES:

The Board of Commissioners authorized a retail rate adjustment effective January 1, 2024. For the average residential customer using 4,500 gallons per month, the water rate increased approximately 5.1%, and the sewer rate increased approximately 1.5%. The rate increase was approximately 3.0% for the average residential customer that receives both water and sewer services. This rate adjustment allowed the District to continue to adequately fund operations and provide for normal repairs and improvements to the system.

CONTACT INFORMATION:

If you have any questions about this report or need additional financial information, please contact the General Manager or the CFO at 615-672-4110.

THE WHITE HOUSE UTILITY DISTRICT OF
ROBERTSON AND SUMNER COUNTIES, TENNESSEE

STATEMENTS OF NET POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 46,062,946	$ 45,758,573
Cash designated by Board - capital reserve account	23,483,527	15,232,553
Cash designated by Board - operating reserve account	11,634,845	10,452,090
Investments	9,508,449	8,038,917
Accounts receivable, net of allowance for doubtful accounts of $7,000 and $8,000, respectively	2,827,049	2,471,711
Unbilled revenues	1,770,948	1,714,710
Other current assets	1,077,795	1,668,058
Total current assets	96,365,559	85,336,612
Restricted and other assets:		
Restricted cash and cash equivalents - construction funds	58,255	62,373
Restricted cash and cash equivalents - bond sinking fund	200	1,760
Restricted investments - debt service reserve fund	2,859,414	2,804,280
Total restricted and other assets	2,917,869	2,868,413
Noncurrent assets:		
Intangible (right-to-use) SBITA assets, net	59,350	-
Capital assets:		
Utility plant in service	299,386,405	273,750,915
Less accumulated depreciation	(92,500,710)	(85,822,050)
Total capital assets	206,885,695	187,928,865
Construction in progress	6,556,222	4,348,114
Net capital assets	213,441,917	192,276,979
Total noncurrent assets	213,501,267	192,276,979
TOTAL ASSETS	312,784,695	280,482,004
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding of debt	321,496	380,908
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	313,106,191	280,862,912
LIABILITIES		
Current liabilities:		
Accounts payable	3,029,968	2,362,709
Other current liabilities	1,030,727	972,372
Total current liabilities	4,060,695	3,335,081
Long-term debt obligations	36,210,872	38,281,962
TOTAL LIABILITIES	40,271,567	41,617,043
NET POSITION		
Net investment in capital assets	177,378,145	154,231,720
Restricted for debt service	2,859,614	2,806,040
Unrestricted	92,596,865	82,208,109
TOTAL NET POSITION	$ 272,834,624	$ 239,245,869

See accompanying notes to basic financial statements.

THE WHITE HOUSE UTILITY DISTRICT OF
ROBERTSON AND SUMNER COUNTIES, TENNESSEE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Charges for services - water	$ 28,365,272	$ 26,949,329
Charges for services - sewer	5,768,676	5,360,385
Less: bad debt expense	(53,557)	(65,434)
Late penalties	306,048	284,785
Water service charges	249,720	293,160
Construction administration and inspection fees	631,227	885,842
Other operating revenue	338,858	362,879
Total operating revenues	35,606,244	34,070,946
OPERATING EXPENSES		
Water plant production	5,083,337	4,271,265
Water transmission and distribution	6,940,074	5,587,560
Sewer collection	2,752,023	2,392,532
Engineering	1,652,379	1,280,683
Customer service and billing	991,401	946,439
Information technology and GIS	1,937,680	1,429,165
General and administrative	3,214,105	3,144,246
Depreciation	7,155,000	6,601,178
Total operating expenses	29,725,999	25,653,068
Operating income	5,880,245	8,417,878
NONOPERATING REVENUE (EXPENSE)		
Investment income, net	2,774,462	7,058
Interest expense	(961,412)	(982,590)
Total nonoperating revenue (expense)	1,813,050	(975,532)
Income before capital contributions	7,693,295	7,442,346
CONTRIBUTIONS IN AID OF CONSTRUCTION		
Water and sewer tap fees and cash contributions	4,763,246	8,058,010
Noncash capital contributions	21,132,214	11,907,787
Total contributions in aid of construction	25,895,460	19,965,797
CHANGE IN NET POSITION	33,588,755	27,408,143
NET POSITION, BEGINNING OF YEAR	239,245,869	211,837,726
NET POSITION, END OF YEAR	$ 272,834,624	$ 239,245,869

See accompanying notes to basic financial statements.

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 35,194,668	$ 33,934,421
Cash payments to suppliers	(13,936,639)	(11,915,310)
Cash payments to or on behalf of employees	(9,014,121)	(8,348,340)
Net cash provided by operating activities	12,243,908	13,670,771
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash contributions in aid of construction	4,763,246	8,058,010
Acquisition and construction of utility plant	(5,481,426)	(4,776,222)
Purchase of SBITAs	(10,440)	-
Interest paid	(1,387,660)	(1,394,758)
Payments on long-term debt	(2,645,000)	(2,525,000)
Proceeds from bond issuance	1,000,000	-
Net cash used in capital and related financing activities	(3,761,280)	(637,970)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturing investments	1,989,716	1,499,968
Purchase of investments	(3,242,862)	(3,535,990)
Interest income received	2,502,942	628,847
Net cash provided by (used in) investing activities	1,249,796	(1,407,175)
Net increase in cash and cash equivalents	9,732,424	11,625,626
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	71,507,349	59,881,723
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 81,239,773	$ 71,507,349
RECONCILIATION TO STATEMENT OF NET POSITION		
Unrestricted cash and cash equivalents	$ 46,062,946	$ 45,758,573
Cash designated by Board - capital reserve account	23,483,527	15,232,553
Cash designated by Board - operating reserve account	11,634,845	10,452,090
Restricted cash and cash equivalents - construction funds	58,255	62,373
Restricted cash and cash equivalents - bond sinking fund	200	1,760
TOTAL CASH AND CASH EQUIVALENTS	$ 81,239,773	$ 71,507,349
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 5,880,245	$ 8,417,878
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,155,000	6,601,178
Amortization of SBITAs	61,117	-
Bad debt expense	53,557	65,434
Cash flows impacted by changes in:		
Accounts receivable	(408,895)	17,781
Unbilled revenues	(56,238)	(219,740)
Other current assets	480,236	(1,038,249)
Accounts payable	(978,188)	(95,151)
Other current liabilities	57,074	(78,360)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 12,243,908	$ 13,670,771
NONCASH CAPITAL AND NONCAPITAL RELATED FINANCING ACTIVITIES:		
Noncash contributions in aid of construction	$ 21,132,214	$ 11,907,787
Accounts payable for capital assets	$ 1,645,447	$ 815,041

See accompanying notes to basic financial statements.

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 1 - NATURE OF ORGANIZATION

The White House Utility District of Robertson and Sumner Counties, Tennessee, (the “District”) was created in 1957 as a municipal corporation pursuant to the Utility District Act of 1937, to provide water and sewer services to residents and businesses in Robertson and Sumner Counties, Tennessee.

All corporate powers of the District are vested in and exercised by a three-member Board of Commissioners. The County Mayors of Robertson and Sumner Counties appoint the Commissioners. Also, the District’s operations alone constitute the reporting entity since the Board is not financially accountable for any other entities and the District has no relationships with any other entities where the nature and significance of the relationships would require inclusion in the financial statements of the District.

The District has a water filtration plant on Old Hickory Lake in Sumner County, Tennessee. The District also owns and maintains water storage facilities and operates pump stations. The District has one sewer treatment plant and also has agreements for the treatment of its sewage with the City of Gallatin, Tennessee and The Metropolitan Government of Nashville and Davidson County, Tennessee. The District also bills and collects accounts for the City of Portland, Tennessee, and other municipalities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The District’s financial statements have been prepared in conformity with accounting principles generally accepted in the United State of America (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). The District’s financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Operating revenues and expenses generally result from providing water and sewer services to the District’s customers. The principal operating revenues are charges to customers for providing water and sewer services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, including water and sewer tap fees, cash contributions and other noncash capital contributions, are reported as nonoperating revenues and expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with financial institutions and all highly liquid investments purchased with an original maturity of three months or less. Restricted cash and cash equivalents represent funds held by trustees pursuant to various bond resolutions and retainage amounts held for construction projects. Funds that have been earmarked for capital improvements by the District's Board of Commissioners are shown as cash designated by Board - capital reserve account. The District's board also established an operating reserve, which is shown as a separate component of cash.

Investments

Investments in debt instruments of agencies of the U.S. government, investment certificates of deposit and state and local government bonds with a maturity date of four years or less at the time of purchase are recorded at fair market value. Bank certificates of deposit are recorded at cost plus accrued interest.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level l, are traded daily in public markets in the United States and other foreign countries. The fair value of investments is based on the last reported sales price on the last day of the year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. These include investment certificates of deposit and certain government agency securities. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all.

Accounts Receivable and Unbilled Revenues

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities on the Statement of Cash Flows. The allowance for doubtful accounts is the District's best estimate of the amount of probable credit losses in the District's existing accounts receivable. The District determines the allowance based on an analysis of open accounts and historical write-off experience. Unbilled revenues reflect an estimate of revenues earned after meters are read.

Capital Assets

Capital assets of the District, primarily utility plant and construction in progress, are stated at cost. Cost includes direct charges such as labor, material and related overhead.

Donated utility plant, primarily distribution and collection lines acquired by contributions from developers, is valued at the contributing developer's cost or the District's estimate of cost, which management believes to approximate fair value. Donated utility plant is recorded on the date it passes inspection by the District and is recorded as contribution in aid of construction - noncash contributions on the Statements of Revenues, Expenses and Changes in Net Position.

Utility plant is defined by the District as a unit of property with an individual cost greater than $1,000 and an estimated useful life of one year or more. Expenditures for ordinary maintenance and repairs are charged to operations. Utility plant replaced or retired is credited to the utility plant account and charged to accumulated depreciation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation of utility plant is computed and recorded by the straight-line method based on group cost. Estimated useful lives of the various classes of depreciable utility plant assets are as follows:

	Depreciable Life
Buildings, Pump Stations, Water Tanks	30 years
Equipment and Tools	10 years
Furniture and Fixtures	10 years
Vehicles	7 years
Water and Sewer Lines	50 years
Water Plant	40 years
Sewer Plant	10 years
Computer Hardware and Software	5 - 10 years

Bond Premiums and Deferred Amounts on Refunding of Debt

Bond premiums and deferred amounts on refunding of debt are capitalized and amortized to interest expense using the interest method over the term of the debt issues. Net amortization reduced interest expense by $366,678 and $392,008 for 2023 and 2022, respectively.

Net Position

The net position of the District is broken down into three categories: (1) net investment in capital assets, (2) restricted for debt service and (3) unrestricted.

- Net investment in capital assets consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted for debt service represents net position which can only be used for future debt payments.
- Unrestricted net position does not meet the definition of net investment in capital assets or restricted for debt service.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted first, and then unrestricted resources when they are needed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the District are entitled to paid vacation depending on the length of service and the position held at the District. The District recognizes vacation leave when earned. Upon request of the employee or in the event of termination, an employee is reimbursed for accumulated vacation time. The liability for accrued vacation time is included in other current liabilities on the Statements of Net Position.

Intangible (Right-to-Use) SBITA Assets and Liabilities

The District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) effective January 1, 2023. At the commencement of the subscription term, the District recognizes the subscription liability and an intangible right-to-use asset (a capital asset hereinafter referred to as the subscription asset), except for agreements with initial terms of twelve months or less.

Leases

The District was required to adopt GASB No. 87, *Leases*, for its fiscal year ending December 31, 2022. The District did not have any material lease commitments for the fiscal year ending December 31, 2023 or 2022. Therefore, no right-to-use asset or related liability is recorded in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management of the District to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant assumptions include the lives of utility plant, estimates for customer volumes in computing unbilled revenues, and the valuation of accounts receivable. Actual results could differ from these estimates.

Events Occurring After Reporting Date

The District has evaluated events and transactions that occurred between December 31, 2023 and May 29, 2024, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

The District is authorized by law to invest idle funds in obligations of the U.S. Government and non-convertible 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, provided that such securities are rated in the highest category by at least two nationally recognized rating services. The District 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. The District also may invest in obligations of the U.S. Government or its agencies under a repurchase agreement if the State of Tennessee Comptroller of the Treasury approves repurchase agreements as an authorized investment. Finally, the District may invest in the local government investment pool created by title 9, chapter 4, part 7 of Tennessee Code Annotated.

The proceeds from bonds, notes and other obligations issued by utility districts, reserves held in connection with bonds, notes or other obligations and the investment income from the bonds, notes or other obligations, may be invested in obligations that (1) are rated in either of the two highest rated categories by a nationally recognized rating agency of such obligations; (2) are direct general obligations of a state of the United States, or a political subdivision or instrumentality of a state, having general taxing powers; and, (3) have a final maturity on the date of the investment not to exceed forty-eight months.

At December 31, 2023 and 2022, all deposits were insured or collateralized, as required by state statute. At December 31, 2023, the District’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 District’s amounts included in LGIP are reported at the fair value of its position in LGIP which approximates the value of LGIP shares at amortized cost. For purposes of disclosing interest rate risk on the deposits held by LGIP, interest rate risk is based on the dollar weighted days to maturity considering the approved maturity shortening features was seventy-six days. LGIP does not have a credit rating. The District’s investment in LGIP totaled $56,876,040 and $32,523,727 at December 31, 2023 and 2022, respectively.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

The District's investments at December 31, 2023 and 2022 consist of the following:

	2023	2022
Investment certificates of deposit	$ 7,115,988	$ 5,767,475
Nonconvertible debt securities of Federal agencies or backed by the Federal government	5,251,875	5,075,722
	$ 12,367,863	$ 10,843,197

	2023	2022
Reconciliation to the Statements of Net Position:		
Investments	$ 9,508,449	$ 8,038,917
Restricted investments - debt service reserve fund	2,859,414	2,804,280
	$ 12,367,863	$ 10,843,197

In order to manage credit risk and interest rate risk the District abides by state statutes which require the District's investments to have a maturity of not greater than forty-eight months from the date of the investment. However, such investments may have a maturity of greater than forty-eight months from the date of investment if it is approved by the State of Tennessee Comptroller of the Treasury. The District has not adopted a policy that further restricts interest rate risk, credit risk and custodial risk beyond requirements of state statutes. In addition, the District has not adopted a formal policy to limit the amount the District may invest in any one issuer.

The District's cash deposits and investments are either (1) fully secured by the FDIC or SIPC, (2) secured and collateralized by the financial institution at 105% of the value of the deposits placed in the institution less the amount protected by federal deposit insurance, or (3) fully secured in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. At December 31, 2023 and 2022, all deposits and investments were adequately collateralized.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

At December 31, 2023 and 2022, the District's investments valued at fair value were classified within the following levels of the valuation hierarchy:

	2023			
		Level 1	Level 2	Level 3
	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investment certificates of deposit	$ 7,115,988	$ -	$ 7,115,988	$ -
Fixed government agencies	5,251,875	-	5,251,875	-
	$ 12,367,863	$ -	$ 12,367,863	$ -

	2022			
		Level 1	Level 2	Level 3
	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investment certificates of deposit	$ 5,767,475	$ -	$ 5,767,475	$ -
Fixed government agencies	5,075,722	-	5,075,722	-
	$ 10,843,197	$ -	$ 10,843,197	$ -

NOTE 4 - CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets activity for the years ending December 31 follows:

	2023			
	Balance January 1	Increases and Transfers In	Decreases and Transfers Out	Balance December 31
Intangible (right-to-use) SBITAs	$ 110,027	$ 10,440	$ -	$ 120,467
Less: accumulated amortization	-	(61,117)	-	(61,117)
Intangible assets - SBITAs, net	$ 110,027	$ (50,677)	$ -	$ 59,350
Capital assets not being depreciated:				
Land and improvements	$ 5,854,007	$ 258,305	$ -	$ 6,112,312
Construction in progress	4,348,114	5,700,251	(3,492,143)	6,556,222
	10,202,121	5,958,556	(3,492,143)	12,668,534
Utility plant being depreciated:				
Water and wastewater plant	31,389,796	68,900	-	31,458,696
Distribution plant	212,770,383	22,651,657	(204,789)	235,217,251
General plant	23,736,729	3,149,465	(288,048)	26,598,146
	267,896,908	25,870,022	(492,837)	293,274,093
Less accumulated depreciation	(85,822,050)	(7,155,000)	476,340	(92,500,710)
	182,074,858	18,715,022	(16,497)	200,773,383
Capital assets, net	$ 192,276,979	$ 24,673,578	$ (3,508,640)	$ 213,441,917

NOTE 4 - CAPITAL AND INTANGIBLE ASSETS (CONTINUED)

	2022			
	Balance January 1	Increases and Transfers In	Decreases and Transfers Out	Balance December 31
Capital assets not being depreciated:				
Land and improvements	$ 5,760,709	$ 93,298	$ -	$ 5,854,007
Construction in progress	2,117,795	4,286,729	(2,056,410)	4,348,114
	7,878,504	4,380,027	(2,056,410)	10,202,121
Utility plant being depreciated:				
Water and wastewater plant	31,334,611	65,866	(10,681)	31,389,796
Distribution plant	198,565,648	14,283,660	(78,925)	212,770,383
General plant	24,034,491	910,636	(1,208,398)	23,736,729
	253,934,750	15,260,162	(1,298,004)	267,896,908
Less accumulated depreciation	(80,455,390)	(6,601,178)	1,234,518	(85,822,050)
	173,479,360	8,658,984	(63,486)	182,074,858
Capital assets, net	$ 181,357,864	$ 13,039,011	$ (2,119,896)	$ 192,276,979

NOTE 5 - LONG-TERM OBLIGATIONS

Long-term obligations activity for the years ending December 31 follows:

	2023			
	Balance January 1	Increases	Decreases	Balance December 31
Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016	$ 21,865,000	$ -	$ (1,165,000)	$ 20,700,000
Water and Sewer Revenue Refunding and Improvement Bonds, Series 2020	13,415,000	-	(1,480,000)	11,935,000
Water and Sewer Revenue Bonds, Series 2023 (USDA Rural Development Program)	-	1,000,000	-	1,000,000
	35,280,000	1,000,000	(2,645,000)	33,635,000
Bond premiums	3,001,962	-	(426,090)	2,575,872
Total long-term debt	$ 38,281,962	$ 1,000,000	$ (3,071,090)	$ 36,210,872

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

	2022			
	Balance January 1	Increases	Decreases	Balance December 31
Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016	$ 22,985,000	$ -	$ (1,120,000)	$ 21,865,000
Water and Sewer Revenue Refunding and Improvement Bonds, Series 2020	14,820,000	-	(1,405,000)	13,415,000
	37,805,000	-	(2,525,000)	35,280,000
Bond premiums	3,455,847	-	(453,885)	3,001,962
Total bonds payable	$ 41,260,847	$ -	$ (2,978,885)	$ 38,281,962

Water and Sewer Bonds

In October 2016, the District issued $29,445,000 in water and sewer revenue refunding bonds, Series 2016, to refund the remaining 2006 water and sewer revenue refunding and improvement bonds. The new refunding bonds bear interest rates at rates ranging from 2.00% to 4.00%. The Series 2016 bonds are subject to redemption prior to maturity at the option of the District on or after January 1, 2027, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date. The Series 2016 bonds mature between January 1, 2017 and January 1, 2032. The bond underwriter has computed true interest cost ("TIC") on the 2016 bonds to be 2.41%.

In October 2020, the District issued $16,165,000 in water and sewer revenue refunding bonds, Series 2020, to refund the remaining 2010 water and sewer revenue refunding and improvement bonds. The new refunding bonds bear interest rates at rates ranging from 0.70% to 5.00%. The Series 2020 bonds maturing on or after January 1, 2030 are subject to redemption prior to maturity at the option of the District on or after January 1, 2029 in whole or in part at any time at par, plus accrued interest to the date of redemption. The Series 2020 bonds mature between January 1, 2022 and January 1, 2035. The bond underwriter has computed true interest cost ("TIC") on the 2020 bonds to be 1.68%.

The refunded debt reduced the District's total debt service payments by $8,065,152 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $4,242,913.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

In March 2023, the District issued $1,000,000 in water and sewer revenue bonds, Series 2023, guaranteed by the United States Department of Agriculture Rural Utilities Service Water & Environmental Program for 80% of the amount of the loan. The term of the loan is 40 years. The interest rate is fixed at the time the loan converts to permanent financing (estimated will be fixed at time of loan closing based of 30-year Treasury plus a spread of 3.5%). The loan is amortized over 38 years with no balloon payments. During the two year construction phase the interest rate will be the Wall Street Journal Prime Rate plus 1.25%, adjusted monthly with a floor of 4.50% during the construction period. The bond is set to convert to permanent loan in May 2025 and will mature in November 2062.

Principal and interest payments for revenue and refunding bonds payable outstanding at December 31, 2023 are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ -	$ 676,315	$ 676,315
2025	2,781,265	1,158,434	3,939,699
2026	2,885,149	1,053,075	3,938,224
2027	2,985,550	957,105	3,942,655
2028	3,080,770	856,844	3,937,614
2029 - 2033	15,987,339	2,394,934	18,382,273
2034 - 2038	5,039,298	459,073	5,498,371
2039 - 2062	875,629	1,047,834	1,923,463
	$ 33,635,000	$ 8,603,614	$ 42,238,614

Each of the outstanding bond is secured by and payable from a pledge of and lien on the net revenues of the water and sewer system of the District and further secured by a statutory mortgage lien upon the assets of the District. In accordance with the bond resolutions authorizing the issuance of these bonds, the District is required to maintain a Bond Sinking Fund to be kept separate and apart from all other funds of the District. Monthly cash transfers are to be made to the Bond Sinking Fund to have sufficient cash to pay the interest due on the next succeeding interest payment date and the principal due on the next succeeding principal payment date. The Bond Sinking Fund is restricted for specific purposes and, therefore, is presented as restricted assets in the Statements of Net Position.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

The 2016 bond resolution, authorizing the issuance of the District's outstanding bonds, provide for a Debt Service Reserve Fund requirement. The 2020 refunding bond and 2023 bond have no Debt Service Fund requirement. Certain bond resolutions authorize the District to obtain surety bonds from insurers rated in the highest rating category by specified rating agencies in lieu of funding the Debt Service Reserve Fund requirement, which the District has elected to do. During 2008, the rating agencies downgraded the rating category of the insurers. The District's Debt Service Reserve Fund at December 31, 2023 exceeds the requirement of $2,944,500. These amounts are restricted solely for debt service and are presented as restricted assets in the Statements of Net Position.

According to the bond resolutions, the District is required to establish rates to its customers in order to maintain a debt service coverage ratio (as defined) of not less than 1.1 to 1.0. The District Board has further established a minimum debt service coverage ratio policy of 2.0 to 1.0. The District has a debt service coverage ratio of 5.10 to 1.0 at December 31, 2023.

NOTE 6 - SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITAs)

The District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) as of January 1, 2023. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, the District is required to recognize a subscription liability and an intangible right-to-use subscription asset. The effects of adopting the standard recorded an intangible (right-to-use) SBITA asset on January 1, 2023 of $110,027.

The District entered into additional SBITA agreements during the current fiscal year, resulting in additional assets of $10,440, which are disclosed in Note 4.

The District's SBITA agreements were prepaid at the beginning of agreement, thus there are no liabilities recorded as of December 31, 2023.

NOTE 7 - DEFERRED COMPENSATION PLAN

The District offers its employees a defined contribution deferred compensation plan, the White House Utility 457 Deferred Comp Plan (the "Plan"), created in accordance with Internal Revenue Code Section 457, and administered by John Hancock. Employees are eligible to enroll in the Plan after completing the six-month introductory period either January 1 or July 1 of each year. Employees may contribute the maximum allowed by law. The District will match the employee's deferral up to 5% of compensation. Employees are 100% vested after five years of service. Forfeitures are used to offset expenses of the Plan. The District has little administrative involvement and does not perform the investing function for the Plan. As a result, the assets and liabilities associated with the plan are excluded from the District's statements of net position. The District's matching contributions and administrative costs paid to the Plan amounted to $337,292 and $336,263 for 2023 and 2022, respectively. Forfeitures used to offset expense amounted to $12,671 in 2023 ($10,404 in 2022).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District obtains commercial insurance to cover general liability claims, errors or omissions liability, auto liability, workers' compensation claims, and property damage. The District's workers' compensation coverage and general liability coverage is retrospectively rated, whereby premiums are accrued based on the ultimate cost of the experience of the District. Claims arising are paid by the insurer. The District is covered by the Tennessee Governmental Tort Liability Act, which generally limits the District's liability for death, bodily injury and property damage claims to the amount of the District's insurance coverage for such claims since such coverage exceeds the minimum amounts required by the act. There have been no significant reductions in insurance coverage in 2023 from the prior year and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 9 - COMMITMENTS

In September 2009, the District entered into a water sales agreement with Simpson County Water District, Kentucky ("SCWD"). The contract is for an initial term of forty years with an option for SCWD to renew the contract for an additional twenty years. The contract specifies the District will provide the greater of 1.111 times SCWD's historical maximum consecutive three-day average demand or 2,050,000 gallons of water per day.

The rate the District will charge SCWD for 2024 is $2.712 for each 1,000 gallons. The rate was recalculated as specified in the contract at the end of 2022 and, will be thereafter, on a bi-annual basis. The District recognized revenue from SCWD of $1,245,891 and $1,211,246 for 2023 and 2022, respectively. Accounts receivable due from SCWD was $286,977 and $105,647 at December 31, 2023 and 2022, respectively.

NOTE 9 - COMMITMENTS (CONTINUED)

The District entered into an agreement in May 2015 with The Metropolitan Government of Nashville and Davidson County, Tennessee (“Metro”) whereby, Metro has agreed to process sewer from certain parts of the District’s service area. The agreement expires October 1, 2024 but may be extended by the parties upon such terms as they may then agree. The District paid Metro $417,102 and $377,776 during 2023 and 2022, respectively.

The District entered into an agreement with the City of Gallatin in 1987, with amendments in 1994 and 1998, whereby the City of Gallatin has agreed to process sewer from certain parts of the District’s service area. The District paid the City of Gallatin $1,046,626 and $1,019,539 during 2023 and 2022, respectively.

During 2023, the District has entered into construction contracts for the purpose of extensions and improvements to the water and sewer system. At December 31, 2023, the District has outstanding construction commitments of approximately $4,100,000.

In April 2024, the District entered into a contract for the construction on the administrative building for approximately $21,000,000.

The District has incurred certain asset retirement obligations related to the operation of its wastewater utility system with an original cost of $610,239. The wastewater utility system is not a significant part of the District’s operations, as most of the wastewater is processed by City of Gallatin and Metropolitan Government of Nashville and Davidson County, Tennessee. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of December 31, 2023, since the specific legally required costs of retirement have not yet been identified.

SUPPLEMENTARY INFORMATION

THE WHITE HOUSE UTILITY DISTRICT OF
ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

DECEMBER 31, 2023

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 1/1/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 12/31/2023
BONDS PAYABLE									
Refunding Bonds, Series 2016	$ 29,445,000	2.00 to 4.00 %	10/18/2016	1/1/2032	$ 21,865,000	$ -	$ (1,165,000)	$ -	$ 20,700,000
Refunding Bonds, Series 2020	$ 16,165,000	0.70 to 5.00 %	10/14/2020	1/1/2035	13,415,000	-	(1,480,000)	-	11,935,000
Revenue Bonds, Series 2023 (USDA Rural Development Program)	$ 1,000,000	7.53 to 9.75 %	3/23/2023	11/5/2062	-	1,000,000	-	-	1,000,000
					$ 35,280,000	$ 1,000,000	$ (2,645,000)	$ -	$ 33,635,000

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF LONG-TERM DEBT, PRINCIPAL AND INTEREST REQUIREMENTS

DECEMBER 31, 2023

YEAR ENDING	WATER & SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2016		WATER & SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2020		WATER & SEWER REVENUE BONDS, SERIES 2023 USDA RURAL DEVELOPMENT PROGRAM		TOTAL		GRAND
DECEMBER 31,	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2024	$ -	$ 387,800	$ -	$ 191,015	$ -	$ 97,500	$ -	$ 676,315	$ 676,315
2025	1,210,000	751,400	1,555,000	343,155	16,265	63,879	2,781,265	1,158,434	3,939,699
2026	1,240,000	714,800	1,640,000	263,280	5,149	74,995	2,885,149	1,053,075	3,938,224
2027	2,760,000	661,000	220,000	221,510	5,550	74,595	2,985,550	957,105	3,942,655
2028	2,855,000	562,500	220,000	219,970	5,770	74,374	3,080,770	856,844	3,937,614
2029	2,970,000	446,000	225,000	216,950	6,430	73,714	3,201,430	736,664	3,938,094
2030	3,095,000	324,700	230,000	212,400	6,931	73,214	3,331,931	610,314	3,942,245
2031	3,220,000	198,400	235,000	206,575	7,470	72,674	3,462,470	477,649	3,940,119
2032	3,350,000	67,000	240,000	199,450	7,846	72,299	3,597,846	338,749	3,936,595
2033	-	-	2,385,000	160,075	8,662	71,483	2,393,662	231,558	2,625,220
2034	-	-	2,460,000	87,400	9,335	70,809	2,469,335	158,209	2,627,544
2035	-	-	2,525,000	25,250	10,062	70,083	2,535,062	95,333	2,630,395
2036	-	-	-	-	10,647	69,497	10,647	69,497	80,144
2037	-	-	-	-	11,673	68,471	11,673	68,471	80,144
2038	-	-	-	-	12,581	67,563	12,581	67,563	80,144
2039	-	-	-	-	13,560	66,584	13,560	66,584	80,144
2040	-	-	-	-	14,428	65,717	14,428	65,717	80,145
2041	-	-	-	-	15,737	64,407	15,737	64,407	80,144
2042	-	-	-	-	16,962	63,182	16,962	63,182	80,144
2043	-	-	-	-	18,282	61,863	18,282	61,863	80,145
2044	-	-	-	-	19,531	60,613	19,531	60,613	80,144
2045	-	-	-	-	21,224	58,921	21,224	58,921	80,145
2046	-	-	-	-	22,875	57,270	22,875	57,270	80,145
2047	-	-	-	-	24,654	55,490	24,654	55,490	80,144
2048	-	-	-	-	26,419	53,725	26,419	53,725	80,144
2049	-	-	-	-	28,628	51,516	28,628	51,516	80,144
2050	-	-	-	-	30,855	49,289	30,855	49,289	80,144
2051	-	-	-	-	33,256	46,888	33,256	46,888	80,144
2052	-	-	-	-	35,716	44,429	35,716	44,429	80,145
2053	-	-	-	-	38,622	41,522	38,622	41,522	80,144
2054	-	-	-	-	41,627	38,517	41,627	38,517	80,144
2055	-	-	-	-	44,866	35,278	44,866	35,278	80,144
2056	-	-	-	-	48,264	31,881	48,264	31,881	80,145
2057	-	-	-	-	52,112	28,033	52,112	28,033	80,145
2058	-	-	-	-	56,166	23,978	56,166	23,978	80,144
2059	-	-	-	-	60,536	19,608	60,536	19,608	80,144
2060	-	-	-	-	65,200	14,944	65,200	14,944	80,144
2061	-	-	-	-	70,319	9,826	70,319	9,826	80,145
2062	-	-	-	-	75,790	4,353	75,790	4,353	80,143
	$ 20,700,000	$ 4,113,600	$ 11,935,000	$ 2,347,030	$ 1,000,000	$ 2,142,984	$ 33,635,000	$ 8,603,614	$ 42,238,614

THE WHITE HOUSE UTILITY DISTRICT OF
ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

Program Name	Assistance Listing Number	Contract Number	Period	Award Amount	Accrued (Deferred) Revenue 12/31/2022	RECEIPTS	EXPENDITURES	Accrued (Deferred) Revenue 12/31/2023
U. S. DEPARTMENT OF AGRICULTURE								
DIRECT:								
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	N/A	$ 1,000,000	$ -	$ 1,000,000	$ 1,000,000	$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE					$ -	$ 1,000,000	$ 1,000,000	$ -

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of White House Utility Distict (the “District”), under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State of Tennessee Audit Manual. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or cash flows of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - LOAN BALANCES

The outstanding balance on the Water and Waste Disposal Systems for Rural Communities loan at December 31, 2023 was $1,000,000.

NOTE 4 - SUBRECIPIENTS

The District has not passed any federal awards through to subrecipients for the year ended December 31, 2023.

OTHER INFORMATION

THE WHITE HOUSE UTILITY DISTRICT OF
ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF WATER, SEWER AND TAP FEE RATES AND NUMBER OF CUSTOMERS
(UNAUDITED)

DECEMBER 31, 2023

WATER RATES

Base charge (per month) based on meter size:

5/8" x 3/4"	$	9.10
1"		12.43
1.5"		31.00
2"		45.75
3"		77.64
4"		83.83
6"		134.76
8"		207.12
10"		260.79

Per 1,000 gallons of metered usage	$	7.92

SEWER RATES

Base charge (no usage)	$	10.32
Per 1,000 gallons of metered usage		10.77

TAP FEES

Water

If a water main is currently in place at the location service is requested and no additional meters larger than 1" are required, the following water fees apply:

5/8 x 3/4" (Water)	$	2,000	plus $50 account set-up fee
5/8 x 3/4" (Irrigation - Residential)		1,200	plus $50 account set-up fee
5/8 x 3/4" (Irrigation - Commercial)		2,000	plus $50 account set-up fee
1" (Water)		2,800	plus $50 account set-up fee

If a water main extension is required to provide access to water service or if a project requires any water taps larger than 1", the following capacity fees based upon meter diameter will apply. The contractor must provide all labor, materials, and meters per the District's specifications and use a District pre-approved tapping contractor to tap the water main:

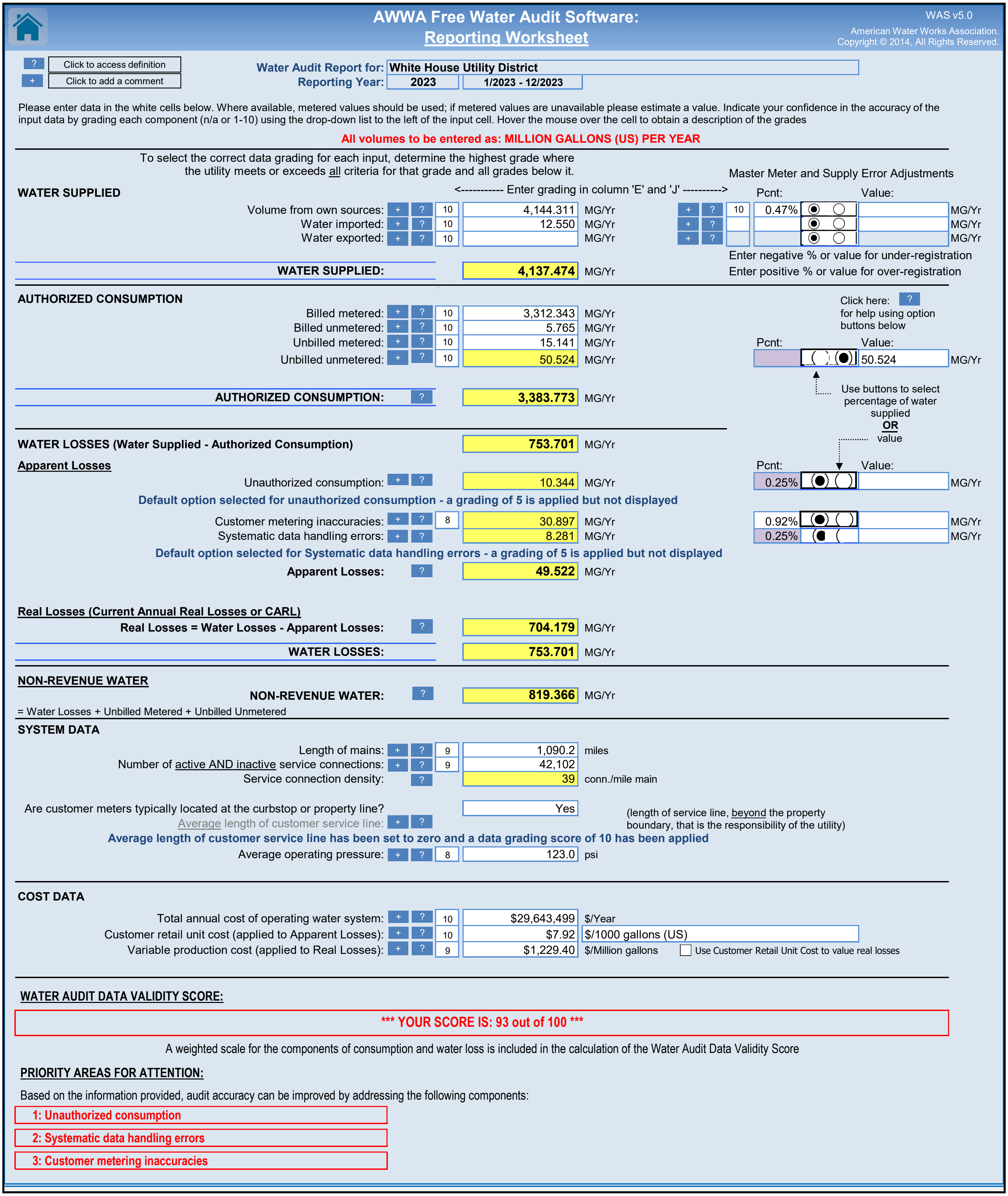
5/8 x 3/4" Capacity Fee	$	2,000	plus $50 account set-up fee
1" Capacity Fee		2,800	plus $50 account set-up fee
2" Capacity Fee		4,000	plus $50 account set-up fee
3" Capacity Fee		5,400	plus $50 account set-up fee
4" Capacity Fee		7,000	plus $50 account set-up fee
6" Capacity Fee		10,200	plus $50 account set-up fee
8" Capacity Fee		13,600	plus $50 account set-up fee
10" Capacity Fee		17,200	plus $50 account set-up fee

Sewer capacity fee	$	2,700

NUMBER OF CUSTOMERS

The number of water and sewer customers at December 31, 2019 through 2023 is as follows:

	2023	2022	2021	2020	2019
Water	39,344	38,239	36,926	35,598	34,650
Sewer	6,576	6,167	5,627	5,101	4,737



AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0

Water Audit Report for: White House Utility District
Reporting Year: 2023 1/2023 - 12/2023

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

<----------- Enter grading in column 'E' and 'J' ---------->

Master Meter and Supply Error Adjustments

WATER SUPPLIED

	Grade	Value	Unit	Grade	Pcnt:		Value:	
Volume from own sources:	10	4,144.311	MG/Yr	10	0.47%	● ○		MG/Yr
Water imported:	10	12.550	MG/Yr			● ○		MG/Yr
Water exported:	10		MG/Yr			● ○		MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 4,137.474 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

	Grade	Value	Unit	Pcnt:		Value:	
Billed metered:	10	3,312.343	MG/Yr				
Billed unmetered:	10	5.765	MG/Yr				
Unbilled metered:	10	15.141	MG/Yr				
Unbilled unmetered:	10	50.524	MG/Yr		○ ●	50.524	MG/Yr

Use buttons to select percentage of water supplied **OR** value

AUTHORIZED CONSUMPTION: 3,383.773 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 753.701 MG/Yr

Apparent Losses

	Grade	Value	Unit	Pcnt:		Value:	
Unauthorized consumption:		10.344	MG/Yr	0.25%	● ○		MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

	Grade	Value	Unit	Pcnt:		Value:	
Customer metering inaccuracies:	8	30.897	MG/Yr	0.92%	● ○		MG/Yr
Systematic data handling errors:		8.281	MG/Yr	0.25%	● ○		MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: 49.522 MG/Yr

Real Losses (Current Annual Real Losses or CARL)
Real Losses = Water Losses - Apparent Losses: 704.179 MG/Yr

WATER LOSSES: 753.701 MG/Yr

NON-REVENUE WATER
NON-REVENUE WATER: 819.366 MG/Yr
= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

	Grade	Value	Unit
Length of mains:	9	1,090.2	miles
Number of active AND inactive service connections:	9	42,102	
Service connection density:		39	conn./mile main

Are customer meters typically located at the curbstop or property line? Yes

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

	Grade	Value	Unit
Average operating pressure:	8	123.0	psi

COST DATA

	Grade	Value	Unit
Total annual cost of operating water system:	10	$29,643,499	$/Year
Customer retail unit cost (applied to Apparent Losses):	10	$7.92	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	9	$1,229.40	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

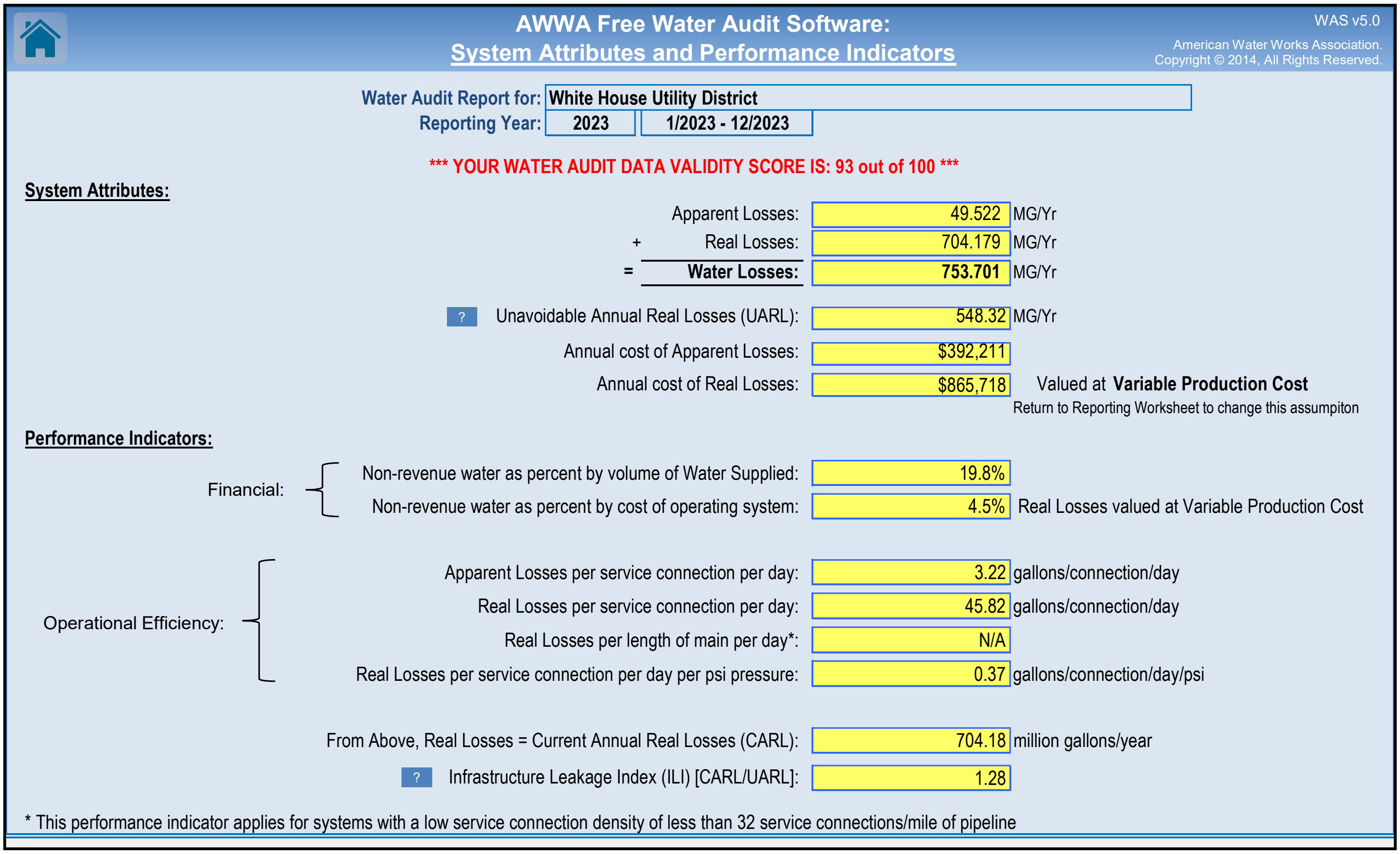
***** YOUR SCORE IS: 93 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unauthorized consumption
2: Systematic data handling errors
3: Customer metering inaccuracies



AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0

Water Audit Report for: White House Utility District
Reporting Year: 2023 | 1/2023 - 12/2023

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 93 out of 100 *****

System Attributes:

Apparent Losses:	49.522	MG/Yr
+ Real Losses:	704.179	MG/Yr
= **Water Losses:**	**753.701**	MG/Yr
? Unavoidable Annual Real Losses (UARL):	548.32	MG/Yr
Annual cost of Apparent Losses:	$392,211	
Annual cost of Real Losses:	$865,718	Valued at **Variable Production Cost** Return to Reporting Worksheet to change this assumpiton

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	19.8%	
	Non-revenue water as percent by cost of operating system:	4.5%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	3.22	gallons/connection/day
	Real Losses per service connection per day:	45.82	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per psi pressure:	0.37	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	704.18	million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	1.28	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

HISTORICAL PRO-FORMA DEBT SERVICE COVERAGE SCHEDULE
(UNAUDITED)

	Years Ended December 31,				
	2023	2022	2021	2020	2019
Operating revenues	$ 35,606,244	$ 34,070,946	$ 31,499,137	$ 29,349,072	$ 27,599,156
Operating expenses, net of depreciation	22,570,999	19,051,890	17,595,712	17,352,362	17,405,543
Operating income before depreciation	13,035,245	15,019,056	13,903,425	11,996,710	10,193,613
Other income before interest expense:					
Interest income, net of interest earned on construction funds	2,502,942	628,846	155,511	387,227	603,663
Income available for debt service (1)	$ 15,538,187	$ 15,647,902	$ 14,058,936	$ 12,383,937	$ 10,797,276
Debt service requirements (2)	$ 3,980,010	$ 3,907,080	$ 3,917,030	$ 4,161,763	$ 4,034,844
Bond coverage (excluding all contributions)	3.90	4.01	3.59	2.98	2.68
Income available for debt service (3)	$ 20,301,433	$ 23,705,912	$ 20,280,766	$ 17,181,650	$ 14,327,907
Bond coverage (including cash contributions)	5.10	6.07	5.18	4.13	3.55

(1) Does not include tap fees or other capital contributions

(2) Includes Series 2020 Bonds, Series 2016 Bonds, and Series 2023 Bonds (USDA Program) as applicable

(3) Includes tap fees and other cash capital contributions, excludes all noncash capital contributions

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF TEN LARGEST CUSTOMERS - 2023 ANNUAL WATER AND SEWER USAGE AND REVENUES

(UNAUDITED)

	Annual Water Usage (Gallons)	% of Total Annual Usage		Gross Water Revenues (1)	% Total Gross Water Revenues	
Simpson County	459,086,670	13.86	%	$ 1,245,891	4.39	%
Sumner Co Board of Education	66,485,817	2.01		553,092	1.95	
MAA Apartments	24,443,779	0.74		199,061	0.70	
Wellington Farms Apts	21,995,377	0.66		176,829	0.62	
Stoneridge	17,657,209	0.53		142,849	0.50	
Revere at Hidden Creek LLC	17,239,920	0.52		139,250	0.49	
Hickory Run Apartments	14,711,521	0.44		132,404	0.47	
White House Villages, LLC	14,116,910	0.43		114,766	0.40	
Robertson Co Board of Education	13,977,976	0.42		120,054	0.42	
1070 W.Main St Apts	13,010,470	0.39		104,231	0.37	
	662,725,649	20.00	%	$ 2,928,427	10.31	%
Totals for the year	3,312,342,735			$ 28,365,270		

(1) Gross water revenues before uncollectible accounts

	Annual Sewer Usage (Gallons)	% of Total Annual Usage		Gross Sewer Revenues (2)	% Total Gross Sewer Revenues	
Sumner Co Board of Education	35,357,117	7.98	%	$ 412,655	7.15	%
MAA Apartments	20,106,290	4.54		269,622	4.67	
Wellington Farms Apts.	15,749,020	3.55		216,422	3.75	
Stoneridge	12,825,350	2.89		186,608	3.23	
Revere at Hidden Creek LLC	11,333,370	2.56		149,526	2.59	
Foxland Crossing, LLC	11,046,350	2.49		156,699	2.72	
WMCI Nashville VI LLC	6,058,570	1.37		94,809	1.64	
TDK Const - Vintage Foxland Apts.	5,594,810	1.26		83,865	1.45	
Sumner Regional Health Systems	3,511,940	0.79		40,516	0.70	
Kroger - Gallatin Marketplace	1,288,166	0.29		20,105	0.35	
	122,870,983	27.72	%	$ 1,630,827	28.25	%
Totals for the year	443,243,210			$ 5,768,677		

(2) Gross sewer revenues before uncollectible accounts.

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF INSURANCE (UNAUDITED)

DECEMBER 31, 2023

Insurance Company	**Coverage**	**Amount of Coverage**	**Expiration**
Selective Insurance Group	**Property Coverage**		**12/31/23**
	Building and Contents	$101,581,700	
	Tools and Equipment	$1,469,315	
	Electronic Data Equipment	$596,181	
	Earthquake	$5,000,000	
	Computer Fraud	$1,000,000	
	Funds Transfer Fraud	$1,000,000	
Selective Insurance Group	**General Liability, general aggregate**	$3,000,000	**12/31/23**
	Auto Liability, each accident	$1,000,000	**12/31/23**
	Excess Liability, aggregate limit	$5,000,000	**12/31/23**
	Employee Benefits Liability, aggregate	$2,000,000	**12/31/23**
The Cincinnati Insurance Company	**Directors, Officers, and Trustees Liability**	$3,000,000	**12/31/23**
	Employment Practices Liability	$1,000,000	**12/31/23**
	Cyber Defense	$1,000,000	**12/31/23**
	Boiler and Machinery Coverage	$5,000,000	**12/31/23**
Accident Fund Insurance Company of America	**Workers Compensation**	$1,000,000	**12/31/23**
Travelers Insurance Company	**Fiduciary Liability**	$1,000,000	**05/22/25**

THE WHITE HOUSE UTILITY DISTRICT OF
ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SUMMARY STATEMENTS OF NET POSITION

DECEMBER 31, 2019 THROUGH 2023
(UNAUDITED)

	2023	2022	2021	2020	2019
ASSETS					
Current assets:					
Cash and cash equivalents	$ 46,062,946	$ 45,758,573	$ 38,069,759	$ 24,916,519	$ 18,359,747
Cash designated by Board - capital reserve account	23,483,527	15,232,553	12,572,403	12,075,157	10,778,059
Cash designated by Board - operating reserve account	11,634,845	10,452,090	9,239,333	9,383,146	9,054,764
Investments	9,508,449	8,038,917	6,456,907	6,485,864	6,947,987
Accounts receivable, net	2,827,049	2,471,711	2,554,926	2,187,281	2,039,050
Unbilled revenues	1,770,948	1,714,710	1,494,970	1,495,467	1,330,110
Other current assets	1,077,795	1,668,058	629,809	489,148	587,088
Total current assets	96,365,559	85,336,612	71,018,107	57,032,582	49,096,805
Restricted and other assets:					
Restricted cash and cash equivalents	58,455	64,133	228	24,735	12,719
Restricted investments	2,859,414	2,804,280	2,972,057	3,068,126	4,241,400
Total restricted and other assets	2,917,869	2,868,413	2,972,285	3,092,861	4,254,119
Noncurrent assets:					
Intangible (right-to-use) SBITA assets, net	59,350	-	-	-	-
Capital assets:					
Utility plant in service	299,386,405	273,750,915	259,695,459	247,916,580	237,874,573
Less accumulated depreciation	(92,500,710)	(85,822,050)	(80,455,390)	(74,531,718)	(68,564,855)
Total capital assets	206,885,695	187,928,865	179,240,069	173,384,862	169,309,718
Construction in progress	6,556,222	4,348,114	2,117,795	1,977,209	1,588,855
Net capital assets	213,441,917	192,276,979	181,357,864	175,362,071	170,898,573
Total noncurrent assets	213,501,267	192,276,979	181,357,864	175,362,071	170,898,573
TOTAL ASSETS	312,784,695	280,482,004	255,348,256	235,487,514	224,249,497
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding of debt	321,496	380,908	442,784	507,776	796,085
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	313,106,191	280,862,912	255,791,040	235,995,290	225,045,582
LIABILITIES					
Current Liabilities:					
Accounts payable	3,029,968	2,362,709	1,642,819	981,149	1,283,391
Other current liabilities	1,030,727	972,372	1,049,648	1,058,124	978,520
Total current liabilities	4,060,695	3,335,081	2,692,467	2,039,273	2,261,911
Long-term debt	36,210,872	38,281,962	41,260,847	44,161,307	48,066,244
TOTAL LIABILITIES	40,271,567	41,617,043	43,953,314	46,200,580	50,328,155
NET POSITION	$ 272,834,624	$ 239,245,869	$ 211,837,726	$ 189,794,710	$ 174,717,427

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SUMMARY STATEMENTS OF OPERATING RESULTS

DECEMBER 31, 2019 THROUGH 2023
(UNAUDITED)

	Years Ended December 31,				
	2023	2022	2021	2020	2019
OPERATING REVENUES					
Charges for services - water	$ 28,365,272	$ 26,949,329	$ 24,694,147	$ 23,599,689	$ 22,345,687
Charges for services - sewer	5,768,676	5,360,385	4,804,297	4,381,221	3,922,480
Bad debt expense	(53,557)	(65,434)	(60,704)	(41,671)	147,817
Late penalties	306,048	284,785	267,242	247,177	264,986
Water service charges	249,720	293,160	277,500	268,517	237,922
Construction administration and inspection fees	631,227	885,842	1,053,079	642,542	373,089
Other operating revenue	338,858	362,879	463,576	251,597	307,175
TOTAL OPERATING REVENUES	35,606,244	34,070,946	31,499,137	29,349,072	27,599,156
OPERATING EXPENSES					
Water plant production	5,083,337	4,271,265	3,387,800	3,278,646	3,126,361
Water transmission and distribution	6,940,074	5,587,560	5,457,774	5,611,360	5,841,901
Sewer collection	2,752,023	2,392,532	2,024,866	1,979,380	1,826,752
Engineering	1,652,379	1,280,683	1,349,365	1,278,995	1,307,120
Customer service and billing	991,401	946,439	885,195	887,832	890,908
Information technology and GIS	1,937,680	1,429,165	1,334,597	1,289,533	1,446,480
General and administrative	3,214,105	3,144,246	3,156,115	3,026,616	2,966,021
Depreciation	7,155,000	6,601,178	6,424,930	6,562,771	6,806,483
TOTAL OPERATING EXPENSES	29,725,999	25,653,068	24,020,642	23,915,133	24,212,026
OPERATING INCOME	5,880,245	8,417,878	7,478,495	5,433,939	3,387,130
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss), net	2,774,462	7,058	(40,500)	467,529	691,873
Interest expense	(961,412)	(982,590)	(1,098,800)	(1,781,066)	(1,609,934)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,813,050	(975,532)	(1,139,300)	(1,313,537)	(918,061)
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,693,295	7,442,346	6,339,195	4,120,402	2,469,069
CONTRIBUTIONS IN AID OF CONSTRUCTION					
Water and sewer tap fees and cash contributions	4,763,246	8,058,010	6,221,830	4,797,713	3,530,631
Noncash capital contributions	21,132,214	11,907,787	9,481,991	6,159,168	6,450,664
TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION	25,895,460	19,965,797	15,703,821	10,956,881	9,981,295
CHANGE IN NET POSITION	$ 33,588,755	$ 27,408,143	$ 22,043,016	$ 15,077,283	$ 12,450,364

OTHER REPORTS

KraftCPAs
PLLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
The White House Utility District of Robertson and
Sumner Counties, Tennessee
White House, Tennessee

We have audited, 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, the financial statements of the White House Utility District of Robertson and Sumner Counties, Tennessee ("the District") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 29, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or, detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

REPORT COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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*.

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 District'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KraftCPAs PLLC

Nashville, Tennessee
May 29, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
The White House Utility District of Robertson and
Sumner Counties, Tennessee
White House, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited the White House Utility District of Robertson and Sumner Counties, Tennessee's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the White House Utility District of Robertson and Sumner Counties, Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S *Code of Federal Regulation* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, and provisions of contracts or grant agreements applicable to the District's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit or Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

KraftCPAs PLLC

Nashville, Tennessee
May 29, 2024

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ________ yes ___X___ no
- Significant deficiency(ies) identified? ________ yes ___X___ none reported

Noncompliance material to financial statements noted? ________ yes ___X___ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ________ yes ___X___ no
- Significant deficiency(ies) identified? ________ yes ___X___ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ________ yes ___X___ no

Identification of major federal programs:

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ________ yes ___X___ no

THE WHITE HOUSE UTILITY DISTRICT OF ROBERTSON AND SUMNER COUNTIES, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

PRIOR YEAR

There were no prior year findings.

CURRENT YEAR

There are no current year findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

PRIOR YEAR

There were no prior year findings.

CURRENT YEAR

There are no current year findings.