

**TOWN OF THOMPSON'S STATION, TENNESSEE**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2020**



**TOWN OF THOMPSON'S STATION, TENNESSEE**  
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**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**DIRECTORY OF OFFICIALS**  
**JUNE 30, 2020**

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**TITLE**

**NAME OF OFFICIAL**

Mayor

Corey Napier

Alderman

Shaun Alexander

Alderman

Brandon Bell

Alderman

Ben Dilks

Alderman

Brian Stover

Town Administrator

Kenneth McLawhon

Finance Director

Steve Banks

Town Recorder

Regina Fowler



## **Independent Auditor's Report**

Board of Mayor and Aldermen  
Town of Thompson's Station, Tennessee  
Thompson's Station, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due from error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Thompson's Station, Tennessee as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the statements of budgetary comparison for the general fund and state street aid fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 4-9) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thompson's Station, Tennessee's basic financial statements. The accompanying schedule of expenditures of federal awards on page 36, the schedule of changes in long-term debt by individual issue on page 37, and the directory of officials on page 1, as required by the State of Tennessee are, presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the schedule of changes in long-term debt by issue are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of changes in long-term debt by issue are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

The directory of officials information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 22, 2020 on our consideration of the Town of Thompson's Station, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 the Town's internal control over financial reporting and on compliance.

*Culver, PLLC*

Oakland, Tennessee  
December 22, 2020

**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2020**

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As management of the Town of Thompson's Station (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. Readers are encouraged to consider information presented here in conjunction with the Town's financial statements.

**FINANCIAL HIGHLIGHTS**

- 1). The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$46,293,871 (net position). Of this amount, \$9,905,268 is considered unrestricted funds and may be used to meet the government's ongoing obligations to citizens and creditors.
- 2). The government's total net position increased by \$2,858,208 during fiscal year 2020.
- 3). As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$7,533,250, an increase of \$1,228,208 for the year. Over 94% of this total amount, or \$7,104,995 is available for spending at the government's discretion (unassigned fund balance).
- 4). On June 30, 2020, the unassigned fund balance for the General Fund was 263% of total general fund expenditures.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – These financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreased in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this financial statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes, licenses, and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, parks, and highways and streets. The business-type activity of the Town includes wastewater services.

**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)  
YEAR ENDED JUNE 30, 2020**

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Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Thompson's Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and a proprietary fund.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual operating budget and capital improvements budget for its General Fund and the State Street Aid Special Revenue Fund.

Proprietary Fund – The Town maintains a wastewater fund as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the wastewater activity, which is also considered a major fund of the Town.

The Town adopts an annual operating budget and capital improvement budget for its Proprietary Fund.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain other required information. The original budgets and final budgets as well as comparisons of final budgets to actual appear on pages 16 through 19.

**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)  
YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets exceeded liabilities and deferred inflows of resources by \$46,293,871 at the end of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,381,100	\$ 7,022,272	\$ 3,959,338	\$ 4,753,621	\$ 12,340,438	\$ 11,775,893
Capital assets	19,593,275	19,343,268	18,442,347	16,646,742	38,035,622	35,990,010
Total assets	<u>\$ 27,974,375</u>	<u>\$ 26,365,540</u>	<u>\$ 22,401,685</u>	<u>\$ 21,400,363</u>	<u>\$ 50,376,060</u>	<u>\$ 47,765,903</u>
Long-term liabilities outstanding	1,751,200	1,996,500	324,074	435,185	2,075,274	2,431,685
Other liabilities	377,272	426,939	208,692	68,360	585,964	495,299
Total liabilities	<u>2,128,472</u>	<u>2,423,439</u>	<u>532,766</u>	<u>503,545</u>	<u>2,661,238</u>	<u>2,926,984</u>
Deferred inflows of resources	304,951	287,256	1,116,000	1,116,000	1,420,951	1,403,256
Net position:						
Net investment in capital assets	17,842,075	17,346,768	18,118,273	16,211,557	35,960,348	33,558,325
Restricted for roads and streets	428,255	283,108	-	-	428,255	283,108
Unrestricted	<u>7,270,622</u>	<u>6,024,969</u>	<u>2,634,646</u>	<u>3,569,261</u>	<u>9,905,268</u>	<u>9,594,230</u>
Total net position	<u>25,540,952</u>	<u>23,654,845</u>	<u>20,752,919</u>	<u>19,780,818</u>	<u>46,293,871</u>	<u>43,435,663</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 27,974,375</u>	<u>\$ 26,365,540</u>	<u>\$ 22,401,685</u>	<u>\$ 21,400,363</u>	<u>\$ 50,376,060</u>	<u>\$ 47,765,903</u>

A significant portion of the Town's net position, \$35,960,348 or 78% reflects its investment in capital assets (for example – land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The Town's investment in capital assets is reported net of related debt. It should be noted that the resources needed to repay any future debt issues must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At year end, \$428,255 of the Town's net position represents resources that are subject to external restrictions on how they may be used. For the Town, the restricted resources must be used for State Street Aid expenses. The remaining balance of unrestricted net position, \$9,905,268 (21%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town reports positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.



**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)  
YEAR ENDED JUNE 30, 2020**

The following is a summary of financial activities for the Town during the fiscal years ended June 30, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 47,230	\$ 39,131	\$ 1,271,652	\$ 1,140,000	\$ 1,318,882	\$ 1,179,131
Operating grants and contributions	343,096	175,356	-	-	343,096	175,356
Capital grants and contributions	-	-	743,400	502,500	743,400	502,500
General revenues:						
Property taxes	317,333	288,090	-	-	317,333	288,090
Local option sales taxes	1,165,962	994,173	-	-	1,165,962	994,173
Intergovernmental revenues	609,853	657,413	-	-	609,853	657,413
Building permits/impact fees	1,390,057	1,130,012	-	-	1,390,057	1,130,012
Other	220,725	202,784	-	-	220,725	202,784
Unrestricted investment earnings	29,823	36,311	19,807	18,420	49,630	54,731
Total revenues	<u>4,124,079</u>	<u>3,523,270</u>	<u>2,034,859</u>	<u>1,660,920</u>	<u>6,158,938</u>	<u>5,184,190</u>
Expenses:						
General government	1,776,032	1,462,296	-	-	1,776,032	1,462,296
State Street Aid	33,023	80,499	-	-	33,023	80,499
Streets and roads	357,129	352,794	-	-	357,129	352,794
Parks	15,876	58,021	-	-	15,876	58,021
Debt service	55,912	66,644	-	-	55,912	66,644
Wastewater	-	-	1,062,758	910,584	1,062,758	910,584
Total expenses	<u>2,237,972</u>	<u>2,020,254</u>	<u>1,062,758</u>	<u>910,584</u>	<u>3,300,730</u>	<u>2,930,838</u>
Change in net position	1,886,107	1,503,016	972,101	750,336	2,858,208	2,253,352
Net position - beginning of year	<u>23,654,845</u>	<u>22,151,829</u>	<u>19,780,818</u>	<u>19,030,482</u>	<u>43,435,663</u>	<u>41,182,311</u>
Net position - end of year	<u>\$ 25,540,952</u>	<u>\$ 23,654,845</u>	<u>\$ 20,752,919</u>	<u>\$ 19,780,818</u>	<u>\$ 46,293,871</u>	<u>\$ 43,435,663</u>

**Governmental Activities** – Governmental activities increased the Town's net position by \$1,886,107, which compares with an increase in net position of \$1,503,016 for fiscal year 2019. During the fiscal year 2020, no infrastructure assets were contributed or accepted.

**Business-Type Activities** – Business-type activities increased the Town's net position by \$972,101 compared with \$750,336 for 2019. Revenues from charges to customers for wastewater treatment increased by \$131,652 and capital grants and contributions increased by \$240,900. Wastewater expenses increased by \$152,174 compared to prior year primarily due from new allocations for wastewater payroll and insurance. The business-type activities spent \$2,229,239 on construction in progress projects and such expenditures were appropriately capitalized on the balance sheet; this resulted in a significant increase in capital assets and net investment in capital assets.

**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)  
YEAR ENDED JUNE 30, 2020**

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**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governments Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$7,533,250. Fund balances of the governmental funds increased \$1,228,208 during fiscal year 2020 primarily due to increases in building permit revenue and local sales taxes.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,104,995. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 263% of total general fund expenditures for this fiscal year.

Proprietary fund – The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Wastewater Fund at the end of the year amounted to \$2,634,646. The Wastewater Fund has an increase in net position for the year of \$972,101. Factors concerning the financial position of this fund have been addressed in the discussion of the Town's business-type activity above.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Highlights of the differences between the budget and actual are listed below:

1. Actual over budgeted total taxes by \$316,377.
2. Actual over budgeted total licenses, permits, and fees by \$338,427.
3. Actual over budgeted intergovernmental revenue by \$4,853.
4. Delay in capital projects of \$2,047,247.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounted to \$38,035,622 (net of accumulated depreciation). This investment includes land, buildings, improvements, machinery, equipment, and infrastructure.

**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)  
YEAR ENDED JUNE 30, 2020**

Additional information on the Town's capital assets can be found in Note 5 to the financial statements. The following table compares capital assets on June 30, 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,360,889	\$ 6,360,889	\$ 2,992,000	\$ 2,992,000	\$ 9,352,889	\$ 9,352,889
Construction in progress	774,990	237,920	2,457,616	228,377	3,232,606	466,297
Infrastructure	12,863,531	12,832,326	-	-	12,863,531	12,832,326
Buildings	642,070	642,070	880,550	880,550	1,522,620	1,522,620
Equipment	255,074	242,516	532,716	519,982	787,790	762,498
Vehicles	273,640	192,343	48,361	48,361	322,001	240,704
Wastewater system		-	15,524,671	15,524,671	15,524,671	15,524,671
Total capital assets	21,170,194	20,508,064	22,435,914	20,193,941	43,606,108	40,702,005
Less: accumulated depreciation	(1,576,919)	(1,164,796)	(3,993,567)	(3,547,199)	(5,570,486)	(4,711,995)
Capital assets, net	<u>\$ 19,593,275</u>	<u>\$ 19,343,268</u>	<u>\$ 18,442,347</u>	<u>\$ 16,646,742</u>	<u>\$ 38,035,622</u>	<u>\$ 35,990,010</u>

**Long-term Debt** – At the end of the fiscal year, the Town's total debt was \$2,075,274 and is set forth in detail in Note 8. Payments made on debt obligations total \$356,411.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Despite continued improving economic conditions, a conservative approach was used in preparing the Town's budget for the 2020-2021 fiscal year.

1. As we learned more and more about COVID-19, we took a conservative approach in developing the budget for revenue projections. Sales and gas taxes collected make up 43% of the revenues.
2. Town projects that will continue into the next few years that have been approved and moving forward are:
  - a. Trailways through Preservation Park (grant was awarded by the State of Tennessee)
  - b. Critz Lane road improvement to cut down the hill for safety and improved traffic flow
3. The Town sewer system is under design for an upgrade to a MBR system (Membrane Bioreactor). Design phase has been approved with construction expected to start in the summer of 2021.
4. Tennessee Dept. of Highways (TDOT) will provide a technical study of Highway 31 (Columbia Pike) for widening from Franklin to Spring Hill in the Spring of 2021.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town of Thompson's Station, Office of the Mayor, PO Box 110, Thompson's Station, Tennessee 37179.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 7,222,535	\$ 3,987,362	\$ 11,209,897
Taxes receivable - property tax	306,429	-	306,429
Accounts and other receivables	66,741	216,812	283,553
Internal balances	245,396	(245,396)	-
Due from other governments	539,999	-	539,999
Prepaid expenses and other	-	560	560
Capital assets:			
Capital assets not being depreciated	7,135,879	5,449,616	12,585,495
Other capital assets, net of accumulated depreciation	12,457,396	12,992,731	25,450,127
<b>Total assets</b>	<u>\$ 27,974,375</u>	<u>\$ 22,401,685</u>	<u>\$ 50,376,060</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 247,141	\$ 208,692	\$ 455,833
Deposits from developers	59,000	-	59,000
Accrued compensation and compensated absences	71,131	-	71,131
Long-term liabilities:			
Due within one year	245,300	111,111	356,411
Due in more than one year	1,505,900	212,963	1,718,863
<b>Total Liabilities</b>	<u>2,128,472</u>	<u>532,766</u>	<u>2,661,238</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes	304,951	-	304,951
Prepaid tap fees	-	1,116,000	1,116,000
<b>Total deferred inflows of resources</b>	<u>304,951</u>	<u>1,116,000</u>	<u>1,420,951</u>
<b>Net position:</b>			
Net investment in capital assets	17,842,075	18,118,273	35,960,348
Restricted for State Street Aid	428,255	-	428,255
Unrestricted	7,270,622	2,634,646	9,905,268
<b>Total net position</b>	<u>25,540,952</u>	<u>20,752,919</u>	<u>46,293,871</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 27,974,375</u>	<u>\$ 22,401,685</u>	<u>\$ 50,376,060</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 1,776,032	\$ 44,553	\$ 164,926	\$ -	\$ (1,566,553)	\$ -	\$ (1,566,553)
State Street Aid	33,023	-	178,170	-	145,147	-	145,147
Streets and roads	357,129	-	-	-	(357,129)	-	(357,129)
Parks and recreation	15,876	2,677	-	-	(13,199)	-	(13,199)
Interest on long-term debt	55,912	-	-	-	(55,912)	-	(55,912)
Total governmental activities	2,237,972	47,230	343,096	-	(1,847,646)	-	(1,847,646)
<b>Business-Type Activities:</b>							
Wastewater	1,062,758	1,271,652	-	743,400	-	952,294	952,294
<b>Total primary government</b>	<b>\$ 3,300,730</b>	<b>\$ 1,318,882</b>	<b>\$ 343,096</b>	<b>\$ 743,400</b>	<b>(1,847,646)</b>	<b>952,294</b>	<b>(895,352)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes					317,333	-	317,333
Local option sales taxes					1,165,962	-	1,165,962
Building permits/impact fees					1,390,057	-	1,390,057
Beer and liquor tax					130,196	-	130,196
Business and privilege taxes					59,980	-	59,980
Franchise tax					30,549	-	30,549
Unrestricted intergovernmental revenues:							
Payment in lieu of taxes					58,127	-	58,127
State sales tax					431,601	-	431,601
Mixed drink and beer tax					8,366	-	8,366
Business tax					111,759	-	111,759
Unrestricted investment earnings					29,823	19,807	49,630
Other					-	-	-
Total general revenues					3,733,753	19,807	3,753,560
<b>Change in net position</b>					1,886,107	972,101	2,858,208
<b>Net position - beginning</b>					23,654,845	19,780,818	43,435,663
<b>Net position - ending</b>					<b>\$ 25,540,952</b>	<b>\$ 20,752,919</b>	<b>\$ 46,293,871</b>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash	\$ 7,222,535	\$ -	\$ 7,222,535
Taxes receivable - property tax	306,429	-	306,429
Due from other governments	510,550	29,449	539,999
Due from other funds	245,396	398,806	644,202
Other receivables	66,741	-	66,741
Total assets	<u>\$ 8,351,651</u>	<u>\$ 428,255</u>	<u>\$ 8,779,906</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenditures	\$ 247,141	\$ -	\$ 247,141
Deposits from developers	59,000	-	59,000
Due to other funds	398,806	-	398,806
Accrued compensation	71,131	-	71,131
Total liabilities	<u>776,078</u>	<u>-</u>	<u>776,078</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	305,652	-	305,652
Unavailable revenue - grants	164,926	-	164,926
Total deferred inflows of resources	<u>470,578</u>	<u>-</u>	<u>470,578</u>
<b>Fund Balances:</b>			
Restricted for State Street Aid	-	428,255	428,255
Unassigned	7,104,995	-	7,104,995
Total fund balances	<u>7,104,995</u>	<u>428,255</u>	<u>7,533,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,351,651</u>	<u>\$ 428,255</u>	<u>\$ 8,779,906</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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Amounts reported for governmental activities in the statement of activities are different because:

Total fund balances of governmental funds	\$	7,533,250
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,576,919		19,593,275
Receivables not available to pay for current expenditures are not current financial resources and therefore are not reported in the governmental funds		165,627
Long-term liabilities, including capital outlay notes payable, are not due and payable in the current period, and, therefore, are not reported in the governmental funds:		
General long-term debt		<u>(1,751,200)</u>
Net position of governmental activities	\$	<u>25,540,952</u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ 1,704,877	\$ -	\$ 1,704,877
Licenses, permits and fees	1,392,149	-	1,392,149
Intergovernmental	609,853	178,170	788,023
Other	<u>75,661</u>	<u>-</u>	<u>75,661</u>
Total revenues	3,782,540	178,170	3,960,710
<b>Expenditures:</b>			
Current:			
General government	1,689,274	-	1,689,274
State Street Aid	-	33,023	33,023
Streets and roads	22,500	-	22,500
Parks and recreation	14,477	-	14,477
Capital outlay	672,016	-	672,016
Debt Service:			
Principal	245,300	-	245,300
Interest	<u>55,912</u>	<u>-</u>	<u>55,912</u>
Total expenditures	<u>2,699,479</u>	<u>33,023</u>	<u>2,732,502</u>
<b>Excess of revenues over expenditures</b>	1,083,061	145,147	1,228,208
<b>Fund balance - beginning</b>	<u>6,021,934</u>	<u>283,108</u>	<u>6,305,042</u>
<b>Fund balance - ending</b>	<u>\$ 7,104,995</u>	<u>\$ 428,255</u>	<u>\$ 7,533,250</u>

The accompanying notes to the financial statements are an integral part of this statement.



**TOWN OF THOMPSON'S STATION, TENNESSEE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds	\$	1,228,208
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Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Specifically these items are as follows:

Acquisition of capital assets		662,130
Depreciation expense		(412,123)

Revenue in the statement of activities that do not provide current financial resources are not reported as resources in the governmental funds for:

Property taxes		(2,334)
Grant revenue		164,926

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Specifically, these items are as follows:

Debt payments		245,300
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Change in net position of governmental activities	\$	<u>1,886,107</u>
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The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budgets
	Original Budget	Final Budget		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 283,500	\$ 283,500	\$ 318,890	\$ 35,390
Franchise	30,000	30,000	30,549	549
Wholesale beer and wholesale liquor	114,000	114,000	130,196	16,196
Local sales tax - Trustee	915,000	915,000	1,165,962	250,962
Adequate schools facilities tax	46,000	46,000	59,280	13,280
Total Taxes	1,388,500	1,388,500	1,704,877	316,377
Licenses, permits and fees:				
Beer permits	600	600	700	100
Building permits	504,000	504,000	810,916	306,916
Review fees	5,000	5,000	37,019	32,019
Impact fees	567,000	567,000	542,122	(24,878)
Miscellaneous	2,000	2,000	1,392	(608)
Total licenses, permits and fees	1,078,600	1,078,600	1,392,149	313,549
Intergovernmental:				
Payments in lieu of taxes	56,000	56,000	58,127	2,127
State of Tennessee - sales tax	550,000	465,000	431,601	(33,399)
State of Tennessee - mixed drink tax	9,000	9,000	8,366	(634)
State of Tennessee - business tax	75,000	75,000	111,759	36,759
Total intergovernmental revenue	690,000	605,000	609,853	4,853
Other income:				
Interest	57,500	57,500	29,823	(27,677)
Parks and recreation	30,000	30,000	2,677	(27,323)
Grants	572,000	572,000	-	(572,000)
Other	9,900	9,900	43,161	33,261
Transfer from reserves	1,981,104	1,044,828	-	(1,044,828)
Total other income	2,650,504	1,714,228	75,661	(1,638,567)
Total revenues	\$ 5,807,604	\$ 4,786,328	\$ 3,782,540	\$ (1,003,788)

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Salaries and wages	\$ 630,955	\$ 613,416	\$ 595,823	\$ 17,593
Payroll taxes	49,184	49,184	50,913	(1,729)
Publication of legal notices	3,000	3,000	5,495	(2,495)
General expenses	3,000	3,000	1,595	1,405
Utilities	19,500	19,500	16,181	3,319
Membership and subscriptions	5,000	5,000	3,596	1,404
Insurance - property	16,000	16,000	2,465	13,535
Insurance - workers compensation	12,000	12,000	14,744	(2,744)
Insurance - liability	7,500	7,500	16,008	(8,508)
Insurance - medical	101,400	101,400	104,419	(3,019)
Insurance - auto	5,000	5,000	2,694	2,306
Telecommunications	6,000	6,000	5,270	730
Repairs and maintenance - building	24,000	24,000	12,353	11,647
Animal control services	8,000	8,000	7,251	749
Trustee commission	4,000	4,000	-	4,000
Other expenses	8,000	8,000	125	7,875
Travel	5,000	5,000	1,026	3,974
Economic development	3,500	3,500	2,424	1,076
Continuing education	6,000	6,000	6,052	(52)
Office	50,000	85,000	100,449	(15,449)
Postage	1,500	1,500	640	860
Printing, forms and stationary	6,000	6,000	513	5,487
Professional fees - legal	150,000	210,000	239,919	(29,919)
Professional fees - auditor	14,500	14,500	13,500	1,000
Professional fees - consulting engineers	146,000	225,000	262,552	(37,552)
Professional fees - other	50,000	75,000	72,142	2,858
Vehicle fuel and oil	22,000	22,000	13,073	8,927
Vehicle repairs	20,000	10,000	5,764	4,236
Bank charges	600	600	-	600
Donations	25,000	25,000	-	25,000
Emergency services	100,000	100,000	100,000	-
Retirement	31,548	31,548	32,288	(740)
Total general government	\$ 1,534,187	\$ 1,705,648	\$ 1,689,274	\$ 16,374

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Capital Projects:</b>				
Capital projects	\$ 3,912,000	\$ 2,719,263	\$ 672,016	\$ 2,047,247
<b>Streets and Roads:</b>				
Resurfacing	40,000	40,000	22,500	17,500
<b>Parks:</b>				
Park improvements, repairs, and supplies	20,150	20,150	14,477	5,673
<b>Debt Service</b>				
Payments on capital outlay note	301,267	301,267	301,212	55
<b>Total expenditures</b>	<u>5,807,604</u>	<u>4,786,328</u>	<u>2,699,479</u>	<u>2,086,849</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	1,083,061	<u>\$ 1,083,061</u>
<b>FUND BALANCE-BEGINNING OF YEAR</b>			<u>6,021,934</u>	
<b>FUND BALANCE-END OF YEAR</b>			<u>\$ 7,104,995</u>	

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**STATE STREET AID FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
<b>Intergovernmental</b>				
State of Tennessee - gas tax 1989	\$ 15,000	\$ 15,000	\$ 13,812	\$ (1,188)
State of Tennessee - gas tax \$0.03 per gallon	28,000	28,000	25,593	(2,407)
State of Tennessee - gas and motor fuel tax	92,000	92,000	87,225	(4,775)
State of Tennessee - petroleum special	9,000	9,000	9,383	383
State of Tennessee - 2017 gas tax	34,000	34,000	42,157	8,157
Total intergovernmental revenue	<u>178,000</u>	<u>178,000</u>	<u>178,170</u>	<u>170</u>
<b>Total revenues</b>	178,000	178,000	178,170	170
<b>EXPENDITURES:</b>				
<b>State Street Aid:</b>				
Resurfacing	<u>170,000</u>	<u>49,167</u>	<u>33,023</u>	<u>16,144</u>
<b>Total expenditures</b>	<u>170,000</u>	<u>49,167</u>	<u>33,023</u>	<u>16,144</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,000</u>	<u>\$ 128,833</u>	145,147	<u>\$ 16,314</u>
<b>FUND BALANCE-BEGINNING OF YEAR</b>			<u>283,108</u>	
<b>FUND BALANCE-END OF YEAR</b>			<u>\$ 428,255</u>	

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND – WASTEWATER FUND**  
**JUNE 30, 2020**

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**Assets:**

Current assets:

Cash	\$ 3,987,362
Accounts receivable, net	216,812
Prepaid expenses and other	560
Total current assets	<u>4,204,734</u>

Capital assets:

Wastewater system, net of accumulated depreciation	<u>18,442,347</u>
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Total assets	<u><u>\$ 22,647,081</u></u>
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**Current Liabilities:**

Accounts payable and accrued expenses	\$ 184,692
Customer deposits	24,000
Due to general fund	245,396
Notes payable - current portion	111,111
Total current liabilities	<u>565,199</u>

**Noncurrent Liabilities:**

Prepaid tap fees	1,116,000
Notes payable, less current portion	212,963
Total noncurrent liabilities	<u>1,328,963</u>

Total liabilities	1,894,162
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**Net position:**

Net investment in capital assets	18,118,273
Unrestricted	2,634,646
Total net position	<u>20,752,919</u>

Total liabilities and net position	<u><u>\$ 22,647,081</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND – WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Revenues:</b>	
Charges to customers - wastewater	\$ 1,230,406
Penalties	19,435
Other revenue	21,811
Total revenues	<u>1,271,652</u>
<b>Operating Expenses:</b>	
Supply and Operations:	
Salaries	223,961
Payroll taxes and benefits	15,456
Repairs and maintenance	45,032
Permits and licenses	4,947
Supplies	12,571
Testing	3,187
Utilities	92,111
Insurance	37,978
Professional and consulting fees	151,534
Other	20,041
Total supply and operations	<u>606,818</u>
Depreciation	<u>446,368</u>
Total operating expenses	1,053,186
Operating income	218,466
<b>Non-Operating Income (Expense):</b>	
Interest expense	(9,572)
Interest income	19,807
Total non-operating income	<u>10,235</u>
Tap fees	<u>743,400</u>
<b>Change in net position</b>	972,101
<b>Net position - beginning of year</b>	<u>19,780,818</u>
<b>Net position - end of year</b>	<u><u>\$ 20,752,919</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND – WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Cash Flows from Operating Activities:**

Receipts from customers	\$ 1,223,344
Internal activity - receipts from general fund (payments made to suppliers and employees by general fund, net)	<u>97,275</u>
Net cash provided by operating activities	1,320,619

**Cash Flows from Capital and Related Financing Activities:**

Proceeds from tap fees	743,400
Purchases of capital assets	(2,241,973)
Principal payments on notes	(111,111)
Interest paid on notes	<u>(9,572)</u>
Net cash used for capital and related financing activities	(1,619,256)

**Cash Flows from Investing Activities:**

Interest income from cash and cash equivalents	<u>19,807</u>
Net decrease in cash and cash equivalents	(278,830)

**Cash and Cash Equivalents - Beginning of Year**

4,266,192

**Cash and Cash Equivalents - End of Year**

\$ 3,987,362

**Reconciliation of Operating Income to Net Cash  
Provided By Operating Activities**

Operating income	\$ 218,466
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	446,368
Changes in assets and liabilities:	
Accounts receivable	(48,308)
Due to other funds	563,761
Accounts payable and accrued expenses	<u>140,332</u>
Net cash provided by operating activities	<u><u>\$ 1,320,619</u></u>

The accompanying notes to the financial statements are an integral part of this statement.



**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Town of Thompson's Station, Tennessee (the "Town"), located in Williamson County, Tennessee, was incorporated August 15, 1990, under the provisions of Section 6-1-202, etc. seq., of the Tennessee Code Annotated. The Town operates under a Board of Mayor and Aldermen form of government and is authorized to provide all services accorded to municipalities in the State of Tennessee.

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the significant accounting policies of the Town of Thompson's Station:

The Town's accompanying financial statements present the governmental units relevant to the operations of the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Thompson's Station, Tennessee.

Based on criteria in GASB pronouncements, there are no component units to be included within the Town's financial reporting entity as of June 30, 2020.

Basis of Accounting and Basis of Presentation

*Government-Wide Financial Statements*

The government-wide financial statements, the statement of net position and the statement of activities, report information on all the nonfiduciary activities of the Town. The statement of net position presents the Town's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. Debt that was issued for capital purposes is not a part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets.

*Restricted net position* results from restrictions placed on net position by external sources such as creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position which do not meet the definition of the two proceeding categories.

The statement of activities presents the amount of direct expenses of a given function that are offset by the related program revenues. The direct expenses are those that are clearly related to a specific function. Program revenues include charges to those who use, purchase, and/or directly benefit from the services and/or goods provided by a given function. Taxes and other revenues not properly included in program revenues are reported as general revenues.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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The government-wide and proprietary fund financial statements are reporting using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are utility payments between the Town's Wastewater Fund and the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

*Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. On this basis, the Town deems revenue to be available if the revenues are collectible within 60 days after the end of the close of the fiscal year, and up to one year for certain grant revenues.

Property taxes, sales, taxes, licenses, and interest associated with the current period are considered to be susceptible to accrual. Some expenditures (debt service, long-term compensated absences, and claims and judgments expenditures) are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

The Town presents the following governmental funds, which are considered to be major funds:

The *General Fund* is the Town's primarily operating fund. It includes all financial resources of the general government, except those required to be accounted for in other funds.

The Town uses the *State Street Aid Fund* to account for the receipt and usage of the Town's share of state gasoline taxes. State law requires that these gasoline taxes be used to maintain street.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town presents the following proprietary enterprise fund, which is considered to be a major fund:

The Town's *Wastewater Fund* is used to account for wastewater revenues, expenses, and related assets and liabilities for services provided to customers of the system.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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*Governmental Fund Balances*

In accordance with GASB Statement No. 54, the governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories of fund balance are as follows:

*Nonspendable* – the nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, either ordinance or resolutions, of the Board of Mayor and Aldermen level of decision-making authority, are reported as committed fund balance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance. The Board of Mayor and Aldermen have authorized the Town Administrator to assign fund balance up to certain amounts.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes have exceeded the amounts restricted, committed, or assigned to those purposes, those amounts are reported as a negative unassigned fund balance.

The Town does not have any committed or assigned fund balances on June 30, 2020. The Town's practice is to expend any available restricted, committed, or assigned resources, in that order, prior to expending unassigned resources.

Budgetary Basis of Accounting

The Town adopts an annual budget for the General Fund and State Street Aid Fund. The Town's budgetary process accounts for transactions using the modified-accrual basis of accounting, which is consistent with the basis used in the governmental fund statements, in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and include amounts in demand deposits, interest bearing accounts, and short-term investments maturing within three months or less. Cash equivalents also include investments in the Local Government Investment Pool ("LGIP") due to the short-term nature of their maturity. The LGIP qualifies as a 2a7-like pool and is reported at amortized cost using a Stable Net Asset Value which approximates fair value.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Based on prior experience and estimates of current customer credit-worthiness, an allowance for uncollectible receivables has been provided in the amount of \$12,000 for the Wastewater Fund.

Real and personal property taxes are Board approved by October 1 for each fiscal year on values assessed as of the prior January 1. The Town has an enforceable legal claim as of January 1 (the assessment date). Property taxes are due on December 1 and are considered delinquent after February 28, at which time penalties and interest are assessed and property is available for tax lien. All property taxes are billed and collected by the Williamson County Clerk and Master prior to remittance to the Town.

Property taxes receivable are recognized as of the date the Town has an enforceable legal claim. Property taxes are reflected as revenues in the fiscal period for which they are levied, which is the subsequent fiscal year for the current fiscal year's assessment, provided they are received and collected within the current period or within 60 days following the fiscal year end (August 31). Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable is reported as a deferred inflow of resources as of June 20. Delinquent taxes estimated to be collected subsequent to August 31 are included in the balance sheet as property taxes receivable and a deferred inflow of resources to reflect amounts that were not available as revenues on June 30, 2020. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and Town Charter, is set annually by the Board of Mayor and Aldermen and collected by Williamson County Trustee prior to remittance to the Town.

Receivables due from other governments are primarily from the State of Tennessee and Williamson County, Tennessee. No allowance for uncollectible amounts has been recognized.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned as "unearned revenue". At the end of the current fiscal year, unavailable revenue principally represents amounts relating to property taxes.

Inventories

Inventories of materials and supplies of all funds of the Town were deemed to be immaterial and were not inventories or reflected in the records. Inventory items are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental activities in the government-wide financial statements. Wastewater capital assets are reported with business-type activities in the government-wide financial statements and in the proprietary fund statement of net position. Capital assets are defined by the Town as assets with an original and individual cost of \$5,000 or more and have an estimated useful life of more than one year. Purchased or constructed assets are recorded as cost; capital assets that are donated are recorded at their estimated acquisition value at the date of the donation. The Town elected not to capitalize retroactively its major general infrastructure (roads, sidewalks, bridges, and similar assets). Such assets will be reported as net items that are acquired and constructed in the future. Repairs and maintenance costs that do not significantly extend the useful life or increase the value of the asset are not capitalized. Land and construction in progress are not depreciated.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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Capital Assets (Continued)

Depreciation is recorded based on the straight-line method over the estimated useful life of the asset. The estimated useful lives of the assets range from 5 to 40 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has no items that qualify for reporting in this category on June 30, 2020.

In addition to liabilities, the statement of financial position reports a separate action for deferred inflows or resources. This separate financial statement element, deferred inflows of resources, represents an increase to net position that applies to a future period and is not recognized as an inflow of resource (revenue) until that time. These items are amounts in the governmental funds that were measurable at year-end but were not available to finance expenditures for the current year. This includes unavailable revenues from property taxes. Deferred inflows of resources reported in the statement of net position arise from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the business-type activities and wastewater fund, deferred inflows or resources includes prepaid tap fees. These fees reserve capacity for taps within proposed parcels in a future year.

Estimates

Estimates and assumptions are used in preparing financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, and deferred inflows of resources as the date of the financial statements and reported revenue and expenses during the period. Actual results could differ from those estimates.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**NOTE 2 – PROPERTY TAXES**

The Town's property tax is levied for the current year on October 1 each year on the assessed value as of the previous January 1 for all real and personal property within the boundaries of the Town. Property taxes are secured by a statutory lien as of the original assessment date of January 1 and are an enforceable legal claim. Taxes may be paid during the period of October 1 through February 28 and become delinquent on March 1. Delinquent taxes have been filed with the Williamson County Clerk and Master.

A schedule of tax rates, assessments, levies, and collections for the last ten fiscal years are as follows:

Year of Levy	Tax Rate	Assessment	Levy	Balance June 30, 2019	Taxes Levied	Collections and Adjustments	Balance June 30, 2020
2011	0.103	85,407,960	87,941	9	-	-	9
2012	0.103	89,657,972	92,314	14	-	-	14
2013	0.103	106,886,489	110,070	30	-	-	30
2014	0.103	128,934,758	132,781	36	-	-	36
2015	0.103	134,375,527	138,407	22	-	22	-
2016	0.103	193,407,102	199,209	52	-	15	37
2017	0.103	229,201,976	236,078	201	-	173	28
2018	0.103	254,372,725	262,004	2,587	-	2,580	7
2019	0.103	278,889,515	287,256	287,256	-	285,939	1,317
2020	0.103	296,068,634	304,951	-	304,951	-	304,951
				<u>\$ 290,207</u>	<u>\$ 304,951</u>	<u>\$ 288,729</u>	<u>\$ 306,429</u>

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash totaling \$11,209,897. State statutes authorize the Town to invest funds in the following: bonds, notes, or treasury bills of the United States or any of its agencies; certificates of deposits at Tennessee state-chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities; and state pooled investment funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

On June 30, 2020, total demand deposits and certificates of deposit for the Town were insured and/or collateralized in one of the following ways. Deposits and certificates of deposits are insured, up to applicable limits, through the Federal Deposit Insurance Corporation ("FDIC"). All deposits and certificates were held in financial institutions, which are members of the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of the governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of the pool is not sufficient to cover a loss. The Town's deposits in financial institutions were entirely insured or collateralized on June 30, 2020.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**NOTE 4 – WASTEWATER RATES AND CUSTOMERS**

The active number of wastewater customers on June 30, 2020 was 1,791.

The following monthly service rates for residential and commercial customers were in effect on June 30, 2020:

Minimum bill	\$17.74
Wastewater rates	\$7.69 per thousand gallons for 0-8,000 gallons
	\$9.78 per thousand gallons for 8,001-20,000 gallons
	\$12.20 per thousand gallons for 20,001 gallons and greater
Residential accounts are limited to a maximum of \$55.00 per month.	
Non-residential accounts have no maximum limit.	

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2020, was as follows:

	<u>Governmental Activities:</u>			
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Decreases and</u> <u>Transfers</u>	<u>Ending</u> <u>Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 6,360,889	\$ -	\$ -	\$ 6,360,889
Construction in progress	237,920	537,070	-	774,990
Total capital assets not being depreciated	6,598,809	537,070	-	7,135,879
<u>Capital assets being depreciated</u>				
Infrastructure	12,832,326	31,205	-	12,863,531
Building and improvements	642,070	-	-	642,070
Furniture and equipment	242,516	12,558	-	255,074
Vehicles	192,343	81,297	-	273,640
Total capital assets being depreciated	13,909,255	125,060	-	14,034,315
<u>Less: accumulated depreciation for</u>				
Infrastructure	(632,571)	(334,629)	-	(967,200)
Building and improvements	(211,608)	(16,052)	-	(227,660)
Furniture and equipment	(156,582)	(36,161)	-	(192,743)
Vehicles	(164,035)	(25,281)	-	(189,316)
Total accumulated depreciation	(1,164,796)	(412,123)	-	(1,576,919)
Capital assets being depreciated, net	12,744,459	(287,063)	-	12,457,396
Governmental activities capital assets, net	<u>\$ 19,343,268</u>	<u>\$ 250,007</u>	<u>\$ -</u>	<u>\$ 19,593,275</u>

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs on June 30, 2020, as follows:

General government	\$	76,095
Streets and roads		334,629
Parks		1,399
	\$	<u>412,123</u>

Construction in progress on June 30, 2020, is attributable to the following:

Town Hall design	\$	65,663
Critz Lane improvement		592,654
Preservation Park: Trailways		116,673
	\$	<u>774,990</u>

Included in construction in progress on June 30, 2020 are various projects, as described above. Estimated costs to complete these projects were as follows on June 30, 2020:

Town Hall design	\$	1,200,000
Critz Lane improvement		1,118,521
Preservation Park: Trailways		3,112,080
	\$	<u>5,430,601</u>



**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

Business-Type Activities - Wastewater:

	Beginning Balance	Additions	Decreases and Transfers	Ending Balance
<u>Capital assets not being depreciated</u>				
Land	\$ 2,992,000	\$ -	\$ -	\$ 2,992,000
Construction in progress	228,377	2,229,239	-	2,457,616
Total capital assets not being depreciated	3,220,377	2,229,239	-	5,449,616
<u>Capital assets being depreciated</u>				
Wastewater system	15,524,671	-	-	15,524,671
Buildings	880,550	-	-	880,550
Machinery and equipment	519,982	12,734	-	532,716
Vehicles	48,361	-	-	48,361
Total capital assets being depreciated	16,973,564	12,734	-	16,986,298
<u>Less: accumulated depreciation for</u>				
Wastewater system	(2,917,976)	(387,839)	(34,635)	(3,340,450)
Buildings	(259,782)	(22,673)	-	(282,455)
Machinery and equipment	(336,898)	(26,656)	34,635	(328,919)
Vehicles	(32,543)	(9,200)	-	(41,743)
Total accumulated depreciation	(3,547,199)	(446,368)	-	(3,993,567)
Capital assets being depreciated, net	13,426,365	(433,634)	-	12,992,731
Governmental activities capital assets, net	<u>\$ 16,646,742</u>	<u>\$ 1,795,605</u>	<u>\$ -</u>	<u>\$ 18,442,347</u>

Construction in progress on June 30, 2020, is attributable to the following:

Hill Drip Field	\$ 2,200,904
Alexander Drip Field	60,624
Wastewater Treatment Plant Design	196,088
	<u>\$ 2,457,616</u>

Included in construction in progress on June 30, 2020 are various projects, as described above. Estimated costs to complete these projects were as follows on June 30, 2020:

Hill Drip Field	\$ 900,956
Alexander Drip Field	7,200,000
Wastewater Treatment Plant Design	688,912
	<u>\$ 8,789,868</u>

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**NOTE 6 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, damage to, destruction and/or theft of assets, errors and omissions, injuries to employees, and natural disasters. The Town maintains insurance coverage through the Public Entity Partners Pool ("PEP"), formerly the TML Risk Management Pool, covering each of those risks of loss. The PEP Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The Town pays a premium, receives coverage, and can make claims against the coverage. The Town meets the PEP's guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the PEP Pool are actuarially projected to provide adequate funding to cover loss reserves and expenses, as well as building contingency reserves. Management of the Town believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three years. See also Note 12.

**NOTE 7 – INTERFUND BALANCES AND ACTIVITY**

Balances due from/to other funds on June 30, 2020, consist of the following:

- \$398,806 due from the General Fund to the State Street Aid Fund for cash held by the General Fund.
- \$245,396 due from the Wastewater Fund to the General Fund representing wastewater activities.

**NOTE 8 – LONG-TERM LIABILITIES**

The Town's long-term liabilities consist of the following on June 30, 2020:

General Obligation Liabilities

\$1,153,000 Land Purchase Capital Outlay Note, Series 2013, due in annual installments through September 26, 2023, with interest payable semi-annually at 2.85% per annum. The full faith and credit of the Town is pledged as collateral. \$ 461,200

\$1,550,000 Land Purchase General Obligation (G.O.) Capital Outlay Note Series 2018, due in annual installments through April 1, 2030, with Interest payable semi-annually at 2.90% per annum. The full faith and credit of the Town is pledged as collateral. 1,290,000

Business-Type Activities Liabilities

\$1,000,000 Wastewater Drip Field Project Capital Outlay Note, Series 2014, due in monthly installments of principal and interest at 2.45% through May 13, 2023. All revenue of the Wastewater Fund in Pledged as collateral. 324,074

\$ 2,075,274

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)**

The changes in long-term liabilities during the year end June 30, 2020 were as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
<b>Governmental Activities:</b>					
Capital Outlay Note - Series 2013	\$ 576,500	\$ -	\$ 115,300	\$ 461,200	\$ 115,300
G.O. Capital Outlay Note - Series 2018	1,420,000	-	130,000	1,290,000	130,000
	<u>\$ 1,996,500</u>	<u>\$ -</u>	<u>\$ 245,300</u>	<u>\$ 1,751,200</u>	<u>\$ 245,300</u>
<b>Business-Type Activities:</b>					
Capital Outlay Note - Series 2014	\$ 435,185	\$ -	\$ 111,111	\$ 324,074	\$ 111,111

Future principal and interest activities of long-term obligations are as follows on June 30, 2020:

	Governmental Activities			Business-Type Activities			Totals		
	Capital Outlay, Series 2013 and 2018			Capital Outlay, Series 2014					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 245,300	\$ 48,911	\$ 294,211	\$ 111,111	\$ 6,692	\$ 117,803	\$ 356,411	\$ 55,603	\$ 412,014
2022	245,300	41,855	287,155	111,111	3,970	115,081	356,411	45,825	402,236
2023	245,300	34,799	280,099	101,852	1,248	103,100	347,152	36,047	383,199
2024	245,300	27,743	273,043	-	-	-	245,300	27,743	273,043
2025	130,000	22,330	152,330	-	-	-	130,000	22,330	152,330
2026-2030	640,000	55,100	695,100	-	-	-	640,000	55,100	695,100
	<u>\$ 1,751,200</u>	<u>\$ 230,738</u>	<u>\$ 1,981,938</u>	<u>\$ 324,074</u>	<u>\$ 11,910</u>	<u>\$ 335,984</u>	<u>\$ 2,075,274</u>	<u>\$ 242,648</u>	<u>\$ 2,317,922</u>

**NOTE 9 – PREPAID TAP FEES**

In 2018, the Town purchased two parcels of land for \$480,000 (Hill property) and \$2,625,000 (Alexander property), respectively. As part of the agreement the Town accepted \$1,116,000 from the seller for system development and tap fees for 310 taps related to the Hill property and one other development. The Town also financed \$1,550,000 through a Capital Obligation Capital Outlay Note (see Note 8) for the Alexander property, approved for parks, open spaces, and general infrastructure purposes. The Town anticipates using the property for drip fields. The remaining \$480,000 was paid through cash from the Wastewater Fund.

The Alexander property and related General Obligation Capital Outlay Note are recorded in the governmental activities due to the approved use of the property and related debt. The Hill property and related prepaid tap fees are recorded in capital assets and deferred inflows of resources in the Wastewater Fund. The residential units and drip fields planned for the property are not expected to start development until fiscal year 2021, at which time the Town will be able to recognize the prepaid tap fees as revenue after the board approves the final development plans.

**NOTE 10 – DEFINED CONTRIBUTION PLAN**

During fiscal year 2016, the Town began to offer its employees a deferred compensation defined contribution benefit plan through the Town of Thompson's Station 457 Retirement Readiness Plan (the "Plan"). The Plan is a prototype plan created in accordance with Internal Revenue Code section 457. The Plan is available to all employees working more than 30 hours per week and permits participants to defer a portion of their compensation until termination, retirement, disability, or other qualifying events under the Plan document. The Plan's investments are held by John Hancock. The Plan provides for a discretionary Town matching contribution of up to 5% of eligible compensation. The Town's match for fiscal year 2020 totaled \$32,288. Effective July 1, 2016, the Plan was amended to provide cliff vesting for Town's matching contributions. Such contributions vest after 3-years of eligible employment. The amendment affects employees hired on and after July 1, 2016. Those hired before July 1, 2016 are immediately vested in the Town's matching contributions. There were no significant forfeitures during fiscal year 2020.

**NOTE 11 – WASTEWATER TAP AGREEMENT/TAP GUARANTEES**

During fiscal year 2006, the Town entered into an agreement with a developer under which the developer would build a wastewater treatment facility and contribute it to the Town. The wastewater facility was completed and contributed to the Town during 2007, and a capital contribution was recorded. Also, under the agreement, the Town agreed to provide to the developer the rights to 2,921 taps (access fees) to the wastewater system. The value of the wastewater facility approximates the number of taps given by the Town. The developer may utilize the taps at its discretion. The Town's guarantee to provide the taps expires in May 2021. The Town has no obligation other than to allow access to its wastewater system, which it has agreed to do whenever the developer determines. As of June 30, 2020, the developer has remaining rights to 853 taps.

There are several other current and future developments underway whereby the Town has approved a total number of tap rights in the amount of 1,264 to developers. As of June 30, 2020, such developers have remaining rights to 1,083 taps. While there is no current shortage as of June 30, 2020 for wastewater capacity to service the existing capacity needs of wastewater customers, the Town is currently and actively taking wastewater plant improvement steps (addition of several drip fields and is in the early stages of design project development for a future wastewater lagoon plant) so that the Town can meet all capacity requirements from the guaranteed tap rights in the long-term. The Town does not expect for there to be capacity deficiencies in the near-term that would cause a breach of contract on the guaranteed tap rights.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

The Town, from time to time, is involved in various lawsuits arising in the ordinary course of its business. The Town maintains insurance coverage to minimize the risk of loss from threatened or pending litigation. It is management's opinion that any pending or threatened litigation will not have a material effect on the Town's financial position or results of operations.

**NOTE 13 – SUBSEQUENT EVENT (COVID-19)**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus began to spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally at that time.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town’s financial condition, liquidity, and operations. The Town’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation may depress the tax bases and other areas in which the Town received revenue during fiscal year 2020. As such, this may hinder the Town’s ability to meet the needs of its constituents. As such, the Town’s financial condition may be negatively impacted for the fiscal year 2021.

## **OTHER INFORMATION**

**TOWN OF THOMPSON'S STATION, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

Grantor	Federal CFDA Number	Grant Number / Pass-through Entity Identifying Number	Grant Receivables (Deferred) July 1, 2019	Federal Receipts	Expenditures	Grant Receivables (Deferred) June 30, 2020
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No expenditures of federal awards for the year ended June 30, 2020

**TOTAL FEDERAL AWARDS**

**NOTE 1 – BASIS OF PRESENTATION**

The accompany schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town under programs of the federal government for the year ended June 30, 2020. 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Town.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1 – 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.

2 – Pass-through entity contract numbers are presented where available.

3 – There were no federal awards passes through to sub-recipients.

4 – The Town has elected to use the 10-percent de minimus indirect cost rate, when applicable.

5 – Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed, as applicable.

See independent auditors' report.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07/01/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 06/30/2020
<u>Governmental Activities:</u>									
<u>Payable through General Fund</u>									
Capital Outlay, Series 2013	\$ 1,153,000	2.85%	9/26/2014	9/26/2023	\$ 576,500	\$ -	\$ 115,300	\$ -	\$ 461,200
Capital Outlay, Series 2018	1,550,000	2.90%	4/1/2030	4/1/2030	1,420,000	-	130,000	-	1,290,000
Total					<u>\$ 1,996,500</u>	<u>\$ -</u>	<u>\$ 245,300</u>	<u>\$ -</u>	<u>\$ 1,751,200</u>
<u>Business-type Activities:</u>									
<u>Payable through Wastewater Fund</u>									
Capital Outlay, Series 2014	\$ 1,000,000	2.45%	6/13/2014	5/13/2023	\$ 435,185	\$ -	\$ 111,111	\$ -	\$ 324,074
Total					<u>\$ 435,185</u>	<u>\$ -</u>	<u>\$ 111,111</u>	<u>\$ -</u>	<u>\$ 324,074</u>

See independent auditors' report.





**INDEPENDENT AUDITORS' 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 Mayor and Aldermen  
Town of Thompson's Station, Tennessee  
Thompson's Station, Tennessee

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Culver, PLLC*

Culver, PLLC  
Oakland, TN  
December 22, 2020

**TOWN OF THOMPSON'S STATION, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION 1 – SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

FINANCIAL STATEMENTS

Type of auditors reported issued on whether financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

YES  NO

Significant deficiency(ies) identified not considered to be material weakness(es)

YES  NO

FEDERAL AWARDS

No separate audit on compliance required for the year ended June 30, 2020.

**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III – FEDERAL AWARDS FINDINGS**

None reported.

**SECTION IV – STATE AUDIT MANUAL FINDINGS AND QUESTIONED COSTS**

None reported.

**TOWN OF THOMPSON'S STATION, TENNESSEE  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2020**

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**A. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported.

**B. PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

Not applicable.