

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

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2021**



**TOWN OF THOMPSON'S STATION, TENNESSEE**  
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**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**DIRECTORY OF OFFICIALS**  
**JUNE 30, 2021**

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**TITLE**

**NAME OF OFFICIAL**

Mayor

Corey Napier

Alderman

Shaun Alexander

Alderman

Brandon Bell

Alderman

Andrew Zinn

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the statements of budgetary comparison for the general fund and state street aid fund of the Town of Thompson's Station (the "Town") as of and for the year ended June 30, 2021, 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 activity, each major fund, and the statements of budgetary comparison for the general fund and state street aid fund of the Town of Thompson's Station, Tennessee as of June 30, 2021, 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 37, the schedule of changes in long-term debt by individual issue on page 39, 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 16, 2021 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 16, 2021

**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2021**

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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, 2021. 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 \$50,454,303 (net position). Of this amount, \$11,817,522 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 \$4,160,432 during fiscal year 2021.
- 3). As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$9,151,500, an increase of \$1,618,250 for the year. Over 94% of this total amount, or \$8,619,903 is available for spending at the government's discretion (unassigned fund balance).
- 4). On June 30, 2021, the unassigned fund balance for the General Fund was 336% 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, 2021**

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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, 2021**

**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 \$50,454,303 at the end of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 9,995,645	\$ 8,381,100	\$ 3,273,664	\$ 3,959,338	\$ 13,269,309	\$ 12,340,438
Capital assets	20,013,868	19,593,275	19,809,952	18,442,347	39,823,820	38,035,622
Total assets	<u>\$ 30,009,513</u>	<u>\$ 27,974,375</u>	<u>\$ 23,083,616</u>	<u>\$ 22,401,685</u>	<u>\$ 53,093,129</u>	<u>\$ 50,376,060</u>
Long-term liabilities outstanding	1,505,900	1,751,200	212,736	324,074	1,718,636	2,075,274
Other liabilities	451,917	377,272	76,925	208,692	528,842	585,964
Total liabilities	1,957,817	2,128,472	289,661	532,766	2,247,478	2,661,238
Deferred inflows of resources	391,348	304,951	-	1,116,000	391,348	1,420,951
Net position:						
Net investment in capital assets	18,507,968	17,842,075	19,597,216	18,118,273	38,105,184	35,960,348
Restricted for roads and streets	531,597	428,255	-	-	531,597	428,255
Unrestricted	8,620,783	7,270,622	3,196,739	2,634,646	11,817,522	9,905,268
Total net position	<u>27,660,348</u>	<u>25,540,952</u>	<u>22,793,955</u>	<u>20,752,919</u>	<u>50,454,303</u>	<u>46,293,871</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 30,009,513</u>	<u>\$ 27,974,375</u>	<u>\$ 23,083,616</u>	<u>\$ 22,401,685</u>	<u>\$ 53,093,129</u>	<u>\$ 50,376,060</u>

A significant portion of the Town's net position, \$38,105,184 or 76% 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, \$531,597 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, \$11,817,522 (23%), 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, 2021**

The following is a summary of financial activities for the Town during the fiscal years ended June 30, 2021 and 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 71,355	\$ 47,230	\$ 1,303,682	\$ 1,271,652	\$ 1,375,037	\$ 1,318,882
Operating grants and contributions	180,386	343,096	-	-	180,386	343,096
Capital grants and contributions	76,620	-	1,895,056	743,400	1,971,676	743,400
General revenues:						
Property taxes	329,876	317,333	-	-	329,876	317,333
Local option sales taxes	1,504,580	1,165,962	-	-	1,504,580	1,165,962
Intergovernmental revenues	678,288	609,853	-	-	678,288	609,853
Building permits/impact fees	995,744	1,390,057	-	-	995,744	1,390,057
Other	245,210	220,725	-	-	245,210	220,725
Unrestricted investment earnings	10,078	29,823	4,864	19,807	14,942	49,630
Total revenues	<u>4,092,137</u>	<u>4,124,079</u>	<u>3,203,602</u>	<u>2,034,859</u>	<u>7,295,739</u>	<u>6,158,938</u>
Expenses:						
General government	1,471,176	1,776,032	-	-	1,471,176	1,776,032
State Street Aid	77,044	33,023	-	-	77,044	33,023
Streets and roads	360,532	357,129	-	-	360,532	357,129
Parks	14,764	15,876	-	-	14,764	15,876
Debt service	49,225	55,912	-	-	49,225	55,912
Wastewater	-	-	1,162,566	1,062,758	1,162,566	1,062,758
Total expenses	<u>1,972,741</u>	<u>2,237,972</u>	<u>1,162,566</u>	<u>1,062,758</u>	<u>3,135,307</u>	<u>3,300,730</u>
Change in net position	2,119,396	1,886,107	2,041,036	972,101	4,160,432	2,858,208
Net position - beginning 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>
Net position - end of year	<u>\$ 27,660,348</u>	<u>\$ 25,540,952</u>	<u>\$ 22,793,955</u>	<u>\$ 20,752,919</u>	<u>\$ 50,454,303</u>	<u>\$ 46,293,871</u>

**Governmental Activities** – Governmental activities increased the Town’s net position by \$2,119,396, which compares with an increase in net position of \$1,886,107 for fiscal year 2020. During the fiscal year 2021, no infrastructure assets were contributed or accepted.

**Business-Type Activities** – Business-type activities increased the Town’s net position by \$2,041,036 compared with \$972,101 for 2020. Revenues from charges to customers for wastewater treatment increased by \$32,030 and capital grants and developer tap fees increased by \$1,151,656 as compared to fiscal year 2020. Wastewater expenses increased by \$99,808 compared to prior year primarily due from payroll and repairs and maintenance expense increases. The business-type activities spent \$1,754,060 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, 2021**

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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 \$9,151,500. Fund balances of the governmental funds increased \$1,618,250 during fiscal year 2021 primarily due to increases in local sales taxes and grant revenues as well as a significant decrease in professional fees expenses incurred.

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 \$8,619,903. 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 336% 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 \$3,196,739. The Wastewater Fund has an increase in net position for the year of \$2,041,036. 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 \$556,209.
2. Actual over budgeted total licenses, permits, and fees by \$295,966.
3. Actual over budgeted intergovernmental revenue by \$83,288.
4. Actual under budgeted general government expenditures by \$245,808.
5. Actual under budgeted capital improvement projects (delayed expenditures) by \$2,063,941.

**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, 2021 amounted to \$39,823,820 (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, 2021**

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, 2021 and 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 6,360,889	\$ 6,360,889	\$ 2,992,000	\$ 2,992,000	\$ 9,352,889	\$ 9,352,889
Construction in progress	1,397,865	774,990	982,531	2,457,616	2,380,396	3,232,606
Infrastructure	12,863,531	12,863,531	-	-	12,863,531	12,863,531
Buildings	714,755	642,070	880,550	880,550	1,595,305	1,522,620
Equipment	397,930	255,074	563,069	532,716	960,999	787,790
Vehicles	273,640	273,640	48,361	48,361	322,001	322,001
Wastewater system	-	-	18,780,484	15,524,671	18,780,484	15,524,671
Total capital assets	22,008,610	21,170,194	24,246,995	22,435,914	46,255,605	43,606,108
Less: accumulated depreciation	(1,994,742)	(1,576,919)	(4,437,043)	(3,993,567)	(6,431,785)	(5,570,486)
Capital assets, net	<u>\$ 20,013,868</u>	<u>\$ 19,593,275</u>	<u>\$ 19,809,952</u>	<u>\$ 18,442,347</u>	<u>\$ 39,823,820</u>	<u>\$ 38,035,622</u>

Long-term Debt – At the end of the fiscal year, the Town's total debt was \$1,718,636 and is set forth in detail in Note 8. Payments made on debt obligations total \$356,638.

**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 2021-2022 fiscal year.

1. The Town continues to increase the use of technology and systems. The Town implemented an online system for builders and developers to help streamline the process, improve communications, and decrease review times.
2. Town projects continue to move forward which have been on record for the last year.
  - a. Critz Lane road improvements have been stalled due to some State approval issues and is scheduled to move forward in the Spring of 2022.
  - b. Trailways through Preservation Park are undergoing approvals at the State level before The Town can begin any construction process.
  - c. More commercial business is coming in 2022 in the Tollgate subdivision area.
3. The Town sewer system is under final approval stages with the State. The current expectation is that the sewer construction project will start by the fall of 2022.

**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, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,318,515	\$ 2,915,456	\$ 12,233,971
Taxes receivable - property tax	392,826	-	392,826
Accounts receivable	-	189,966	189,966
Internal balances	(168,242)	168,242	-
Due from other governments	434,952	-	434,952
Prepaid expenses and other	17,594	-	17,594
Capital assets:			
Capital assets not being depreciated	7,758,754	3,974,531	11,733,285
Other capital assets, net of accumulated depreciation	12,255,114	15,835,421	28,090,535
<b>Total assets</b>	<u>\$ 30,009,513</u>	<u>\$ 23,083,616</u>	<u>\$ 53,093,129</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 337,040	\$ 76,925	\$ 413,965
Deposits from developers	59,000	-	59,000
Accrued compensation and compensated absences	55,877	-	55,877
Long-term liabilities:			
Due within one year	245,300	111,111	356,411
Due in more than one year	1,260,600	101,625	1,362,225
<b>Total Liabilities</b>	<u>1,957,817</u>	<u>289,661</u>	<u>2,247,478</u>
<b>Deferred Inflows of Resources:</b>			
Current property taxes assessed for subsequent period	391,348	-	391,348
<b>Net position:</b>			
Net investment in capital assets	18,507,968	19,597,216	38,105,184
Restricted for State Street Aid	531,597	-	531,597
Unrestricted	8,620,783	3,196,739	11,817,522
<b>Total net position</b>	<u>27,660,348</u>	<u>22,793,955</u>	<u>50,454,303</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 30,009,513</u>	<u>\$ 23,083,616</u>	<u>\$ 53,093,129</u>

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

**TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 1,471,176	\$ -	\$ -	\$ 76,620	\$ (1,394,556)	\$ -	\$ (1,394,556)
State Street Aid	77,044	-	180,386	-	103,342	-	103,342
Streets and roads	360,532	-	-	-	(360,532)	-	(360,532)
Parks and recreation	14,764	71,355	-	-	56,591	-	56,591
Interest on long-term debt	49,225	-	-	-	(49,225)	-	(49,225)
Total governmental activities	1,972,741	71,355	180,386	76,620	(1,644,380)	-	(1,644,380)
<b>Business-Type Activities:</b>							
Wastewater	1,162,566	1,303,682	-	1,895,056	-	2,036,172	2,036,172
<b>Total primary government</b>	<b>\$ 3,135,307</b>	<b>\$ 1,375,037</b>	<b>\$ 180,386</b>	<b>\$ 1,971,676</b>	<b>(1,644,380)</b>	<b>2,036,172</b>	<b>391,792</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes					329,876	-	329,876
Local option sales taxes					1,504,580	-	1,504,580
Building permits/impact fees					995,744	-	995,744
Beer and liquor tax					147,240	-	147,240
Business and privilege taxes					62,854	-	62,854
Franchise tax					21,860	-	21,860
Unrestricted intergovernmental revenues:							
Payment in lieu of taxes					54,021	-	54,021
State sales tax					501,412	-	501,412
Mixed drink and beer tax					11,362	-	11,362
Business tax					111,493	-	111,493
Unrestricted investment earnings					10,078	4,864	14,942
Other					13,256	-	13,256
Total general revenues					3,763,776	4,864	3,768,640
<b>Change in net position</b>					2,119,396	2,041,036	4,160,432
<b>Net position - beginning</b>					25,540,952	20,752,919	46,293,871
<b>Net position - ending</b>					\$ 27,660,348	\$ 22,793,955	\$ 50,454,303

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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash	\$ 9,318,515	\$ -	\$ 9,318,515
Taxes receivable - property tax	392,826	-	392,826
Due from other governments	401,894	33,058	434,952
Due from other funds	-	498,539	498,539
Prepaid expenses	17,594	-	17,594
Total assets	<u>\$ 10,130,829</u>	<u>\$ 531,597</u>	<u>\$ 10,662,426</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenditures	\$ 337,040	\$ -	\$ 337,040
Deposits from developers	59,000	-	59,000
Due to other funds	666,781	-	666,781
Accrued compensation	55,877	-	55,877
Total liabilities	1,118,698	-	1,118,698
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	392,228	-	392,228
<b>Fund Balances:</b>			
Restricted for State Street Aid	-	531,597	531,597
Unassigned	8,619,903	-	8,619,903
Total fund balances	<u>8,619,903</u>	<u>531,597</u>	<u>9,151,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,130,829</u>	<u>\$ 531,597</u>	<u>\$ 10,662,426</u>

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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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

Total fund balances, governmental funds	\$	9,151,500
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,013,868
(2) Other long-term assets are not available to pay for current-period expenditures and, therefore, are unearned or unavailable in the funds.		880
(3) Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.		<u>(1,505,900)</u>
Net position of governmental activities	<u>\$</u>	<u>27,660,348</u>

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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$ 2,065,209	\$ -	\$ 2,065,209
Licenses, permits and fees	999,566	-	999,566
Intergovernmental	678,288	180,386	858,674
Grants	241,546	-	241,546
Other	93,562	-	93,562
Total revenues	<u>4,078,171</u>	<u>180,386</u>	<u>4,258,557</u>
<b>Expenditures:</b>			
Current:			
General government	1,389,576	-	1,389,576
State Street Aid	-	77,044	77,044
Streets and roads	25,708	-	25,708
Parks and recreation	13,365	-	13,365
Capital outlay	840,059	-	840,059
Debt Service:			
Principal	245,300	-	245,300
Interest	49,255	-	49,255
Total expenditures	<u>2,563,263</u>	<u>77,044</u>	<u>2,640,307</u>
<b>Excess of revenues over expenditures</b>	1,514,908	103,342	1,618,250
<b>Fund balance - beginning</b>	<u>7,104,995</u>	<u>428,255</u>	<u>7,533,250</u>
<b>Fund balance - ending</b>	<u>\$ 8,619,903</u>	<u>\$ 531,597</u>	<u>\$ 9,151,500</u>

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



**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, 2021**

Net change in fund balances - total governmental funds	\$	1,618,250
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Amounts reported for the governmental activities in the statement of activities are different because:

<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays</p>		
(1)	exceeded depreciation in the current period.	
	Capital outlays capitalized	838,416
	Depreciation expense	(417,823)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as</p>		
(2)	revenues in the funds.	
	Property taxes	179
	Grant revenue	(164,926)
<p>The issuance of long-term debt (e.g. bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial</p>		
(3)	resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
	Debt payments	245,300
	Change in net position of governmental activities	\$ 2,119,396

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

**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budgets
	Original Budget	Final Budget		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 290,000	\$ 290,000	\$ 329,175	\$ 39,175
Franchise	30,000	30,000	21,860	(8,140)
Wholesale beer and wholesale liquor	124,000	124,000	147,240	23,240
Local sales tax - Trustee	1,000,000	1,000,000	1,504,580	504,580
Adequate schools facilities tax	65,000	65,000	62,354	(2,646)
Total Taxes	1,509,000	1,509,000	2,065,209	556,209
Licenses, permits and fees:				
Beer permits	600	600	500	(100)
Building permits	249,750	249,750	459,312	209,562
Review fees	3,125	3,125	32,922	29,797
Impact fees	449,125	449,125	503,510	54,385
Miscellaneous	1,000	1,000	3,322	2,322
Total licenses, permits and fees	703,600	703,600	999,566	295,966
Intergovernmental:				
Payments in lieu of taxes	45,000	45,000	54,021	9,021
State of Tennessee - sales tax	460,000	460,000	501,412	41,412
State of Tennessee - mixed drink tax	10,000	10,000	11,362	1,362
State of Tennessee - business tax	80,000	80,000	111,493	31,493
Total intergovernmental revenue	595,000	595,000	678,288	83,288
Other income:				
Interest	35,000	35,000	10,078	(24,922)
Parks and recreation	61,000	61,000	71,355	10,355
Grants	164,000	164,000	241,546	77,546
Other	10,200	10,200	12,129	1,929
Total other income	270,200	270,200	335,108	64,908
Total revenues	\$ 3,077,800	\$ 3,077,800	\$ 4,078,171	\$ 1,000,371

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The accompanying notes are an integral part of the statements.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<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	\$ 669,174	\$ 669,174	\$ 569,231	\$ 99,943
Payroll taxes	51,951	51,951	48,569	3,382
Publication of legal notices	5,000	5,000	1,995	3,005
General expenses	3,000	3,000	-	3,000
Utilities	19,500	19,500	15,167	4,333
Membership and subscriptions	6,000	6,000	4,526	1,474
Insurance - property	6,500	6,500	7,146	(646)
Insurance - workers compensation	15,600	15,600	15,543	57
Insurance - liability	9,750	9,750	4,582	5,168
Insurance - medical	108,000	108,000	105,150	2,850
Insurance - auto	6,500	6,500	3,204	3,296
Insurance - E & O	14,300	14,300	10,624	3,676
Telecommunications	6,000	6,000	12,165	(6,165)
Repairs and maintenance - building	24,500	24,500	17,398	7,102
Animal control services	8,000	8,000	8,122	(122)
Other expenses	8,000	8,000	8,075	(75)
Travel	5,000	5,000	201	4,799
Economic development	3,500	3,500	2,002	1,498
Continuing education	10,600	10,600	5,350	5,250
Office	50,000	50,000	47,520	2,480
Postage	2,000	2,000	1,443	557
Printing, forms and stationary	3,000	3,000	-	3,000
Professional fees - legal	195,000	195,000	215,858	(20,858)
Professional fees - auditor	18,000	18,000	12,981	5,019
Professional fees - consulting engineers	160,000	160,000	90,002	69,998
Professional fees - other	40,000	40,000	7,525	32,475
Vehicle fuel and oil	20,000	20,000	15,150	4,850
Vehicle repairs	12,000	12,000	2,131	9,869
Donations	25,000	25,000	25,000	-
Emergency services	100,000	100,000	100,000	-
Retirement	29,509	29,509	32,916	(3,407)
Total general government	\$ 1,635,384	\$ 1,635,384	\$ 1,389,576	\$ 245,808

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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<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	\$ 2,904,000	\$ 2,904,000	\$ 840,059	\$ 2,063,941
<b>Streets and Roads:</b>				
Resurfacing	46,000	46,000	25,708	20,292
<b>Parks:</b>				
Park improvements, repairs, and supplies	44,900	44,900	13,365	31,535
<b>Debt Service</b>				
Payments on capital outlay note	<u>294,210</u>	<u>294,210</u>	<u>294,555</u>	<u>(345)</u>
<b>Total expenditures</b>	<u>4,924,494</u>	<u>4,924,494</u>	<u>2,563,263</u>	<u>2,361,231</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,846,694)</u>	<u>\$ (1,846,694)</u>	1,514,908	<u>\$ 3,361,602</u>
<b>FUND BALANCE-BEGINNING OF YEAR</b>			<u>7,104,995</u>	
<b>FUND BALANCE-END OF YEAR</b>			<u>\$ 8,619,903</u>	

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

**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, 2021**

	<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	\$ 14,000	\$ 14,000	\$ 13,689	\$ (311)
State of Tennessee - gas tax \$0.03 per gallon	26,000	26,000	25,339	(661)
State of Tennessee - gas and motor fuel tax	88,000	88,000	87,809	(191)
State of Tennessee - petroleum special	9,000	9,000	9,383	383
State of Tennessee - 2017 gas tax	38,000	38,000	44,166	6,166
Total intergovernmental revenue	<u>175,000</u>	<u>175,000</u>	<u>180,386</u>	<u>5,386</u>
<b>Total revenues</b>	175,000	175,000	180,386	5,386
<b>EXPENDITURES:</b>				
<b>State Street Aid:</b>				
Resurfacing	<u>158,000</u>	<u>158,000</u>	<u>77,044</u>	<u>80,956</u>
<b>Total expenditures</b>	<u>158,000</u>	<u>158,000</u>	<u>77,044</u>	<u>80,956</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	103,342	<u>\$ 86,342</u>
<b>FUND BALANCE-BEGINNING OF YEAR</b>			<u>428,255</u>	
<b>FUND BALANCE-END OF YEAR</b>			<u>\$ 531,597</u>	

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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND – WASTEWATER FUND**  
**JUNE 30, 2021**

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**Assets:**

Current assets:

Cash	\$ 2,915,456
Accounts receivable, net	189,966
Due from general fund	<u>168,242</u>
Total current assets	3,273,664

Capital assets:

Wastewater system, net of accumulated depreciation	<u>19,809,952</u>
Total assets	<u><u>\$ 23,083,616</u></u>

**Current Liabilities:**

Accounts payable and accrued expenses	\$ 27,975
Customer deposits	48,950
Notes payable - current portion	<u>111,111</u>
Total current liabilities	188,036

**Noncurrent Liabilities:**

Notes payable, less current portion	<u>101,625</u>
Total liabilities	289,661

**Net position:**

Net investment in capital assets	19,597,216
Unrestricted	<u>3,196,739</u>
Total net position	<u>22,793,955</u>
Total liabilities and net position	<u><u>\$ 23,083,616</u></u>

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, 2021**

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<b>Revenues:</b>		
Charges to customers - wastewater	\$	1,303,682
<b>Operating Expenses:</b>		
Supply and Operations:		
Salaries		261,310
Payroll taxes and benefits		21,972
Repairs and maintenance		119,208
Permits and licenses		7,474
Supplies		16,287
Testing		2,639
Utilities		90,722
Insurance		38,250
Professional and consulting fees		111,579
Bad debt		8,636
Other		34,133
Total supply and operations		<u>712,210</u>
Depreciation		<u>443,476</u>
Total operating expenses		1,155,686
Operating income		147,996
<b>Nonoperating Revenues (Expenses):</b>		
Interest expense		(6,880)
Interest income		4,864
Total non-operating expense		<u>(2,016)</u>
Tap fees		<u>1,895,056</u>
<b>Change in net position</b>		2,041,036
<b>Net position - beginning of year</b>		<u>20,752,919</u>
<b>Net position - end of year</b>	<b>\$</b>	<b><u><u>22,793,955</u></u></b>

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, 2021**

**Cash Flows from Operating Activities:**

Receipts from customers	\$ 1,303,682
Internal activity - receipts from general fund (payments made to suppliers and employees for general fund), net	<u>(1,230,209)</u>
Net cash provided by operating activities	73,473

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

Proceeds from tap fees	779,056
Purchases of capital assets	(1,811,081)
Principal payments on notes	(111,338)
Interest paid on notes	<u>(6,880)</u>
Net cash used for capital and related financing activities	(1,150,243)

**Cash Flows from Investing Activities:**

Interest income from cash and cash equivalents	<u>4,864</u>
Net decrease in cash and cash equivalents	(1,071,906)

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

3,987,362

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

\$ 2,915,456

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

Operating income	\$ 147,996
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	443,476
Changes in assets and liabilities:	
Accounts receivable	27,406
Due from other funds	(413,638)
Customer deposits	24,950
Accounts payable and accrued expenses	<u>(156,717)</u>
Net cash provided by operating activities	<u><u>\$ 73,473</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, 2021**

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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, 2021.

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, 2021**

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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, 2021**

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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, 2021. 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, 2021**

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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 creditworthiness, an allowance for uncollectible receivables has been provided in the amount of \$39,398 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, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30. 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. 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, 2021**

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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, 2021.

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.

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.

New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 87, *Leases*, was issued to increase the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported, enhance comparability by requiring lessees and lessors to report leases under a single model, and enhance the usefulness of information by requiring notes to the financial statements regarding leasing arrangements. The requirements are effective for fiscal year 2022. The Town is currently evaluating the impact that GASB Statement No. 87 may have on its financial statements.

Date of Management's Review

The Town evaluated its June 30, 2021 financial statements for subsequent events through December 16, 2021, the date the financial statements were available to be issued. Management was not aware of any significant subsequent events to disclose on the financial statements.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**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, 2020	Taxes Levied	Collections and Adjustments	Balance June 30, 2021
2012	0.103	89,657,972	92,314	23	-	9	14
2013	0.103	106,886,489	110,070	30	-	-	30
2014	0.103	128,934,758	132,781	36	-	21	15
2015	0.103	134,375,527	138,407	-	-	(22)	22
2016	0.103	193,407,102	199,209	37	-	31	6
2017	0.103	229,201,976	236,078	28	-	-	28
2018	0.103	254,372,725	262,004	7	-	(2)	9
2019	0.103	278,889,515	287,256	1,317	-	1,251	66
2020	0.103	296,068,634	304,951	304,951	-	303,663	1,288
2021	0.103	296,068,634	304,951	-	391,348	-	391,348
				<u>\$ 306,429</u>	<u>\$ 391,348</u>	<u>\$ 304,951</u>	<u>\$ 392,826</u>

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash totaling \$12,233,971. 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, 2021, 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, 2021.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**NOTE 4 – WASTEWATER RATES AND CUSTOMERS**

The active number of wastewater customers on June 30, 2021 was 1,862.

The following monthly service rates for residential and commercial customers were in effect on June 30, 2021:

Minimum bill	\$19.89
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 have no maximum limit (effective as of March 1, 2021).	
Non-residential accounts have no maximum limit.	

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2021, was as follows:

	<u>Governmental Activities:</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases and Transfers</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 6,360,889	\$ -	\$ -	\$ 6,360,889
Construction in progress	774,990	688,538	(65,663)	1,397,865
Total capital assets not being depreciated	7,135,879	688,538	(65,663)	7,758,754
<u>Capital assets being depreciated</u>				
Infrastructure	12,863,531	-	-	12,863,531
Building and improvements	642,070	7,022	65,663	714,755
Furniture and equipment	255,074	142,856	-	397,930
Vehicles	273,640	-	-	273,640
Total capital assets being depreciated	14,034,315	149,878	65,663	14,249,856
<u>Less: accumulated depreciation for</u>				
Infrastructure	(967,200)	(334,824)	-	(1,302,024)
Building and improvements	(227,660)	(25,432)	-	(253,092)
Furniture and equipment	(192,743)	(33,726)	-	(226,469)
Vehicles	(189,316)	(23,841)	-	(213,157)
Total accumulated depreciation	(1,576,919)	(417,823)	-	(1,994,742)
Capital assets being depreciated, net	12,457,396	(267,945)	65,663	12,255,114
Governmental activities capital assets, net	<u>\$ 19,593,275</u>	<u>\$ 420,593</u>	<u>\$ -</u>	<u>\$ 20,013,868</u>

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

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

Depreciation expense was charged to functions/programs for the year ended June 30, 2021, as follows:

General government	\$	81,600
Streets and roads		334,824
Parks		<u>1,399</u>
	\$	<u><u>417,823</u></u>

Construction in progress as of June 30, 2021, is attributable to the following:

Parks improvements	\$	28,529
Critz Lane improvement		919,758
Preservation Park: Trailways		<u>397,678</u>
	\$	<u><u>1,345,965</u></u>

Included in construction in progress on June 30, 2021 are various projects, as described above. Estimated costs to complete these projects were as follows as of June 30, 2021:

Parks improvements	\$	45,000
Critz Lane improvement		900,000
Preservation Park: Trailways		<u>1,600,000</u>
	\$	<u><u>2,545,000</u></u>



**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

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

Business-Type Activities - Wastewater:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases and Transfers</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 2,992,000	\$ -	\$ -	\$ 2,992,000
Construction in progress	2,457,616	1,754,060	(3,229,145)	982,531
Total capital assets not being depreciated	5,449,616	1,754,060	(3,229,145)	3,974,531
<u>Capital assets being depreciated</u>				
Wastewater system	15,524,671	26,668	3,229,145	18,780,484
Buildings	880,550	-	-	880,550
Machinery and equipment	532,716	30,353	-	563,069
Vehicles	48,361	-	-	48,361
Total capital assets being depreciated	16,986,298	57,021	3,229,145	20,272,464
<u>Less: accumulated depreciation for</u>				
Wastewater system	(3,340,450)	(388,117)	-	(3,728,567)
Buildings	(282,455)	(21,923)	-	(304,378)
Machinery and equipment	(328,919)	(27,763)	-	(356,682)
Vehicles	(41,743)	(5,673)	-	(47,416)
Total accumulated depreciation	(3,993,567)	(443,476)	-	(4,437,043)
Capital assets being depreciated, net	12,992,731	(386,455)	3,229,145	15,835,421
Governmental activities capital assets, net	<u>\$ 18,442,347</u>	<u>\$ 1,367,605</u>	<u>\$ -</u>	<u>\$ 19,809,952</u>

Construction in progress as of June 30, 2021, is attributable to the following:

Alexander Drip Field	\$ 70,374
Wastewater Treatment Plant Design	912,157
	<u>\$ 982,531</u>

Included in construction in progress as of June 30, 2021 are various projects, as described above. Estimated costs to complete these projects were as follows as of June 30, 2021:

Alexander Drip Field	\$ 7,500,000
Wastewater Treatment Plant Design	375,000
	<u>\$ 7,875,000</u>

**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 11.

**NOTE 7 – INTERFUND BALANCES AND ACTIVITY**

Balances due from/to other funds on June 30, 2021, consist of the following:

- \$498,539 due from the General Fund to the State Street Aid Fund for cash held by the General Fund.
- \$168,242 due from the General Fund to the Wastewater Fund representing wastewater activities.

**NOTE 8 – LONG-TERM LIABILITIES**

The Town periodically issues general obligation notes for the acquisition, construction, and improvement of major capital facilities and infrastructure. The Town is not subject to any state or other law that limits the amount of debt a Town may have outstanding; therefore, there is no legal debt margin or computation thereof. The Town's full faith, credit, and unlimited taxing power are pledged to the repayment of all general obligation notes payable and interest and the Town is contingently liable for the repayment of revenue notes principal and interest. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Certain notes contain a provision in which amounts outstanding become immediately due on default.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

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

The Town's long-term liabilities consist of the following on June 30, 2021:

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. \$ 345,900

\$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. 212,736

\$ 1,848,636

The changes in long-term liabilities during the year end June 30, 2021 were as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Capital Outlay Note - Series 2013	\$ 461,200	\$ -	\$ 115,300	\$ 345,900	\$ 115,300
G.O. Capital Outlay Note - Series 2018	1,290,000	-	130,000	1,160,000	130,000
	<u>\$ 1,751,200</u>	<u>\$ -</u>	<u>\$ 245,300</u>	<u>\$ 1,505,900</u>	<u>\$ 245,300</u>
<u>Business-Type Activities:</u>					
Capital Outlay Note - Series 2014	\$ 324,074	\$ -	\$ 111,338	\$ 212,736	\$ 111,111

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

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

Future principal and interest activities of long-term obligations are as follows on June 30, 2021:

	<b>Governmental Activities</b>								
	Capital Outlay, Series 2013			Capital Outlay, Series 2018			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 115,300	\$ 8,215	\$ 123,515	\$ 130,000	\$ 33,640	\$ 163,640	\$ 245,300	\$ 41,855	\$ 287,155
2023	115,300	4,929	120,229	130,000	29,870	159,870	245,300	34,799	280,099
2024	115,300	1,643	116,943	130,000	26,100	156,100	245,300	27,743	273,043
2025	-	-	-	130,000	22,330	152,330	130,000	22,330	152,330
2026	-	-	-	130,000	18,560	148,560	130,000	18,560	148,560
2027-2030	-	-	-	510,000	36,540	546,540	510,000	36,540	546,540
	<u>\$ 345,900</u>	<u>\$ 14,787</u>	<u>\$ 360,687</u>	<u>\$ 1,160,000</u>	<u>\$ 167,040</u>	<u>\$ 1,327,040</u>	<u>\$ 1,505,900</u>	<u>\$ 181,827</u>	<u>\$ 1,687,727</u>

	<b>Business-Type Activities</b>		
	Capital Outlay, Series 2014		
	Principal	Interest	Total
2022	\$ 111,111	\$ 3,970	\$ 115,081
2023	101,625	2,495	104,120
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2030	-	-	-
	<u>\$ 212,736</u>	<u>\$ 6,465</u>	<u>\$ 219,201</u>

**NOTE 9 – 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 2021 totaled \$39,088. 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 2021.

**NOTE 10 – WASTEWATER TAP AGREEMENT/TAP GUARANTEES**

There are several current and future developments underway whereby the Town has approved a total number of tap rights. While there is no current shortage as of June 30, 2021 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 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 11 – 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.

## **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, 2021**

Grantor	Federal CFDA Number	Grant Number / Pass-through Entity Identifying Number	Grant Receivables (Deferred) July 1, 2020	Federal Receipts	Expenditures	Grant Receivables (Deferred) June 30, 2021
U.S. Department of Transportation (Pass Thru - TNDOT)	20.205	TAP-M-9933(1)	\$ -	\$ 76,620	\$ 76,620	\$ -

**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, 2021. 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 not to use the *de minimis* indirect cost rate as allowed under the Uniform Guidance.
- 5 – Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed, as applicable.

See independent auditor’s report.

**TOWN OF THOMPSON'S STATION, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 3 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE FIANNICAL STATEMENTS**

The following is a reconciliation of expenditures per the schedule of expenditures of federal awards to the revenue balances in the Town's financial statements.

Total grant revenue per governmental funds financial statements	\$ 241,546
Less: non-federal grants	<u>(164,926)</u>
	<u>\$ 76,620</u>

See independent auditor's report.



**TOWN OF THOMPSON'S STATION, TENNESSEE  
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
FOR THE YEAR ENDED JUNE 30, 2021**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07/01/2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 06/30/2021
<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	\$ 461,200	\$ -	\$ 115,300	\$ -	\$ 345,900
Capital Outlay, Series 2018	1,550,000	2.90%	4/1/2030	4/1/2030	1,290,000	-	130,000	-	1,160,000
Total					<u>\$ 1,751,200</u>	<u>\$ -</u>	<u>\$ 245,300</u>	<u>\$ -</u>	<u>\$ 1,505,900</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	\$ 324,074	\$ -	\$ 111,338	\$ -	\$ 212,736
Total					<u>\$ 324,074</u>	<u>\$ -</u>	<u>\$ 111,338</u>	<u>\$ -</u>	<u>\$ 212,736</u>

See independent auditor's report.



**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 Mayor and Aldermen  
Town of 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 activity, and each major fund, and the statements of budgetary comparison for the general fund and state street aid fund of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2021, 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 16, 2021.

**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) as a basis for designing 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 16, 2021

**TOWN OF THOMPSON'S STATION, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION I – SUMMARY OF INDEPENDENT AUDITOR'S 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, 2021.

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**SUMMARY OF PRIOR YEAR AUDIT FINDINGS**  
**JUNE 30, 2021**

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

None reported.

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

None reported.