

TOWN OF THOMPSON'S STATION, TENNESSEE

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2022



TOWN OF THOMPSON'S STATION, TENNESSEE
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TOWN OF THOMPSON'S STATION, TENNESSEE
DIRECTORY OF OFFICIALS
JUNE 30, 2022

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 Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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 aggregate remaining fund information of the Town of Thompson's Station, Tennessee as of June 30, 2022, 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 then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Comptrollers General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will

always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of federal expenditures presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Directory of Officials and the Schedule of Changes in Long-Term Debt by Individual Issue but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the Town of Thompson's Station'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 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

Culver, PLLC
Oakland, Tennessee
December 22, 2022

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2022**

As management of the Town of Thompson's Station, Tennessee (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, 2022. 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 \$55,072,243 (net position). Of this amount, \$14,831,745 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 \$4,617,940 during fiscal year 2022.
- 3). As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$10,817,990, an increase of \$1,666,490 for the year. Over 94% of this total amount, or \$10,147,888 is available for spending at the government's discretion (unassigned fund balance).
- 4). On June 30, 2022, the unassigned fund balance for the General Fund was 251% 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, 2022**

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 17 through 19.

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)
YEAR ENDED JUNE 30, 2022**

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 \$55,072,243 at the end of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 13,509,922	\$ 9,995,645	\$ 6,427,791	\$ 3,273,664	\$ 19,937,713	\$ 13,269,309
Capital assets	20,625,159	20,013,868	19,433,425	19,809,952	40,058,584	39,823,820
Total assets	<u>\$ 34,135,081</u>	<u>\$ 30,009,513</u>	<u>\$ 25,861,216</u>	<u>\$ 23,083,616</u>	<u>\$ 59,996,297</u>	<u>\$ 53,093,129</u>
Long-term liabilities outstanding	230,600	1,505,900	101,625	212,736	332,225	1,718,636
Unearned revenue	1,948,518	-	-	-	1,948,518	-
Other liabilities	301,924	451,917	1,900,173	76,925	2,202,097	528,842
Total liabilities	2,481,042	1,957,817	2,001,798	289,661	4,482,840	2,247,478
Deferred inflows of resources	441,214	391,348	-	-	441,214	391,348
Net position:						
Net investment in capital assets	20,394,559	18,507,968	19,331,800	19,597,216	39,726,359	38,105,184
Restricted for roads and streets	650,742	531,597	-	-	650,742	531,597
Unrestricted	10,167,524	8,620,783	4,527,618	3,196,739	14,695,142	11,817,522
Total net position	<u>31,212,825</u>	<u>27,660,348</u>	<u>23,859,418</u>	<u>22,793,955</u>	<u>55,072,243</u>	<u>50,454,303</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 34,135,081</u>	<u>\$ 30,009,513</u>	<u>\$ 25,861,216</u>	<u>\$ 23,083,616</u>	<u>\$ 59,996,297</u>	<u>\$ 53,093,129</u>

A significant portion of the Town's net position, \$39,726,359 or 72% 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, \$650,742 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, \$14,695,142 (27%), 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, 2022**

The following is a summary of financial activities for the Town during the fiscal years ended June 30, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 99,487	\$ 71,355	\$ 1,713,726	\$ 1,303,682	\$ 1,813,213	\$ 1,375,037
Operating grants and contributions	353,570	180,386	-	-	353,570	180,386
Capital grants and contributions	20,280	76,620	807,957	1,895,056	828,237	1,971,676
General revenues:						
Property taxes	445,021	329,876	-	-	445,021	329,876
Local option sales taxes	2,222,537	1,504,580	-	-	2,222,537	1,504,580
Intergovernmental revenues	1,102,016	678,288	-	-	1,102,016	678,288
Building permits/impact fees	1,323,634	995,744	-	-	1,323,634	995,744
Other	291,480	245,210	-	-	291,480	245,210
Unrestricted investment earnings	5,804	10,078	1,392	4,864	7,196	14,942
Total revenues	<u>5,863,829</u>	<u>4,092,137</u>	<u>2,523,075</u>	<u>3,203,602</u>	<u>8,386,904</u>	<u>7,295,739</u>
Expenses:						
General government	1,750,026	1,471,176	-	-	1,750,026	1,471,176
State Street Aid	147,577	77,044	-	-	147,577	77,044
Streets and roads	350,484	360,532	-	-	350,484	360,532
Parks	20,396	14,764	-	-	20,396	14,764
Debt service	42,869	49,225	-	-	42,869	49,225
Wastewater	-	-	1,457,612	1,162,566	1,457,612	1,162,566
Total expenses	<u>2,311,352</u>	<u>1,972,741</u>	<u>1,457,612</u>	<u>1,162,566</u>	<u>3,768,964</u>	<u>3,135,307</u>
Change in net position	3,552,477	2,119,396	1,065,463	2,041,036	4,617,940	4,160,432
Net position - beginning 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>
Net position - end of year	<u>\$ 31,212,825</u>	<u>\$ 27,660,348</u>	<u>\$ 23,859,418</u>	<u>\$ 22,793,955</u>	<u>\$ 55,072,243</u>	<u>\$ 50,454,303</u>

Governmental Activities – Governmental activities increased the Town's net position by \$3,552,477, which compares with an increase in net position of \$2,119,396 for fiscal year 2021. During the fiscal year 2022, no infrastructure assets were contributed or accepted.

Business-Type Activities – Business-type activities increased the Town's net position by \$1,065,463 compared with \$2,041,036 for 2021. Revenues from charges to customers for wastewater treatment increased by \$410,044 and capital grants and developer tap fees decreased by \$1,087,099 as compared to fiscal year 2021. Wastewater expenses increased by \$295,046 compared to the prior year primarily due from supplies, professional fees, and depreciation expense increases. The business-type activities spent \$275,870 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, 2022**

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 \$10,817,990. Fund balances of the governmental funds increased \$1,666,940 during fiscal year 2022 primarily due to increases in sales taxes, impact fees, and other state shared revenues.

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 \$10,147,888. 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 251% of total general fund expenditures for this fiscal year.

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

The unrestricted net position of the Wastewater Fund at the end of the year amounted to \$4,527,618. The Wastewater Fund has an increase in net position for the year of \$1,065,463. 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 local sales taxes by \$892,537.
2. Actual over budgeted impact fees by \$256,870.
3. Actual over budgeted state sales taxes by \$338,361.
4. Actual over budgeted property taxes by \$445,625.
5. Actual under budgeted general government expenditures by \$267,765.
6. Actual under budgeted capital improvement projects (delayed expenditures) by \$1,908,187.

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, 2022 amounted to \$40,058,584 (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, 2022**

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, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,411,389	\$ 6,360,889	\$ 2,992,000	\$ 2,992,000	\$ 9,403,389	\$ 9,352,889
Construction in progress	2,368,088	1,397,865	1,258,401	982,531	3,626,489	2,380,396
Infrastructure	12,863,531	12,863,531	-	-	12,863,531	12,863,531
Buildings	714,755	714,755	880,550	880,550	1,595,305	1,595,305
Equipment	397,930	397,930	563,069	563,069	960,999	960,999
Vehicles	273,640	273,640	48,361	48,361	322,001	322,001
Wastewater system	-	-	18,780,484	18,780,484	18,780,484	18,780,484
Total capital assets	23,029,333	22,008,610	24,522,865	24,246,995	47,552,198	46,255,605
Less: accumulated depreciation	(2,404,174)	(1,994,742)	(5,089,440)	(4,437,043)	(7,493,614)	(6,431,785)
Capital assets, net	\$ 20,625,159	\$ 20,013,868	\$ 19,433,425	\$ 19,809,952	\$ 40,058,584	\$ 39,823,820

Long-term Debt – At the end of the fiscal year, the Town's total debt was \$332,225 and is set forth in detail in Note 8. Principal payments made on debt obligations totaled \$1,386,411.

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 2022-2023 fiscal year.

1. The following Town projects continue to move forward:
 - a. Critz Lane road improvement for Phase 1 is estimated to be completed by June 2023.
 - b. Trailways through Preservation Park will be going forward to a final plan and bid process in the summer of 2023. A lengthy approval process with the State has prolonged this project, but Town staff believes this will be worth the wait.
 - c. The Town sewer system is scheduled to go out to bid in late 2022 and is expected to break ground by late summer of 2023. The current designed system, Membrane bioreactor (MBR) is expected to service up to 1.5MGD (million gallons per day) with the possibility of limited expansion.
2. The Town is in the process of exploring and working with the state, residents, and adjoining municipalities on a major thoroughfare project in the near future.
3. We have not increased property taxes in the last ten years and no increase is expected in the coming year as well.

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 100, Thompson's Station, Tennessee 37179.

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total Primary Government</u>
Assets:			
Cash and cash equivalents	\$ 12,135,635	\$ 5,544,959	\$ 17,680,594
Taxes receivable - property tax	442,692	-	442,692
Accounts receivable	-	202,566	202,566
Internal balances	(680,266)	680,266	-
Due from other governments	1,592,501	-	1,592,501
Prepaid expenses and other	19,360	-	19,360
Capital assets:			
Capital assets not being depreciated	8,779,477	4,250,401	13,029,878
Other capital assets, net of accumulated depreciation	11,845,682	15,183,024	27,028,706
Total assets	<u>\$ 34,135,081</u>	<u>\$ 25,861,216</u>	<u>\$ 59,996,297</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 170,936	\$ 99,606	\$ 270,542
Deposits from developers	62,000	1,800,567	1,862,567
Accrued compensation and compensated absences	68,988	-	68,988
Unearned revenue	1,948,518	-	1,948,518
Long-term liabilities:			
Due within one year	115,300	101,625	216,925
Due in more than one year	115,300	-	115,300
Total liabilities	<u>2,481,042</u>	<u>2,001,798</u>	<u>4,482,840</u>
Deferred Inflows of Resources:			
Current property taxes assessed for subsequent period	441,214	-	441,214
Net position:			
Net investment in capital assets	20,394,559	19,331,800	39,726,359
Restricted for State Street Aid	650,742	-	650,742
Unrestricted	10,167,524	4,527,618	14,695,142
Total net position	<u>31,212,825</u>	<u>23,859,418</u>	<u>55,072,243</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 34,135,081</u>	<u>\$ 25,861,216</u>	<u>\$ 59,996,297</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, 2022

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 Activity	Total
Governmental Activities:							
General government	\$ 1,750,026	\$ -	\$ 86,848	\$ 20,280	\$ (1,642,898)	\$ -	\$ (1,642,898)
State Street Aid	147,577	-	266,722	-	119,145	-	119,145
Streets and roads	350,484	-	-	-	(350,484)	-	(350,484)
Parks and recreation	20,396	99,487	-	-	79,091	-	79,091
Interest on long-term debt	42,869	-	-	-	(42,869)	-	(42,869)
Total governmental activities	2,311,352	99,487	353,570	20,280	(1,838,015)	-	(1,838,015)
Business-Type Activities:							
Wastewater	1,457,612	1,713,726	-	807,957	-	1,064,071	1,064,071
Total primary government	\$ 3,768,964	\$ 1,813,213	\$ 353,570	\$ 828,237	(1,838,015)	1,064,071	(773,944)
		General Revenues:					
		Taxes:					
		Property taxes			445,021	-	445,021
		Local option sales taxes			2,222,537	-	2,222,537
		Permits/impact fees			1,323,634	-	1,323,634
		Beer and liquor tax			154,564	-	154,564
		Business and privilege taxes			85,569	-	85,569
		Franchise tax			34,517	-	34,517
		Unrestricted intergovernmental revenues:					
		Payment in lieu of taxes			77,715	-	77,715
		State sales tax			828,361	-	828,361
		Mixed drink and beer tax			41,493	-	41,493
		Business tax			154,447	-	154,447
		Interest on investments			5,804	1,392	7,196
		Other			16,830	-	16,830
		Total general revenues			5,390,492	1,392	5,391,884
		Change in net position			3,552,477	1,065,463	4,617,940
		Net position - beginning			27,660,348	22,793,955	50,454,303
		Net position - ending			\$ 31,212,825	\$ 23,859,418	\$ 55,072,243

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

TOWN OF THOMPSON'S STATION, TENNESSEE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 12,135,635	\$ -	\$ 12,135,635
Taxes receivable - property tax	442,692	-	442,692
Due from other governments	1,544,860	47,641	1,592,501
Due from other funds	-	603,101	603,101
Prepaid expenses	19,360	-	19,360
Total assets	<u>\$ 14,142,547</u>	<u>\$ 650,742</u>	<u>\$ 14,793,289</u>
Liabilities:			
Accounts payable and accrued expenditures	\$ 170,936	\$ -	\$ 170,936
Deposits from developers	62,000	-	62,000
Due to other funds	1,283,367	-	1,283,367
Unearned revenue	1,948,518	-	1,948,518
Accrued compensation	68,988	-	68,988
Total liabilities	<u>3,533,809</u>	<u>-</u>	<u>3,533,809</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	441,490	-	441,490
Fund Balances:			
Nonspendable	19,360	-	19,360
Restricted for State Street Aid	-	650,742	650,742
Unassigned	10,147,888	-	10,147,888
Total fund balances	<u>10,167,248</u>	<u>650,742</u>	<u>10,817,990</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,142,547</u>	<u>\$ 650,742</u>	<u>\$ 14,793,289</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, 2022

Total fund balances, governmental funds	\$	10,817,990
Amounts reported for governmental activities in the statement of activities are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,625,435
(2) Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.		<u>(230,600)</u>
Net position of governmental activities	\$	<u><u>31,212,825</u></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, 2022

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 2,941,212	\$ -	\$ 2,941,212
Licenses, permits and fees	1,329,589	-	1,329,589
Intergovernmental	1,102,016	266,722	1,368,738
Grants	107,128	-	107,128
Parks and recreation	99,487	-	99,487
Other	18,279	-	18,279
Total revenues	<u>5,597,711</u>	<u>266,722</u>	<u>5,864,433</u>
Expenditures:			
Current:			
General government	1,664,769	-	1,664,769
Streets and roads	15,660	41,547	57,207
Parks and recreation	18,997	-	18,997
Capital outlay	1,032,771	106,030	1,138,801
Debt Service:			
Principal	1,275,300	-	1,275,300
Interest	42,869	-	42,869
Total expenditures	<u>4,050,366</u>	<u>147,577</u>	<u>4,197,943</u>
Excess of revenues over expenditures	1,547,345	119,145	1,666,490
Fund balance - beginning	<u>8,619,903</u>	<u>531,597</u>	<u>9,151,500</u>
Fund balance - ending	<u>\$ 10,167,248</u>	<u>\$ 650,742</u>	<u>\$ 10,817,990</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, 2022**

Net change in fund balances - total governmental funds	\$	1,666,490
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Amounts reported for the governmental activities in the statement of activities are different because:

(1) 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 exceeded depreciation in the current period.		
Add: capital outlays capitalized		1,020,723
Less: depreciation expense		(409,432)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net difference between amounts deferred in the current and prior years.		(604)
(3) 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 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.		
Add: principal payments on long-term debt		1,275,300
Change in net position of governmental activities	\$	3,552,477

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budgets
	Original Budget	Final Budget		
REVENUES:				
Taxes:				
Property	\$ 330,000	\$ 330,000	\$ 445,625	\$ 115,625
Franchise	30,000	30,000	34,517	4,517
Wholesale beer and wholesale liquor	145,000	145,000	154,564	9,564
Local sales tax - Trustee	1,330,000	1,330,000	2,222,537	892,537
Adequate schools facilities tax	50,000	50,000	83,969	33,969
Total Taxes	1,885,000	1,885,000	2,941,212	1,056,212
Licenses, permits and fees:				
Beer permits	600	600	1,600	1,000
Building permits	525,000	525,000	502,310	(22,690)
Review fees	15,000	15,000	25,504	10,504
Impact fees	538,950	538,950	795,820	256,870
Miscellaneous	2,000	2,000	4,355	2,355
Total licenses, permits and fees	1,081,550	1,081,550	1,329,589	248,039
Intergovernmental:				
Payments in lieu of taxes	50,000	50,000	77,715	27,715
State of Tennessee - sales tax	490,000	490,000	828,361	338,361
State of Tennessee - mixed drink tax	9,000	9,000	41,493	32,493
State of Tennessee - business tax	85,000	85,000	154,447	69,447
Total intergovernmental revenue	634,000	634,000	1,102,016	468,016
Other income:				
Interest	20,000	20,000	5,804	(14,196)
Parks and recreation	76,200	76,200	99,487	23,287
Grants	986,849	986,849	107,128	(879,721)
Other	12,300	12,300	12,475	175
Total other income	1,095,349	1,095,349	224,894	(870,455)
Total revenues	\$ 4,695,899	\$ 4,695,899	\$ 5,597,711	\$ 901,812

(CONTINUED ON NEXT PAGE)

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
EXPENDITURES:				
General Government:				
Payroll costs	\$ 367,142	\$ 367,142	\$ 361,102	\$ 6,040
Professional fees	254,500	254,500	241,775	12,725
Operating costs	274,637	274,637	89,990	184,647
County services	153,200	153,200	133,130	20,070
Debt service	287,155	1,362,452	1,318,169	44,283
	<u>1,336,634</u>	<u>2,411,931</u>	<u>2,144,166</u>	<u>267,765</u>
Community Development:				
Payroll costs	336,848	336,848	255,794	81,054
Streets and roads	2,000	2,000	1,427	573
Professional fees	225,000	225,000	133,573	91,427
Operating costs	26,561	26,561	27,134	(573)
	<u>590,409</u>	<u>590,409</u>	<u>417,928</u>	<u>172,481</u>
Public Works:				
Payroll costs	269,051	269,051	238,687	30,364
Streets and roads	73,000	73,000	42,413	30,587
Operating costs	32,940	32,940	26,384	6,556
	<u>374,991</u>	<u>374,991</u>	<u>307,484</u>	<u>67,507</u>
Parks and Recreation:				
Operating costs	45,100	45,100	41,987	3,113
Capital Outlay				
	<u>3,046,988</u>	<u>3,046,988</u>	<u>1,138,801</u>	<u>1,908,187</u>
Total Expenditures	<u>5,394,122</u>	<u>6,469,419</u>	<u>4,050,366</u>	<u>2,419,053</u>
NET CHANGE IN FUND BALANCE	<u>\$ (698,223)</u>	<u>\$ (1,773,520)</u>	1,547,345	<u>\$ (1,517,241)</u>
FUND BALANCE - BEGINNING OF YEAR			8,619,903	
FUND BALANCE - END OF YEAR			<u>\$ 10,167,248</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Intergovernmental				
State of Tennessee - gas tax 1989	\$ 15,000	\$ 15,000	\$ 20,218	\$ 5,218
State of Tennessee - gas tax \$0.03 per gallon	28,000	28,000	37,449	9,449
State of Tennessee - gas and motor fuel tax	92,000	92,000	130,170	38,170
State of Tennessee - petroleum special	9,000	9,000	13,359	4,359
State of Tennessee - 2017 gas tax	40,000	40,000	65,526	25,526
Total intergovernmental revenue	<u>184,000</u>	<u>184,000</u>	<u>266,722</u>	<u>82,722</u>
Total revenues	184,000	184,000	266,722	82,722
EXPENDITURES:				
State Street Aid:				
Capital improvements	187,292	187,292	106,030	(81,262)
Resurfacing	<u>129,400</u>	<u>129,400</u>	<u>41,547</u>	<u>87,853</u>
Total expenditures	316,692	316,692	147,577	6,591
NET CHANGE IN FUND BALANCE	<u>\$ (132,692)</u>	<u>\$ (132,692)</u>	119,145	<u>\$ 251,837</u>
FUND BALANCE - BEGINNING OF YEAR			<u>531,597</u>	
FUND BALANCE - END OF YEAR			<u>\$ 650,742</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, 2022

Assets:

Current assets:

Cash	\$ 5,544,959
Accounts receivable, net	202,566
Due from general fund	680,266
Total current assets	<u>6,427,791</u>

Capital assets:

Wastewater system, net of accumulated depreciation	<u>19,433,425</u>
Total assets	<u><u>\$ 25,861,216</u></u>

Current Liabilities:

Accounts payable and accrued expenses	\$ 24,631
Customer deposits	74,975
Capacity reservation deposits	1,800,567
Notes payable - current portion	101,625
Total current liabilities	<u>2,001,798</u>

Noncurrent Liabilities:

Notes payable, less current portion	<u>-</u>
Total liabilities	2,001,798

Net position:

Net investment in capital assets	19,331,800
Unrestricted	<u>4,527,618</u>
Total net position	<u>23,859,418</u>
Total liabilities and net position	<u><u>\$ 25,861,216</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, 2022

Revenues:	
Charges to customers - wastewater	\$ 1,713,726
Operating Expenses:	
Supply and Operations:	
Salaries	276,143
Payroll taxes and benefits	16,843
Repairs and maintenance	73,507
Permits and licenses	3,670
Supplies	62,383
Testing	3,469
Utilities	103,574
Insurance	36,768
Professional and consulting fees	192,818
Bad debt	2,453
Other	29,567
Total supply and operations	<u>801,195</u>
Depreciation	<u>652,397</u>
Total operating expenses	1,453,592
Operating income	260,134
Nonoperating Revenues (Expenses):	
Interest expense	(4,020)
Interest income	1,392
Total non-operating expense	<u>(2,628)</u>
Tap fees	<u>807,957</u>
Change in net position	1,065,463
Net position - beginning of year	<u>22,793,955</u>
Net position - end of year	<u><u>\$ 23,859,418</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, 2022

Cash Flows from (used for) Operating Activities:	
Receipts from customers	\$ 1,721,749
Internal activity - receipts from general fund (payments made to suppliers and employees for general fund), net	<u>489,406</u>
Net cash provided by operating activities	2,211,155
 Cash Flows from Capital and Related Financing Activities:	
Proceeds from tap fees	807,957
Purchases of capital assets	(275,870)
Principal payments on notes	(111,111)
Interest paid on notes	<u>(4,020)</u>
Net cash used for capital and related financing activities	416,956
 Cash Flows from Investing Activities:	
Interest income from cash and cash equivalents	<u>1,392</u>
Net decrease in cash and cash equivalents	2,629,503
 Cash and Cash Equivalents - Beginning of Year	 <u>2,915,456</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,544,959</u>

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

Operating income	\$ 260,134
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	652,397
Changes in assets and liabilities:	
Accounts receivable	(12,600)
Due from other funds	(512,024)
Customer deposits	26,025
Capacity reservation deposits	1,800,567
Accounts payable and accrued expenses	<u>(3,344)</u>
Net cash provided by operating activities	<u>\$ 2,211,155</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, 2022

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, 2022. There are also no material leases to be recognized under GASB Statement 87 as of June 30, 2022.

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 primary government and are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

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 preceding categories.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included amount program revenues are reported as general revenues.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 primary 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 streets.

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, 2022

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 balances that have 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, 2022. 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, 2022

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 \$38,083 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 \$10,000 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. Repair and maintenance costs that do not significantly extend the useful life or increase the value of the asset are not capitalized.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Capital Assets (Continued)

Depreciation is recorded based on the straight-line method over the estimated useful life of the asset. Land, easements, rights-of-way, and construction in progress are not depreciated. All other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	40 years
Building and improvements	20-40 years
Furniture and equipment	3-7 years
Vehicles	5 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, 2022.

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 of the date of the financial statements and reported revenue and expenses during the period. Actual results could differ from those estimates.

Date of Management's Review

The Town evaluated its June 30, 2022 financial statements for subsequent events through December 22, 2022, 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, 2022

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, 2021	Taxes Levied	Collections and Adjustments	Balance June 30, 2022
2013	0.103	89,657,972	92,314	53	-	-	53
2014	0.103	106,886,489	110,070	15	-	-	15
2015	0.103	128,934,758	132,781	22	-	-	22
2016	0.103	134,375,527	138,407	6	-	-	6
2017	0.103	193,407,102	199,209	28	-	-	28
2018	0.103	229,201,976	236,078	6	-	-	6
2019	0.103	254,372,725	262,004	65	-	-	65
2020	0.103	278,889,515	287,256	1,288	-	1,229	59
2021	0.103	296,068,634	304,951	391,348	-	390,124	1,224
2022	0.103	296,068,634	304,951	-	441,214	-	441,214
				<u>\$ 392,831</u>	<u>\$ 441,214</u>	<u>\$ 391,353</u>	<u>\$ 442,692</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash totaling \$17,680,594. 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, 2022, 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, 2022.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 4 – WASTEWATER RATES AND CUSTOMERS

The active number of wastewater customers on June 30, 2022 was 2,163.

The following monthly service rates for residential and commercial customers were in effect on June 30, 2022:

Minimum bill	\$22.04
Wastewater rates	\$7.79 per thousand gallons for 0-8,000 gallons
	\$9.94 per thousand gallons for 8,001-20,000 gallons
	\$12.47 per thousand gallons for 20,001 gallons and greater
Residential accounts have no maximum limit.	
Non-residential accounts have no maximum limit.	

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, 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	\$ 50,500	\$ -	\$ 6,411,389
Construction in progress	1,397,865	970,223	-	2,368,088
Total capital assets not being depreciated	7,758,754	1,020,723	-	8,779,477
<u>Capital assets being depreciated</u>				
Infrastructure	12,863,531	-	-	12,863,531
Building and improvements	714,755	-	-	714,755
Furniture and equipment	397,930	-	-	397,930
Vehicles	273,640	-	-	273,640
Total capital assets being depreciated	14,249,856	-	-	14,249,856
<u>Less: accumulated depreciation for</u>				
Infrastructure	(1,302,024)	(334,824)	-	(1,636,848)
Building and improvements	(253,092)	(26,435)	-	(279,527)
Furniture and equipment	(226,469)	(28,123)	-	(254,592)
Vehicles	(213,157)	(20,050)	-	(233,207)
Total accumulated depreciation	(1,994,742)	(409,432)	-	(2,404,174)
Capital assets being depreciated, net	12,255,114	(409,432)	-	11,845,682
Governmental activities capital assets, net	\$ 20,013,868	\$ 611,291	\$ -	\$ 20,625,159

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs for the year ended June 30, 2022, as follows:

General government	\$ 73,209
Streets and roads	334,824
Parks	<u>1,399</u>
	<u>\$ 409,432</u>

Construction in progress as of June 30, 2022, is attributable to the following:

Preservation Park: Trailways	\$ 597,767
Critz Lane improvement	<u>1,770,321</u>
	<u>\$ 2,368,088</u>

Included in construction in progress on June 30, 2022 are various projects, as described above. Estimated costs to complete these projects were as follows as of June 30, 2022:

Preservation Park: Trailways	\$ 1,000,000
Critz Lane improvement	<u>1,070,000</u>
	<u>\$ 2,070,000</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	<u>Business-Type Activities - Wastewater:</u>			
	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	982,531	275,870	-	1,258,401
Total capital assets not being depreciated	3,974,531	275,870	-	4,250,401
<u>Capital assets being depreciated</u>				
Wastewater system	18,780,484	-	-	18,780,484
Buildings	880,550	-	-	880,550
Machinery and equipment	563,069	-	-	563,069
Vehicles	48,361	-	-	48,361
Total capital assets being depreciated	20,272,464	-	-	20,272,464
<u>Less: accumulated depreciation for</u>				
Wastewater system	(3,728,567)	(605,171)	-	(4,333,738)
Buildings	(304,378)	(21,923)	-	(326,301)
Machinery and equipment	(356,682)	(24,358)	-	(381,040)
Vehicles	(47,413)	(948)	-	(48,361)
Total accumulated depreciation	(4,437,040)	(652,400)	-	(5,089,440)
Capital assets being depreciated, net	15,835,424	(652,400)	-	15,183,024
Governmental activities capital assets, net	<u>\$ 19,809,955</u>	<u>\$ (376,530)</u>	<u>\$ -</u>	<u>\$ 19,433,425</u>

Construction in progress as of June 30, 2022, is attributable to the following:

Alexander Drip Field	\$ 70,374
Critz Lane Improvements	118,015
Wastewater Treatment Plant	1,070,012
	<u>\$ 1,258,401</u>

Included in construction in progress as of June 30, 2022 are various projects, as described above. Estimated costs to complete these projects were as follows as of June 30, 2022:

Alexander Drip Field	\$ 8,500,000
Wastewater Treatment Plant	40,000,000
	<u>\$ 48,500,000</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, 2022, consist of the following:

- \$603,101 due from the General Fund to the State Street Aid Fund for cash held by the General Fund.
- \$690,266 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, 2022

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

The Town's long-term liabilities consist of the following on June 30, 2022:

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.

\$ 230,600

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 is Pledged as collateral.

101,625
\$ 332,225

The changes in long-term liabilities during the year end June 30, 2022 were as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Capital Outlay Note - Series 2013	\$ 345,900	\$ -	\$ 115,300	\$ 230,600	\$ 115,300
G.O. Capital Outlay Note - Series 2018	1,160,000	-	1,160,000	-	-
	<u>\$ 1,505,900</u>	<u>\$ -</u>	<u>\$ 1,275,300</u>	<u>\$ 230,600</u>	<u>\$ 115,300</u>
<u>Business-Type Activities:</u>					
Capital Outlay Note - Series 2014	\$ 212,736	\$ -	\$ 111,111	\$ 101,625	\$ 101,625

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Future principal and interest activities of long-term obligations are as follows on June 30, 2022:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	Capital Outlay, Series 2013			Capital Outlay, Series 2014		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 115,300	\$ 4,929	\$ 120,229	\$ 101,625	\$ 1,248	\$ 102,873
2024	115,300	1,643	116,943	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
	<u>\$ 230,600</u>	<u>\$ 6,572</u>	<u>\$ 237,172</u>	<u>\$ 101,625</u>	<u>\$ 1,248</u>	<u>\$ 102,873</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 2022 totaled \$41,664. 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 2022.

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, 2022 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 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 CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 345,900	\$ -	\$ 115,300	\$ -	\$ 230,600
Capital Outlay, Series 2018	1,550,000	2.90%	4/1/2030	4/1/2030	1,160,000	-	1,160,000	-	-
Total					<u>\$ 1,505,900</u>	<u>\$ -</u>	<u>\$ 1,275,300</u>	<u>\$ -</u>	<u>\$ 230,600</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	\$ 212,736	\$ -	\$ 111,111	\$ -	\$ 101,625
Total					<u>\$ 212,736</u>	<u>\$ -</u>	<u>\$ 111,111</u>	<u>\$ -</u>	<u>\$ 101,625</u>

GOVERNMENTAL AUDITING STANDARDS SECTION

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Program Title	Federal CFDA Number	Grant Number / Pass-through Entity Identifying Number	Grant Receivables (Deferred) July 1, 2021	Federal Receipts	Expenditures	Grant Receivables (Deferred) June 30, 2022
U.S. Department of Transportation (Pass Thru - TNDOT)						
Highway Planning and Construction - Multi-Model Greenway	20.205	TAP-M-9933(1)	\$ -	\$ 20,280	\$ 20,280	\$ -

NOTE 1 – BASIS OF PRESENTATION

The accompanying 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, 2022. 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.

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

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	\$ 107,128
Less: non-federal grants	<u>(86,848)</u>
	<u>\$ 20,280</u>



**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 aggregate remaining fund information of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2022, 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, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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, 2022

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Noncompliance material to financial statements?

YES NO

FEDERAL AWARDS

No separate audit on compliance required for the year ended June 30, 2022.

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
FOR THE YEAR ENDED JUNE 30, 2022**

A. FINANCIAL STATEMENT FINDINGS

None reported.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.