

TOWN OF THOMPSON'S STATION, TENNESSEE

JUNE 30, 1994

Report

of

Examination

C O N T E N T S

	<u>Pages</u>
Independent Auditor's Report	1 - 2
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Equity	4
Combined Statement of Revenue, Expenditures, Encumbrances and Changes in Fund Equity	5
Notes to Financial Statements	6 - 10
Special Revenue Funds - State Street Aid Balance Sheet	11
Statement of Revenue, Expenditures and Changes in Fund Equity	11
Statement of Revenue and Expenditures - General Fund	12
Statement of General Fixed Assets	13
Statement of Changes in General Fixed Assets - By Source	13
Statement of Changes in General Fixed Assets - By Function and Activity	13
Supplemental Schedules	
Schedule of Insurance	14
Schedule of Principal Officers	14
Independent Auditor's Report on Internal Control	15 - 16
Findings and Recommendations	17
Independent Auditor's Report on Compliance	18

DAN PARSONS AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 604

400 MAIN STREET

FRANKLIN, TENNESSEE 37064

DAN H. PARSONS, CPA  
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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

November 30, 1994

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

We have audited the accompanying general purpose financial statements and the combined and individual fund and account group financial statements of Town of Thompson's Station, Tennessee, as of June 30, 1994, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Town of Thompson's Station, Tennessee, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Thompson's Station, Tennessee, as of June 30, 1994, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combined and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of Town of Thompson's Station, Tennessee, as of June 30, 1994, and the results of its operations of such funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combined and individual fund and account group financial statements. The financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Town of Thompson's Station, Tennessee. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combined and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*Dan Parsons and Associates*

Dan Parsons and Associates

**Town of Thompson's Station, Tennessee**  
**Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 1994**

	Government Funds		Account Groups		Totals (Memorandum only)	
	General	Special	General	General	June 30,	June 30,
	Fund	Revenue	Fixed Assets	Long-Term Debt	1994	1993
<b><u>ASSETS</u></b>						
Cash	\$ 193,146	\$ 56,537	\$	\$	\$ 249,683	\$ 166,261
Taxes receivable	1,549				1,549	250
Furniture and equipment			1,726		1,726	790
Building			57,367		57,367	50,000
Land			86,708		86,708	86,708
Amount to be provided for retirement of long-term debt				70,259	70,259	75,000
	\$ 194,695	\$ 56,537	\$ 145,801	\$ 70,259	\$ 467,292	\$ 379,009
 <b><u>LIABILITIES</u></b>						
Note payable - bank	\$	\$	\$	\$ 70,259	\$ 70,259	\$ 75,000
 <b><u>FUND EQUITY</u></b>						
Investment in General Fixed Assets			145,801		145,801	137,498
Fund Equity Unreserved	194,695	56,537			251,232	166,511
	\$ 194,695	\$ 56,537	\$ 145,801	\$ 70,259	\$ 467,292	\$ 379,009

See Notes to Financial Statements

Town of Thompson's Station, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Equity - All Governmental Fund Types  
Year Ended June 30, 1994

	<u>Governmental Funds</u>		<u>Totals</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<u>Revenue</u>			
Taxes	\$ 52,296	\$	\$ 52,296
Intergovernmental revenue	52,136	19,458	71,594
Other income	<u>6,841</u>		<u>6,841</u>
<u>Total</u>	<u>111,273</u>	<u>19,458</u>	<u>130,731</u>
 <u>Expenditures</u>			
General government	46,010		46,010
 <u>Excess of Revenue and Other Sources over (under) Expenditures</u>	<u>65,263</u>	<u>19,458</u>	<u>84,721</u>
 Fund Equity - July 1, 1993	129,432	37,079	166,511
 Fund Equity - June 30, 1994	\$ <u>194,695</u>	\$ <u>56,537</u>	\$ <u>251,232</u>

See Notes to Financial Statements

Town of Thompson's Station, Tennessee  
Combined Statement of Revenue, Expenditures, Encumbrances  
and Changes in Fund Equity - Budget and Actual  
General and Special Revenue Funds  
Year Ended June 30, 1994

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
			Favorable (Unfavorable)			Favorable (Unfavorable)			Favorable (Unfavorable)
<u>Revenue</u>									
Taxes	\$ 52,296	\$ 44,500	\$ 7,796	\$	\$	\$	\$ 52,296	\$ 44,500	\$ 7,796
Intergovernmental revenue	52,136	35,900	16,236	19,458	18,000	1,458	71,594	53,900	17,694
Other income	6,841	2,600	4,241				6,841	2,600	4,241
<u>Total</u>	<u>111,273</u>	<u>83,000</u>	<u>28,273</u>	<u>19,458</u>	<u>18,000</u>	<u>1,458</u>	<u>130,731</u>	<u>101,000</u>	<u>29,731</u>
<u>Expenditures</u>									
General government	46,010	62,500	16,490				46,010	62,500	16,490
Streets					18,000	18,000		18,000	18,000
<u>Total</u>	<u>46,010</u>	<u>62,500</u>	<u>16,490</u>		<u>18,000</u>	<u>18,000</u>	<u>46,010</u>	<u>80,500</u>	<u>34,490</u>
<u>Excess of Revenue and Other Sources</u> <u>over (under) Expenditures</u>	65,263	20,500	44,763	19,458	-0-	19,458	84,721	20,500	64,221
Fund Equity - July 1, 1993	129,432	86,536	42,896	37,079	18,770	18,309	166,511	105,306	61,205
Fund Equity - June 30, 1994	\$ <u>194,695</u>	\$ <u>107,036</u>	\$ <u>87,659</u>	\$ <u>56,537</u>	\$ <u>18,770</u>	\$ <u>37,767</u>	\$ <u>251,232</u>	\$ <u>125,806</u>	\$ <u>125,426</u>

See Notes to Financial Statements

Town of Thompson's Station, Tennessee  
Notes to Financial Statements  
June 30, 1994

**SUMMARY OF ACCOUNTING POLICIES:** The Town of Thompson's Station, Tennessee (the "Town") was incorporated on August 15, 1990, under the provisions of Section 6-1-202, et. seq., Tennessee Code Annotated. The Town operates under a Mayor-Aldermanic form of government and is authorized to provide all services accorded to municipalities in the State of Tennessee.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

1. **THE REPORTING ENTITY:** The Town, for financial purposes, includes all of the funds and account groups relevant to the operations of the Town of Thompson's Station, Tennessee. 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.

The financial statements of the Town include those of separately administered organizations that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

There were no component units based upon the foregoing criteria.

2. **FUND ACCOUNTING:** The accounts of the Town are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report into:

**General Fund:** The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.



Town of Thompson's Station, Tennessee  
Notes to Financial Statements  
June 30, 1994

3. PROPERTY, PLANT AND EQUIPMENT AND LONG TERM LIABILITIES: The accounting and reporting treatment applied to property, plant and equipment and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Property, plant and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on such property, plant and equipment.

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are valued at their estimated fair value on the date donated.

The Town has adopted the accounting policy of not capitalizing "infrastructure" general fixed assets (roads, bridges, curb and gutter, streets, and similar assets that are immovable and of value only to the Town).

Account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement or results of operations.

A summary of changes in general fixed assets for the year ended June 30, 1994, follows:

	Balance July 1, <u>1993</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>1994</u>
Furniture and equipment	\$ 790	\$ 936		\$ 1,726
Building	50,000	7,367		57,367
Land	<u>86,708</u>			<u>86,708</u>
	<u>\$ 137,498</u>	<u>\$ 8,303</u>		<u>\$ 145,801</u>

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

Town of Thompson's Station, Tennessee  
Notes to Financial Statements  
June 30, 1994

4. **BASIS OF ACCOUNTING:** Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

5. **BUDGETS AND BUDGETARY ACCOUNTING:** The Town followed these procedures in establishing the budgetary data reflected in the financial statements.

- a. Formal budgetary integration is employed as a management control device during the year for the General Fund. These budgets are adopted on a basis consistent with generally accepted accounting principles.
- b. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
- c. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

6. **TOTAL COLUMNS ON COMBINED STATEMENTS:** Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

7. **REVENUE RECOGNITION - PROPERTY TAXES:** Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent March 1 of the following year.

Property tax revenues are recognized when they are levied as of October 1. Taxes receivable at June 30, 1994 are:

	<u>Tax</u>		<u>Unpaid Taxes</u>
	<u>Rate</u>	<u>Assessment</u>	<u>June 30, 1994</u>
1992	.23	\$ 16,150	\$ -0-
1993	.23	16,410	250
1994	.23	20,077	1,299

**Town of Thompson's Station, Tennessee**  
**Notes to Financial Statements**  
**June 30, 1994**

8. **DEPOSITS:** Deposits were with the contract depository banks in interest bearing accounts which were secured at the balance sheet date by FDIC coverage. Funds were on deposit with the State of Tennessee Local Government Investment Pool, which is collateralized by U. S. Government securities.

<u>Name of bank/depository</u>	<u>Amount of bond and/or security pledged</u>	<u>Cash, savings and time deposits combined account balances</u>	<u>Total amount of FDIC coverage</u>
First Tennessee Bank		\$ 9,328	\$ 100,000
State of Tennessee Local Government Investment Pool	(1)	240,355	

(1) The investment pool is collateralized collectively. Additional information may be obtained from the State of Tennessee Department of Local Government Investment Pool.

9. **GENERAL LONG-TERM DEBT:** A summary of general long-term debt is as follows:

	<u>Balance July 1, 1993</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 1994</u>
Capital Outlay Note, Series 1993, \$75,000.00 issued with fixed interest rate of 4.835%; semi-annual payments of \$4,155.33, including interest, beginning December 21, 1993.	\$ 75,000	\$	\$ 4,741	\$ 70,259

The following is a summary of note payments and interest requirements for the year ending June 30:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$ 4,973	\$ 3,337	\$ 8,310
1996	5,216	3,094	8,310
1997	5,472	2,838	8,310
1998	5,739	2,571	8,310
1999	6,020	2,290	8,310
2000	6,315	1,995	8,310
2001	6,624	1,686	8,310
2002	6,948	1,362	8,310
2003	7,287	1,023	8,310
2004	7,645	665	8,310
2005	8,020	290	8,310
	\$ <u>70,259</u>	\$ <u>21,151</u>	\$ <u>91,410</u>

Town of Thompson's Station, Tennessee  
Notes to Financial Statements  
June 30, 1994

10. LEASES: The Town entered into a rental agreement for office space during the year to expire June 30, 1994 with an option to renew the lease for 3 years at \$300 monthly or purchase the building by June 15, 1994. Office rent for the year ended June 30, 1994, was \$2,000.
  
11. SUBSEQUENT EVENTS: On July 13, 1994, the Town of Thompson's Station, Tennessee, exercised its option and purchased the office building, it was renting, for \$21,000.

Town of Thompson's Station, Tennessee  
Special Revenue Fund - State Street Aid  
June 30, 1994

Balance Sheet

<u>Assets</u>		
Cash		\$ <u>56,537</u>
 <u>Fund Equity</u>		
Unreserved		\$ <u>56,537</u>

Statement of Revenue, Expenditures  
and Changes in Fund Equity  
Year Ended June 30, 1994

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenue</u>			
State of Tennessee - State Street Aid	\$ 19,458	\$ 18,000	\$ 1,458
 <u>Expenditures</u>			
Streets - repairs and maintenance		18,000	18,000
 Excess of Revenue and Other Sources over (under) Expenditures	<u>19,458</u>	<u>-0-</u>	<u>19,458</u>
 Fund Equity - July 1, 1993	37,079	18,770	18,309
 Fund Equity - June 30, 1994	\$ <u>56,537</u>	\$ <u>18,770</u>	\$ <u>37,767</u>

Town of Thompson's Station, Tennessee  
Statement of Revenue and Expenditures - General Fund  
Year Ended June 30, 1994

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
<u>REVENUE</u>			
<u>Taxes</u>			
Property	\$ 20,077	\$ 17,000	\$ 3,077
Privilege	7,083	6,000	1,083
Wholesale beer	8,766	6,500	2,266
Local sales tax	16,159	15,000	1,159
Licenses and permits	100	-0-	100
Penalties and interest	<u>111</u>	<u>-0-</u>	<u>111</u>
<u>Total Taxes</u>	<u>52,296</u>	<u>44,500</u>	<u>7,796</u>
 <u>Intergovernmental Revenue</u>			
Payments in lieu of taxes	3,547	3,600	( 53)
State of Tennessee - sales tax	33,321	30,000	3,321
State of Tennessee - beer tax	362	300	62
State of Tennessee - street and transportation	1,897	2,000	( 103)
State of Tennessee - income tax	<u>13,009</u>	<u>-0-</u>	<u>13,009</u>
<u>Total Intergovernmental Revenue</u>	<u>52,136</u>	<u>35,900</u>	<u>16,236</u>
 <u>Other Income</u>			
Interest	6,841	2,500	4,341
Other	<u>-0-</u>	<u>100</u>	<u>( 100)</u>
<u>Total Other Income</u>	<u>6,841</u>	<u>2,600</u>	<u>4,241</u>
 <u>Total Revenue</u>	 <u>\$ 111,273</u>	 <u>\$ 83,000</u>	 <u>\$ 28,273</u>
 <u>EXPENDITURES</u>			
<u>General Government</u>			
Office supplies	\$ 606	\$ 500	\$( 106)
Legal fees	2,535	5,000	2,465
Auditing fee	1,850	2,000	150
Other professional	-0-	200	200
Bank charges	14	-0-	( 14)
City recorder	1,500	1,500	-0-
Advertising	275	500	225
Office rent	2,000	600	( 1,400)
Utilities	420	-0-	( 420)
Memberships and publications	345	400	55
Insurance	948	1,000	52
Election expense	1,327	1,200	( 127)
Telephone	715	750	35
Maintenance and repairs	827	500	( 327)
Trustee fees and commissions	1,014	1,000	( 14)
Building improvements	7,367	500	( 6,867)
Grants, contributions, etc.	12,000	12,500	500
Equipment purchases	936	-0-	( 936)
Other	246	6,250	6,004
Street repairs and maintenance	2,774	17,000	14,226
Debt retirement	<u>8,311</u>	<u>11,100</u>	<u>2,789</u>
<u>Total General Government</u>	<u>\$ 46,010</u>	<u>\$ 62,500</u>	<u>\$ 16,490</u>

Town of Thompson's Station, Tennessee  
Statement of General Fixed Assets  
June 30, 1994

<u>General Fixed Assets</u>	
Furniture and equipment	\$ 1,726
Building	57,367
Land	<u>86,708</u>
<u>Total</u>	<u>\$ 145,801</u>
<u>Investment in General Fixed Assets</u>	
From current revenue	\$ 95,801
From contributions	<u>50,000</u>
<u>Total</u>	<u>\$ 145,801</u>

Statement of Changes in General Fixed Assets - By Source  
Year Ended June 30, 1994

	Furniture and Equipment	Buildings	Land	Total
<u>General Fixed Assets</u> - July 1, 1993	\$ 790	\$ 50,000	\$ 86,708	\$ 137,498
Additions:				
General Fund	936	7,367		8,303
<u>General Fixed Assets</u> - June 30, 1994	<u>\$ 1,726</u>	<u>\$ 57,367</u>	<u>\$ 86,708</u>	<u>\$ 145,801</u>

<u>Function and Activity</u>	General Fixed Assets July 1, 1993	Additions	Deductions	General Fixed Assets June 30, 1994
General Government				
Administrative	\$ 50,790	\$ 8,303	\$	\$ 59,093
Park land	86,708			86,708
	<u>\$ 137,498</u>	<u>\$ 8,303</u>		<u>\$ 145,801</u>

Town of Thompson's Station, Tennessee  
June 30, 1994

Schedule of Insurance

<u>Company</u>	<u>Period</u>	<u>Coverage</u>	
TML Risk Management Pool	8-15-93/94	Commercial General Liability	
		Injury - per person	\$ 130,000
		per occurrence	350,000
		Property damage -	
		per occurrence	20,000
		Each other loss -	
		per occurrence	350,000

Schedule of Principal Officers

<u>Name of Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of of Bond</u>
David L. Coleman	Mayor	-0-	-0-
John T. Neal	Vice Mayor	-0-	-0-
Sarah H. Benson	Alderman	-0-	-0-
Doug Goetsch	City Recorder	(1)	-0-

(1) City Recorder is retained on a \$125 per month fee.



DAN PARSONS AND ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT  
CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 30, 1994

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

We have audited the financial statements of Town of Thompson's Station, Tennessee as of and for the year ended June 30, 1994, and have issued our report thereon dated November 30, 1994.

We have conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement.

In planning and performing our audit of the financial statements of the Town of Thompson's Station, Tennessee, for the year ended June 30, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Town of Thompson's Station, Tennessee, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: cash receipts, cash disbursements and property and equipment.

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Findings and recommendations are presented on page 17.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the Comptroller of the Treasury of the State of Tennessee. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Town of Thompson's Station, Tennessee, is a matter of public record.

*Dan Parsons and Associates*

Dan Parsons and Associates

Town of Thompson's Station, Tennessee  
Findings and Recommendations  
June 30, 1994

**FINDING:** The Town of Thompson's Station does not have any employees. One individual performs the duties of City Recorder and does all the recording and bookkeeping functions. The lack of personnel does not permit the separation of functions, and does not provide a check on the recording of transactions. The lack of a cross-check could permit errors to remain undetected for some time.

**RECOMMENDATION:** We recommend that members of the Board of Mayor and Aldermen assign various members to supervising and/or cross checking reports and records on a regular periodic basis.

**RESPONSE:** The Board of Mayor and Aldermen are aware that the lack of personnel creates a lack of desired internal control. However, the cost of maintaining sufficient personnel for such desired controls would be prohibitive at this time and the benefits derived from such costs could not be justified.

Reports, in some detail, are provided for the Board's use on a regular basis and virtually all the revenue is received in the form of checks from other political subdivisions. All checks written require two signatures.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND  
REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 30, 1994

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

We have audited the financial statements of Town of Thompson's Station, Tennessee, as of and for the year ended June 30, 1994, and have issued our report thereon dated November 30, 1994.

We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Town of Thompson's Station, Tennessee, is the responsibility of Town of Thompson's Station, Tennessee, management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Town of Thompson's Station, Tennessee, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town had not complied, in all material respects, with those provisions.

This report is intended for the information of management, and the Comptroller of the Treasury of the State of Tennessee. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Dan Parsons and Associates*

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