

TOWN OF THOMPSON'S STATION, TENNESSEE

JUNE 30, 2008

Report  
of  
Examination

C O N T E N T S

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## INDEPENDENT AUDITOR'S REPORT

January 20, 2009

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

We have audited the accompanying financial statements of the governmental activities and the business-type activities, and budgetary information of Town of Thompson's Station, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Thompson's Station, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the business-type activities, and budgetary information of the Town of Thompson's Station, Tennessee, as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America, and the respective budgetary comparisons for the General Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2009, on our consideration of the Town of Thompson's Station, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thompson's, Tennessee basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Parsons and Associates*

Parsons and Associates

TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2008

As management of the Town of Thompson's Station, 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, 2008. 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 at the close of the most recent fiscal year by \$12,963,323 (net assets). Of this amount, \$1,413,574 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 assets increased by \$745,637.
3. As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$2,145,534, an increase of \$336,591 from the previous year. Approximately 93% of this total amount, or \$1,993,320 is available for spending at the government's discretion (unreserved fund balances).
4. At June 30, 2008 unreserved fund balance for the General Fund, the only government fund of the Town, was \$1,993,320 or 358% of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town of Thompson's Station's basic financial statements. The Thompson's Station'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 of Thompson's Station's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2008**

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, codes, parks, and highways and streets. The business-type activity of the town includes wastewater services.

**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 proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the Town-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 of Thompson's Station adopts an annual budget for its general fund.

**Proprietary funds.** The Town of Thompson's Station maintains a wastewater fund as an enterprise or proprietary 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.

**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.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2008**

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The original budget and amended budget appears on pages 18-20.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town of Thompson's Station, assets exceeded liabilities by \$12,217,686 at the end of the most recent fiscal year.

**TOWN OF THOMPSON'S STATION'S**  
**NET ASSETS**

|                                   | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                      | <u>Total</u>         |                      |
|-----------------------------------|--------------------------------|---------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                   | <u>2007</u>                    | <u>2008</u>         | <u>2007</u>                     | <u>2008</u>          | <u>2007</u>          | <u>2008</u>          |
|                                   | Current and other assets       | \$ 2,039,886        | \$ 2,220,966                    | \$ 314,618           | \$ 128,583           | \$ 2,354,504         |
| Capital assets                    | <u>665,372</u>                 | <u>750,890</u>      | <u>9,440,283</u>                | <u>10,646,645</u>    | <u>10,105,655</u>    | <u>11,397,535</u>    |
| Total assets                      | <u>2,705,258</u>               | <u>2,971,856</u>    | <u>9,754,901</u>                | <u>10,775,228</u>    | <u>12,460,159</u>    | <u>13,747,084</u>    |
| Long-term liabilities outstanding | 0                              | 0                   | 0                               | 0                    | 0                    | 0                    |
| Other liabilities                 | <u>230,943</u>                 | <u>75,432</u>       | <u>11,530</u>                   | <u>708,329</u>       | <u>242,473</u>       | <u>783,761</u>       |
| Total liabilities                 | <u>230,943</u>                 | <u>75,432</u>       | <u>11,530</u>                   | <u>708,329</u>       | <u>242,473</u>       | <u>783,761</u>       |
| Net assets:                       |                                |                     |                                 |                      |                      |                      |
| Invested in capital assets        | 665,372                        | 750,890             | 9,440,283                       | 10,646,645           | 10,105,655           | 11,397,535           |
| Restricted for roads and streets  | 124,095                        | 152,214             | 0                               | 0                    | 124,095              | 152,214              |
| Unrestricted                      | <u>1,684,848</u>               | <u>1,993,320</u>    | <u>303,088</u>                  | <u>( 579,746)</u>    | <u>1,987,936</u>     | <u>1,413,574</u>     |
| Total net assets                  | <u>\$ 2,474,315</u>            | <u>\$ 2,896,424</u> | <u>\$ 9,743,371</u>             | <u>\$ 10,066,899</u> | <u>\$ 12,217,686</u> | <u>\$ 12,963,323</u> |

A significant portion of the Town's net assets, \$11,397,535 or (88%) 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 of Thompson's Station's investment in capital assets is reported net of related debt and the town has no outstanding 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, \$152,214 of the Town's net assets (7%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,993,320, may be used to meet the government's ongoing obligations to citizens and creditors

At the end of the current fiscal year, the Town of Thompson's Station is able to report positive balances in all two categories of net assets, 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 DISCUSSION AND ANALYSIS**  
**JUNE 30, 2008**

The following is a summary of financial activities for the Town during the fiscal year ended June 30, 2008:

**TOWN OF THOMPSON'S STATION'S**  
**CHANGE IN NET ASSETS**

|                                  | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                      | <u>Total</u>         |                      |
|----------------------------------|--------------------------------|---------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                  | <u>2007</u>                    | <u>2008</u>         | <u>2007</u>                     | <u>2008</u>          | <u>2007</u>          | <u>2008</u>          |
| Program revenues:                |                                |                     |                                 |                      |                      |                      |
| Charges for service              | \$ 873,290                     | \$ 553,436          | \$ 34,234                       | \$ 123,803           | \$ 907,524           | \$ 677,239           |
| Operating grants & contributions | 36,046                         | 37,214              |                                 | 22,500               | 36,046               | 59,714               |
| Capital grants & contributions   |                                |                     | 9,696,297                       | 504,987              | 9,696,297            | 504,987              |
| General revenues:                |                                |                     |                                 |                      |                      |                      |
| Property taxes                   | 44,475                         | 54,252              |                                 |                      | 44,475               | 54,252               |
| Sales taxes                      | 107,906                        | 115,940             |                                 |                      | 107,906              | 115,940              |
| Intergovernmental taxes          | 135,406                        | 137,776             |                                 |                      | 135,406              | 137,776              |
| Other                            | 73,927                         | 87,703              |                                 |                      | 73,927               | 87,703               |
| Unrestricted investment earnings | <u>65,392</u>                  | <u>65,106</u>       | <u>8,582</u>                    | <u>7,766</u>         | <u>73,974</u>        | <u>72,872</u>        |
| Total general revenues           | <u>1,336,442</u>               | <u>1,051,427</u>    | <u>9,739,113</u>                | <u>659,056</u>       | <u>11,075,555</u>    | <u>1,710,483</u>     |
| Expenses:                        |                                |                     |                                 |                      |                      |                      |
| General government               | 377,657                        | 507,444             |                                 |                      | 377,657              | 507,444              |
| Codes                            | 30,866                         |                     |                                 |                      | 30,866               |                      |
| State Street Aid                 | 27,869                         | 9,095               |                                 |                      | 27,869               | 9,095                |
| Streets and roads                | 19,012                         | 84,501              |                                 |                      | 19,012               | 84,501               |
| Parks                            | 17,876                         | 28,278              |                                 |                      | 17,876               | 28,278               |
| Wastewater                       |                                |                     | <u>158,048</u>                  | <u>335,528</u>       | <u>158,048</u>       | <u>335,528</u>       |
| Total expenses                   | <u>473,280</u>                 | <u>629,318</u>      | <u>158,048</u>                  | <u>335,528</u>       | <u>631,328</u>       | <u>964,846</u>       |
| Change in net assets             | 863,162                        | 422,109             | 9,581,065                       | 323,528              | 10,444,227           | 745,637              |
| Net assets, beginning            | 1,611,153                      | 2,474,315           | 162,306                         | 9,743,371            | 1,773,459            | 12,217,686           |
| Net assets, ending               | \$ <u>2,474,315</u>            | \$ <u>2,896,424</u> | \$ <u>9,743,371</u>             | \$ <u>10,066,899</u> | \$ <u>12,217,686</u> | \$ <u>12,963,323</u> |

**Governmental Activities.** Governmental activities increased the Town of Thompson's Station's net assets by \$422,109. This increase is primarily due to impact fees and review fees received on new development, as well as increased sales taxes generated by new businesses opening in the Town.

**Business-Type Activities.** Business-type activities increased the Town's net assets by \$323,528 primarily due to the donation of a portion of the construction cost of a new main pump station for the Town's wastewater treatment facility, as well as new customers of the wastewater system.

**Financial Analysis of the Town's Funds**

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



**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2008**

**Governmental 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 of Thompson's Station's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a 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 of Thompson's Station's governmental fund reported an ending fund balance of \$2,145,534, an increase in comparison with the prior year of \$1,808,943.

The general fund is the chief operating fund of the Town of Thompson's Station. At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,993,320. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 358% of total general fund expenditures. The fund balance increased \$336,591 as a result of the current fiscal year operations.

**Proprietary funds.** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the wastewater fund at the end of the year amounted to a deficit of \$(579,746). The wastewater fund has an increase in net assets for the year of \$323,528. Factors concerning the financial position of this fund have already been addressed in the discussion of the Town's business-type activity.

**General Fund Budgetary Highlights**

Differences between the original budget and final amended budget are listed below:

1. Reduction of budgeted impact fees by \$210,000.
2. Reduction in building permits of \$236,400.
3. Minor adjustments to appropriations totaling a budgeted increase of \$8,200.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Thompson's Station's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to \$11,397,535 (net of depreciation). This investment includes land, buildings, improvements, machinery, equipment and infrastructure.

Major capital asset events during the current fiscal year included:

1. Donation of a portion of the wastewater collection system by developers with a total value of \$504,987.
2. Purchase of a vehicle and mower for use by Town employees with a total cost of \$24,266.
3. Construction of roadway to new park area \$83,858.

Additional information on the Town of Thompson's Station's capital assets can be found in Note 4 on pages 23-24.

**TOWN OF THOMPSON'S STATION, TENNESSEE  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

**TOWN OF THOMPSON'S STATION'S  
CAPITAL ASSETS  
(Net of Depreciation)**

|                          | <u>Governmental</u> |                   | <u>Business-type</u> |                      | <u>Total</u>         |                      |
|--------------------------|---------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
|                          | <u>2007</u>         | <u>2008</u>       | <u>2007</u>          | <u>2008</u>          | <u>2007</u>          | <u>2008</u>          |
| Land                     | \$ 350,165          | \$ 350,165        | \$ 2,437,000         | \$ 2,512,000         | \$ 2,787,165         | \$ 2,862,165         |
| Infrastructure           |                     | 83,858            |                      |                      |                      | 83,858               |
| Buildings                | 331,196             | 331,196           | 186,022              | 845,708              | 517,218              | 1,176,904            |
| Equipment                | 6,788               | 15,088            | 439,153              | 433,983              | 445,941              | 449,071              |
| Vehicles                 | 49,829              | 65,795            |                      |                      | 49,829               | 65,795               |
| Construction in progress |                     |                   | 10,681               | 19,886               | 10,681               | 19,886               |
| Wastewater system        |                     |                   | <u>6,367,427</u>     | <u>6,835,068</u>     | <u>6,367,427</u>     | <u>6,835,068</u>     |
| Total Capital Assets     | <u>\$ 737,978</u>   | <u>\$ 846,102</u> | <u>\$ 9,440,283</u>  | <u>\$ 10,646,645</u> | <u>\$ 10,178,261</u> | <u>\$ 11,492,747</u> |

**Long-term Debt.** At the end of the fiscal year, the Town of Thompson's Station's total debt was \$0.

**Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Town of Thompson's Station's budget for the 2008-09 fiscal year.

1. The dramatic economic slowdown during 2008 made the budget projection for the coming year very difficult. A conservative view of new development was made for the purpose revenue projection.
2. A large new retail business is scheduled to open in early 2009, but the actual increase in sales tax revenue was difficult to estimate, so a conservative approach was taken in budgeted sales tax revenue.
3. Expenditures were budgeted at a rate to maintain citizen services at the same level as in prior years.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Thompson's Station'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, P.O. Box 100, Thompson's Station, Tennessee 37179.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

|   | <u>Governmental<br/>Activities</u> | <u>Business-<br/>type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|--|----------------------|
| <u>ASSETS</u>                             |                                    |  |                      |
| Cash                                      | \$ 1,398,448                       | \$ 111,469                               | \$ 1,509,917         |
| Taxes receivable - property tax           | 77,089                             |  | 77,089               |
| Taxes receivable - other                  | 77,015                             |  | 77,015               |
| Accounts receivable                       |                                    | 17,114                                   | 17,114               |
| Due from (to) other funds                 | 668,414                            | ( 668,414)                               | 0                    |
| Capital assets:                           |                                    |  |                      |
| Land and construction in progress         | 350,165                            | 2,531,886                                | 2,882,051            |
| Other capital assets, net of depreciation | 400,725                            | 8,114,759                                | 8,515,484            |
| <u>Total</u>                              | <u>\$ 2,971,856</u>                | <u>\$ 10,106,814</u>                     | <u>\$ 13,078,670</u> |
| <br><u>LIABILITIES</u>                    |                                    |  |                      |
| Accounts payable                          | \$ 2,055                           | \$ 39,915                                | \$ 41,970            |
| Deferred revenue - taxes                  | 73,377                             |  | 73,377               |
| <u>Total Liabilities</u>                  | <u>75,432</u>                      | <u>39,915</u>                            | <u>115,347</u>       |
| <br><u>NET ASSETS</u>                     |                                    |  |                      |
| Invested in capital assets                | 750,890                            | 10,646,645                               | 11,397,535           |
| Reserved for roads and streets            | 152,214                            |  | 152,214              |
| Unreserved                                | <u>1,993,320</u>                   | <u>( 579,746)</u>                        | <u>1,413,574</u>     |
| <u>Total Net Assets</u>                   | <u>2,896,424</u>                   | <u>10,066,899</u>                        | <u>12,963,323</u>    |
| <u>Total</u>                              | <u>\$ 2,971,856</u>                | <u>\$ 10,106,814</u>                     | <u>\$ 13,078,670</u> |

See notes to financial statements.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2008**

| Functions/Programs   | Program Revenues           |  | Net (Expense) Revenue and Changes<br>in Net Assets |   |                      |
|--|----------------------------|--|--|---|----------------------|
|  | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions             | Primary Government<br>Business-<br>type<br>Activities |                      |
|  | Expenses                   | \$                                       | \$   | Governmental<br>Activities                            | Total                |
| Governmental Activities  |                            |  |  |   |                      |
| General  | \$ 507,444                 |  |  | \$ 38,357   | \$ 38,357            |
| State Street Aid   | 9,095                      |  |  | 28,119  | 28,119               |
| Streets and roads  | 84,501                     |  |  | ( 84,501)   | ( 84,501)            |
| Parks  | 28,278                     |  |  | ( 20,643)   | ( 20,643)            |
| Total Governmental Activities                                  | <u>629,318</u>             | <u>37,214</u>                            |  | <u>( 38,668)</u>                                      | <u>( 38,668)</u>     |
| Business-type Activities                                       |                            |  |  |   |                      |
| Wastewater   | 335,528                    |  | 527,487  | 315,762   | 315,762              |
| Total Business-type Activities                                 | <u>335,528</u>             |  | <u>527,487</u>                                     |   |                      |
| Total Primary Government                                       | <u>\$ 964,846</u>          | <u>\$ 37,217</u>                         | <u>\$ 527,487</u>                                  | <u>( 38,668)</u>                                      | <u>277,094</u>       |
| General Revenues   |                            |  |  |   |                      |
| Taxes:   |                            |  |  |   |                      |
| Property taxes   |                            |  |  | 54,252  | 54,252               |
| Sales taxes  |                            |  |  | 115,940   | 115,940              |
| Other taxes  |                            |  |  | 87,703  | 87,703               |
| Intergovernmental revenues not restricted to specific programs |                            |  |  | 137,776   | 137,776              |
| Unrestricted investment earnings                               |                            |  |  | 55,106  | 72,872               |
| Total general revenues and transfers                           |                            |  |  | <u>460,777</u>  | <u>468,543</u>       |
| Changes in net assets  |                            |  |  | 422,109   | 745,637              |
| Net assets - July 1, 2007                                      |                            |  |  | 2,474,315   | 12,217,686           |
| Net assets - June 30, 2008                                     |                            |  |  | <u>\$ 2,896,424</u>                                   | <u>\$ 10,066,899</u> |

See notes to financial statements

TOWN OF THOMPSON'S STATION, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

|                                  | General<br>Fund     |
|----------------------------------|---------------------|
| <u>ASSETS</u>                    |                     |
| Cash                             | \$ 1,398,448        |
| Taxes receivable - property tax  | 77,089              |
| Taxes receivable - other         | 77,015              |
| Due from other funds             | 668,414             |
| <br>                             |                     |
| <u>Total</u>                     | <u>\$ 2,220,966</u> |
| <br>                             |                     |
| <u>LIABILITIES</u>               |                     |
| Accounts payable                 | \$ 2,055            |
| Deferred revenue - taxes         | <u>73,377</u>       |
| <u>Total Liabilities</u>         | <u>75,432</u>       |
| <br>                             |                     |
| <u>FUND BALANCE</u>              |                     |
| Fund Balance - Roads and Streets | 152,214             |
| Fund Balance - Unreserved        | <u>1,993,320</u>    |
| Total Fund Balance               | <u>2,145,534</u>    |
| <br>                             |                     |
| <u>Total</u>                     | <u>\$ 2,220,966</u> |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
RECONCILIATION OF BALANCE SHEET (GOVERNMENTAL FUNDS)  
TO STATEMENT OF NET ASSETS OF GOVERNMENTAL ACTIVITIES  
YEAR ENDED JUNE 30, 2008

|   |                     |
|---|---------------------|
| Total balances: governmental fund balances  | \$ 2,145,534        |
| Amounts reported for governmental activities in the Statement<br>of Activities are different because:   |                     |
| Capital assets used in governmental activities are not<br>financial resources and, therefore, are not reported in<br>the funds, net of accumulated depreciation of \$95,212 | 750,890             |
| Net assets of governmental activities   | \$ <u>2,896,424</u> |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2008

|   |                     |
|---|---------------------|
| <u>REVENUES</u>   |                     |
| Taxes   | \$ 258,111          |
| Licenses, permits and fees                                | 553,436             |
| Intergovernmental   | 174,990             |
| Other   | <u>64,890</u>       |
| <u>Total Revenues</u>                                     | <u>1,051,427</u>    |
| <br><u>Expenditures</u>                                   |                     |
| Current:  |                     |
| General government  | 509,104             |
| State Street Aid  | 9,095               |
| Streets and roads   | 168,359             |
| Parks   | <u>28,278</u>       |
| <u>Total Expenditures</u>                                 | <u>714,836</u>      |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 336,591             |
| Net Changes in Fund Balances                              | <u>336,591</u>      |
| Fund Balance - July 1, 2007                               | 1,808,943           |
| Fund Balance - June 30, 2008                              | <u>\$ 2,145,534</u> |

See notes to financial statement.

TOWN OF THOMPSON'S STATION, TENNESSEE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT  
OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008

|   |                   |
|---|-------------------|
| Net changes in fund balances - total government funds   | \$ 336,591        |
| Amounts reported for governmental activities in the Statement<br>of Activities are different because:   |                   |
| Governmental funds report capital outlays as expenditures<br>while governmental activities report depreciation expense<br>to allocate those expenditures over the life of the assets: |                   |
| Acquisition of capital assets   | 108,124           |
| Depreciation expense  | ( 22,606)         |
| Change in net assets of governmental activities   | \$ <u>422,109</u> |

See notes to financial statements.



TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND - WASTEWATER  
JUNE 30, 2008

ASSETS

|  |                      |
|--|----------------------|
| <u>Current Assets</u>                              |                      |
| Cash   | \$ 111,469           |
| Accounts receivable                                | 17,114               |
| <u>Total Current Assets</u>                        | <u>128,583</u>       |
| <br><u>Capital Assets</u>                          |                      |
| Wastewater system, net of accumulated depreciation | <u>10,646,645</u>    |
| <u>Total Assets</u>                                | <u>\$ 10,775,228</u> |

LIABILITIES

|                                  |                |
|----------------------------------|----------------|
| <u>Current Liabilities</u>       |                |
| Account payable                  | \$ 39,915      |
| Interfund payable                | 668,414        |
| <u>Total Current Liabilities</u> | <u>708,329</u> |

NET ASSETS

|   |                      |
|---|----------------------|
| Invested in Capital Assets              | 10,646,645           |
| Unrestricted                            | ( 579,746)           |
| <u>Total Net Assets</u>                 | <u>10,066,899</u>    |
| <u>Total Liabilities and Net Assets</u> | <u>\$ 10,775,228</u> |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUND - WASTEWATER  
YEAR ENDED JUNE 30, 2008

|   |                      |
|---|----------------------|
| <u>Revenue</u>  |                      |
| Charges to customers - wastewater                     | \$ 123,358           |
| . Penalties   | 445                  |
| <u>Total Revenue</u>                                  | <u>123,803</u>       |
| <u>Operating Expenses</u>                             |                      |
| Supply and Operations                                 |                      |
| Salaries  | 44,778               |
| Payroll taxes   | 3,509                |
| Repairs and maintenance                               | 1,591                |
| Permits and licenses                                  | 1,350                |
| Testing   | 790                  |
| Utilities   | 21,309               |
| Plant oversight                                       | 40,000               |
| Professional fees                                     | 7,858                |
| <u>Total Supply and Operations</u>                    | <u>121,185</u>       |
| Administrative and General                            |                      |
| Professional fees                                     | 928                  |
| Insurance   | 15,705               |
| Bank fees   | 13                   |
| <u>Total Administrative and General</u>               | <u>16,646</u>        |
| Depreciation  | <u>197,697</u>       |
| <u>Total Operating Expenses</u>                       | <u>335,528</u>       |
| <u>Operating Income (Loss)</u>                        | <u>( 211,725)</u>    |
| <u>Non-Operating Income</u>                           |                      |
| Interest income                                       | 7,766                |
| Tap fees  | 22,500               |
| <u>Total Non-operating Income</u>                     | <u>30,266</u>        |
| <u>Net Income (Loss) before Capital Contributions</u> | <u>( 181,459)</u>    |
| <u>Capital Contributions</u>                          | 504,987              |
| <u>Change in Net Assets</u>                           | <u>323,528</u>       |
| Net Assets - July 1, 2007                             | 9,743,371            |
| Net Assets - June 30, 2008                            | \$ <u>10,066,899</u> |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - WASTEWATER  
YEAR ENDED JUNE 30, 2008

|   |                       |
|---|-----------------------|
| <u>Cash Flows from Operating Activities</u>                           |                       |
| Receipts from customers   | \$ 114,166            |
| Salaries  | ( 44,778)             |
| Payments to suppliers for goods and services                          | ( 64,668)             |
| Net cash provided (used) by operating activities                      | <u>4,720</u>          |
| <br><u>Cash Flows from Capital and Related Financing Activities</u>   |                       |
| Additions to capital assets   | (1,028,156)           |
| Proceeds from tap fees  | 22,500                |
| Capital contributions   | 129,084               |
| Transfer from other funds   | 619,314               |
| Net cash provided (used) for capital and related financing activities | <u>( 257,258)</u>     |
| <br><u>Cash Flows from Investing Activities</u>                       |                       |
| Interest income from cash and cash equivalents                        | <u>7,766</u>          |
| Net cash provided (used) by investing activities                      | <u>7,766</u>          |
| <br><u>Increase (Decrease) in Cash and Cash Equivalents</u>           | <br>( 244,772)        |
| <br>Cash and cash equivalents - July 1, 2007                          | <br>356,241           |
| <br>Cash and cash equivalents - June 30, 2008                         | <br>\$ <u>111,469</u> |

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES

|  |                 |
|--|-----------------|
| Operating income (loss)  | \$( 211,725)    |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: depreciation | 197,697         |
| Changes in assets and liabilities:   |                 |
| Decrease (increase) in: receivables  | ( 9,637)        |
| Increase (decrease) in: accounts payable   | <u>28,385</u>   |
|  | <u>\$ 4,720</u> |

Non-cash Financing Activities  
During the year ended June 30, 2008, developers donated sewer systems valued at \$375,903 to the Town of Thompson's Station, Tennessee Wastewater System.

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ACTUAL TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2008

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> |
|--|-------------------------|---------------------|---------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                           |
| <u>Budgetary Fund Balance - July 1, 2007</u>   | \$ <u>1,808,943</u>     | \$ <u>1,808,943</u> | \$ <u>1,808,943</u>       |
| <u>RESOURCES (Inflows)</u>                     |                         |                     |                           |
| <u>Taxes</u>                                   |                         |                     |                           |
| Property                                       | 45,000                  | 45,000              | 54,252                    |
| Franchise                                      |                         | 10,000              | 10,868                    |
| Wholesale beer                                 | 50,000                  | 45,000              | 47,383                    |
| Local sales tax - Trustee                      | 150,000                 | 108,000             | 115,940                   |
| Business tax                                   | 20,000                  | 20,000              | 21,575                    |
| Privilege tax                                  |                         | 5,000               | 7,877                     |
| Interest and penalty revenue                   |                         | 0                   | 216                       |
| <u>Total Taxes</u>                             | <u>265,000</u>          | <u>233,000</u>      | <u>258,111</u>            |
| <u>Licenses, Permits and Fees</u>              |                         |                     |                           |
| Beer permits                                   |                         | 450                 | 550                       |
| Building permits                               | 386,400                 | 150,000             | 149,786                   |
| Review fees                                    |                         | 110,000             | 108,778                   |
| Impact fees                                    | 550,000                 | 340,000             | 285,630                   |
| Rental - park                                  |                         | 3,800               | 7,635                     |
| Administrative fees                            |                         | 750                 | 1,057                     |
| <u>Total Licenses, Permits and Fees</u>        | <u>936,400</u>          | <u>605,000</u>      | <u>553,436</u>            |
| <u>Intergovernmental Revenue</u>               |                         |                     |                           |
| Payments in lieu of taxes                      | 8,000                   | 8,000               | 11,911                    |
| State of Tennessee - sales tax                 | 85,000                  | 85,000              | 94,969                    |
| Mixed drink taxes                              | 1,500                   | 1,000               | 1,318                     |
| State of Tennessee - beer tax                  |                         | 500                 | 702                       |
| State of Tennessee - street and transportation | 30,000                  | 30,000              | 37,214                    |
| State of Tennessee - income tax                | 20,000                  | 20,000              | 26,074                    |
| State of Tennessee - gasoline and fuel tax     | 2,500                   | 2,500               | 2,802                     |
| <u>Total Intergovernmental Revenue</u>         | <u>147,000</u>          | <u>147,000</u>      | <u>174,990</u>            |
| <u>Other Income</u>                            |                         |                     |                           |
| Interest                                       | 25,000                  | 55,000              | 62,594                    |
| Other  | 6,600                   | 0                   | 2,296                     |
| <u>Total Other Income</u>                      | <u>31,600</u>           | <u>55,000</u>       | <u>64,890</u>             |
| <u>Total Revenues</u>                          | <u>1,380,000</u>        | <u>1,040,000</u>    | <u>1,051,427</u>          |
| <u>Amounts Available for Appropriation</u>     | <u>3,188,943</u>        | <u>2,848,943</u>    | <u>2,860,370</u>          |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ACTUAL TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2008

|   | <u>Budgeted Amounts</u> |                | <u>Actual<br/>Amounts</u> |
|---|-------------------------|----------------|---------------------------|
|   | <u>Original</u>         | <u>Final</u>   |                           |
| <u>CHARGES TO APPROPRIATIONS (Outflows)</u> |                         |                |                           |
| <u>General Government</u>                   |                         |                |                           |
| Office supplies                             | \$ 7,500                | \$ 7,500       | \$ 6,609                  |
| Postage, freight and express charges        | 2,000                   | 2,000          | 1,760                     |
| Printing, forms and stationery              | 3,000                   | 3,000          | 2,341                     |
| Professional fees - legal                   | 35,000                  | 35,000         | 33,009                    |
| Professional fees - auditor                 | 4,000                   | 4,000          | 4,000                     |
| Vehicle fuel                                | 5,000                   | 8,500          | 9,168                     |
| Vehicle repairs                             | 1,000                   | 1,000          | 582                       |
| Professional fees - other                   | 30,000                  | 30,000         | 16,979                    |
| Donations                                   | 25,000                  | 25,000         | 16,590                    |
| Bank charges                                | 100                     | 100            | 40                        |
| Salaries and wages                          | 285,000                 | 280,000        | 275,268                   |
| Payroll taxes                               | 22,700                  | 22,600         | 21,562                    |
| Publication of legal notices                | 2,500                   | 2,500          | 1,670                     |
| Board member expenses                       | 1,000                   | 1,000          | 0                         |
| Uniforms                                    |                         | 250            | 236                       |
| Utilities                                   | 8,500                   | 8,500          | 9,081                     |
| Memberships and subscriptions               | 2,000                   | 2,000          | 1,789                     |
| Insurance                                   | 51,000                  | 60,000         | 59,885                    |
| Telephone expense                           | 4,000                   | 4,500          | 4,495                     |
| Repairs and maintenance - building          | 20,000                  | 20,000         | 5,670                     |
| Animal Control services                     | 1,000                   | 1,050          | 1,050                     |
| Trustee commission                          | 2,000                   | 2,000          | 1,691                     |
| Other expenses                              | 2,500                   | 2,500          | 578                       |
| Internet web site development               | 1,000                   | 1,000          | 249                       |
| Business taxes fees                         | 1,000                   | 1,000          | 843                       |
| Fixed assets acquired                       | 100,000                 | 100,000        | 31,250                    |
| Recording and filing                        | 1,500                   | 1,500          | 1,055                     |
| Travel                                      | 2,500                   | 2,500          | 373                       |
| Educational expense                         | 5,000                   | 5,000          | 1,281                     |
| <u>Total General Government</u>             | <u>625,800</u>          | <u>634,000</u> | <u>509,104</u>            |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ACTUAL TO BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2008

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> |
|--|-------------------------|---------------------|---------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                           |
| <u>CHARGES TO APPROPRIATIONS (Outflows)</u>                              |                         |                     |                           |
| Continued  |                         |                     |                           |
| <u>State Street Aid</u>  |                         |                     |                           |
| Repairs - State Street Aid   | \$ 30,000               | \$ 30,000           | \$ 9,095                  |
| <u>Total State Street Aid</u>  | <u>30,000</u>           | <u>30,000</u>       | <u>9,095</u>              |
|  |                         |                     |                           |
| <u>Streets and Roads</u>   |                         |                     |                           |
| Repairs and maintenance  | 694,200                 | 346,000             | 168,359                   |
| <u>Total Streets and Roads</u>   | <u>694,200</u>          | <u>346,000</u>      | <u>168,359</u>            |
|  |                         |                     |                           |
| <u>Parks</u>   |                         |                     |                           |
| Repairs and supplies   | 30,000                  | 30,000              | 24,513                    |
| Landscaping  |                         |                     | 3,765                     |
| <u>Total Parks</u>   | <u>30,000</u>           | <u>30,000</u>       | <u>28,278</u>             |
|  |                         |                     |                           |
| <u>Total Charges to Appropriations</u>                                   | <u>1,380,000</u>        | <u>1,040,000</u>    | <u>714,836</u>            |
|  |                         |                     |                           |
| <u>Excess of Revenue and Other Sources<br/>Over (Under) Expenditures</u> |                         |                     |                           |
|  | 0                       | 0                   | 336,591                   |
|  |                         |                     |                           |
| <u>Net Change in Fund Balances</u>                                       | <u>0</u>                | <u>0</u>            | <u>336,591</u>            |
|  |                         |                     |                           |
| Fund Balance - June 30, 2008   | \$ <u>1,808,943</u>     | \$ <u>1,808,943</u> | \$ <u>2,145,534</u>       |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE

STATEMENT OF BUDGETARY COMPARISON

NOTE A

JUNE 30, 2008

Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures

|   | General<br>Fund     |
|---|---------------------|
| Sources/Inflows of Resources  |                     |
| Actual amounts (budgetary basis)<br>"available for appropriation" from<br>the budgetary comparison schedule                                       | \$ 2,860,370        |
| Differences - budget to GAAP  |                     |
| The fund balance at the beginning<br>of the year is a budgetary resource<br>but is not a current-year revenue<br>for financial reporting purposes | 1,808,943           |
| Total revenues as reported on the<br>statement of revenues, expenditures<br>and changes in fund balance -<br>governmental funds                   | \$ <u>1,051,427</u> |
| Uses/Outflows of Resources  |                     |
| Actual amounts (budgetary basis)<br>"total charges to appropriations"<br>from the budgetary comparison<br>schedule                                | \$ 714,836          |
| Total expenditures as reported on<br>the statement of revenues,<br>expenditures and changes in fund<br>balances - governmental funds              | \$ <u>714,836</u>   |

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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

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 Mayor-Aldermanic 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 GASB (Governmental Accounting Standards Board). The following is a summary of the significant accounting policies of the Town of Thompson's Station:

**Reporting Entity**

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.

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all the nonfiduciary activities of the Town. The statement of activities presents the amount of direct expenses of a given function that are offset by the related program revenues. The direct expenses are those that are clearly related to a specific function. Program revenues include charges to those who use, purchase and/or directly benefit from the services and/or goods provided by a given function. Taxes and other revenues not properly included in program revenues are reported as general revenues.

Based on criteria in GASB pronouncements, there are no component units to be included for which the Town is considered financially responsible.

**Basis of Accounting and Basis of Presentation**

The government-wide and proprietary fund financial statements are reported 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.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified 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.



TOWN OF THOMPSON'S STATION, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

Property taxes, sales taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are generally recorded when a liability is incurred, as in accrual accounting. Some expenditures (debt service expenditures, for example) are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

All governmental and business type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins unless those pronouncements conflict with GASB pronouncements.

The Town presents its governmental funds as follows:

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 'proprietary fund' accounts for the operation, maintenance and development of the wastewater system.

**Cash and Cash Equivalents**

Cash and cash equivalents are stated at cost and includes amounts in demand deposits, interest bearing accounts and short-term investments maturing within three months or less.

Investments consist of short-term investments including certificates of deposits. These investments are reported at cost, which approximates market value.

**Receivables**

Based on prior experience, officials of the Town of Thompson's Station believe an allowance for uncollectible receivables is not deemed necessary.

**Capital Assets**

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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**Compensated Absences**

The Town has no liability for unpaid, accumulated annual leave and sick leave balances.

**Fund Equity**

In the fund financial statement, the governmental funds present reserves of fund balances that are not available for appropriations and/or legally restricted by a third-party for specific uses.

**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 of 2006 and older have been filed with the Williamson County Clerk and Master.

A schedule of tax rates, assessments, levies and taxes are as follows:

| Year<br>Of Levy | Tax<br>Rate | Assessment   | Levy      | Balance<br>6-30-07 | Taxes<br>Levied | Collections | Balance<br>6-30-08 |
|-----------------|-------------|--------------|-----------|--------------------|-----------------|-------------|--------------------|
| 1997            | .23         | \$ 8,800,435 | \$ 20,241 | \$ 174             | \$              | \$ 174      | \$                 |
| 1998            | .23         | 13,226,521   | 30,421    | 12                 |                 |             | 12                 |
| 1999            | .18         | 17,718,887   | 31,894    | 1                  |                 |             | 1                  |
| 2000            | .18         | 18,196,665   | 32,754    | 325                |                 | 42          | 283                |
| 2001            | .15         | 21,708,577   | 32,563    | 363                |                 | 10          | 353                |
| 2002            | .15         | 22,430,667   | 33,646    | 117                |                 | 10          | 107                |
| 2003            | .15         | 23,805,330   | 35,708    | 153                |                 | 30          | 123                |
| 2004            | .15         | 24,379,331   | 36,141    | 300                |                 | 22          | 278                |
| 2005            | .15         | 29,179,400   | 43,679    | 372                |                 | 216         | 156                |
| 2006            | .103        | 40,981,000   | 42,210    | 1,713              |                 | 1,360       | 353                |
| 2007            | .103        | 50,955,696   | 51,000    | 51,000             | 3,431           | 52,388      | 2,043              |
| 2008            | .103        | 71,312,942   |           |                    | 73,380          |             | 73,380             |
|                 |             |              |           | \$ 54,530          | \$ 76,811       | \$ 54,252   | \$ 77,089          |

**NOTE 3 - CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash \$ 1,509,914

State statutes authorize the City to invest funds in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit 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

TOWN OF THOMPSON'S STATION, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

underlying securities, and state pooled investment fund. 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.

Cash - At June 30, 2008, total demand deposits and certificates of deposit for the City were insured and/or collateralized in one of the following ways. Deposits and certificates of deposits are insured up to \$100,000 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 at June 30, 2008.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2008, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| <b>Governmental activities</b>              |                              |                  |                  |                           |
| <u>Capital assets not being depreciated</u> |                              |                  |                  |                           |
| Land  | \$ 350,165                   | \$               | \$               | \$ 350,165                |
| Total assets not being depreciated          | <u>350,165</u>               |                  |                  | <u>350,165</u>            |
| <u>Capital assets being depreciated</u>     |                              |                  |                  |                           |
| Infrastructure                              |                              | 83,858           |                  | 83,858                    |
| Building and improvements                   | 331,196                      |                  |                  | 331,196                   |
| Furniture and equipment                     | 6,788                        | 8,300            |                  | 15,088                    |
| Vehicles                                    | <u>49,829</u>                | <u>15,966</u>    |                  | <u>65,795</u>             |
| Total assets being depreciated              | <u>387,813</u>               | <u>108,124</u>   |                  | <u>495,937</u>            |
| Total capital assets                        | <u>737,978</u>               | <u>108,124</u>   |                  | <u>846,102</u>            |
| <u>Less accumulated depreciation for:</u>   |                              |                  |                  |                           |
| Infrastructure                              | 0                            |                  |                  | 0                         |
| Buildings and improvements                  | ( 66,195)                    | ( 8,280)         |                  | ( 74,475)                 |
| Furniture and equipment                     | ( 323)                       | ( 1,168)         |                  | ( 1,491)                  |
| Vehicles                                    | <u>( 6,088)</u>              | <u>( 13,158)</u> |                  | <u>( 19,246)</u>          |
| Total accumulated depreciation              | <u>( 72,606)</u>             | <u>( 22,606)</u> |                  | <u>( 95,212)</u>          |
| Governmental activities capital assets, net | \$ <u>665,372</u>            | \$ <u>85,518</u> |                  | \$ <u>750,890</u>         |

Depreciation expense was charged to functions/programs at June 30, 2008, as follows:

General government \$ 22,606

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| <b>Business-Type Activities - Wastewater</b> |                              |                     |                  |                           |
| Capital assets not being depreciation        |                              |                     |                  |                           |
| Land   | \$ 2,437,000                 | \$ 75,000           | \$               | \$ 2,512,000              |
| Construction in progress                     | <u>10,681</u>                | <u>19,886</u>       | <u>10,681</u>    | <u>19,886</u>             |
|  | <u>2,447,681</u>             | <u>94,886</u>       | <u>10,681</u>    | <u>2,531,886</u>          |
| Capital assets being depreciated             |                              |                     |                  |                           |
| Wastewater system                            | 6,448,027                    | 628,842             |                  | 7,076,869                 |
| Building                                     | 188,628                      | 673,315             |                  | 861,943                   |
| Machinery and equipment                      | <u>450,466</u>               | <u>17,697</u>       |                  | <u>468,163</u>            |
| Total assets being depreciated               | <u>7,087,121</u>             | <u>1,319,854</u>    |                  | <u>8,406,975</u>          |
| Total capital assets                         | <u>9,534,802</u>             | <u>1,414,740</u>    | <u>10,681</u>    | <u>10,938,861</u>         |
| Less accumulated depreciation for:           |                              |                     |                  |                           |
| Wastewater system                            | ( 80,600)                    | ( 161,201)          |                  | ( 241,801)                |
| Building                                     | ( 2,606)                     | ( 13,629)           |                  | ( 16,235)                 |
| Machinery and equipment                      | ( 11,313)                    | ( 22,867)           |                  | ( 34,180)                 |
| Total accumulated depreciation               | <u>( 94,519)</u>             | <u>( 197,697)</u>   |                  | <u>( 292,216)</u>         |
| Business-type Activities Capital Assets, net | <u>\$ 9,440,283</u>          | <u>\$ 1,217,043</u> | <u>\$ 10,681</u> | <u>\$ 10,646,645</u>      |

**NOTE 5 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to, destruction and/or theft of assets, errors, and omissions, injuries to employees, and natural disasters. The Town maintains insurance coverage through the Tennessee Municipal League Risk Management Pool, covering each of those risk of loss. The TML 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 TML's guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the TML 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.

The Town's management and their attorneys are not aware of any pending or threatened actions which would have a material adverse effect on the Town's accompanying financial statements.

**NOTE 6 - INTERFUND BALANCES AND ACTIVITY**

Balances due from/to other funds at June 30, 2008, consist of the following:  
\$668,414 Due to General Fund from Wastewater Fund representing a loan.

**NOTE 7 - TRANSFERS TO/FROM OTHER FUNDS**

Transfers to/from other funds, at June 30, 2008 consist of the following:  
\$30,686 from Wastewater Fund to General Fund.

TOWN OF THOMPSON'S STATION, TENNESSEE  
JUNE 30, 2008

SCHEDULE OF PRINCIPAL OFFICERS

| <u>Name of Official</u> | <u>Title</u>       | <u>Annual<br/>Salary</u> | <u>Amount of<br/>Of Bond</u> |
|-------------------------|--------------------|--------------------------|------------------------------|
| Leon C. Heron           | Mayor              | -0-                      | \$100,000                    |
| Sarah H. Benson         | Alderman           | -0-                      | 100,000                      |
| Corey Napier            | Alderman           | -0-                      | 100,000                      |
| Greg Langeliers         | Town Administrator | \$72,100                 | 100,000                      |
| Doug Goetsch            | Town Recorder      | \$58,367                 | 100,000                      |

See notes to financial statements.

**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**

January 20, 2009

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

We have audited the financial statements of the governmental activities and the business-type activities and budgetary information of Town of Thompson's Station, Tennessee as of and for the year ended June 30, 2008, and have issued our report thereon dated January 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Town of Thompson's Station, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Thompson's Station, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Finding 2006.1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Thompson's Station, Tennessee's financial statements are free of 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*.

Town of Thompson's Station, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Town of Thompson's Station, Tennessee's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Aldermen, others within the Town, and Tennessee Comptroller of the Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

*Parsons and Associates*

Parsons and Associates

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**FINDINGS AND RECOMMENDATIONS**  
**JUNE 30, 2008**

- 1. FINDING:** Finding No. 2006-1 is a disclosed but uncorrected finding from prior years. The Town of Thompson's Station has three employees. One employee 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.