

TOWN OF THOMPSON'S STATION, TENNESSEE

JUNE 30, 2010

Report  
of  
Examination

C O N T E N T S

	<u>Pages</u>
<b>Independent Auditor's Report</b>	1 - 2
<b>Management's Discussion and Analysis</b>	3 - 8
<b>Basic Financial Statements</b>	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet-Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Assets-Proprietary Fund	14
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Fund	15
Statement of Cash Flows-Proprietary Fund	16
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Actual to Budget - General Fund	17- 19
<b>Notes to the Financial Statements</b>	20 - 25
<b>Supplementary Information</b>	
Principal Officials Salaries and Surety Bonds	25
Schedule of Expenditures of Federal Awards	26
<b>Other Reports</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	27- 28
Schedule of Findings and Recommendations	29

**PARSONS AND ASSOCIATES**

**CERTIFIED PUBLIC ACCOUNTANTS**

234 4<sup>th</sup> Avenue North

P. O. BOX 604

**FRANKLIN, TENNESSEE 37065**

TELEPHONE # 615-794-4313

FAX # 615-595-2297

DAN H. PARSONS, CPA  
PATRICIA L. PARSONS, CPA

**MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITOR'S REPORT

December 21, 2010

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, each major fund and the business-type activities of Town of Thompson's Station, Tennessee, as of and for the year ended June 30, 2010, 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 an opinion 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, each major fund, and the business-type activities of the Town of Thompson's Station, Tennessee, as of June 30, 2010, and the respective changes in financial position and cash flows, if applicable, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010, 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 an opinion 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, 2010

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, 2010. 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 \$12,929,934 (net assets). Of this amount, \$1,402,319 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 decreased by \$252,824.
3. As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$2,120,155, a decrease of \$169,804 from the previous year. Approximately 91% of this total amount, or \$1,926,700 is available for spending at the government's discretion (unreserved fund balances).
4. At June 30, 2010 unreserved fund balance for the General Fund, the only government fund of the Town, was \$1,926,700 or 145% 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, 2010

intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, parks, and highways and streets. The business-type activity of the town includes wastewater services.

**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, 2010**

**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 17-19.

**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 \$12,929,934 at the end of the most recent fiscal year.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
Current and other assets	\$2,448,771	\$2,855,455	\$ 73,428	\$ 153,184	\$ 2,522,199	\$ 3,008,639
Capital assets	816,102	881,074	10,686,014	10,453,086	11,502,116	11,334,160
Total assets	<u>3,264,873</u>	<u>3,736,529</u>	<u>10,759,442</u>	<u>10,606,270</u>	<u>14,024,315</u>	<u>14,342,799</u>
Long-term liabilities outstanding	0	0	0	0	0	0
Other liabilities	158,812	735,300	682,745	677,565	841,557	1,412,865
Total liabilities	<u>158,812</u>	<u>735,300</u>	<u>682,745</u>	<u>677,565</u>	<u>841,557</u>	<u>1,412,865</u>
Net assets:						
Invested in capital assets	816,102	881,074	10,686,014	10,453,086	11,502,116	11,334,160
Restricted for roads and streets	187,673	193,455	0	0	187,673	193,455
Unrestricted	2,102,286	1,926,700	( 609,317)	( 524,381)	1,492,969	1,402,319
Total net assets	<u>\$3,106,061</u>	<u>\$3,001,229</u>	<u>\$10,076,697</u>	<u>\$ 9,928,705</u>	<u>\$13,182,758</u>	<u>\$12,929,934</u>

A significant portion of the Town's net assets, \$11,334,160 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, \$193,455 of the Town's net assets (1%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,402,319 (11%), 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 both 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, 2010**

The following is a summary of financial activities for the Town during the fiscal year ended June 30, 2010:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Program revenues:						
Charges for service	\$ 175,479	\$ 84,560	\$ 172,769	\$ 231,819	\$ 348,248	\$ 316,379
Operating grants & contributions	45,425	49,464	62,485	37,100	107,910	86,564
Capital grants & contributions		108,177	123,713		123,713	108,177
General revenues:						
Property taxes	77,315	88,170			77,315	88,170
Sales taxes	249,034	505,601			249,034	505,601
Intergovernmental taxes	163,205	276,430			163,205	276,430
Other	94,359	38,088			94,359	38,088
Unrestricted investment earnings	23,760	7,603	1,551	299	25,311	7,902
Total general revenues	<u>828,577</u>	<u>1,158,093</u>	<u>360,518</u>	<u>269,218</u>	<u>1,189,095</u>	<u>1,427,311</u>
Expenses:						
General government	531,402	644,097			531,402	644,097
State Street Aid	9,966	39,982			9,966	39,982
Streets and roads	67,273	565,795			67,273	565,795
Parks	10,299	13,051			10,299	13,051
Wastewater			350,720	417,210	350,720	417,210
Total expenses	<u>618,940</u>	<u>1,262,925</u>	<u>350,720</u>	<u>417,210</u>	<u>969,660</u>	<u>1,680,135</u>
Change in net assets	209,637	( 104,832)	9,798	( 147,992)	219,435	( 252,824)
Net assets, beginning	2,896,424	3,106,061	10,066,899	10,076,697	12,963,323	13,182,758
Net assets, ending	\$ <u>3,106,061</u>	\$ <u>3,001,229</u>	\$ <u>10,076,697</u>	\$ <u>9,928,705</u>	\$ <u>13,182,758</u>	\$ <u>12,929,934</u>

**Governmental Activities.** Governmental activities decreased the Town of Thompson's Station's net assets by \$104,832. This change is primarily due to increased sales tax receipts due to new retail development that opened in 2010 and increase in expenditures on street paving and repairs.

**Business-Type Activities.** Business-type activities decreased the Town's net assets by \$147,992 primarily due to increased revenue generated from charges for wastewater treatment but offset by decrease in capital contributions and increases in repairs and professional fees.

**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, 2010**

**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 \$2,120,155, a decrease in comparison with the prior year of \$2,289,959.

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 \$1,926,700. 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 145% of total general fund expenditures. The fund balance decreased \$169,804 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 \$524,381. The wastewater fund has a decrease in net assets for the year of \$147,992. 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. Decrease in budgeted impact fees by \$15,000.
2. Increase in building permits of \$15,000
3. Increase in budgeted streets and roads repairs and maintenance by \$383,100.

**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, 2010 amounted to \$64,972 (net of depreciation). This investment includes land, buildings, improvements, machinery, equipment and infrastructure.

Major capital asset events during the current fiscal year included:

1. Additions to infrastructure \$92,937.

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, 2010

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

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 350,165	\$ 350,165	\$ 2,512,000	\$ 2,512,000	\$ 2,862,165	\$ 2,862,165
Construction in progress		92,937				92,937
Infrastructure	83,858	83,858			83,858	83,858
Buildings	422,098	422,098	864,943	864,943	1,287,041	1,287,041
Equipment	15,088	15,088	468,163	468,163	483,251	483,251
Vehicles	65,795	65,795			65,795	65,795
Wastewater system			7,358,926	7,358,926	7,358,926	7,358,926
Total Capital Assets	\$ <u>937,004</u>	\$ <u>1,029,941</u>	\$ <u>11,204,032</u>	\$ <u>11,204,032</u>	\$ <u>12,141,036</u>	\$ <u>12,233,973</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 2010-11 fiscal year.

1. The dramatic economic slowdown during 2010 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 opened 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, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,818,091	\$ 122,031	\$ 1,940,122
Taxes receivable - property tax	102,425		102,425
Taxes receivable - other	148,940		148,940
Accounts receivable		31,153	31,153
Due from (to) other funds	677,035	( 677,035)	0
Due from other governments	108,964		108,964
Capital assets:			
Land	443,102	2,512,000	2,955,102
Other capital assets, net of depreciation	437,972	7,941,086	8,379,058
<u>Total</u>	<u>\$ 3,736,529</u>	<u>\$ 9,929,235</u>	<u>\$ 13,665,764</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 518,294	\$ 530	\$ 518,824
Deposits from developers	125,000		125,000
Deferred revenue - taxes	92,006		92,006
<u>Total Liabilities</u>	<u>735,300</u>	<u>530</u>	<u>735,830</u>
 <u>NET ASSETS</u>			
Invested in capital assets	881,074	10,453,086	11,334,160
Restricted for: State Street Aid	193,455		193,455
Unrestricted	<u>1,926,700</u>	<u>( 524,381)</u>	<u>1,402,319</u>
<u>Total Net Assets</u>	<u>3,001,229</u>	<u>9,928,705</u>	<u>12,929,934</u>
 <u>Total</u>	 <u>\$ 3,736,529</u>	 <u>\$ 9,929,235</u>	 <u>\$ 13,665,764</u>

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
					Governmental Activities	Business-type Activities
Governmental Activities						
General	\$ 644,097	\$ 78,244	\$	\$	\$( 565,853)	\$( 565,853)
State Street Aid	39,982		49,464		9,482	9,482
Streets and roads	565,795			108,177	( 457,618)	( 457,618)
Parks	<u>13,051</u>	<u>6,316</u>			( 6,735)	( 6,735)
Total Governmental Activities	<u>1,262,925</u>	<u>84,560</u>	<u>49,464</u>	<u>108,177</u>	<u>(1,020,724)</u>	<u>( 1,020,724)</u>
Business-type Activities						
Wastewater	<u>417,210</u>	<u>231,819</u>		<u>37,100</u>	<u>( 148,291)</u>	<u>( 148,291)</u>
Total Primary Government	<u>\$ 1,680,135</u>	<u>\$ 316,379</u>	<u>\$ 49,464</u>	<u>\$ 145,277</u>	<u>(1,020,724)</u>	<u>( 1,169,015)</u>
General Revenues						
Property taxes					90,218	90,218
Sales taxes					615,982	615,982
Beer and liquor tax					92,659	92,659
State income tax					34,181	34,181
Payment in lieu of taxes					18,954	18,954
Business and privilege taxes					43,226	43,226
Franchise tax					14,057	14,057
Unrestricted investment earnings					299	299
Other					<u>1,060</u>	<u>1,060</u>
Total general revenues					<u>915,892</u>	<u>916,191</u>
Changes in net assets					( 104,832)	( 147,992)
Net assets - July 1, 2009					3,106,061	10,076,697
Net assets - June 30, 2010					<u>\$ 3,001,229</u>	<u>\$ 9,928,705</u>

See notes to financial statements

TOWN OF THOMPSON'S STATION, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 1,818,091	\$ 1,818,091
Taxes receivable - property tax	102,425	102,425
Taxes receivable - other	148,940	148,940
Due from other funds	677,035	677,035
Due from other governments	108,964	108,964
<u>Total</u>	<u>\$ 2,855,455</u>	<u>\$ 2,855,455</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 518,294	\$ 518,294
Deposits from developers	125,000	125,000
Deferred revenue - taxes	92,006	92,006
<u>Total Liabilities</u>	<u>735,300</u>	<u>735,300</u>
 <u>FUND BALANCE</u>		
Reserved for State Street Aid	193,455	193,455
Unreserved	1,926,700	1,926,700
<u>Total Fund Balance</u>	<u>2,120,155</u>	<u>2,120,155</u>
 <u>Total</u>	 <u>\$ 2,855,455</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$148,867

881,074

Net assets of governmental activities

\$ 3,001,229

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, 2010

REVENUES

Taxes	\$ 744,723
Licenses, permits and fees	84,560
Intergovernmental	322,195
Other	<u>6,615</u>
<u>Total Revenues</u>	<u>1,158,093</u>

Expenditures

Current:

General government	618,229
State Street Aid	39,982
Streets and roads	656,635
Parks	<u>13,051</u>
<u>Total Expenditures</u>	<u>1,327,897</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures ( 169,804)

Fund Balance - July 1, 2009 2,289,959

Fund Balance - June 30, 2010 \$ 2,120,155

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, 2010

Net changes in fund balances - total government funds \$( 169,804)

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

Governmental funds report capital outlays as expenditures  
while governmental activities report depreciation expense  
to allocate those expenditures over the life of the assets:

Acquisition of capital assets	92,937
Depreciation expense	( 27,965)

Change in net assets of governmental activities \$( 104,832)

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND - WASTEWATER  
JUNE 30, 2010

ASSETS

<u>Current Assets</u>	
Cash	\$ 122,031
Accounts receivable	<u>31,153</u>
<u>Total Current Assets</u>	<u>153,184</u>
 <u>Capital Assets</u>	
Wastewater system, net of accumulated depreciation	<u>10,453,086</u>
<u>Total Assets</u>	<u>\$ 10,606,270</u>

LIABILITIES

<u>Current Liabilities</u>	
Accounts payable	\$ 530
Interfund payable	<u>677,035</u>
<u>Total Current Liabilities</u>	<u>677,565</u>

NET ASSETS

Invested in Capital Assets	10,453,086
Unrestricted	<u>( 524,381)</u>
<u>Total Net Assets</u>	<u>9,928,705</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 10,606,270</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, 2010

<u>Revenue</u>	
Charges to customers - wastewater	\$ 229,061
Penalties	2,758
<u>Total Revenue</u>	<u>231,819</u>
<u>Operating Expenses</u>	
<u>Supply and Operations</u>	
Salaries	47,080
Payroll taxes	3,872
Repairs and maintenance	37,987
Permits and licenses	5,390
Supplies	4,035
Testing	668
Utilities	26,563
Vehicle expense	3,182
Professional fees	29,348
<u>Total Supply and Operations</u>	<u>158,125</u>
<u>Administrative and General</u>	
Professional fees	1,500
Insurance	24,617
Bank fees	40
<u>Total Administrative and General</u>	<u>26,157</u>
<u>Depreciation</u>	<u>232,928</u>
<u>Total Operating Expenses</u>	<u>417,210</u>
<u>Operating Income (Loss)</u>	<u>( 185,391)</u>
<u>Non-Operating Income</u>	
Interest income	299
Tap fees	37,100
<u>Total Non-operating Income</u>	<u>37,399</u>
<u>Net Income (Loss)</u>	<u>( 147,992)</u>
Net Assets - July 1, 2009	10,076,697
Net Assets - June 30, 2010	\$ <u>9,928,705</u>

See notes to financial statements.

TOWN OF THOMPSON'S STATION, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - WASTEWATER  
YEAR ENDED JUNE 30, 2010

<u>Cash Flows from Operating Activities</u>	
Receipts from customers	\$ 229,327
Salaries	( 47,080)
Payments to suppliers for goods and services	( 142,383)
Net cash provided (used) by operating activities	<u>39,864</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from tap fees	37,100
Net cash provided (used) for capital and related financing activities	<u>37,100</u>
 <u>Cash Flows from Investing Activities</u>	
Interest income from cash and cash equivalents	<u>299</u>
Net cash provided (used) by investing activities	<u>299</u>
 <u>Increase (Decrease) in Cash and Cash Equivalents</u>	
Cash and cash equivalents - July 1, 2009	44,768
Cash and cash equivalents - June 30, 2010	\$ <u>122,031</u>

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

Operating income (loss)	\$( 185,391)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: depreciation	232,928
Changes in assets and liabilities:	
Decrease (increase) in: receivables	( 2,493)
Increase (decrease) in: accounts payable	( 5,180)
	\$ <u>39,864</u>

Non-cash Financing Activities

During the year ended June 30, 2010, developers donated sewer systems valued at \$-0- 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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>RESOURCES (Inflows)</u>			
<u>Taxes</u>			
Property	\$ 72,600	\$ 72,600	\$ 88,170
Franchise	14,000	14,000	14,057
Wholesale beer	85,000	85,000	91,621
Local sales tax - Trustee	500,000	500,000	505,601
Business tax	20,000	20,000	34,624
Privilege tax	5,000	5,000	8,602
Interest and penalty revenue	5,000	0	2,048
<u>Total Taxes</u>	<u>701,600</u>	<u>696,600</u>	<u>744,723</u>
<u>Licenses, Permits and Fees</u>			
Beer permits	0	1,000	1,000
Building permits	0	15,000	29,025
Review fees	3,800	500	14,506
Impact fees	0	15,000	32,835
Rental - park	0	0	6,316
Administrative fees	0	500	878
<u>Total Licenses, Permits and Fees</u>	<u>3,800</u>	<u>32,000</u>	<u>84,560</u>
<u>Intergovernmental Revenue</u>			
Payments in lieu of taxes	12,000	12,000	18,954
State of Tennessee - sales tax	105,000	105,000	110,381
Mixed drink taxes	200	200	184
State of Tennessee - beer tax	1,300	500	854
State of Tennessee - street and transportation	3,500	3,500	3,700
State of Tennessee - income tax	25,000	29,000	34,181
State of Tennessee - gasoline and fuel tax	40,000	40,000	45,764
Safe routes to schools	240,100	240,100	108,177
<u>Total Intergovernmental Revenue</u>	<u>427,100</u>	<u>430,300</u>	<u>322,195</u>
<u>Other Income</u>			
Interest	15,000	6,000	5,555
Other	4,100	4,100	1,060
<u>Total Other Income</u>	<u>19,100</u>	<u>10,100</u>	<u>6,615</u>
 <u>Total Revenues</u>	 <u>1,151,600</u>	 <u>1,169,000</u>	 <u>1,158,093</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>CHARGES TO APPROPRIATIONS (Outflows)</u>			
<u>General Government</u>			
Office supplies	\$ 8,000	\$ 8,000	\$ 5,372
Postage, freight and express charges	1,500	1,500	1,866
Printing, forms and stationery	2,500	3,000	2,718
Professional fees - legal	35,000	58,000	59,938
Professional fees - auditor	3,500	3,500	3,500
Vehicle fuel	10,000	10,000	8,802
Vehicle repairs	1,000	1,000	940
Professional fees - other	24,000	39,300	37,992
Donations	40,000	40,000	25,000
Bank charges	100	100	0
Salaries and wages	325,000	325,000	326,240
Payroll taxes	27,500	27,700	26,847
Publication of legal notices	1,500	1,500	1,638
Board member expenses	500	500	0
Utilities	10,500	10,500	8,571
Memberships and subscriptions	2,000	4,000	3,599
Insurance	99,300	92,800	83,498
Telephone expense	5,000	5,000	4,787
Repairs and maintenance - building	25,000	25,000	4,380
Animal Control services	1,100	1,100	1,080
Trustee commission	2,500	2,500	2,237
Other expenses	3,500	3,500	1,007
Internet web site development	1,000	1,000	0
Business taxes collections	2,000	2,000	952
Fixed assets acquired	10,000	10,000	4,108
Recording and filing	300	300	295
Travel	1,500	1,500	8
Educational expense	5,000	5,000	2,854
<u>Total General Government</u>	<u>648,800</u>	<u>683,300</u>	<u>618,229</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
<u>CHARGES TO APPROPRIATIONS (Outflows)</u>			
Continued			
<u>State Street Aid</u>			
Repairs - State Street Aid	\$ 40,000	\$ 40,000	\$ 39,982
<u>Total State Street Aid</u>	<u>40,000</u>	<u>40,000</u>	<u>39,982</u>
<u>Streets and Roads</u>			
Repairs and maintenance	227,700	610,800	558,813
Safe routes to schools	220,100	220,100	97,822
<u>Total Streets and Roads</u>	<u>447,800</u>	<u>830,900</u>	<u>656,635</u>
<u>Parks</u>			
Repairs and supplies	15,000	15,000	13,051
<u>Total Parks</u>	<u>15,000</u>	<u>15,000</u>	<u>13,051</u>
<u>Total Expenditures</u>	<u>1,151,600</u>	<u>1,569,200</u>	<u>1,327,897</u>
Excess of Revenue and Other Sources		( 400,200)	( 169,804)
<u>Over (Under) Expenditures</u>	0		
Budgetary Fund Balance - July 1, 2009	2,289,959	2,289,959	2,289,959
Budgetary Fund Balance - June 30, 2010	\$ <u>2,289,959</u>	\$ <u>1,889,759</u>	\$ <u>2,120,155</u>

See notes to financial statements.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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, 2010

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

The financial transactions of the Town are recorded in the general fund. The fund provides for a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

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

The financial statements of the Town are prepared in accordance with generally accepted accounting principles. The Town's reporting entity applies all relevant *Governmental Accounting Standards Board* (GASB) pronouncements and applicable *Financial Accounting Standards Board* (FASB) pronouncements and *Accounting Principle Board* (APB) opinions issued on or before November 30, 1989 unless they conflict with GASB pronouncements. The Town does not apply FASB pronouncements or APB opinion issued after November 30, 1989. The Town reports the major governmental funds.

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 funds' accounts for the activities of the wastewater department, which operates and maintains a sewer collection system for residents and businesses on a user charges basis. The activities necessary to provide these services are accounted for in a manner to create a profit or loss similar to comparable private businesses.

**Budgetary Basis of Accounting**

The Town's budgetary process accounts for transactions using the modified-accrual basis of accounting, which is consistent with the basis used in the governmental fund statements. The government-wide statements are presented using accounting principles generally accepted in the United States of America.

**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.

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**Receivables**

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

**Inventories**

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

**Capital Assets**

Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental activities in the government-wide financial statements. 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.

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.

**Estimates**

Estimates and assumptions are used in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and reported revenue and expenses. Actual results could differ from these reported amounts.

**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 2008 and older have been filed with the Williamson County Clerk and Master.



**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

Year Of Levy	Tax Rate	Assessment	Levy	Balance 6-30-09	Taxes Levied	Collections	Balance 6-30-10
2000	.18	18,196,665	32,754	283		\$ 238	\$ 45
2001	.15	21,708,577	32,563	353		343	10
2002	.15	22,430,667	33,646	107		104	3
2003	.15	23,805,330	35,708	123		94	29
2004	.15	24,379,331	36,141	136		118	18
2005	.15	29,179,400	43,679	156		156	0
2006	.103	40,981,000	42,210	34		8	26
2007	.103	50,955,696	51,000	519		403	116
2008	.103	71,312,942	77,258	6,321		3,789	2,532
2009	.103	83,599,533	87,775	87,775		80,405	7,370
2010	.103	89,326,214	92,006		<u>92,006</u>		<u>92,006</u>
				\$ <u>95,807</u>	\$ <u>92,006</u>	\$ <u>85,658</u>	\$ <u>102,155</u>

**NOTE 3 - CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash \$ 1,940,122

State statutes authorize the Town 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 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, 2010, total demand deposits and certificates of deposit for the Town were insured and/or collateralized in one of the following ways. Deposits and certificates of deposits are insured up to \$250,000 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, 2010.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2010, was as follows:

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<u>Capital assets not being depreciated</u>				
Land	\$ 350,165	\$	\$	\$ 350,165
Construction in progress	<u>0</u>	<u>92,937</u>		<u>92,937</u>
Total assets not being depreciated	<u>350,165</u>	<u>92,937</u>		<u>443,102</u>
<u>Capital assets being depreciated</u>				
Infrastructure	83,858			83,858
Building and improvements	422,098			422,098
Furniture and equipment	15,088			15,088
Vehicles	<u>65,795</u>			<u>65,795</u>
Total assets being depreciated	<u>586,839</u>			<u>586,839</u>
Total capital assets	<u>937,004</u>	<u>92,937</u>		<u>1,029,941</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	( 2,096)	( 2,097)		( 4,193)
Buildings and improvements	( 82,755)	( 10,553)		( 93,308)
Furniture and equipment	( 3,646)	( 2,155)		( 5,801)
Vehicles	<u>( 32,405)</u>	<u>( 13,160)</u>		<u>( 45,565)</u>
Total accumulated depreciation	<u>( 120,902)</u>	<u>( 27,965)</u>		<u>( 148,867)</u>
Governmental activities capital assets, net	<u>\$ 816,102</u>	<u>\$ 64,972</u>		<u>\$ 881,074</u>
Depreciation expense was charged to functions/programs at June 30, 2010, as follows:				
General government		\$ 25,868		
Streets and roads		<u>2,097</u>		
		<u>\$ 27,965</u>		
 <b>Business-Type Activities - Wastewater</b>				
<u>Capital assets not being depreciated</u>				
Land	\$ 2,512,000	\$	\$	\$ 2,512,000
	<u>2,512,000</u>			<u>2,512,000</u>
<u>Capital assets being depreciated</u>				
Wastewater system	7,358,926			7,358,926
Building	864,943			864,943
Machinery and equipment	<u>468,163</u>			<u>468,163</u>
Total assets being depreciated	<u>8,692,032</u>			<u>8,692,032</u>
Total capital assets	<u>11,204,032</u>			<u>11,204,032</u>
<u>Less accumulated depreciation for:</u>				
Wastewater system	( 19,425)	(184,675)		( 604,100)
Building	( 38,281)	( 22,121)		( 60,402)
Machinery and equipment	<u>( 60,312)</u>	<u>( 26,132)</u>		<u>( 86,444)</u>
Total accumulated depreciation	<u>( 518,018)</u>	<u>(232,928)</u>		<u>( 750,946)</u>
Business-type Activities Capital Assets, net	<u>\$ 10,686,014</u>	<u>\$ (232,928)</u>	\$	<u>\$ 10,453,086</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

**TOWN OF THOMPSON'S STATION, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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, 2010, consist of the following: \$677,035 due to General Fund from Wastewater Fund representing loans. The original loan amount was \$650,000 to assist in paying for the completion of the wastewater pump station and line extensions. Additional funds have been advanced, at various times, to assist with additions to the wastewater system. (see Note 7)

**NOTE 7 - SUBSEQUENT EVENTS**

The Board of Mayor and Aldermen previously approved advances to the Wastewater Fund to assist in paying for the wastewater system. In November, 2010, the Board determined it was in the best interests of the Town to reclassify \$650,000 of these advances to contributions-in-aid-of-construction and not as a loan to the Wastewater Fund.

**SCHEDULE OF PRINCIPAL OFFICERS**

<u>Name of Official</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Amount of Of Bond</u>
Corey Napier	Mayor	-0-	\$100,000
Sarah H. Benson	Alderman	-0-	100,000
Daryl Stevens	Alderman	-0-	100,000
Greg Langeliers	Town Administrator	\$ 74,984	100,000
Doug Goetsch	Town Recorder	\$ 60,702	100,000

TOWN OF THOMPSON'S STATION, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010

Program Title	Department of Transportation
Project	Federal Project SRSTS-9400(2)
Balance - July 1, 2009	\$ 0
Receipts	108,177
Expenditures	108,177
Balance - June 30, 2010	0

Note - Basis of Presentation:

The accompanying schedule of federal awards includes the federal grant activity of the Town of Thompson's Station, Tennessee and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Therefore, the amount in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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**

December 21, 2010

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, each major fund, and the business-type activities of Town of Thompson's Station, Tennessee as of and for the year ended June 30, 2010, and have issued our report thereon dated December 21, 2010. 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, 2010

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