

TOWN OF THOMPSON'S STATION, TENNESSEE

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2024



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TOWN OF THOMPSON'S STATION, TENNESSEE
DIRECTORY OF OFFICIALS
JUNE 30, 2024

TITLE

NAME OF OFFICIAL

Mayor

Brian Stover

Alderman, Vice Mayor

Shaun Alexander

Alderman

Bob Whitmer

Alderman

Kreis White

Alderman

Andrew Zinn

Town Administrator

Micah Wood

Finance Director

Steve Banks

Town Clerk and Recorder

Regina Fowler



Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Thompson's Station, Tennessee as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the statements of budgetary comparison for the general fund and state street aid fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptrollers General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due from error or fraud.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of the Town of Thompson's Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and on compliance.

Culver, PLLC

Culver, PLLC
Oakland, Tennessee
December 27, 2024

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2024**

As management of the Town of Thompson's Station, Tennessee (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. Readers are encouraged to consider information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- 1). The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$66,746,023 (net position). Of this amount, \$19,050,658 is considered unrestricted funds and may be used to meet the government's ongoing obligations to citizens and creditors.
- 2). The government's total net position increased by \$6,395,857 during fiscal year 2024.
- 3). As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$15,235,992, an increase of \$2,475,051 for the year. Over 98% of this total amount, or \$14,184,620 is available for spending at the government's discretion (unassigned fund balance).
- 4). On June 30, 2024, the unassigned fund balance for the General Fund was 362% of total general fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – These financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this financial statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes, licenses, and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, parks, and highways and streets. The business-type activity of the Town includes wastewater services.

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)
YEAR ENDED JUNE 30, 2024**

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Thompson's Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and a proprietary fund.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual operating budget and capital improvements budget for its General Fund and the State Street Aid Special Revenue Fund.

Proprietary Fund – The Town maintains a wastewater fund as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the wastewater activity, which is also considered a major fund of the Town.

The Town adopts an annual operating budget and capital improvement budget for its Proprietary Fund.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain other required information. The original budgets and final budgets as well as comparisons of final budgets to actual appear on pages 17 through 18.

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)
YEAR ENDED JUNE 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets exceeded liabilities and deferred inflows of resources by \$66,746,023 at the end of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 16,442,705	\$ 13,882,669	\$ 9,306,087	\$ 10,523,072	\$ 25,748,792	\$ 24,405,741
Capital assets	22,434,694	22,604,167	25,465,869	19,140,852	47,900,563	41,745,019
Total assets	<u>\$ 38,877,399</u>	<u>\$ 36,486,836</u>	<u>\$ 34,771,956</u>	<u>\$ 29,663,924</u>	<u>\$ 73,649,355</u>	<u>\$ 66,150,760</u>
Long-term liabilities outstanding	-	115,300	1,237,004	-	1,237,004	115,300
Unearned revenue	-	-	-	1,948,518	-	1,948,518
Other liabilities	701,665	647,024	4,459,891	2,615,324	5,161,556	3,262,348
Total liabilities	701,665	762,324	5,696,895	4,563,842	6,398,560	5,326,166
Deferred inflows of resources	504,772	474,428	-	-	504,772	474,428
Net position:						
Net investment in capital assets	22,434,694	22,488,867	24,228,865	19,140,852	46,663,559	41,629,719
Restricted for roads and streets	1,031,806	855,395	-	-	1,031,806	855,395
Unrestricted	14,204,462	11,905,822	4,846,196	5,959,230	19,050,658	17,865,052
Total net position	<u>37,670,962</u>	<u>35,250,084</u>	<u>29,075,061</u>	<u>25,100,082</u>	<u>66,746,023</u>	<u>60,350,166</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,877,399</u>	<u>\$ 36,486,836</u>	<u>\$ 34,771,956</u>	<u>\$ 29,663,924</u>	<u>\$ 73,649,355</u>	<u>\$ 66,150,760</u>

A significant portion of the Town's net position, \$46,663,559 or 70% reflects its investment in capital assets (for example – land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The Town's investment in capital assets is reported net of related debt. It should be noted that the resources needed to repay any future debt issues must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At year end, \$1,031,806 of the Town's net position represents resources that are subject to external restrictions on how they may be used. For the Town, the restricted resources must be used for State Street Aid expenses. The remaining balance of unrestricted net position, \$19,050,658 (29%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town reports positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)
YEAR ENDED JUNE 30, 2024**

The following is a summary of financial activities for the Town during the fiscal years ended June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 98,460	\$ 54,495	\$ 1,949,178	\$ 1,810,806	\$ 2,047,638	\$ 1,865,301
Operating grants and contributions	275,478	305,633	-	-	275,478	305,633
Capital grants and contributions	-	3,325	1,948,518	-	1,948,518	3,325
General revenues:						
Property taxes	501,696	470,097	-	-	501,696	470,097
Local option sales taxes	2,668,947	2,350,254	-	-	2,668,947	2,350,254
Intergovernmental revenues	1,253,992	1,217,622	-	-	1,253,992	1,217,622
Building permits/impact fees	1,176,696	1,736,671	1,412,561	966,005	2,589,257	2,702,676
Other	286,978	284,428	-	-	286,978	284,428
Unrestricted investment earnings	233,420	45,103	111,856	17,275	345,276	62,378
Total revenues	<u>6,495,667</u>	<u>6,467,628</u>	<u>5,422,113</u>	<u>2,794,086</u>	<u>11,917,780</u>	<u>9,261,714</u>
Expenses:						
General government	2,839,062	1,985,152	-	-	2,839,062	1,985,152
State Street Aid	99,067	69,083	-	-	99,067	69,083
Streets and roads	1,106,065	341,271	-	-	1,106,065	341,271
Parks	29,001	29,989	-	-	29,001	29,989
Debt service	1,594	4,874	-	-	1,594	4,874
Wastewater	-	-	1,447,134	1,553,422	1,447,134	1,553,422
Total expenses	<u>4,074,789</u>	<u>2,430,369</u>	<u>1,447,134</u>	<u>1,553,422</u>	<u>5,521,923</u>	<u>3,983,791</u>
Change in net position	2,420,878	4,037,259	3,974,979	1,240,664	6,395,857	5,277,923
Net position - beginning of year	<u>35,250,084</u>	<u>31,212,825</u>	<u>25,100,082</u>	<u>23,859,418</u>	<u>60,350,166</u>	<u>55,072,243</u>
Net position - end of year	<u>\$ 37,670,962</u>	<u>\$ 35,250,084</u>	<u>\$ 29,075,061</u>	<u>\$ 25,100,082</u>	<u>\$ 66,746,023</u>	<u>\$ 60,350,166</u>

Governmental Activities – Governmental activities increased the Town’s net position by \$2,420,878, which compares with an increase in net position of \$4,037,259 for fiscal year 2023. During the fiscal year 2024, no infrastructure assets were contributed or accepted.

Business-Type Activities – Business-type activities increased the Town’s net position by \$3,974,979 compared with \$1,240,664 for 2023. Revenues from charges to customers for wastewater treatment increased by \$138,372, capital impact fees increased by \$446,556, and grant revenue increased by \$1,948,518 as compared to fiscal year 2023. Wastewater expenses decreased by \$106,288 compared to the prior year primarily due to more capital outlay expenditures being capitalized in 2024 as compared to 2023. The business-type activities spent \$6,985,172 on the wastewater treatment plant construction project such expenditures were appropriately capitalized on the wastewater fund statement of net position; this resulted in a significant increase in capital assets and net investment in capital assets.

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)
YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governments Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$15,235,992. Fund balances of the governmental funds increased \$2,475,051 during fiscal year 2024 primarily due to increases in sales taxes, impact fees, and other state shared revenues.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance for the general fund was \$14,184,620. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 362% of total general fund expenditures for this fiscal year.

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

The unrestricted net position of the Wastewater Fund at the end of the year amounted to \$4,846,196. The Wastewater Fund has an increase in net position for the year of \$3,974,979. Factors concerning the financial position of this fund have been addressed in the discussion of the Town's business-type activity above.

GENERAL FUND BUDGETARY HIGHLIGHTS

Highlights of the differences between the budget and actual are listed below:

1. Actual over budgeted total sales taxes by \$125,371.
2. Actual over budgeted impact fees/building permits by \$80,516.
3. Actual over budgeted all other revenue by \$602,102.
4. Actual under budgeted community development expenditures by \$42,287.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$47,900,563 (net of accumulated depreciation). This investment includes land, buildings, improvements, machinery, equipment, infrastructure, and construction in progress.

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED (UNAUDITED)
YEAR ENDED JUNE 30, 2024**

Additional information on the Town's capital assets can be found in Note 4 to the financial statements. The following table compares capital assets on June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 6,411,389	\$ 6,411,389	\$ 2,992,000	\$ 2,992,000	\$ 9,403,389	\$ 9,403,389
Construction in progress	1,962,446	1,808,050	8,440,383	1,455,211	10,402,829	3,263,261
Infrastructure	15,768,685	15,689,525	-	-	15,768,685	15,689,525
Buildings	714,755	714,755	880,550	880,550	1,595,305	1,595,305
Equipment	414,400	397,930	563,069	563,069	977,469	960,999
Vehicles	470,484	393,581	93,907	93,907	564,391	487,488
Wastewater system	-	-	18,898,499	18,898,499	18,898,499	18,898,499
Total capital assets	25,742,159	25,415,230	31,868,408	24,883,236	57,610,567	50,298,466
Less: accumulated depreciation	(3,307,465)	(2,811,063)	(6,402,539)	(5,742,384)	(9,710,004)	(8,553,447)
Capital assets, net	\$ 22,434,694	\$ 22,604,167	\$ 25,465,869	\$ 19,140,852	\$ 47,900,563	\$ 41,745,019

Long-term Debt – At the end of the fiscal year, the Town's total debt was \$1,237,004 and is set forth in detail in Note 7. Principal payments made on debt obligations totaled \$115,300.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Despite continued improving economic conditions, a conservative approach was used in preparing the Town's budget for the 2024-2025 fiscal year.

1. The following Town projects continue to move forward:
 - a. Trailways connecting neighborhoods, schools, and the Town's Parks (Greenway Phase 2 and Phase 3) will begin and plan to finish in fiscal year 2025 funding through various state and federal grants.
 - b. The Town's upgraded sewer treatment system is under construction and will be completed in the year 2025. This will service up to 1.5MGD (million gallons per day) with the possibility of additional expansion.
2. The Town is in the process of a multi-modal trailways through Preservation Park (Greenway Phase 2) in the coming year or two via local, state, and federal funding. A separate multi-modal trailway from the end of the current trailways system to the Thompson's Station Elementary and Middle School campus (Greenway Phase 3) is also expected to begin and be completed within the next year via local, state, and federal grant funding.
3. The Town is working diligently with an Economic and Development advisor and a related committee to assist with additional commercial developments and opportunities.
4. We have not increased property taxes in the last ten years and no increase is expected in the next fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Thompson's Station, Office of the Mayor, PO Box 100, Thompson's Station, Tennessee 37179.

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total Primary Government</u>
Assets:			
Cash and cash equivalents	\$ 19,326,060	\$ 5,000,681	\$ 24,326,741
Taxes receivable - property tax	506,783	-	506,783
Accounts receivable	-	237,491	237,491
Internal balances	(4,067,915)	4,067,915	-
Due from other governments	658,211	-	658,211
Prepaid expenses and other	19,566	-	19,566
Capital assets:			
Capital assets not being depreciated	8,373,835	11,432,383	19,806,218
Other capital assets, net of accumulated depreciation	14,060,859	14,033,486	28,094,345
Total assets	<u>\$ 38,877,399</u>	<u>\$ 34,771,956</u>	<u>\$ 73,649,355</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 237,942	\$ 112,111	\$ 350,053
Deposits from developers	352,665	4,331,537	4,684,202
Accrued compensation and compensated absences	111,058	16,243	127,301
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	1,237,004	1,237,004
Total liabilities	<u>701,665</u>	<u>5,696,895</u>	<u>6,398,560</u>
Deferred Inflows of Resources:			
Current property taxes assessed for subsequent period	504,772	-	504,772
Net position:			
Net investment in capital assets	22,434,694	24,228,865	46,663,559
Restricted for State Street Aid	1,031,806	-	1,031,806
Unrestricted	14,204,462	4,846,196	19,050,658
Total net position	<u>37,670,962</u>	<u>29,075,061</u>	<u>66,746,023</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 38,877,399</u>	<u>\$ 34,771,956</u>	<u>\$ 73,649,355</u>

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

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activity	Total
Governmental Activities:							
General government	\$ 2,839,062	\$ -	\$ -	\$ -	\$ (2,839,062)	\$ -	\$ (2,839,062)
State Street Aid	99,067	-	275,478	-	176,411	-	176,411
Streets and roads	1,106,065	-	-	-	(1,106,065)	-	(1,106,065)
Parks and recreation	29,001	98,460	-	-	69,459	-	69,459
Interest on long-term debt	1,594	-	-	-	(1,594)	-	(1,594)
Total governmental activities	4,074,789	98,460	275,478	-	(3,700,851)	-	(3,700,851)
Business-Type Activities:							
Wastewater	1,447,134	1,949,178	-	1,948,518	-	2,450,562	2,450,562
Total primary government	\$ 5,521,923	\$ 2,047,638	\$ 275,478	\$ 1,948,518	(3,700,851)	2,450,562	(1,250,289)
		General Revenues:					
		Taxes:					
		Property taxes			501,696	-	501,696
		Local option sales taxes			2,668,947	-	2,668,947
		Permits/impact fees			1,176,696	1,412,561	2,589,257
		Beer and liquor tax			136,789	-	136,789
		Adequate schools facilities tax			72,471	-	72,471
		Franchise fee taxes			51,050	-	51,050
		Unrestricted intergovernmental revenues:					
		Payment in lieu of taxes			91,729	-	91,729
		State sales tax			919,424	-	919,424
		Mixed drink and beer tax			49,555	-	49,555
		Business tax			193,284	-	193,284
		Interest on investments			233,420	111,856	345,276
		Other			26,668	-	26,668
		Total general revenues			6,121,729	1,524,417	7,646,146
		Change in net position			2,420,878	3,974,979	6,395,857
		Net position - beginning			35,250,084	25,100,082	60,350,166
		Net position - ending			\$ 37,670,962	\$ 29,075,061	\$ 66,746,023

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

TOWN OF THOMPSON'S STATION, TENNESSEE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 19,326,060	\$ -	\$ 19,326,060
Taxes receivable - property tax	506,783	-	506,783
Due from other governments	610,175	48,036	658,211
Due from other funds	-	983,770	983,770
Prepaid expenses	19,566	-	19,566
Total assets	<u>\$ 20,462,584</u>	<u>\$ 1,031,806</u>	<u>\$ 21,494,390</u>
Liabilities:			
Accounts payable and accrued expenditures	\$ 237,942	\$ -	\$ 237,942
Deposits from developers	352,665	-	352,665
Due to other funds	5,051,685	-	5,051,685
Accrued compensation	111,058	-	111,058
Total liabilities	<u>5,753,350</u>	<u>-</u>	<u>5,753,350</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	505,048	-	505,048
Fund Balances:			
Nonspendable	19,566	-	19,566
Restricted for State Street Aid	-	1,031,806	1,031,806
Unassigned	14,184,620	-	14,184,620
Total fund balances	<u>14,204,186</u>	<u>1,031,806</u>	<u>15,235,992</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,462,584</u>	<u>\$ 1,031,806</u>	<u>\$ 21,494,390</u>

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

TOWN OF THOMPSON'S STATION, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances, governmental funds	\$	15,235,992
Amounts reported for governmental activities in the statement of activities are different because:		
(1) Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		22,434,970
(2) Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds.		-
Net position of governmental activities	\$	<u>37,670,962</u>

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

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Sales tax	\$ 3,588,371	\$ -	\$ 3,588,371
Building/impact fees	1,176,696	-	1,176,696
Property tax	501,696	-	501,696
Alcohol taxes	186,344	-	186,344
All other	767,082	275,478	1,042,560
Total revenues	<u>6,220,189</u>	<u>275,478</u>	<u>6,495,667</u>
Expenditures:			
Current:			
General government	2,424,861	-	2,424,861
Streets and roads	18,420	99,067	117,487
Parks and recreation	27,210	-	27,210
Capital outlay	1,334,164	-	1,334,164
Debt Service:			
Principal	115,300	-	115,300
Interest	1,594	-	1,594
Total expenditures	<u>3,921,549</u>	<u>99,067</u>	<u>4,020,616</u>
Excess of revenues over expenditures	2,298,640	176,411	2,475,051
Fund balance - beginning	<u>11,905,546</u>	<u>855,395</u>	<u>12,760,941</u>
Fund balance - ending	<u>\$ 14,204,186</u>	<u>\$ 1,031,806</u>	<u>\$ 15,235,992</u>

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

**TOWN OF THOMPSON'S STATION, TENNESSEE
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds	\$	2,475,051
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Amounts reported for the governmental activities in the statement of activities are different because:

- | | | |
|---|----|-----------|
| (1) Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Add: capital outlays capitalized | | 326,929 |
| Less: depreciation expense | | (496,402) |
| (2) The issuance of long-term debt (e.g. bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Add: principal payments on long-term debt | | 115,300 |
| Change in net position of governmental activities | \$ | 2,420,878 |

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

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUE:				
Property tax	\$ 480,000	\$ 480,000	\$ 501,696	\$ 21,696
Sales tax	3,463,000	3,463,000	3,588,371	125,371
Building/impact fees	1,096,180	1,096,180	1,176,696	80,516
Alcohol taxes	182,900	182,900	186,344	3,444
Grants	2,006,390	2,006,390	-	(2,006,390)
All other	164,980	164,980	767,082	602,102
Total revenue	<u>\$ 7,393,450</u>	<u>\$ 7,393,450</u>	<u>\$ 6,220,189</u>	<u>\$ (1,173,261)</u>
EXPENDITURES:				
General Government:				
Payroll costs	\$ 457,186	\$ 457,186	\$ 469,346	\$ (12,160)
Professional fees	233,700	233,700	270,299	(36,599)
Operating costs	475,912	475,912	406,195	69,717
County services	167,030	167,030	169,030	(2,000)
Debt service	116,943	116,943	116,894	49
	<u>1,450,771</u>	<u>1,450,771</u>	<u>1,431,764</u>	<u>19,007</u>
Community Development:				
Payroll costs	462,841	462,841	453,112	9,729
Maintenance and vehicles	2,000	2,000	4,041	(2,041)
Professional fees	70,000	70,000	95,051	(25,051)
Operating costs	104,238	104,238	44,588	59,650
	<u>639,079</u>	<u>639,079</u>	<u>596,792</u>	<u>42,287</u>
Public Works:				
Payroll costs	412,673	412,673	408,636	4,037
Maintenance and vehicles	44,900	44,900	49,771	(4,871)
Operating costs	46,650	46,650	45,689	961
	<u>504,223</u>	<u>504,223</u>	<u>504,096</u>	<u>127</u>
Parks and Recreation:				
Payroll costs	40,000	40,000	20,000	20,000
Operating costs	26,275	26,275	34,733	(8,458)
	<u>66,275</u>	<u>66,275</u>	<u>54,733</u>	<u>11,542</u>
Capital Outlay	<u>6,976,500</u>	<u>6,976,500</u>	<u>1,334,164</u>	<u>5,642,336</u>
Total Expenditures	<u>9,636,848</u>	<u>9,636,848</u>	<u>3,921,549</u>	<u>5,715,299</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,243,398)</u>	<u>\$ (2,243,398)</u>	2,298,640	<u>\$ (6,888,560)</u>
FUND BALANCE - BEGINNING OF YEAR			11,905,546	
FUND BALANCE - END OF YEAR			<u>\$ 14,204,186</u>	

The accompanying notes are an integral part of the statements.

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
STATE STREET AID FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Intergovernmental				
State of Tennessee - gas tax 1989	\$ 23,000	\$ 23,000	\$ 20,997	\$ (2,003)
State of Tennessee - gas tax \$0.03 per gallon	44,000	44,000	38,769	(5,231)
State of Tennessee - gas and motor fuel tax	129,000	129,000	134,298	5,298
State of Tennessee - petroleum special	13,000	13,000	13,706	706
State of Tennessee - 2017 gas tax	71,000	71,000	67,708	(3,292)
Total intergovernmental revenue	<u>280,000</u>	<u>280,000</u>	<u>275,478</u>	<u>(4,522)</u>
Total revenues	280,000	280,000	275,478	(4,522)
EXPENDITURES:				
State Street Aid:				
Capital improvements	133,000	133,000	-	(133,000)
Resurfacing	<u>113,000</u>	<u>113,000</u>	<u>99,067</u>	<u>13,933</u>
Total expenditures	<u>246,000</u>	<u>246,000</u>	<u>99,067</u>	<u>(119,067)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 34,000</u>	<u>\$ 34,000</u>	176,411	<u>\$ 142,411</u>
FUND BALANCE - BEGINNING OF YEAR			<u>855,395</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,031,806</u>	

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

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND – WASTEWATER FUND
JUNE 30, 2024

Assets

Current assets:	
Cash	\$ 5,000,681
Accounts receivable, net	237,491
Due from general fund	<u>4,067,915</u>
Total current assets	9,306,087
Capital assets:	
Wastewater system, net	<u>25,465,869</u>
Total assets	<u><u>\$ 34,771,956</u></u>

Liabilities and Net Position

Current liabilities:	
Accounts payable and accrued expenses	\$ 25,854
Customer deposits	102,500
Capacity reservation deposits	<u>4,331,537</u>
Total current liabilities	4,459,891
Noncurrent liabilities:	
Note payable	<u>1,237,004</u>
Total liabilities	5,696,895
Net position:	
Net investment in capital assets	24,228,865
Unrestricted	<u>4,846,196</u>
Total net position	<u>29,075,061</u>
Total liabilities and net position	<u><u>\$ 34,771,956</u></u>

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

TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND – WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2024

Revenues:	
Charges to customers	\$ 1,949,178
Impact fees	1,412,561
Grant revenue	1,948,518
Total revenue	<u>5,310,257</u>
Operating Expenses:	
Supply and Operations:	
Salaries	316,170
Payroll taxes and benefits	20,972
Repairs and maintenance	50,134
Permits and licenses	3,945
Supplies	62,255
Lab water testing	4,003
Utilities	123,130
Insurance	48,051
Bad debt	16,018
Professional fees	106,579
Other administrative	33,619
Total supply and operations	<u>784,876</u>
Depreciation	<u>660,155</u>
Total operating expenses	<u>1,445,031</u>
Operating income	3,865,226
Nonoperating Revenues (Expenses):	
Interest income	111,856
Interest expense	(2,103)
Total non-operating revenues (expenses)	<u>109,753</u>
Change in net position	3,974,979
Net position - beginning of year	<u>25,100,082</u>
Net position - end of year	<u><u>\$ 29,075,061</u></u>

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

**TOWN OF THOMPSON'S STATION, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2024**

Cash Flows from (used for) Operating Activities:	
Receipts from customers and users	\$ 3,748,926
Payments to suppliers and vendors	(281,699)
Internal activity - due to/from general fund activity, net	836,781
Net cash provided by operating activities	<u>4,304,008</u>
Cash Flows from (used for) Capital and Related Financing Activities:	
Purchases of capital assets	(6,985,172)
Proceeds from loan issuance	1,237,004
Interest paid on notes	(2,103)
Net cash used for capital and related financing activities	<u>(5,750,271)</u>
Cash Flows from Investing Activities:	
Interest income from cash and cash equivalents	<u>111,856</u>
Net change in cash and cash equivalents	(1,334,407)
Cash and Cash Equivalents - Beginning of Year	<u>6,335,088</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 5,000,681</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating income	\$ 3,865,226
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	660,155
Changes in assets and liabilities:	
Accounts receivable	(22,540)
Due from other funds (operating activities)	(94,882)
Customer deposits	14,700
Capacity reservation deposits	1,892,420
Accounts payable and accrued expenses	(62,553)
Deferred revenue	(1,948,518)
Net cash provided by operating activities	<u><u>\$ 4,304,008</u></u>

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Thompson's Station, Tennessee (the "Town"), located in Williamson County, Tennessee, was incorporated August 15, 1990, under the provisions of Section 6-1-202, etc. seq., of the Tennessee Code Annotated. The Town operates under a Board of Mayor and Aldermen form of government and is authorized to provide all services accorded to municipalities in the State of Tennessee.

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the significant accounting policies of the Town of Thompson's Station:

The Town's accompanying financial statements present the governmental units relevant to the operations of the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Thompson's Station, Tennessee.

Based on criteria in GASB pronouncements, there are no component units to be included within the Town's financial reporting entity as of June 30, 2024. There are also no material leases to be recognized under GASB Statement 87 as of June 30, 2024.

Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements

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

The statement of net position presents the Town's assets, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. Debt that was issued for capital purposes is not a part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets.

Restricted net position results from restrictions placed on net position by external sources such as creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position which do not meet the definition of the two preceding categories.

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

The government-wide and proprietary fund financial statements are reporting using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are utility payments between the Town's Wastewater Fund and the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. On this basis, the Town deems revenue to be available if the revenues are collectible within 60 days after the end of the close of the fiscal year, and up to one year for certain grant revenues.

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

The Town presents the following governmental funds, which are considered to be major funds:

The *General Fund* is the Town's primary operating fund. It includes all financial resources of the general government, except those required to be accounted for in other funds.

The Town uses the *State Street Aid Fund* to account for the receipt and usage of the Town's share of state gasoline taxes. State law requires that these gasoline taxes be used to maintain streets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town presents the following proprietary enterprise fund, which is considered to be a major fund:

The Town's *Wastewater Fund* is used to account for wastewater revenues, expenses, and related assets and liabilities for services provided to customers of the system.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Governmental Fund Balances

In accordance with GASB Statement No. 54, the governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories of fund balance are as follows:

Nonspendable – the nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, either ordinance or resolutions, of the Board of Mayor and Aldermen level of decision-making authority, are reported as committed fund balance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance. The Board of Mayor and Aldermen have authorized the Town Administrator to assign fund balance up to certain amounts.

Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balances that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes have exceeded the amounts restricted, committed, or assigned to those purposes, those amounts are reported as a negative unassigned fund balance.

The Town does not have any committed or assigned fund balances on June 30, 2024. The Town's practice is to expend any available restricted, committed, or assigned resources, in that order, prior to expending unassigned resources.

Budgetary Basis of Accounting

The Town adopts an annual budget for the General Fund and State Street Aid Fund. The Town's budgetary process accounts for transactions using the modified-accrual basis of accounting, which is consistent with the basis used in the governmental fund statements, in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and include amounts in demand deposits, interest bearing accounts, and short-term investments maturing within three months or less. Cash equivalents also include investments in the Local Government Investment Pool ("LGIP") due to the short-term nature of their maturity. The LGIP qualifies as a 2a7-like pool and is reported at amortized cost using a Stable Net Asset Value which approximates fair value.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Based on prior experience and estimates of current customer creditworthiness, an allowance for uncollectible receivables has been provided in the amount of \$38,000 for the Wastewater Fund.

Real and personal property taxes are Board approved by October 1 for each fiscal year on values assessed as of the prior January 1. The Town has an enforceable legal claim as of January 1 (the assessment date). Property taxes are due on December 1 and are considered delinquent after February 28, at which time penalties and interest are assessed and property is available for tax lien. All property taxes are billed and collected by the Williamson County Clerk and Master prior to remittance to the Town.

Property taxes receivable are recognized as of the date the Town has an enforceable legal claim. Property taxes are reflected as revenues in the fiscal period for which they are levied, which is the subsequent fiscal year for the current fiscal year's assessment, provided they are received and collected within the current period or within 60 days following the fiscal year end (August 31). Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30. Delinquent taxes estimated to be collected subsequent to August 31 are included in the balance sheet as property taxes receivable and a deferred inflow of resources to reflect amounts that were not available as revenues on June 30. The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and Town Charter, is set annually by the Board of Mayor and Aldermen and collected by Williamson County Trustee prior to remittance to the Town.

Receivables due from other governments are primarily from the State of Tennessee and Williamson County, Tennessee. No allowance for uncollectible amounts has been recognized.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned as "unearned revenue." At the end of the current fiscal year, unavailable revenue principally represents amounts relating to property taxes.

Inventories

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

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental activities in the government-wide financial statements. Wastewater capital assets are reported with business-type activities in the government-wide financial statements and in the proprietary fund statement of net position. Capital assets are defined by the Town as assets with an original and individual cost of \$10,000 or more and have an estimated useful life of more than one year. Purchased or constructed assets are recorded as cost; capital assets that are donated are recorded at their estimated acquisition value at the date of the donation. Repair and maintenance costs that do not significantly extend the useful life or increase the value of the asset are not capitalized.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Capital Assets (Continued)

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

Site improvements	20 years
Building and structures	40 years
Infrastructure	40 years
Machinery and equipment	7 years
Furnishings and accessories	7 years
Vehicles	5 years
Computer equipment	3 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has no items that qualify for reporting in this category on June 30, 2024.

In addition to liabilities, the statement of financial position reports a separate action for deferred inflows or resources. This separate financial statement element, deferred inflows of resources, represents an increase to net position that applies to a future period and is not recognized as an inflow of resource (revenue) until that time. These items are amounts in the governmental funds that were measurable at year-end but were not available to finance expenditures for the current year. This includes unavailable revenues from property taxes. Deferred inflows of resources reported in the statement of net position arise from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Estimates

Estimates and assumptions are used in preparing financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, and deferred inflows of resources as of the date of the financial statements and reported revenue and expenses during the period. Actual results could differ from those estimates.

Date of Management's Review

The Town evaluated its June 30, 2024 financial statements for subsequent events through December 27, 2024, the date the financial statements were available to be issued. Management was not aware of any significant subsequent events to disclose in the financial statements.

TOWN OF THOMPSON’S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 2 – PROPERTY TAXES

The Town’s property tax is levied for the current year on October 1 each year on the assessed value as of the previous January 1 for all real and personal property within the boundaries of the Town. Property taxes are secured by a statutory lien as of the original assessment date of January 1 and are an enforceable legal claim. Taxes may be paid during the period of October 1 through February 28 and become delinquent on March 1. Delinquent taxes have been filed with the Williamson County Clerk and Master.

A schedule of tax rates, assessments, levies, and collections for the last ten fiscal years are as follows:

Year of				Balance June		Collections	Balance June
Levy	Tax Rate	Assessment	Levy	30, 2023	Taxes Levied	and Adjustments	30, 2024
2024	0.103	490,587,379	505,305	\$ -	\$ 505,305	\$ -	\$ 505,305
2023	0.103	459,442,700	473,226	473,226	-	472,725	501
2022	0.103	428,363,002	441,214	826	-	20	806
2021	0.103	379,949,884	391,348	454	-	411	43
2020	0.103	278,889,515	287,256	41	-	25	16
2019	0.103	254,372,725	262,004	50	-	22	28
2018	0.103	229,201,976	236,078	6	-	-	6
2017	0.103	193,407,102	199,209	28	-	-	28
2016	0.103	134,375,527	138,407	6	-	-	6
2015	0.103	128,934,758	132,803	22	-	-	22
2014	0.103	106,886,489	110,093	45	-	23	22
				<u>\$ 474,704</u>	<u>\$ 505,305</u>	<u>\$ 473,226</u>	<u>\$ 506,783</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash totaling \$24,326,741. State statutes authorize the Town to invest funds in the following: bonds, notes, or treasury bills of the United States or any of its agencies; certificates of deposits at Tennessee state-chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities; and state pooled investment funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

On June 30, 2024, total demand deposits and certificates of deposit for the Town were insured and/or collateralized in one of the following ways. Deposits and certificates of deposits are insured, up to applicable limits, through the Federal Deposit Insurance Corporation (“FDIC”). All deposits and certificates were held in financial institutions, which are members of the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of the governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of the pool is not sufficient to cover a loss. The Town’s deposits in financial institutions were entirely insured or collateralized on June 30, 2024.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 was as follows:

	<u>Governmental Activities:</u>			
	<u>Beginning</u>	<u>Additions</u>	<u>Decreases and</u>	<u>Ending</u>
	<u>Balance</u>		<u>Transfers</u>	<u>Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 6,411,389	\$ -	\$ -	\$ 6,411,389
Construction in progress	<u>1,808,050</u>	<u>154,396</u>	<u>-</u>	<u>1,962,446</u>
Total capital assets not being depreciated	8,219,439	154,396	-	8,373,835
<u>Capital assets being depreciated</u>				
Infrastructure	15,689,525	79,160	-	15,768,685
Building and improvements	714,755	-	-	714,755
Furniture and equipment	397,930	16,470	-	414,400
Vehicles	<u>393,581</u>	<u>76,903</u>	<u>-</u>	<u>470,484</u>
Total capital assets being depreciated	17,195,791	172,533	-	17,368,324
<u>Less: accumulated depreciation for</u>				
Infrastructure	(1,971,672)	(407,453)	-	(2,379,125)
Building and improvements	(305,962)	(26,435)	-	(332,397)
Furniture and equipment	(278,251)	(23,993)	-	(302,244)
Vehicles	<u>(255,178)</u>	<u>(38,521)</u>	<u>-</u>	<u>(293,699)</u>
Total accumulated depreciation	<u>(2,811,063)</u>	<u>(496,402)</u>	<u>-</u>	<u>(3,307,465)</u>
Capital assets being depreciated, net	<u>14,384,728</u>	<u>(323,869)</u>	<u>-</u>	<u>14,060,859</u>
Governmental activities capital assets, net	<u>\$ 22,604,167</u>	<u>\$ (169,473)</u>	<u>\$ -</u>	<u>\$ 22,434,694</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs for the year ended June 30, 2023, as follows:

General government	\$	87,158
Streets and roads		407,453
Parks		<u>1,791</u>
	\$	<u>496,402</u>

Construction in progress as of June 30, 2024, is attributable to the following:

Preservation Park: Trailways	\$	<u>1,962,446</u>
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Estimated costs to complete the above project as of June 30, 2024 is as follows:

Preservation Park: Trailways	\$	<u>500,000</u>
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TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Business-Type Activities - Wastewater:</u>			
	<u>Beginning</u>		<u>Decreases and</u>	<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 2,992,000	\$ -	\$ -	\$ 2,992,000
Construction in progress	<u>1,455,211</u>	<u>6,985,172</u>	<u>-</u>	<u>8,440,383</u>
Total capital assets not being depreciated	4,447,211	6,985,172	-	11,432,383
 <u>Capital assets being depreciated</u>				
Wastewater system	18,898,499	-	-	18,898,499
Buildings	880,550	-	-	880,550
Machinery and equipment	563,069	-	-	563,069
Vehicles	<u>93,907</u>	<u>-</u>	<u>-</u>	<u>93,907</u>
Total capital assets being depreciated	20,436,025	-	-	20,436,025
 <u>Less: accumulated depreciation for</u>				
Wastewater system	(4,938,909)	(608,121)	-	(5,547,030)
Buildings	(348,224)	(21,923)	-	(370,147)
Machinery and equipment	(404,721)	(23,604)	-	(428,325)
Vehicles	<u>(50,530)</u>	<u>(6,507)</u>	<u>-</u>	<u>(57,037)</u>
Total accumulated depreciation	<u>(5,742,384)</u>	<u>(660,155)</u>	<u>-</u>	<u>(6,402,539)</u>
Capital assets being depreciated, net	<u>14,693,641</u>	<u>(660,155)</u>	<u>-</u>	<u>14,033,486</u>
 Business-type activities capital assets, net	 <u>\$ 19,140,852</u>	 <u>\$ 6,325,017</u>	 <u>\$ -</u>	 <u>\$ 25,465,869</u>

Construction in progress as of June 30, 2024, is attributable to the following:

Wastewater Treatment Plant	<u>\$ 8,440,383</u>
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Estimated costs to complete the above project as of June 30, 2024 is as follows:

Wastewater Treatment Plant	<u>\$ 24,000,000</u>
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NOTE 5 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, damage to, destruction and/or theft of assets, errors and omissions, injuries to employees, and natural disasters. The Town maintains insurance coverage through the Public Entity Partners Pool ("PEP"), formerly the TML Risk Management Pool, covering each of those risks of loss. The PEP Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The Town pays a premium, receives coverage, and can make claims against the coverage. The Town meets the PEP's guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the PEP Pool are actuarially projected to provide adequate funding to cover loss reserves and expenses, as well as building contingency reserves. Management of the Town believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three years. See also Note 10.

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Balances due from/to other funds on June 30, 2024, consist of the following:

- \$983,770 due from the General Fund to the State Street Aid Fund for cash held by the General Fund.
- \$4,067,915 due from the General Fund to the Wastewater Fund representing wastewater activities.

NOTE 7 – LONG-TERM LIABILITIES

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

During fiscal year 2023, the Tennessee Department of Environment and Conservation's State Revolving Fund (SRF) Loan Program approved total loan financing in the amount of \$15,400,000 for the Town's Wastewater Treatment Plan Expansion-Secondary Treatment Green Project. During June 2024, the Town requested and received their first draw on the SRF loan in the amount of \$1,237,004 which represents the Town's total debt as reflected in the financial statements as of June 30, 2024.

The total SRF Loan Program approved amount of \$15,400,000 consists of 2 separate loan agreements: \$5,000,000 with an interest rate of 1.96% and \$10,400,000 with an interest rate of 2.26%. The Town promises to repay to the order of the State the Project Loan plus interest, payable in installments on the 20th day of each month in accordance with the payment schedule of the loan agreement. The payment schedule requires payments of interest to be made after the first disbursement. The payment schedule will require repayments of principal to begin the earlier of (1) within 90 days after initiation of operation of the project for construction loans or within 2 years of loan approval for planning and design loans or (2) within 120 days after 90% of the Project Loan has been disbursed.

The changes in long-term liabilities during the year end June 30, 2024 were as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Capital Outlay Note - Series 2013	\$ 115,300	\$ -	\$ 115,300	\$ -	\$ -
<u>Business-Type Activities:</u>					
State Revolving Fund Loan	\$ -	\$ 1,237,004	\$ -	\$ 1,237,004	\$ -

Future principal and interest activities of long-term obligations are as follows on June 30, 2024:

	<u>Business-Type Activity</u>		
	<u>SRF Loan #1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 25,236	\$ 25,236
2026	54,506	21,719	76,225
2027	53,527	22,698	76,225
2028	54,586	21,639	76,225
2029	55,665	20,560	76,225
Thereafter	1,018,720	163,285	1,182,005
	<u>\$ 1,237,004</u>	<u>\$ 275,137</u>	<u>\$ 1,512,141</u>

NOTE 8 – DEFINED CONTRIBUTION PLAN

During fiscal year 2016, the Town began to offer its employees a deferred compensation defined contribution benefit plan through the Town of Thompson's Station 457 Retirement Readiness Plan (the "Plan"). The Plan is a prototype plan created in accordance with Internal Revenue Code section 457. The Plan is available to all employees working more than 30 hours per week and permits participants to defer a portion of their compensation until termination, retirement, disability, or other qualifying events under the Plan document. John Hancock holds the Plan's investments. The Plan provides for a discretionary Town matching contribution of up to 5% of eligible compensation. The Town's match for fiscal year 2024 totaled \$59,369. Effective July 1, 2016, the Plan was amended to provide cliff vesting for Town's matching contributions. Such contributions vest after 3 years of eligible employment. The amendment affects employees hired on and after July 1, 2016. Those hired before July 1, 2016 are immediately vested in the Town's matching contributions. There were no significant forfeitures during fiscal year 2024.

NOTE 9 – WASTEWATER TAP AGREEMENT/TAP GUARANTEES

There are several current and future developments underway whereby the Town has approved a total number of tap rights. While there is no current shortage as of June 30, 2024 for wastewater capacity to service the existing capacity needs of wastewater customers, the Town is currently and actively taking wastewater plant improvement steps (addition of drip fields and is in the construction phase of a project development for a future membrane bioreactor system) so that the Town can meet all capacity requirements from the guaranteed tap rights in the long-term. The Town does not expect capacity deficiencies in the near term that would cause a breach of contract on the guaranteed tap rights.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Town, from time to time, is involved in various lawsuits arising in the ordinary course of its business. The Town maintains insurance coverage to minimize the risk of loss from threatened or pending litigation. It is management's opinion that any pending or threatened litigation will not have a material effect on the Town's financial position or results of operations.

SUPPLEMENTARY INFORMATION

**TOWN OF THOMPSON'S STATION, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 FOR THE YEAR ENDED JUNE 30, 2024**

<u>Business-Type Activity</u>			
<u>SRF Loan #1</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 25,236	\$ 25,236
2026	54,506	21,719	76,225
2027	53,527	22,698	76,225
2028	54,586	21,639	76,225
2029	55,665	20,560	76,225
Thereafter	1,018,720	163,285	1,182,005
	<u>\$ 1,237,004</u>	<u>\$ 275,137</u>	<u>\$ 1,512,141</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE YEAR ENDED JUNE 30, 2024

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 07/01/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 06/30/2024
<u>Governmental Activities:</u>									
<u>Payable through General Fund</u>									
Capital Outlay, Series 2013	\$ 1,153,000	2.85%	9/26/2014	9/26/2023	\$ 115,300	\$ -	\$ 115,300	\$ -	\$ -
					<u>\$ 115,300</u>	<u>\$ -</u>	<u>\$ 115,300</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Business-type Activities:</u>									
<u>Payable through Wastewater Fund</u>									
State Revolving Fund Loan	\$ 5,000,000	1.96%	6/24/2024	6/24/2044	\$ -	\$ 1,237,004.00	\$ -	\$ -	\$ 1,237,004
Total					<u>\$ -</u>	<u>\$ 1,237,004.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,237,004</u>

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
FOR THE YEAR ENDED JUNE 30, 2024**

SEWER:

Number of Customers as of June 30, 2024: 2,291

Rate: Commercial and Residential

- \$8.10/1,000 gallons used plus \$29.00 flat monthly base per user

- No maximum monthly fee

GOVERNMENTAL AUDITING STANDARDS SECTION

TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND NOTES TO THE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor (Pass Thru Agency)/Program Title	Assistance Listing Number	Grant Number / Pass-through Entity Identifying Number	Grant Receivables (Deferred) July 1, 2023	Federal Receipts	Expenditures	Grant Receivables (Deferred) June 30, 2024
U.S. Environmental Protection Agency (TN Department of Environment and Conservation)						
Capitalization Grant for Clean Water State Revolving Fund	66.458	CG9 2022-469	\$ -	\$ 1,124,560	\$ 1,124,560	\$ -
U.S. Department of Treasury (Direct Award)						
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	(1,948,518)	-	1,948,518	-
Total Federal Awards			<u>\$ (1,948,518)</u>	<u>\$ 1,124,560</u>	<u>\$ 3,073,078</u>	<u>\$ -</u>
State Financial Assistance	Assistance Listing Number	Grant Number / Pass-through Entity Identifying Number	Grant Receivables (Deferred) July 1, 2023	Federal Receipts	Expenditures	Grant Receivables (Deferred) June 30, 2024
TN Department of Environment and Conservation						
Capitalization Grant for Clean Water State Revolving Fund	N/A	CG9 2022-469	\$ -	\$ 112,444	\$ 112,444	\$ -
Total Federal Awards and State Financial Assistance			<u>\$ (1,948,518)</u>	<u>\$ 1,237,004</u>	<u>\$ 3,185,522</u>	<u>\$ -</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Town.

**TOWN OF THOMPSON’S STATION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND NOTES TO THE
SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2 – Pass-through entity contract numbers are presented where available.

3 – There were no federal awards passes through to sub-recipients.

4 – The Town has elected not to use the *de minimis* indirect cost rate as allowed under the Uniform Guidance.

5 – The loan balance for the Capitalization Grant for Clean Water State Revolving Fund totaled \$1,237,004.

6 – The grant revenue amounts received and expensed (eligible for reimbursement) are subject to audit adjustment. If any expenses are disallowed by the grantor as a result of such audit, any claim for reimbursement to the grantor would become a liability of the Town. In the opinion of management, all grant expenses (eligible for reimbursement) are compliant with the terms of the grant agreements and applicable federal and state laws and regulations.

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

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

Total grant revenue per proprietary fund financial statements	\$ 1,948,518
Add: loan program expenditures	<u>1,237,004</u>
Total federal awards and state financial assistance	<u><u>\$ 3,185,522</u></u>



**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Culver, PLLC

Culver, PLLC
Oakland, TN
December 27, 2024



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Thompson's Station, Tennessee (the "Town"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2024. The Town's major federal program is identified in the summary of auditor's results section of the accompany schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis of Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirements of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Culver, PLLC

Oakland, Tennessee
December 27, 2024

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION I – SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America	<u>Unmodified</u>
Internal control over financial reporting: Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weakness(es)	<u>None Reported</u>
Noncompliance material to financial statements?	<u>No</u>

Federal Awards

Type of auditor's report issued on compliance for major program	<u>Unmodified</u>
Internal control over major program: Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<u>No</u>
Identification of major program: <i>Assistance Listing Number: 22.027 – Coronavirus State and Local Fiscal Recovery Funds</i>	
Dollar threshold use to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Did auditee qualify as a low-risk auditee?	<u>No</u>

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

**TOWN OF THOMPSON'S STATION, TENNESSEE
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

A. FINANCIAL STATEMENT FINDINGS

None reported.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.