

TOWN OF THOMPSON'S STATION, TENNESSEE

**AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION**

JUNE 30, 2015

TOWN OF THOMPSON'S STATION, TENNESSEE

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TOWN OF THOMPSON'S STATION, TENNESSEE
DIRECTORY OF OFFICIALS
JUNE 30, 2015

<u>Title</u>	<u>Name of Official</u>
Mayor	Corey Napier
Alderman	Brandon Bell
Alderman	Sarah Benson
Alderman	Brinton Davis
Alderman	Graham Shepard
Town Administrator	Joe Cosentini
Town Finance Director	Tammy Womack
Town Recorder	Chandra Boughton



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility 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 to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 activities, and each major fund of the Town of Thompson's Station, Tennessee as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 - 10) be presented to supplement the basic financial statements. Such information, 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.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thompson's Station, Tennessee's basic financial statements. The directory of officials is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015 on our consideration of the Town of Thompson's Station, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Thompson's Station, Tennessee's internal control over financial reporting and compliance.

Crosslin & Associates, PLLC

Nashville, Tennessee
December 31, 2015

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2015

As management of the Town of Thompson's Station (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, 2015. Readers are encouraged to consider information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

1. The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$19,994,268 (net position). Of this amount, \$6,127,085 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 \$2,919,599 during fiscal year 2015.
3. As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$4,124,555, an increase of \$38,833 for the year. Approximately 99% of this total amount, or \$4,117,682 is available for spending at the government's discretion (unassigned fund balance).
4. At June 30, 2015, the unassigned fund balance for the General Fund was 138% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Thompson's Station's basic financial statements. The 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 statement for some items that will only result in cash flows in future fiscal periods.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2015

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.

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 of Thompson's Station adopts an annual budget for its General Fund and the State Street Aid Special Revenue Fund.

Proprietary fund. The Town of Thompson's Station 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.

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 budget and final budget as well as comparison of final budget to actual appears on pages 17 through 20.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2015

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 \$19,994,268 at the end of the most recent fiscal year.

TOWN OF THOMPSON'S STATION'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 5,295,878	\$ 5,359,206	\$ 1,696,809	\$ 840,915	\$ 6,992,687	\$ 6,200,121
Capital assets	3,971,956	2,372,454	12,194,972	12,115,375	16,166,928	14,487,829
Total assets	<u>9,267,834</u>	<u>7,731,660</u>	<u>13,891,781</u>	<u>12,956,290</u>	<u>23,159,615</u>	<u>20,687,950</u>
Long-term liabilities outstanding	1,037,700	1,153,000	1,268,518	1,435,185	2,306,218	2,588,185
Other liabilities	644,028	696,259	76,694	196,056	720,722	892,315
Total liabilities	<u>1,681,728</u>	<u>1,849,259</u>	<u>1,345,212</u>	<u>1,631,241</u>	<u>3,026,940</u>	<u>3,480,500</u>
Deferred inflows of resources	<u>138,407</u>	<u>132,781</u>	<u>-</u>	<u>-</u>	<u>138,407</u>	<u>132,781</u>
Net position:						
Net investment in capital assets	2,934,256	1,219,454	10,926,454	10,680,192	13,860,710	11,899,646
Restricted for roads and streets	6,473	226	-	-	6,473	226
Unrestricted	<u>4,506,970</u>	<u>4,529,940</u>	<u>1,620,115</u>	<u>644,857</u>	<u>6,127,085</u>	<u>5,174,797</u>
Total net position	<u>\$ 7,447,699</u>	<u>\$ 5,749,620</u>	<u>\$12,546,569</u>	<u>\$11,325,049</u>	<u>\$19,994,268</u>	<u>\$17,074,669</u>

A significant portion of the Town's net position, \$13,860,710 or (69%) reflects its investment in capital assets (for example - land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The Town of Thompson's Station's investment in capital assets is reported net of related debt. 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, \$6,473 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, \$6,127,085 (31%), 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 (UNAUDITED)
YEAR ENDED JUNE 30, 2015

The following is a summary of financial activities for the Town during the fiscal year ended June 30, 2015:

TOWN OF THOMPSON'S STATION'S CHANGE IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for service	\$ 62,980	\$ 54,659	\$ 619,296	\$ 431,849	\$ 682,276	\$ 486,508
Operating grants and contributions	76,247	62,387	-	-	76,247	62,387
Capital grants and contributions	50,000	-	1,301,520	588,592	1,351,520	588,592
General revenues:						
Property taxes	139,595	121,790	-	-	139,595	121,790
Local option sales taxes	654,791	621,781	-	-	654,791	621,781
Intergovernmental revenues	398,218	585,606	-	-	398,218	585,606
Other	1,683,553	1,196,813	-	-	1,683,553	1,196,813
Unrestricted investment earnings	21,049	17,326	597	381	21,646	17,707
Total revenues	<u>3,086,433</u>	<u>2,660,362</u>	<u>1,921,413</u>	<u>1,020,822</u>	<u>5,007,846</u>	<u>3,681,184</u>
Expenses:						
General government	1,108,608	1,074,295	-	-	1,108,608	1,074,295
State Street Aid	70,000	129,957	-	-	70,000	129,957
Streets and roads	138,205	454,322	-	-	138,205	454,322
Parks	40,333	67,579	-	-	40,333	67,579
Debt service	31,208	16,430	-	-	31,208	16,430
Wastewater	-	-	699,893	717,315	699,893	717,315
Total expenses	<u>1,388,354</u>	<u>1,742,583</u>	<u>699,893</u>	<u>717,315</u>	<u>2,088,247</u>	<u>2,459,898</u>
Change in net position	1,698,079	917,779	1,221,520	303,507	2,919,599	1,221,286
Net position - beginning of year	<u>5,749,620</u>	<u>4,831,841</u>	<u>11,325,049</u>	<u>11,021,542</u>	<u>17,074,669</u>	<u>15,853,383</u>
Net position - end of year	<u>\$ 7,447,699</u>	<u>\$ 5,749,620</u>	<u>\$12,546,569</u>	<u>\$11,325,049</u>	<u>\$19,994,268</u>	<u>\$17,074,669</u>

Governmental Activities. Governmental activities increased the Town's net position by \$1,698,079. This change is primarily due to increased building permits and impact fees, which increased by 52% in 2015 compared to 2014.

Business-Type Activities. Business-type activities increased the Town's net position by \$1,221,520 primarily due to increased revenue generated from charges for wastewater treatment, as well as increased tap fees and \$200,000 of capital contributions in fiscal year 2015.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town 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 \$4,124,555. Fund balances of the governmental funds increased \$38,833 during fiscal year 2015.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,117,682. 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 138% of total general fund expenditures.

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

Unrestricted net position of the Wastewater Fund at the end of the year amounted to \$1,620,115. The Wastewater Fund had an increase in net position for the year of \$1,221,520 during fiscal year 2015. 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 impact fees by \$328,175.
2. Actual over budgeted building permits by \$146,219.
3. Delay in the greenways and trails grant expenditures and related revenues of approximately \$600,000.
4. Actual under other budgeted expenditures of \$545,963.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$16,166,928 (net of depreciation). This investment includes land, buildings, improvements, machinery, equipment and infrastructure.

Major capital asset events during the current fiscal year included the purchase of park land totaling approximately \$1.2 million.

Additional information on the Town capital assets can be found in Note 5 to the financial statements.

TOWN OF THOMPSON'S STATION'S CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,944,341	\$ 1,709,037	\$ 2,512,000	\$ 2,512,000	\$ 5,456,341	\$ 4,221,037
Infrastructure	392,900	216,416	139,102	-	532,002	216,416
Buildings	695,747	584,200	880,550	880,550	1,576,297	1,464,750
Equipment	76,087	41,820	490,354	490,354	566,441	532,174
Vehicles	154,437	65,795	20,000	-	174,437	65,795
Wastewater system	-	-	10,175,621	9,951,977	10,175,621	9,951,977
Total capital assets	4,263,512	2,617,268	14,217,627	13,834,881	18,481,139	16,452,149
Less: Accumulated depreciation	(291,556)	(244,814)	(2,022,655)	(1,719,506)	(2,314,211)	(1,964,320)
Capital assets, net	\$ 3,971,956	\$ 2,372,454	\$ 12,194,972	\$ 12,115,375	\$ 16,166,928	\$ 14,487,829

Long-term Debt. At the end of the fiscal year, the Town's total debt was \$2,306,218 and is set forth in detail in Note 8 on pages 34 through 35.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Despite improving economic conditions, a conservative approach was used in preparing the Town of Thompson's Station's budget for the 2015 - 2016 fiscal year.

1. The continued significant economic development and growth of the Town makes the budget projection a challenging process. A conservative view of new development was made for the purpose of revenue projection.
2. Expenditures were budgeted at a rate to maintain citizen services at the same level as in prior years.

REQUESTS FOR INFORMATION

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

Town of Thompson's Station, Tennessee
Statement of Net Position
June 30, 2015

	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:			
Cash and cash equivalents	\$ 4,522,604	\$ 1,609,406	\$ 6,132,010
Taxes receivable - property tax	140,984	-	140,984
Accounts and other receivables	6,289	67,785	74,074
Internal balances	(19,618)	19,618	-
Due from other governments	256,331	-	256,331
Prepaid expenses	400	-	400
Loan to enterprise fund	388,888	-	388,888
Capital assets:			
Capital assets not being depreciated	2,944,341	2,512,000	5,456,341
Other capital assets, net of depreciation	1,027,615	9,682,972	10,710,587
Total assets	9,267,834	13,891,781	23,159,615
Liabilities:			
Accounts payable	91,490	68,275	159,765
Deposits from developers	474,800	-	474,800
Accrued expenses	1,010	8,419	9,429
Accrued compensation and compensated absences	48,590	-	48,590
Due to other governments	28,138	-	28,138
Long-term liabilities:			
Due within one year	115,300	500,000	615,300
Due in more than one year	922,400	768,518	1,690,918
Total liabilities	1,681,728	1,345,212	3,026,940
Deferred Inflows of Resources:			
Unavailable revenue - taxes	138,407	-	138,407
Net Position:			
Net investment in capital assets	2,934,256	10,926,454	13,860,710
Restricted for State Street Aid	6,473	-	6,473
Unrestricted	4,506,970	1,620,115	6,127,085
Total net position	\$ 7,447,699	\$ 12,546,569	\$ 19,994,268

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

Town of Thompson's Station, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 1,108,608	\$ 56,936	\$ -	\$ 50,000	\$ (1,001,672)	\$ -	\$ (1,001,672)
State Street Aid	70,000	-	76,247	-	6,247	-	6,247
Streets and roads	138,205	-	-	-	(138,205)	-	(138,205)
Parks	40,333	6,044	-	-	(34,289)	-	(34,289)
Interest on long-term debt	31,208	-	-	-	(31,208)	-	(31,208)
Total governmental activities	<u>1,388,354</u>	<u>62,980</u>	<u>76,247</u>	<u>50,000</u>	<u>(1,199,127)</u>	<u>-</u>	<u>(1,199,127)</u>
Business-type activities:							
Wastewater	<u>699,893</u>	<u>619,296</u>	<u>-</u>	<u>1,301,520</u>	<u>-</u>	<u>1,220,923</u>	<u>1,220,923</u>
Total primary government	<u>\$ 2,088,247</u>	<u>\$ 682,276</u>	<u>\$ 76,247</u>	<u>\$ 1,351,520</u>	<u>(1,199,127)</u>	<u>1,220,923</u>	<u>21,796</u>
General revenues:							
Taxes:							
Property taxes					139,595	-	139,595
Local option sales taxes					654,791	-	654,791
Building permits/impact fees					1,529,394	-	1,529,394
Beer and liquor tax					97,812	-	97,812
Business and privilege taxes					34,501	-	34,501
Franchise tax					12,951	-	12,951
Unrestricted intergovernmental revenues:							
State income tax					74,112	-	74,112
Payment in lieu of taxes					31,073	-	31,073
State sales tax					203,050	-	203,050
Mixed drink and beer tax					13,047	-	13,047
Business tax					76,936	-	76,936
Unrestricted investment earnings					21,049	597	21,646
Other					8,895	-	8,895
Total general revenues					<u>2,897,206</u>	<u>597</u>	<u>2,897,803</u>
Change in net position					1,698,079	1,221,520	2,919,599
Net position - beginning					5,749,620	11,325,049	17,074,669
Net position - ending					<u>\$ 7,447,699</u>	<u>\$ 12,546,569</u>	<u>\$ 19,994,268</u>

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

Town of Thompson's Station, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	State Street Aid Fund	Total Governmental Funds
Assets:			
Cash	\$ 4,522,604	\$ -	\$ 4,522,604
Taxes receivable - property tax	140,984	-	140,984
Due from other governments	242,451	13,880	256,331
Due from other funds	7,407	-	7,407
Prepaid expenses	400	-	400
Other receivables	6,289	-	6,289
Total assets	<u>\$ 4,920,135</u>	<u>\$ 13,880</u>	<u>\$ 4,934,015</u>
Liabilities:			
Accounts payable	\$ 91,490	\$ -	\$ 91,490
Deposits from developers	474,800	-	474,800
Due to other funds	19,618	7,407	27,025
Due to other governments	28,138	-	28,138
Accrued expenses	1,010	-	1,010
Accrued vacation	48,590	-	48,590
Total liabilities	<u>663,646</u>	<u>7,407</u>	<u>671,053</u>
Deferred inflows of resources:			
Unavailable revenue - taxes	<u>138,407</u>	<u>-</u>	<u>138,407</u>
Fund balances:			
Nonspendable for prepaid items	400	-	400
Restricted for State Street Aid	-	6,473	6,473
Unassigned	4,117,682	-	4,117,682
Total fund balances	<u>4,118,082</u>	<u>6,473</u>	<u>4,124,555</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,920,135</u>	<u>\$ 13,880</u>	<u>\$ 4,934,015</u>

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

Town of Thompson's Station, Tennessee
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2015

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

Total fund balances of governmental funds	\$ 4,124,555
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds, net of accumulated depreciation of \$291,556	3,971,956
Long-term loan receivable from proprietary Wastewater Fund is not due and payable in the current period, and, therefore, is not reported in the governmental funds	388,888
Long-term liabilities, including capital outlay notes payable, are not due and payable in the current period, and, therefore, are not reported in the governmental funds:	
General long-term debt	<u>(1,037,700)</u>
Net position of governmental activities	<u>\$ 7,447,699</u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	State Street Aid Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 939,863	\$ -	\$ 939,863
Licenses, permits and fees	1,592,374	-	1,592,374
Intergovernmental	398,218	76,247	474,465
Other	29,731	-	29,731
Total revenues	2,960,186	76,247	3,036,433
Expenditures:			
Current:			
General government	1,079,664	-	1,079,664
State Street Aid	-	70,000	70,000
Streets and roads	122,500	-	122,500
Parks	38,240	-	38,240
Capital outlay	1,596,244	-	1,596,244
Debt Service:			
Principal	115,300	-	115,300
Interest	31,208	-	31,208
Total expenditures	2,983,156	70,000	3,053,156
Excess (deficiency) of revenues over (under) expenditures	(22,970)	6,247	(16,723)
Other financing sources (uses)			
Payment on loan - Wastewater Fund	55,556	-	55,556
Total other financing sources (uses)	55,556	-	55,556
Net change in fund balances	32,586	6,247	38,833
Fund balance - beginning	4,085,496	226	4,085,722
Fund balance - ending	\$ 4,118,082	\$ 6,473	\$ 4,124,555

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

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, 2015

Net change in fund balances - total governmental funds \$ 38,833

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Specifically these items are as follows:

Acquisition and donations of capital assets	1,646,244
Depreciation expense	(46,742)

Repayment of long-term receivable from proprietary Wastewater Fund is an other financing source in the governmental funds, but not for governmental activities	(55,556)
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The issuance of long-term debt 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. Specifically, these items are as follows:

Debt payments	<u>115,300</u>
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Change in net position of governmental activities	<u><u>\$ 1,698,079</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
REVENUES:				
Taxes:				
Property	\$ 115,000	\$ 138,000	\$ 139,595	\$ 1,595
Franchise	12,000	12,000	12,951	951
Wholesale beer	95,000	95,000	97,812	2,812
Local sales tax - Trustee	550,000	650,000	654,791	4,791
Privilege tax	30,000	30,000	34,501	4,501
Business tax	81,000	81,000	76,936	(4,064)
Interest and penalty revenue	-	-	213	213
Total taxes	<u>883,000</u>	<u>1,006,000</u>	<u>1,016,799</u>	<u>10,799</u>
Licenses, permits and fees:				
Beer permits	500	650	650	-
Building permits	325,000	440,000	586,219	146,219
Review fees	30,000	35,000	56,286	21,286
Impact fees	500,000	615,000	943,175	328,175
Miscellaneous	500	650	6,044	5,394
Total licenses, permits and fees	<u>856,000</u>	<u>1,091,300</u>	<u>1,592,374</u>	<u>501,074</u>
Intergovernmental:				
Payments in lieu of taxes	29,000	29,000	31,073	2,073
State of Tennessee - sales tax	170,000	170,000	203,050	33,050
State of Tennessee - mixed drink tax	1,500	3,400	11,765	8,365
State of Tennessee - beer tax	1,100	1,300	1,282	(18)
State of Tennessee - income tax	100,000	150,000	74,112	(75,888)
Greenways and trailways grant	599,000	599,000	-	(599,000)
Total intergovernmental revenue	<u>900,600</u>	<u>952,700</u>	<u>321,282</u>	<u>(631,418)</u>
Other income:				
Interest	15,500	20,000	20,836	836
Other	4,000	12,000	8,895	(3,105)
Total other income	<u>19,500</u>	<u>32,000</u>	<u>29,731</u>	<u>(2,269)</u>
Total Revenues	<u>2,659,100</u>	<u>3,082,000</u>	<u>2,960,186</u>	<u>(121,814)</u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
EXPENDITURES:				
General Government:				
Office supplies	15,000	16,500	16,263	237
Postage, freight and express charges	4,000	5,000	4,650	350
Printing, forms and stationary	5,000	6,000	5,055	945
Professional fees - legal	115,000	115,000	90,886	24,114
Professional fees - other	144,000	146,000	126,999	19,001
Vehicle fuel	15,000	15,000	11,274	3,726
Vehicle repairs	5,000	5,000	3,482	1,518
Donations	100,000	100,000	100,000	-
Bank charges	100	2,000	590	1,410
Salaries and wages	448,000	485,000	481,934	3,066
Payroll taxes	38,000	41,500	38,789	2,711
Publication of legal notices	2,500	2,500	2,248	252
Board member expenses	500	500	340	160
Utilities	14,300	14,300	13,200	1,100
Memberships and subscriptions	6,000	6,000	3,421	2,579
Insurance - employees	100,000	100,000	93,824	6,176
Insurance - property	30,000	30,600	29,698	902
Telephone expenses	4,000	5,000	4,513	487
Repairs and maintenance - building	50,000	50,000	13,649	36,351
Animal control services	1,200	3,200	1,129	2,071
Trustee commission	3,000	4,000	3,396	604
Other expenses	4,000	9,000	7,292	1,708
Fixed assets acquired	-	-	58,392	(58,392)
Safe routes to school	-	1,350	1,350	-
Acquisition of public use property	-	1,236,000	1,235,304	696
Recording and filing	1,000	1,000	472	528
Travel	2,000	2,000	416	1,584
Educational expenses	-	-	5,241	(5,241)
Greenway and trails expense	700,000	700,000	17,170	682,830
Economic development	15,000	15,000	185	14,815
Election expenses	-	-	680	(680)
Continuing education expenses	7,000	7,000	-	7,000
Employee retirement expenses	2,000	2,000	-	2,000
Total general government	<u>1,831,600</u>	<u>3,126,450</u>	<u>2,371,842</u>	<u>754,608</u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Streets and Roads:				
Resurfacing	505,500	505,500	345,019	160,481
Total Streets and Roads	<u>505,500</u>	<u>505,500</u>	<u>345,019</u>	<u>160,481</u>
Capital Projects:				
Capital projects	600,000	300,000	-	300,000
Total Capital Projects	<u>600,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Parks:				
Park improvements, repairs and supplies	120,000	120,000	119,787	213
Total Parks	<u>120,000</u>	<u>120,000</u>	<u>119,787</u>	<u>213</u>
Debt Service:				
Payments on capital outlay note	160,000	160,000	146,508	13,492
Total Debt Service	<u>160,000</u>	<u>160,000</u>	<u>146,508</u>	<u>13,492</u>
Total Expenditures	<u>3,217,100</u>	<u>4,211,950</u>	<u>2,983,156</u>	<u>1,228,794</u>
OTHER FINANCING SOURCES (USES):				
Payment on loan - Wastewater Fund	57,000	57,000	55,556	(1,444)
Total other financing sources (uses)	<u>57,000</u>	<u>57,000</u>	<u>55,556</u>	<u>(1,444)</u>
NET CHANGE IN FUND BALANCE	(501,000)	(1,072,950)	32,586	1,105,536
FUND BALANCE-BEGINNING OF YEAR	4,085,496	4,085,496	4,085,496	-
FUND BALANCE-END OF YEAR	<u>\$ 3,584,496</u>	<u>\$ 3,012,546</u>	<u>\$ 4,118,082</u>	<u>\$ 1,105,536</u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - State Street Aid Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Intergovernmental:				
State of Tennessee - gas tax 1989	\$ 7,700	\$ 7,700	\$ 7,792	\$ 92
State of Tennessee - gas tax \$0.03 per gallon	14,300	14,300	14,462	162
State of Tennessee - gas and motor fuel tax	48,000	48,000	48,524	524
State of Tennessee - petroleum special	5,500	5,500	5,469	(31)
Total intergovernmental revenue	<u>75,500</u>	<u>75,500</u>	<u>76,247</u>	<u>747</u>
Total Revenues	<u>75,500</u>	<u>75,500</u>	<u>76,247</u>	<u>747</u>
EXPENDITURES:				
State Street Aid:				
Resurfacing	<u>75,500</u>	<u>75,500</u>	<u>70,000</u>	<u>5,500</u>
Total Expenditures	<u>75,500</u>	<u>75,500</u>	<u>70,000</u>	<u>5,500</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	6,247	<u>\$ 6,247</u>
FUND BALANCE-BEGINNING OF YEAR			<u>226</u>	
FUND BALANCE-END OF YEAR			<u>\$ 6,473</u>	

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

Town of Thompson's Station, Tennessee
Statement of Net Position
Proprietary Fund - Wastewater
June 30, 2015

Assets:

Current assets:

Cash	\$ 1,609,406
Accounts receivable	67,785
Due from other funds	19,618
Total current assets	1,696,809

Capital assets:

Wastewater system, net of accumulated depreciation	12,194,972
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Total assets	13,891,781
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Current Liabilities:

Accounts payable and accrued expenses	76,694
Notes payable - current portion	500,000
Total current liabilities	576,694

Noncurrent liabilities:

Notes payable, less current portion	768,518
Total noncurrent liabilities	768,518

Total liabilities	1,345,212
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Net Position:

Net investment in capital assets	10,926,454
Unrestricted	1,620,115
Total net position	\$ 12,546,569

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenses and Changes
in Fund Net Position
Proprietary Fund - Wastewater
For the Year Ended June 30, 2015

Revenues:

Charges to customers - wastewater	\$ 611,474
Penalties	7,822
Total revenues	619,296

Operating Expenses:

Supply and Operations:

Salaries	92,401
Payroll taxes	7,682
Repairs and maintenance	55,024
Permits and licenses	9,222
Supplies	8,887
Testing	6,812
Utilities	84,543
Insurance	15,115
Professional fees	79,868
Other	522
Total supply and operations	360,076

Depreciation	303,149
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Total operating expenses	663,225
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Operating Loss	(43,929)
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Non-Operating Income (Expense):

Interest expense	(36,668)
Interest income	597
Capital contributions	200,000
Tap fees	1,101,520
Total non-operating income	1,265,449

Change in Net Position	1,221,520
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Net Position - Beginning of Year	11,325,049
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Net Position - End of Year	\$ 12,546,569
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The 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
For the Year Ended June 30, 2015

Cash Flows from Operating Activities:

Receipts from customers	\$ 615,012
Payments to or on behalf of employees	(100,083)
Payments to suppliers	(379,356)
Net cash provided by operating activities	135,573

Cash Flows from Capital and Related Financing Activities:

Proceeds from tap fees	1,101,520
Purchases of capital assets	(182,746)
Principal payments on notes	(166,666)
Interest paid on notes	(36,668)
Net cash provided by capital and related financing activities	715,440

Cash Flows from Investing Activities:

Interest income from cash and cash equivalents	597
Net cash provided by investing activities	597

Net increase in cash and cash equivalents 851,610

Cash and Cash Equivalents - Beginning of Year 757,796

Cash and Cash Equivalents - End of Year \$ 1,609,406

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

Operating loss	\$ (43,929)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	303,149
Changes in assets and liabilities:	
Accounts receivable and due from other funds	(4,284)
Accounts payable	(119,363)
Net cash provided by operating activities	\$ 135,573

Non-Cash Financing Activities:

During the year ended June 30, 2015, developers donated \$200,000 in sewer system related capital assets to the Town of Thompson's Station, Tennessee Wastewater System.

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 Alderman 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.

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 Town. 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 proceeding categories.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The statement of activities presents the amount of direct expenses of a given function that are offset by the related program revenues. The direct expenses are those that are clearly related to a specific function. Program revenues include charges to those who use, purchase and/or directly benefit from the services and/or goods provided by a given function. Taxes and other revenues not properly included in program revenues are reported as general revenues.

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

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 government'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 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.

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

The 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.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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 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 City Manager to assign fund balance up to certain amounts.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unassigned - Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has 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 balance at June 30, 2015. 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.

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

Receivables

Based on prior experience and estimates of current customer credit-worthiness, officials of the Town believe an allowance for uncollectible receivables is provided in the amount of \$4,000.

Inventories

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes 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.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of 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. The Town has one type of item that qualifies for reporting in this category. 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.

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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:

<u>Year of Levy</u>	<u>Tax Rate</u>	<u>Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2014</u>	<u>Taxes Levied</u>	<u>Collections and Adjustments</u>	<u>Balance June 30, 2015</u>
2006	.103	\$ 40,981,000	\$ 42,210	\$ 16	\$ -	\$ -	\$ 16
2007	.103	50,955,696	51,000	9	-	-	9
2008	.103	71,312,942	77,258	21	-	2	19
2009	.103	83,599,533	87,775	27	-	8	19
2010	.103	89,326,214	92,006	59	-	-	59
2011	.103	85,407,960	87,941	31	-	-	31
2012	.103	89,657,972	92,314	103	-	69	34
2013	.103	106,886,489	110,070	1,360	993	2,240	113
2014	.103	128,934,758	132,781	132,781	6,499	137,003	2,277
2015	.103	134,375,527	138,407	-	<u>138,407</u>	-	<u>138,407</u>
				<u>\$134,407</u>	<u>\$145,899</u>	<u>\$139,322</u>	<u>\$140,984</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash totaling \$6,132,010 at June 30, 2015. 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 deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities; and state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - CASH AND CASH EQUIVALENTS - Continued

At June 30, 2015, 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 at June 30, 2015.

NOTE 4 - WASTEWATER RATES AND CUSTOMERS

The active number of wastewater customers at June 30, 2015 was 854.

The following monthly service rates for residential and commercial customers were in effect at June 30, 2015:

Minimum bill	\$16.71
Wastewater rates	\$7.26 per thousand gallons for 0-8,000 gallons \$9.03 per thousand gallons for 8,001-20,000 gallons \$11.18 per thousand gallons for 20,001 gallons and greater
Residential accounts are limited to a maximum of \$55.00 per month.	
Non-residential accounts have no maximum limit.	

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 1,709,037	\$ 1,235,304	\$ -	2,944,341
Total capital assets not being depreciated	<u>1,709,037</u>	<u>1,235,304</u>	<u>-</u>	<u>2,944,341</u>
<u>Capital assets being depreciated</u>				
Infrastructure	216,416	176,484	-	392,900
Building and improvements	584,200	111,547	-	695,747
Furniture and equipment	41,820	34,267	-	76,087
Vehicles	<u>65,795</u>	<u>88,642</u>	<u>-</u>	<u>154,437</u>
Total capital assets being depreciated	<u>908,231</u>	<u>410,940</u>	<u>-</u>	<u>1,319,171</u>
<u>Less: accumulated depreciation for</u>				
Infrastructure	(16,209)	(17,797)	-	(34,006)
Building and improvements	(138,260)	(14,605)	-	(152,865)
Furniture and equipment	(24,550)	(5,968)	-	(30,518)
Vehicles	<u>(65,795)</u>	<u>(8,372)</u>	<u>-</u>	<u>(74,167)</u>
Total accumulated depreciation	<u>(244,814)</u>	<u>(46,742)</u>	<u>-</u>	<u>(291,556)</u>
Capital assets being depreciated, net	<u>663,417</u>	<u>364,198</u>	<u>-</u>	<u>1,027,615</u>
Governmental activities capital assets, net	<u>\$ 2,372,454</u>	<u>\$ 1,599,502</u>	<u>\$ -</u>	<u>\$ 3,971,956</u>

Depreciation expense was charged to functions/programs at June 30, 2015, as follows:

General government	\$28,944
Streets and roads	15,705
Parks	<u>2,093</u>
	<u>\$46,742</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS - Continued

Business-Type Activities - Wastwater:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 2,512,000	\$ -	\$ -	\$ 2,512,000
Total capital assets not being depreciated	<u>2,512,000</u>	<u>-</u>	<u>-</u>	<u>2,512,000</u>
<u>Capital assets being depreciated</u>				
Wastewater system	9,951,977	223,644	-	10,175,621
Building	880,550	-	-	880,550
Infrastructure	-	139,102	-	139,102
Machinery and equipment	490,354	-	-	490,354
Vehicles	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total capital assets being depreciated	<u>11,322,881</u>	<u>382,746</u>	<u>-</u>	<u>11,705,627</u>
<u>Less: accumulated depreciation for</u>				
Wastewater system	(1,379,099)	(252,418)	-	(1,631,517)
Building	(148,885)	(22,511)	-	(171,396)
Infrastructure	-	(2,898)	-	(2,898)
Machinery and equipment	<u>(191,522)</u>	<u>(25,322)</u>	<u>-</u>	<u>(216,844)</u>
Total accumulated depreciation	<u>(1,719,506)</u>	<u>(303,149)</u>	<u>-</u>	<u>(2,022,655)</u>
Capital assets being depreciated, net	<u>9,603,375</u>	<u>79,597</u>	<u>-</u>	<u>9,682,972</u>
Business-type activities capital assets, net	<u>\$ 12,115,375</u>	<u>\$ 79,597</u>	<u>\$ -</u>	<u>\$ 12,194,972</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 - RISK MANAGEMENT

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

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

NOTE 7 - INTERFUND BALANCES AND ACTIVITY

Balances due from/to other funds at June 30, 2015, consist of the following:

- \$19,618 due from General Fund to Wastewater Fund representing utility services.
- \$388,888 due from Wastewater Fund to General Fund for interfund advance. This amount was repaid subsequent to year end.
- \$7,407 due from the State Street Aid Fund to the General Fund for payments made in advance of State Street Aid receipts.

TOWN OF THOMPSON'S STATION, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 8 - LONG-TERM LIABILITIES

The Town's long-term liabilities consist of the following at June 30, 2015:

General Obligation Liabilities

\$1,153,000 Land Purchase Capital Outlay Note, Series 2013,
 due in annual installments through September 26, 2023, with interest
 payable semi-annually at 2.85% per annum \$1,037,700

Business-Type Activities Liabilities

\$1,000,000 Wastewater Drip Field Project Capital Outlay Note,
 Series 2014, due in monthly installments of principal and interest at
 2.45% through May 13, 2023 879,630

\$500,000 Interfund Capital Outlay Note, Series 2012, due in annual
 installments through December 13, 2015, with interest payable annually
 at 3.00% per annum 388,888

\$1,268,518

Changes in Long-Term Liabilities

The changes in long-term liabilities during the year ended June 30, 2015, were as follows:

	Balance July 1, 2014	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Capital Outlay Note - Series 2013	<u>\$1,153,000</u>	<u>\$ -</u>	<u>\$115,300</u>	<u>\$1,037,700</u>	<u>\$115,300</u>
Business-Type Activities:					
Capital Outlay Note - Series 2014	\$ 990,741	\$ -	\$111,111	\$ 879,630	\$111,112
Interfund Capital Outlay Note - Series 2012	<u>444,444</u>	<u>-</u>	<u>55,556</u>	<u>388,888</u>	<u>388,888</u>
	<u>\$1,435,185</u>	<u>\$ -</u>	<u>\$166,667</u>	<u>\$1,268,518</u>	<u>\$500,000</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - LONG-TERM LIABILITIES - Continued

Future principal and interest activities of long-term obligations are as follows at June 30, 2015:

	<u>Capital Outlay, Series 2013</u>			<u>Capital Outlay, Series 2014</u>			<u>Interfund Capital Outlay, Series 2012</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 115,300	\$ 27,931	\$ 143,231	\$111,111	\$20,303	\$131,414	\$388,888	\$11,667	\$400,555
2017	115,300	24,845	140,145	111,111	17,581	128,692	-	-	-
2018	115,300	21,359	136,659	111,111	14,868	125,979	-	-	-
2019	115,300	18,073	133,373	111,111	12,137	123,248	-	-	-
2020	115,300	14,787	130,087	111,111	9,415	120,526	-	-	-
2021	115,300	11,501	126,801	111,111	6,692	117,803	-	-	-
2022	115,300	8,215	123,515	111,111	3,970	115,081	-	-	-
2023	115,300	4,929	120,229	101,853	1,248	103,101	-	-	-
2024	115,300	1,643	116,943	-	-	-	-	-	-
	<u>\$1,037,700</u>	<u>\$133,283</u>	<u>\$1,170,983</u>	<u>\$879,630</u>	<u>\$86,214</u>	<u>\$965,844</u>	<u>\$388,888</u>	<u>\$11,667</u>	<u>\$400,555</u>

	<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 615,299	\$ 59,901	\$ 675,200
2017	226,411	42,426	268,837
2018	226,411	36,227	262,638
2019	226,411	30,210	256,621
2020	226,411	24,202	250,613
2021	226,411	18,193	244,604
2022	226,411	12,185	238,596
2023	217,153	6,177	223,330
2024	115,300	1,643	116,943
	<u>\$2,306,218</u>	<u>\$231,164</u>	<u>\$2,537,382</u>

NOTE 9 - LITIGATION

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.



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 Alderman
Town of Thompson's Station, Tennessee
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 activities, and each major fund of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2015, 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 31, 2015.

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) to determine the 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 weakness. However, material weaknesses may exist that have not been identified.



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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin & Associates, PLLC

Nashville, Tennessee
December 31, 2015

TOWN OF THOMPSON'S STATION, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2015

FINDING NO. 2006-1: The Town of Thompson's Station has three administrative employees. One employee performs the duties of Town Recorder and does all the recording and bookkeeping functions and one employee performs the duties of Town Finance Director. The lack of personnel does not permit the separation of functions and does not provide a check on the recording of transactions. The lack of a cross-check could permit errors to remain undetected for some time.

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

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

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

CURRENT STATUS: This finding has been resolved during fiscal year 2015 and is not repeated.