



TOWN OF THOMPSON'S STATION, TENNESSEE

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2025

TOWN OF THOMPSON'S STATION, TENNESSEE
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TOWN OF THOMPSON'S STATION, TENNESSEE
DIRECTORY OF OFFICIALS
JUNE 30, 2025

TITLE

NAME OF OFFICIAL

Mayor

Brian Stover

Alderman, Vice Mayor

Shaun Alexander

Alderman

Bob Whitmer

Alderman

Kreis White

Alderman

Harry King

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, 2025, 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, 2025, 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedules of principal and interest requirements, changes in long-term debt by individual issue, and utility rate structure and number of customers 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 23, 2025, 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 23, 2025

**TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

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, 2025. 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 \$73,759,650 (net position). Of this amount, \$13,048,223 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 \$7,013,627 during fiscal year 2025.
- 3). As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$16,548,819, an increase of \$1,312,827 for the year. Over 95% of this total amount, or \$15,766,326 is available for spending at the government's discretion (unassigned fund balance).
- 4). On June 30, 2025, the unassigned fund balance for the General Fund was 228% 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, 2025**

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, 2025**

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 \$73,759,650 at the end of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 17,174,440	\$ 16,442,705	\$ 5,561,427	\$ 9,306,087	\$ 22,735,867	\$ 25,748,792
Capital assets	25,718,202	22,434,694	38,483,228	25,465,869	64,201,430	47,900,563
Total assets	<u>\$ 42,892,642</u>	<u>\$ 38,877,399</u>	<u>\$ 44,044,655</u>	<u>\$ 34,771,956</u>	<u>\$ 86,937,297</u>	<u>\$ 73,649,355</u>
Long-term liabilities outstanding	-	-	4,252,243	1,237,004	4,252,243	1,237,004
Unearned revenue	-	-	-	-	-	-
Other liabilities	(239,635)	701,665	8,300,059	4,459,891	8,060,424	5,161,556
Total liabilities	<u>(239,635)</u>	<u>701,665</u>	<u>12,552,302</u>	<u>5,696,895</u>	<u>12,312,667</u>	<u>6,398,560</u>
Deferred inflows of resources	864,980	504,772	-	-	864,980	504,772
Net position:						
Net investment in capital assets	25,718,202	22,434,694	34,230,985	24,228,865	59,949,187	46,663,559
Restricted for roads and streets	762,240	1,031,806	-	-	762,240	1,031,806
Unrestricted	15,786,855	14,204,462	(2,738,632)	4,846,196	13,048,223	19,050,658
Total net position	<u>42,267,297</u>	<u>37,670,962</u>	<u>31,492,353</u>	<u>29,075,061</u>	<u>73,759,650</u>	<u>66,746,023</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 42,892,642</u>	<u>\$ 38,877,399</u>	<u>\$ 44,044,655</u>	<u>\$ 34,771,956</u>	<u>\$ 86,937,297</u>	<u>\$ 73,649,355</u>

A significant portion of the Town's net position, \$59,949,187 or 81% 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, \$762,240 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, \$13,048,223 (18%), 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, 2025**

The following is a summary of financial activities for the Town during the fiscal years ended June 30, 2025 and 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	\$ 86,142	\$ 98,460	\$ 2,080,300	\$ 1,949,178	\$ 2,166,442	\$ 2,047,638
Operating grants and contributions	393,890	275,478	-	-	393,890	275,478
Capital grants and contributions	1,400,000	-	452,513	1,948,518	1,852,513	1,948,518
General revenues:						
Property taxes	535,594	501,696	-	-	535,594	501,696
Local option sales taxes	2,913,045	2,668,947	-	-	2,913,045	2,668,947
Intergovernmental revenues	1,318,371	1,253,992	-	-	1,318,371	1,253,992
Building permits/impact fees	1,423,272	1,176,696	1,257,208	1,412,561	2,680,480	2,589,257
Other	321,041	286,978	-	-	321,041	286,978
Unrestricted investment earnings	377,947	233,420	139,546	111,856	517,493	345,276
Total revenues	8,769,302	6,495,667	3,929,567	5,422,113	12,698,869	11,917,780
Expenses:						
General government	3,188,773	2,839,062	-	-	3,188,773	2,839,062
State Street Aid	545,118	99,067	-	-	545,118	99,067
Streets and roads	415,180	1,106,065	-	-	415,180	1,106,065
Parks	23,896	29,001	-	-	23,896	29,001
Debt service	-	1,594	-	-	-	1,594
Wastewater	-	-	1,512,275	1,447,134	1,512,275	1,447,134
Total expenses	4,172,967	4,074,789	1,512,275	1,447,134	5,685,242	5,521,923
Change in net position	4,596,335	2,420,878	2,417,292	3,974,979	7,013,627	6,395,857
Net position - beginning of year	37,670,962	35,250,084	29,075,061	25,100,082	66,746,023	60,350,166
Net position - end of year	\$ 42,267,297	\$ 37,670,962	\$ 31,492,353	\$ 29,075,061	\$ 73,759,650	\$ 66,746,023

Governmental Activities – Governmental activities increased the Town’s net position by \$4,596,335, which compares with an increase in net position of \$2,420,878 for fiscal year 2024. During the fiscal year 2025, infrastructure assets of \$1,400,000 were contributed and accepted.

Business-Type Activities – Business-type activities increased the Town’s net position by \$2,417,292 compared with \$3,974,979 for 2024. Revenues from charges to customers for wastewater treatment increased by \$131,122, capital impact fees decreased by \$155,353 and grant revenue decreased by \$1,496,005 as compared to fiscal year 2024. Wastewater expenses increased by \$65,141 compared to the prior year primarily due to mainly the increase in interest expense related to higher debt in the current year. The business-type activities spent \$13,475,546 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, 2025**

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 \$16,548,819. Fund balances of the governmental funds increased \$1,312,827 during fiscal year 2025 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 \$15,766,326. 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 228% 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 \$(2,738,632). The Wastewater Fund has an increase in net position for the year of \$2,417,292. 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 \$68,562.
2. Actual over budgeted impact fees/building permits by \$216,272.
3. Actual under budgeted grant revenue by \$844,062.
4. Actual over budgeted all other revenue by \$770,827.
5. Actual under budgeted general expenditures by \$14,878.

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, 2025 amounted to \$64,201,430 (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, 2025**

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, 2025 and 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 6,932,601	\$ 6,411,389	\$ 2,992,000	\$ 2,992,000	\$ 9,924,601	\$ 9,403,389
Construction in progress	2,689,958	1,962,446	21,915,929	8,440,383	24,605,887	10,402,829
Infrastructure	15,768,685	15,768,685	-	-	15,768,685	15,768,685
Buildings	3,206,224	714,755	880,550	880,550	4,086,774	1,595,305
Equipment	406,365	414,400	768,692	563,069	1,175,057	977,469
Vehicles	541,187	470,484	93,907	93,907	635,094	564,391
Wastewater system	-	-	18,898,499	18,898,499	18,898,499	18,898,499
Total capital assets	29,545,020	25,742,159	45,549,577	31,868,408	75,094,597	57,610,567
Less: accumulated depreciation	(3,826,818)	(3,307,465)	(7,066,349)	(6,402,539)	(10,893,167)	(9,710,004)
Capital assets, net	\$ 25,718,202	\$ 22,434,694	\$ 38,483,228	\$ 25,465,869	\$ 64,201,430	\$ 47,900,563

Long-term Debt – At the end of the fiscal year, the Town's total debt was \$4,252,243 and is set forth in detail in Note 7.

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 2026-2027 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 calendar year 2026 funding through various state and federal grants.
 - b. The Town's upgraded sewer treatment system will be completed in the year 2026. This will service up to 1.5MGD (million gallons per day) with the possibility of additional expansion. This will be the largest investment in the Town which we actually started the design in 2020.
2. The Town continues to construct the 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. Due to the sewer plan upgrade, commercial development is anticipated to begin developing. This will benefit the Town in terms of sales and property tax revenues for the future.

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, 2025

	Governmental Activities	Business-Type Activity	Total Primary Government
Assets:			
Cash and cash equivalents	\$ 15,517,883	\$ 5,295,832	\$ 20,813,715
Taxes receivable - property tax	869,219	-	869,219
Accounts receivable	-	265,595	265,595
Due from other governments	748,099	-	748,099
Interest receivable	18,986	-	18,986
Prepaid expenses and other	20,253	-	20,253
Capital assets:			
Capital assets not being depreciated	9,622,559	24,907,929	34,530,488
Other capital assets, net of accumulated depreciation	16,095,643	13,575,299	29,670,942
Total assets	<u>\$ 42,892,642</u>	<u>\$ 44,044,655</u>	<u>\$ 86,937,297</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 475,827	\$ 2,338,900	\$ 2,814,727
Deposits from developers	383,918	4,705,523	5,089,441
Accrued compensation and compensated absences	141,763	14,493	156,256
Internal balances	(1,241,143)	1,241,143	-
Long-term liabilities:			
Due within one year	-	154,305	154,305
Due in more than one year	-	4,097,938	4,097,938
Total liabilities	<u>(239,635)</u>	<u>12,552,302</u>	<u>12,312,667</u>
Deferred Inflows of Resources:			
Current property taxes assessed for subsequent period	864,980	-	864,980
Net position:			
Net investment in capital assets	25,718,202	34,230,985	59,949,187
Restricted for State Street Aid	762,240	-	762,240
Unrestricted	15,786,855	(2,738,632)	13,048,223
Total net position	<u>42,267,297</u>	<u>31,492,353</u>	<u>73,759,650</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 42,892,642</u>	<u>\$ 44,044,655</u>	<u>\$ 86,937,297</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, 2025

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	\$ 3,188,773	\$ -	\$ 118,338	1,400,000	\$ (1,670,435)	\$ -	\$ (1,670,435)
State Street Aid	545,118	-	275,552	-	(269,566)	-	(269,566)
Streets and roads	415,180	-	-	-	(415,180)	-	(415,180)
Parks and recreation	23,896	86,142	-	-	62,246	-	62,246
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	4,172,967	86,142	393,890	1,400,000	(2,292,935)	-	(2,292,935)
Business-Type Activities:							
Wastewater	1,512,275	2,080,300	-	452,513	-	1,020,538	1,020,538
Total primary government	\$ 5,685,242	\$ 2,166,442	\$ 393,890	\$ 1,852,513	(2,292,935)	1,020,538	(1,272,397)
General Revenues:							
Taxes:							
					535,594	-	535,594
					2,913,045	-	2,913,045
					1,423,272	1,257,208	2,680,480
					146,400	-	146,400
					75,490	-	75,490
					49,806	-	49,806
Unrestricted intergovernmental revenues:							
					90,934	-	90,934
					944,517	-	944,517
					42,757	-	42,757
					240,163	-	240,163
					377,947	139,546	517,493
					49,345	-	49,345
					6,889,270	1,396,754	8,286,024
					4,596,335	2,417,292	7,013,627
					37,670,962	29,075,061	66,746,023
					\$ 42,267,297	\$ 31,492,353	\$ 73,759,650

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

TOWN OF THOMPSON'S STATION, TENNESSEE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 15,517,883	\$ -	\$ 15,517,883
Taxes receivable - property tax	869,219	-	869,219
Due from other governments	700,737	47,362	748,099
Due from other funds	1,241,143	714,878	1,956,021
Interest receivable	18,986	-	18,986
Prepaid expenses	20,253	-	20,253
Total assets	<u>\$ 18,368,221</u>	<u>\$ 762,240</u>	<u>\$ 19,130,461</u>
Liabilities:			
Accounts payable and accrued expenditures	\$ 475,827	\$ -	\$ 475,827
Deposits from developers	383,918	-	383,918
Due to other funds	714,878	-	714,878
Accrued compensation	141,763	-	141,763
Total liabilities	<u>1,716,386</u>	<u>-</u>	<u>1,716,386</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	865,256	-	865,256
Fund Balances:			
Nonspendable	20,253	-	20,253
Restricted for State Street Aid	-	762,240	762,240
Unassigned	15,766,326	-	15,766,326
Total fund balances	<u>15,786,579</u>	<u>762,240</u>	<u>16,548,819</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,368,221</u>	<u>\$ 762,240</u>	<u>\$ 19,130,461</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, 2025

Total fund balances, governmental funds	\$	16,548,819
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.		25,718,478
(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>\$</u>	<u>42,267,297</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, 2025

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Sales tax	\$ 3,857,562	\$ -	\$ 3,857,562
Building/impact fees	1,423,272	-	1,423,272
Property tax	535,594	-	535,594
Alcohol taxes	189,157	-	189,157
Grants	118,338	-	118,338
All other	969,827	275,552	1,245,379
Total revenues	<u>7,093,750</u>	<u>275,552</u>	<u>7,369,302</u>
Expenditures:			
Current:			
General government	2,961,201	-	2,961,201
Streets and roads	18,022	40,219	58,241
Parks and recreation	20,144	-	20,144
Capital outlay	3,911,990	504,899	4,416,889
Total expenditures	<u>6,911,357</u>	<u>545,118</u>	<u>7,456,475</u>
Excess/(deficit) of revenues over expenditures	<u>182,393</u>	<u>(269,566)</u>	<u>(87,173)</u>
Other financing sources (uses):			
Donated land	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
Net change in fund balance	1,582,393	(269,566)	1,312,827
Fund balance - beginning	<u>14,204,186</u>	<u>1,031,806</u>	<u>15,235,992</u>
Fund balance - ending	<u>\$ 15,786,579</u>	<u>\$ 762,240</u>	<u>\$ 16,548,819</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, 2025**

\$ 1,312,827

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	3,833,609
	Less: depreciation expense	(550,101)
(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	-
	Change in net position of governmental activities	\$ 4,596,335

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, 2025

	<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	\$ 525,000	\$ 525,000	\$ 535,594	\$ 10,594
Sales tax	3,789,000	3,789,000	3,857,562	68,562
Building/impact fees	1,207,000	1,207,000	1,423,272	216,272
Alcohol taxes	188,900	188,900	189,157	257
Grants	962,400	962,400	118,338	(844,062)
All other	199,000	199,000	969,827	770,827
Total revenue	<u>\$ 6,871,300</u>	<u>\$ 6,871,300</u>	<u>\$ 7,093,750</u>	<u>\$ 222,450</u>
EXPENDITURES:				
General Government:				
Payroll costs	\$ 304,226	\$ 304,226	\$ 467,767	\$ (163,541)
Professional fees	275,500	275,500	325,042	(49,542)
Operating costs	590,803	590,803	427,633	163,170
County services	267,882	267,882	217,969	49,913
	<u>1,438,411</u>	<u>1,438,411</u>	<u>1,438,411</u>	<u>-</u>
Community Development:				
Payroll costs	805,372	805,372	633,395	171,977
Maintenance and vehicles	4,000	4,000	1,967	2,033
Professional fees	185,500	185,500	113,472	72,028
Operating costs	102,280	102,280	73,570	28,710
	<u>1,097,152</u>	<u>1,097,152</u>	<u>822,404</u>	<u>274,748</u>
Public Works:				
Payroll costs	565,320	565,320	507,295	58,025
Maintenance and vehicles	55,000	55,000	47,504	7,496
Operating costs	72,400	72,400	98,609	(26,209)
	<u>692,720</u>	<u>692,720</u>	<u>653,408</u>	<u>39,312</u>
Parks and Recreation:				
Payroll costs	112,809	112,809	63,000	49,809
County services	2,000	2,000	2,000	-
Operating costs	21,275	21,275	20,144	1,131
	<u>136,084</u>	<u>136,084</u>	<u>85,144</u>	<u>50,940</u>
Capital Outlay	<u>5,274,000</u>	<u>5,274,000</u>	<u>3,911,990</u>	<u>1,362,010</u>
Total Expenditures	<u>8,638,367</u>	<u>8,638,367</u>	<u>6,911,357</u>	<u>1,727,010</u>
Other financing sources (uses):				
Donated land	-	-	1,400,000	1,400,000
NET CHANGE IN FUND BALANCE	<u>\$ (1,767,067)</u>	<u>\$ (1,767,067)</u>	<u>1,582,393</u>	<u>\$ (104,560)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>14,204,186</u>	
FUND BALANCE - END OF YEAR			<u>\$ 15,786,579</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, 2025

	<u>Budgeted Amounts</u>			<u>Variance with Final Budgets</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
REVENUES:				
Intergovernmental				
State of Tennessee - gas tax 1989	\$ 22,294	\$ 22,294	\$ 21,040	\$ (1,254)
State of Tennessee - gas tax \$0.03 per gallon	41,168	41,168	38,850	(2,318)
State of Tennessee - gas and motor fuel tax	141,171	141,171	134,308	(6,863)
State of Tennessee - petroleum special	14,123	14,123	13,698	(425)
State of Tennessee - 2017 gas tax	71,051	71,051	67,656	(3,395)
Total intergovernmental revenue	<u>289,807</u>	<u>289,807</u>	<u>275,552</u>	<u>(14,255)</u>
Total revenues	289,807	289,807	275,552	(14,255)
EXPENDITURES:				
State Street Aid:				
Capital improvements	1,095,700	1,095,700	504,899	(590,801)
Repairs and maintenance	113,000	113,000	40,219	72,781
Total expenditures	<u>1,208,700</u>	<u>1,208,700</u>	<u>545,118</u>	<u>(518,020)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (918,893)</u>	<u>\$ (918,893)</u>	(269,566)	<u>\$ 649,327</u>
FUND BALANCE - BEGINNING OF YEAR			1,031,806	
FUND BALANCE - END OF YEAR			<u>\$ 762,240</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, 2025

Assets

Current assets:	
Cash	\$ 5,295,832
Accounts receivable, net	265,595
Total current assets	<u>5,561,427</u>
Capital assets:	
Wastewater system, net	<u>38,483,228</u>
Total assets	<u>\$ 44,044,655</u>

Liabilities and Net Position

Current liabilities:	
Accounts payable and accrued expenses	\$ 2,233,568
Customer deposits	119,825
Capacity reservation deposits	4,705,523
Due to general fund	1,241,143
Note payable, current	154,305
Total current liabilities	<u>8,454,364</u>
Noncurrent liabilities:	
Note payable	<u>4,097,938</u>
Total liabilities	12,552,302
Net position:	
Net investment in capital assets	34,230,985
Unrestricted	<u>(2,738,632)</u>
Total net position	<u>31,492,353</u>
Total liabilities and net position	<u>\$ 44,044,655</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, 2025

Revenues:	
Charges to customers	\$ 2,080,300
Impact fees	1,257,208
Grant revenue	452,513
Total revenue	<u>3,790,021</u>
Operating Expenses:	
Supply and Operations:	
Salaries	270,425
Payroll taxes and benefits	13,863
Repairs and maintenance	97,322
Permits and licenses	8,038
Supplies	21,855
Lab water testing	4,985
Utilities	144,768
Insurance	50,472
Bad debt	41,718
Professional fees	94,276
Other administrative	47,844
Total supply and operations	<u>795,566</u>
Depreciation	<u>663,810</u>
Total operating expenses	<u>1,459,376</u>
Operating income	2,330,645
Nonoperating Revenues (Expenses):	
Interest income	139,546
Interest expense	(52,899)
Total non-operating revenues (expenses)	<u>86,647</u>
Change in net position	2,417,292
Net position - beginning of year	<u>29,075,061</u>
Net position - end of year	<u><u>\$ 31,492,353</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, 2025**

Cash Flows from (used for) Operating Activities:

Receipts from customers and users	\$ 4,111,510
Payments to suppliers and vendors	(359,317)
Payments to employees	(284,288)
Internal activity - due to/from general fund activity, net	<u>5,309,058</u>
Net cash provided by operating activities	8,776,963

Cash Flows from (used for) Capital and Related Financing Activities:

Purchases of capital assets	(11,583,698)
Proceeds from loan issuance	3,015,239
Interest paid on notes	<u>(52,899)</u>
Net cash used for capital and related financing activities	(8,621,358)

Cash Flows from Investing Activities:

Interest income from cash and cash equivalents	<u>139,546</u>
Net change in cash and cash equivalents	295,151

Cash and Cash Equivalents - Beginning of Year

5,000,681

Cash and Cash Equivalents - End of Year

\$ 5,295,832

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

Operating income	\$ 2,330,645
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	663,810
Changes in assets and liabilities:	
Accounts receivable	(28,104)
Due from other funds (operating activities)	5,309,058
Customer deposits	17,325
Capacity reservation deposits	373,986
Accounts payable and accrued expenses	<u>110,243</u>
Net cash provided by operating activities	<u><u>\$ 8,776,963</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, 2025

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, 2025. There are also no material leases to be recognized under GASB Statement 87 as of June 30, 2025.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025. 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, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$50,000 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 inventoried or reflected in the records. Inventory items are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the applicable governmental activities in the government-wide financial statements. 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, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025.

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, 2025 financial statements for subsequent events through December 23, 2025, 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, 2025

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 Levy	Tax Rate	Assessment	Levy	Balance June 30, 2024	Taxes Levied	Collections and Adjustments	Balance June 30, 2025
2025	0.103	842,466,990	867,741	\$ -	\$ 867,741	\$ -	\$ 867,741
2024	0.103	490,587,379	505,305	505,305	-	504,604	701
2023	0.103	459,442,700	473,226	501	-	248	253
2022	0.103	428,363,002	441,214	806	-	444	362
2021	0.103	379,949,884	391,348	43	-	-	43
2020	0.103	278,889,515	287,256	16	-	-	16
2019	0.103	254,372,725	262,004	28	-	2	26
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	22	-	7	15
				<u>\$ 506,783</u>	<u>\$ 867,741</u>	<u>\$ 505,305</u>	<u>\$ 869,219</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash totaling \$20,813,715. 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, 2025, 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, 2025.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	<u>Governmental Activities:</u>		<u>Decreases and</u> <u>Transfers</u>	<u>Ending</u> <u>Balance</u>
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>		
<u>Capital assets not being depreciated</u>				
Land	\$ 6,411,389	\$ 521,212	\$ -	\$ 6,932,601
Construction in progress	<u>1,962,446</u>	<u>727,512</u>	<u>-</u>	<u>2,689,958</u>
Total capital assets not being depreciated	8,373,835	1,248,724	-	9,622,559
<u>Capital assets being depreciated</u>				
Infrastructure	15,768,685	-	-	15,768,685
Building and improvements	714,755	2,491,469	-	3,206,224
Furniture and equipment	414,400	22,713	(30,748)	406,365
Vehicles	<u>470,484</u>	<u>70,703</u>	<u>-</u>	<u>541,187</u>
Total capital assets being depreciated	17,368,324	2,584,885	(30,748)	19,922,461
<u>Less: accumulated depreciation for</u>				
Infrastructure	(2,379,125)	(397,158)	-	(2,776,283)
Building and improvements	(332,397)	(83,531)	-	(415,928)
Furniture and equipment	(302,244)	(28,982)	30,748	(300,478)
Vehicles	<u>(293,699)</u>	<u>(40,430)</u>	<u>-</u>	<u>(334,129)</u>
Total accumulated depreciation	<u>(3,307,465)</u>	<u>(550,101)</u>	<u>30,748</u>	<u>(3,826,818)</u>
Capital assets being depreciated, net	<u>14,060,859</u>	<u>2,034,784</u>	<u>-</u>	<u>16,095,643</u>
Governmental activities capital assets, net	<u>\$ 22,434,694</u>	<u>\$ 3,283,508</u>	<u>\$ -</u>	<u>\$ 25,718,202</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs for the year ended June 30, 2025, as follows:

General government	\$	151,152
Streets and roads		397,158
Parks		<u>1,791</u>
	\$	<u>550,101</u>

Construction in progress as of June 30, 2025, is attributable to the following:

Preservation Park: Trailways	\$	2,683,458
Town Hall Renovations		<u>6,500</u>
	\$	<u>2,689,958</u>

Estimated costs to complete the above projects as of June 30, 2025 is as follows:

Preservation Park: Trailways	\$	<u>5,638,269</u>
Town Hall Renovations	\$	<u>743,500</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Business-Type Activities - Wastewater:</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases and Transfers</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 2,992,000	\$ -	\$ -	\$ 2,992,000
Construction in progress	8,440,383	13,475,546	-	21,915,929
Total capital assets not being depreciated	<u>11,432,383</u>	<u>13,475,546</u>	-	<u>24,907,929</u>
<u>Capital assets being depreciated</u>				
Wastewater system	18,898,499	-	-	18,898,499
Buildings	880,550	-	-	880,550
Machinery and equipment	563,069	205,623	-	768,692
Vehicles	<u>93,907</u>	<u>-</u>	<u>-</u>	<u>93,907</u>
Total capital assets being depreciated	<u>20,436,025</u>	<u>205,623</u>	-	<u>20,641,648</u>
<u>Less: accumulated depreciation for</u>				
Wastewater system	(5,547,030)	(608,121)	-	(6,155,151)
Buildings	(370,147)	(21,923)	-	(392,070)
Machinery and equipment	(428,325)	(27,260)	-	(455,585)
Vehicles	<u>(57,037)</u>	<u>(6,506)</u>	<u>-</u>	<u>(63,543)</u>
Total accumulated depreciation	<u>(6,402,539)</u>	<u>(663,810)</u>	<u>-</u>	<u>(7,066,349)</u>
Capital assets being depreciated, net	<u>14,033,486</u>	<u>(458,187)</u>	<u>-</u>	<u>13,575,299</u>
Business-type activities capital assets, net	<u>\$ 25,465,869</u>	<u>\$ 13,017,359</u>	<u>\$ -</u>	<u>\$ 38,483,228</u>

Construction in progress as of June 30, 2025, is attributable to the following:

Wastewater Treatment Plant	<u>\$ 21,915,929</u>
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Estimated costs to complete the above project as of June 30, 2025 is as follows:

Wastewater Treatment Plant	<u>\$ 14,000,000</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, 2025, consist of the following:

- \$714,878 due from the General Fund to the State Street Aid Fund for cash held by the General Fund.
- \$1,241,143 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, 2025

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. During June 2025, the Town requested and received their subsequent draws on the SRF loan in the amount of \$3,015,239 which combined with the prior year’s draw represents the Town’s total debt as reflected in the financial statements as of June 30, 2025.

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 begin 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 of 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, 2025 were as follows:

	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within One Year
<u>Governmental Activities:</u>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Business-Type Activities:</u>					
State Revolving Fund Loan	\$ 1,237,004	\$ 3,015,239	\$ -	\$ 4,252,243	\$ 154,305

Future principal and interest activities of long-term obligations are as follows on June 30, 2025:

	Business-Type Activity		
	SRF Loan #1		
	Principal	Interest	Total
2026	\$ 154,305	\$ 72,495	\$ 226,800
2027	209,292	93,108	302,400
2028	213,444	88,956	302,400
2029	217,656	84,744	302,400
2030	221,964	80,436	302,400
Thereafter	3,235,582	628,135	3,863,717
	<u>\$ 4,252,243</u>	<u>\$ 1,047,874</u>	<u>\$ 5,300,117</u>

NOTE 8 – RETIREMENT PLANS

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 had been made 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 2025 totaled \$38,352. 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 2025.

Effective as of January 1, 2025, the Town began to participate in a benefit plan administered by the Tennessee Consolidated Retirement System ("TCRS"). Four of the Town's existing employees participating in the 457 Retirement Readiness Plan decided to continue participating in that plan. All Town employees hired as of January 1, 2025 are not eligible to participate in the Town's 457 Retirement Readiness Plan and can only participate in available TCRS plan. Town contributions into the TCRS plan for the year ended June 30, 2025 totaled \$21,549. No amounts for net pension asset/liability, deferred outflows of resources, deferred inflows of resources, or pension expense have been recorded in the government-wide financial statements as the Town was not participating in the TCRS as of the measurement date of June 30, 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, 2025 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, 2025**

	<u>Business-Type Activity</u>		
	SRF Loan #1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 154,305	\$ 72,495	\$ 226,800
2027	209,292	93,108	302,400
2028	213,444	88,956	302,400
2029	217,656	84,744	302,400
2030	221,964	80,436	302,400
Thereafter	3,235,582	628,135	3,863,717
	<u>\$ 4,252,243</u>	<u>\$ 1,047,874</u>	<u>\$ 5,300,117</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE YEAR ENDED JUNE 30, 2025

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 07/01/2024</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 06/30/2025</u>
<u>Governmental Activities:</u>									
<u>Payable through General Fund</u>									
None					\$ -	\$ -	\$ -	\$ -	\$ -
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	\$ 3,015,239	\$ -	\$ -	\$ 4,252,243
Total					<u>\$ 1,237,004</u>	<u>\$ 3,015,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,252,243</u>

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
FOR THE YEAR ENDED JUNE 30, 2025**

SEWER:

Number of Customers as of June 30, 2025: 2,493

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 NOTES TO THE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor (Pass Thru Agency)/Program Title	Assistance Listing Number	Grant Number / Pass-through Entity Identifying Number	Grant Receivables (Deferred) July 1, 2024	Federal Receipts	Expenditures	Grant Receivables (Deferred) June 30, 2025
U.S. Environmental Protection Agency (TN Department of Environment and Conservation)						
Capitalization Grant for Clean Water State Revolving Fund	66.458	CG9 2022-469	\$ -	\$ 3,015,239	\$ 3,015,239	\$ -
U.S. Department of Transportation (TN Department of Transportation)	20.205	STP-M-9400(66)	-	118,338	118,338	-
U.S. Department of Treasury (TN Department of Environment and Conservation)						
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	20-1892-0-1-806	-	452,513	452,513	-
Total Federal Awards			\$ -	\$ 3,586,090	\$ 3,586,090	\$ -

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, 2025. 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 NOTES TO THE SCHEDULE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

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 passed 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 \$4,252,243.
- 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 governmental fund financial statements	\$ 118,338
Total grant revenue per proprietary fund financial statements	452,513
Add: loan program expenditures	<u>3,015,239</u>
Total federal awards	<u><u>\$ 3,586,090</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, 2025, 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 23, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025 - 001 through 2025-005 that we consider to be material weaknesses.

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*.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 23, 2025



**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, 2025. The Town's major federal program is identified in the summary of auditor's results section of the accompanying 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, 2025.

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. Noncompliance 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 23, 2025

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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>Yes</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: 66.458 – Capitalization Grant for Clean Water State Revolving Fund</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

2025-001 – Incorrect Bank/Cash Reconciliations

Criteria: Cash should be materially correct and recorded in accordance with generally accepted accounting principles.

Condition: The Town's general fund and wastewater bank accounts were not reconciled correctly as of June 30, 2025.

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

Cause: Lack of internal control to prevent, detect, and correct clerical accounting errors; more specifically, there is currently no separate review and verification of the Finance Director's performance of the monthly bank reconciliations.

Effect: Wastewater fund cash was materially overstated by \$82,385 [net effect of several audit adjustments]; general fund cash and related general government expenditures were understated by \$935 [net effect of several audit adjustments].

Recommendation: As a part of month-end closing procedures, the Town should assign an individual with adequate skills, knowledge, and experience to detail review the Finance Director's bank reconciliations, specially ensuring that outstanding deposits and outstanding checks are legitimate, valid, outstanding reconciling items.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan

2025-002 – Material Misstatement of Expenditures and Accounts Payable

Criteria: Expenses and related accounts payable should be materially correct and recorded in accordance with generally accepted accounting principle which records transactions on the accrual basis of accounting.

Condition: The Town failed to appropriately record/accrue expenditures in the correct period.

Cause: Lack of internal control to prevent, detect, and correct clerical accounting errors in a timely manner.

Effect: General fund expenditures and related accounts payable were overstated by \$112,426. Wastewater fund capital assets and related accounts payable were understated \$2,097,471.

Recommendation: The Finance Director should increase his level of detail review scrutiny for vendor invoice dates entered into the Town's general ledger system to ensure that invoices/expenses are recorded in the correct reporting period. Additionally, the Town should assign an individual with adequate skills, knowledge, and experience to detail review the Town's account payable detailed aging report at year-end to ensure all vendor invoices close to year-end are reported in the correct period.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan

2025-003 – Material Misstatement of General Fund Building Permits Revenue & Wastewater Impact Fee Revenue

Criteria: Revenue should be materially correct and recorded in accordance with generally accepted accounting principles which records revenue from exchange transactions when performance obligations are satisfied.

Condition: The Town failed to appropriately recognize/record building permit revenue when performance obligations were satisfied. Additionally, the Town inappropriately recorded/classified a portion of wastewater impact fee revenue as general fund building permit revenue.

Cause: Lack of internal control to prevent, detect, and correct revenue misstatements in a timely manner.

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

Effect: General fund liabilities were overstated by \$103,890; general fund building permit revenue was overstated by \$104,843 [net effect of several different misstatements]; wastewater fund revenue was understated by \$156,192; wastewater fund liabilities for reservation deposits were understated by \$52,541.

Recommendation: We recommend that the Town's Finance Director perform a monthly, detailed reconciliation of all building permit, impact fees, and similar type revenue streams to ensure that revenues are recorded in the appropriate fund, in the appropriate account, and in the appropriate fiscal year. This detailed, monthly reconciliation should also include all interfund due to/from account transactions. This reconciliation should be reviewed by an individual that possesses the skills, knowledge, and experience to ensure all revenue streams are recorded accurately to ensure that due to/from accounts as well as revenue accounts are accurately stated.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan

2025-004 – Material Misstatement of Interfund Due to/from Accounts

Criteria: Interfund due to/from accounts should be materially correct in accordance with generally accepted accounting principles.

Condition: The Town failed to appropriately record all due to/from general fund and wastewater fund transactions. Additionally, there were clerical accounting errors in several entries recorded to the due to/from interfund accounts.

Cause: Lack of internal control to prevent, detect, and correct misstatements in a timely manner.

Effect: Wastewater fund due to (liability) general fund was understated by \$1,220,663 [net effect of several misstatements] general fund due from (asset) wastewater fund was understated by \$1,198,154 [net effect of several misstatements]; and general fund expenditures were understated \$22,509.

Recommendation: We recommend that the Town's Finance Director perform a monthly, detailed reconciliation of all building permits, wastewater impact fees, and similar type revenue streams to ensure that revenues are recorded in the appropriate fund, in the appropriate account, and in the appropriate fiscal year. This detailed, monthly reconciliation should also include all interfund due to/from account transactions. This reconciliation should be reviewed by an individual that possesses the skills, knowledge, and experience to ensure all revenue streams are recorded accurately to ensure that due to/from accounts as well as revenue accounts are accurately stated.

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan

2025-005 – Non-Cash Contributed Capital Revenue and Related Capital Expenditure were Not Recorded

Criteria: Contributed capital revenue and related general fund capital expenditures should be materially correct and recorded in accordance with generally accepted accounting principles.

**TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

Condition: The Town failed to appropriately record land that was donated/contributed to the Town in relation to the Town's purchase of the new town hall property.

Cause: Lack of internal control to prevent, detect, and correct material misstatements in a timely manner.

Effect: General fund contributed capital revenue (other financing sources) and related general fund capital expenditures were understated by \$1,400,000.

Recommendation: We recommend that the Town's Finance Director develop a month-end closing checklist with a list of possible month-end general journal entries, if applicable, that should be recorded which includes non-cash contributed capital and related activity. Month-end journal entries should be reviewed and approved by an individual with adequate skills, knowledge, and experience that did not calculate and record the journal entries (segregation of duties).

Views of Responsible Officials and Planned Corrective Action: See Corrective Action Plan1`

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, 2025**

A. FINANCIAL STATEMENT FINDINGS

None reported.

B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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MANAGEMENT'S CORRECTIVE ACTION PLAN

The Town of Thompson's Station respectfully submits the following corrective action plan for the year ended June 30, 2025. The findings from the June 30, 2025 schedule of findings and recommendations are discussed below. The findings are number consistently with the numbers assigned in the schedule.

2025-001 – Incorrect Bank/Cash Reconciliations

Corrective Action: Monthly bank reconciliations with no outstanding items unresolved.
To be reviewed and signed off by Town Administrator and Finance Director

2025-002 – Material Misstatement of Expenditures and Accounts Payable

Corrective Action: Review of all vendor invoices received as to entry date to services rendered date.

2025-003 – Material Misstatement of General Fund Building Permits Revenue & Wastewater Impact Fee Revenue

Corrective Action: Separate payments received for Building Permits from Wastewater Fees so that we may have a more transparent transaction process and speed up audit review time.

2025-004 – Material Misstatement of Interfund Due To/From Accounts

Corrective Action: Monthly reconciliation of interfund accounts.

2025-005 – Non-Cash Contributed Capital Revenue and Related Capital Expenditure Were Not Recorded

Corrective Action: Seek assistance from outside sources for complicated entries.

Responsible for Corrective Actions: Steve Banks, Finance Director, & Micah Wood, Town Administrator

Anticipated Completion Date for Corrective Actions: DATE June 30, 2026

Signature: 
Steve Banks, Finance Director

Signature: 
Micah Wood, Town Administrator