

TOWN OF THOMPSON'S STATION, TENNESSEE

**AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION**

JUNE 30, 2016

TOWN OF THOMPSON'S STATION, TENNESSEE

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TOWN OF THOMPSON'S STATION, TENNESSEE
DIRECTORY OF OFFICIALS
JUNE 30, 2016

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



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Thompson's Station, Tennessee as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and State Street Aid Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5 - 10) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thompson's Station, Tennessee's basic financial statements. The accompanying schedule of expenditures of federal awards on page 36, and the directory of officials on page 1, as required by the State of Tennessee are, presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 on our consideration of the Town of Thompson's Station, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Thompson's Station, Tennessee's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
December 22, 2016

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2016

As management of the Town of Thompson's Station (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. 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 \$22,472,456 (net position). Of this amount, \$8,079,868 is considered unrestricted funds and may be used to meet the government's ongoing obligations to citizens and creditors.
2. The government's total net position increased by \$2,478,188 during fiscal year 2016.
3. As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$6,070,105, an increase of \$1,945,550 for the year. Over 99% of this total amount, or \$6,054,067 is available for spending at the government's discretion (unassigned fund balance).
4. At June 30, 2016, the unassigned fund balance for the General Fund was 340% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other required information. The original budget and final budget as well as comparison of final budget to actual appears on pages 17 through 20.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2016

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 \$22,472,456 at the end of the most recent fiscal year.

TOWN OF THOMPSON'S STATION'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 6,860,957	\$ 5,295,878	\$ 2,044,178	\$ 1,696,809	\$ 8,905,135	\$ 6,992,687
Capital assets	4,046,885	3,971,956	12,020,984	12,194,972	16,067,869	16,166,928
Total assets	<u>10,907,842</u>	<u>9,267,834</u>	<u>14,065,162</u>	<u>13,891,781</u>	<u>24,973,004</u>	<u>23,159,615</u>
Long-term liabilities outstanding	922,400	1,037,700	768,519	1,268,518	1,690,919	2,306,218
Other liabilities	587,796	644,028	22,624	76,694	610,420	720,722
Total liabilities	<u>1,510,196</u>	<u>1,681,728</u>	<u>791,143</u>	<u>1,345,212</u>	<u>2,301,339</u>	<u>3,026,940</u>
Deferred inflows of resources	<u>199,209</u>	<u>138,407</u>	<u>-</u>	<u>-</u>	<u>199,209</u>	<u>138,407</u>
Net position:						
Net investment in capital assets	3,124,485	2,934,256	11,252,465	10,926,454	14,376,950	13,860,710
Restricted for roads and streets	15,638	6,473	-	-	15,638	6,473
Unrestricted	<u>6,058,314</u>	<u>4,506,970</u>	<u>2,021,554</u>	<u>1,620,115</u>	<u>8,079,868</u>	<u>6,127,085</u>
Total net position	<u>\$ 9,198,437</u>	<u>\$ 7,447,699</u>	<u>\$13,274,019</u>	<u>\$12,546,569</u>	<u>\$22,472,456</u>	<u>\$19,994,268</u>

A significant portion of the Town's net position, \$14,376,950 or (64%) reflects its investment in capital assets (for example - land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. The Town of Thompson's Station's investment in capital assets is reported net of related debt. It should be noted that the resources needed to repay any future debt issues must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At year-end, \$15,638 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, \$8,079,868 (36%), may be used to meet the government's ongoing obligations to citizens and creditors.

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

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2016

The following is a summary of financial activities for the Town during the fiscal year ended June 30, 2016:

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for service	\$ 140,353	\$ 62,980	\$ 687,274	\$ 619,296	\$ 827,627	\$ 682,276
Operating grants and contributions	79,165	76,247	-	-	79,165	76,247
Capital grants and contributions	16,666	50,000	828,814	1,301,520	845,480	1,351,520
General revenues:						
Property taxes	164,003	139,595	-	-	164,003	139,595
Local option sales taxes	771,031	654,791	-	-	771,031	654,791
Intergovernmental revenues	730,565	398,218	-	-	730,565	398,218
Building permits / impact fees	1,317,193	1,529,394	-	-	1,317,193	1,529,394
Other	166,344	154,159	-	-	166,344	154,159
Unrestricted investment earnings	21,881	21,049	1,992	597	23,873	21,646
Total revenues	<u>3,407,201</u>	<u>3,086,433</u>	<u>1,518,080</u>	<u>1,921,413</u>	<u>4,925,281</u>	<u>5,007,846</u>
Expenses:						
General government	1,389,803	1,108,608	-	-	1,389,803	1,108,608
State Street Aid	70,000	70,000	-	-	70,000	70,000
Streets and roads	153,230	138,205	-	-	153,230	138,205
Parks	15,480	40,333	-	-	15,480	40,333
Debt service	27,950	31,208	-	-	27,950	31,208
Wastewater	-	-	790,630	699,893	790,630	699,893
Total expenses	<u>1,656,463</u>	<u>1,388,354</u>	<u>790,630</u>	<u>699,893</u>	<u>2,447,093</u>	<u>2,088,247</u>
Change in net position	1,750,738	1,698,079	727,450	1,221,520	2,478,188	2,919,599
Net position - beginning of year	<u>7,447,699</u>	<u>5,749,620</u>	<u>12,546,569</u>	<u>11,325,049</u>	<u>19,994,268</u>	<u>17,074,669</u>
Net position - end of year	<u>\$ 9,198,437</u>	<u>\$ 7,447,699</u>	<u>\$13,274,019</u>	<u>\$12,546,569</u>	<u>\$22,472,456</u>	<u>\$19,994,268</u>

Governmental Activities. Governmental activities increased the Town's net position by \$1,750,738, which compares with an increase in net position of \$1,698,079 for fiscal year 2015.

Business-Type Activities. Business-type activities increased the Town's net position by \$727,450, compared with \$1,221,520 for 2015. Revenue from charges to customers for wastewater treatment increased by \$67,978 while capital contributions and tap fees decreased by \$472,706.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2016

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town'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 \$6,070,105. Fund balances of the governmental funds increased \$1,945,550 during fiscal year 2016.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,054,067. 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 340% of total general fund expenditures.

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

Unrestricted net position of the Wastewater Fund at the end of the year amounted to \$2,021,554. The Wastewater Fund had an increase in net position for the year of \$727,450 during fiscal year 2016. 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 sales taxes by \$171,031.
2. Actual over budgeted impact fees by \$114,870.
3. Actual over budgeted state income taxes by \$277,065.
3. Delay in capital projects of \$1,302,119.
4. Actual under other budgeted expenditures of \$522,389.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounted to \$16,067,869 (net of depreciation). This investment includes land, buildings, improvements, machinery, equipment and infrastructure.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2016

Additional information on the Town capital assets can be found in Note 5 to the financial statements. The following table compared capital assets at June 30, 2016 and 2015:

TOWN OF THOMPSON'S STATION'S CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,944,341	\$ 2,944,341	\$ 2,512,000	\$ 2,512,000	\$ 5,456,341	\$ 5,456,341
Construction in progress	20,832	-	-	-	20,832	-
Infrastructure	392,900	392,900	139,102	139,102	532,002	532,002
Buildings	695,747	695,747	880,550	880,550	1,576,297	1,576,297
Equipment	205,481	76,087	519,982	490,354	725,463	566,441
Vehicles	154,437	154,437	20,000	20,000	174,437	174,437
Wastewater system	-	-	10,283,621	10,175,621	10,283,621	10,175,621
Total capital assets	4,413,738	4,263,512	14,355,255	14,217,627	18,768,993	18,481,139
Less: Accumulated depreciation	(366,853)	(291,556)	(2,334,271)	(2,022,655)	(2,701,124)	(2,314,211)
Capital assets, net	<u>\$ 4,046,885</u>	<u>\$ 3,971,956</u>	<u>\$12,020,984</u>	<u>\$12,194,972</u>	<u>\$16,067,869</u>	<u>\$16,166,928</u>

Long-term Debt. At the end of the fiscal year, the Town's total debt was \$1,690,919 and is set forth in detail in Note 8. No new debt was issued during fiscal year 2016. Payments made on debt obligations totaled \$226,411. The Wastewater Fund also repaid \$388,888 on its interfund loan with the General Fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Despite improving economic conditions, a conservative approach was used in preparing the Town of Thompson's Station's budget for the 2016 - 2017 fiscal year.

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

REQUESTS FOR INFORMATION

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

Town of Thompson's Station, Tennessee
Statement of Net Position
June 30, 2016

	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:			
Cash and cash equivalents	\$ 6,191,084	\$ 1,963,610	\$ 8,154,694
Taxes receivable - property tax	203,056	-	203,056
Accounts and other receivables	5,584	75,786	81,370
Internal balances	(3,419)	3,419	-
Due from other governments	464,252	-	464,252
Prepaid expenses and other	400	1,363	1,763
Capital assets:			
Capital assets not being depreciated	2,965,173	2,512,000	5,477,173
Other capital assets, net of depreciation	1,081,712	9,508,984	10,590,696
	10,907,842	14,065,162	24,973,004
Liabilities:			
Accounts payable	49,267	22,624	71,891
Deposits from developers	474,800	-	474,800
Accrued expenses	3,111	-	3,111
Accrued compensation and compensated absences	60,618	-	60,618
Long-term liabilities:			
Due within one year	115,300	111,111	226,411
Due in more than one year	807,100	657,408	1,464,508
	1,510,196	791,143	2,301,339
Deferred Inflows of Resources:			
Property taxes	199,209	-	199,209
Net Position:			
Net investment in capital assets	3,124,485	11,252,465	14,376,950
Restricted for State Street Aid	15,638	-	15,638
Unrestricted	6,058,314	2,021,554	8,079,868
	\$ 9,198,437	\$ 13,274,019	\$ 22,472,456

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

Town of Thompson's Station, Tennessee
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Operating</u>		<u>Capital</u>	<u>Primary Government</u>		
		<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 1,389,803	\$ 134,276	\$ -	\$ 16,666	\$ (1,238,861)	\$ -	\$ (1,238,861)
State Street Aid	70,000	-	79,165	-	9,165	-	9,165
Streets and roads	153,230	-	-	-	(153,230)	-	(153,230)
Parks	15,480	6,077	-	-	(9,403)	-	(9,403)
Interest on long-term debt	27,950	-	-	-	(27,950)	-	(27,950)
Total governmental activities	<u>1,656,463</u>	<u>140,353</u>	<u>79,165</u>	<u>16,666</u>	<u>(1,420,279)</u>	<u>-</u>	<u>(1,420,279)</u>
Business-type activities:							
Wastewater	790,630	687,274	-	828,814	-	725,458	725,458
Total primary government	<u><u>\$ 2,447,093</u></u>	<u><u>\$ 827,627</u></u>	<u><u>\$ 79,165</u></u>	<u><u>\$ 845,480</u></u>	<u><u>(1,420,279)</u></u>	<u><u>725,458</u></u>	<u><u>(694,821)</u></u>
General revenues:							
Taxes:							
Property taxes					164,003	-	164,003
Local option sales taxes					771,031	-	771,031
Building permits/impact fees					1,317,193	-	1,317,193
Beer and liquor tax					104,215	-	104,215
Business and privilege taxes					43,582	-	43,582
Franchise tax					13,919	-	13,919
Unrestricted intergovernmental revenues:							
State income tax					377,065	-	377,065
Payment in lieu of taxes					31,462	-	31,462
State sales tax					216,849	-	216,849
Mixed drink and beer tax					20,206	-	20,206
Business tax					84,983	-	84,983
Unrestricted investment earnings					21,881	1,992	23,873
Other					4,628	-	4,628
Total general revenues					<u>3,171,017</u>	<u>1,992</u>	<u>3,173,009</u>
Change in net position					1,750,738	727,450	2,478,188
Net position - beginning					7,447,699	12,546,569	19,994,268
Net position - ending					<u><u>\$ 9,198,437</u></u>	<u><u>\$ 13,274,019</u></u>	<u><u>\$ 22,472,456</u></u>

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

Town of Thompson's Station, Tennessee
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	State Street Aid Fund	Total Governmental Funds
Assets:			
Cash	\$ 6,191,084	\$ -	\$ 6,191,084
Taxes receivable - property tax	203,056	-	203,056
Due from other governments	449,931	14,321	464,252
Due from other funds	-	1,317	1,317
Prepaid expenses	400	-	400
Other receivables	5,584	-	5,584
Total assets	<u>\$ 6,850,055</u>	<u>\$ 15,638</u>	<u>\$ 6,865,693</u>
Liabilities:			
Accounts payable	\$ 49,267	\$ -	\$ 49,267
Deposits from developers	474,800	-	474,800
Due to other funds	4,736	-	4,736
Accrued expenses	3,111	-	3,111
Accrued compensated absences	60,618	-	60,618
Total liabilities	<u>592,532</u>	<u>-</u>	<u>592,532</u>
Deferred inflows of resources:			
Unavailable revenue - taxes	<u>203,056</u>	<u>-</u>	<u>203,056</u>
Fund balances:			
Nonspendable for prepaid items	400	-	400
Restricted for State Street Aid	-	15,638	15,638
Unassigned	6,054,067	-	6,054,067
Total fund balances	<u>6,054,467</u>	<u>15,638</u>	<u>6,070,105</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,850,055</u>	<u>\$ 15,638</u>	<u>\$ 6,865,693</u>

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

Town of Thompson's Station, Tennessee
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2016

Total fund balances of governmental funds	\$ 6,070,105
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds, net of accumulated depreciation of \$366,853	4,046,885
Receivables not available to pay for current expenditures are not current financial resources and therefore are not reported in the governmental funds	3,847
Long-term liabilities, including capital outlay notes payable, are not due and payable in the current period, and, therefore, are not reported in the governmental funds:	
Long-term debt	<u>(922,400)</u>
Net position of governmental activities	<u><u>\$ 9,198,437</u></u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 1,093,087	\$ -	\$ 1,093,087
Licenses, permits and fees	1,457,546	-	1,457,546
Intergovernmental	747,231	79,165	826,396
Other	26,325	-	26,325
Total revenues	<u>3,324,189</u>	<u>79,165</u>	<u>3,403,354</u>
Expenditures:			
Current:			
General government	1,112,698	-	1,112,698
State Street Aid	-	70,000	70,000
Streets and roads	130,171	-	130,171
Parks	12,692	-	12,692
Capital outlay	377,881	-	377,881
Debt Service:			
Principal	115,300	-	115,300
Interest	27,950	-	27,950
Total expenditures	<u>1,776,692</u>	<u>70,000</u>	<u>1,846,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,547,497</u>	<u>9,165</u>	<u>1,556,662</u>
Other financing sources (uses)			
Payment on loan - Wastewater Fund	388,888	-	388,888
Total other financing sources (uses)	<u>388,888</u>	<u>-</u>	<u>388,888</u>
Net change in fund balances	1,936,385	9,165	1,945,550
Fund balance - beginning	<u>4,118,082</u>	<u>6,473</u>	<u>4,124,555</u>
Fund balance - ending	<u>\$ 6,054,467</u>	<u>\$ 15,638</u>	<u>\$ 6,070,105</u>

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

Town of Thompson's Station, Tennessee
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ 1,945,550

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

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

Acquisition and donations of capital assets	150,226
Depreciation expense	(75,297)

Repayment of long-term receivable from proprietary Wastewater Fund is an other financing source in the governmental funds, but not for governmental activities	(388,888)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	3,847
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Specifically, these items are as follows:

Debt payments	115,300
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Change in net position of governmental activities	\$ 1,750,738
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The notes to the financial statements are an integral part of this statement.

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Taxes:				
Property	\$ 125,000	\$ 160,000	\$ 160,156	\$ 156
Franchise	12,000	12,000	13,919	1,919
Wholesale beer	95,000	95,000	104,215	9,215
Local sales tax - Trustee	600,000	600,000	771,031	171,031
Privilege tax	30,000	30,000	43,582	13,582
Interest and penalty revenue	-	-	184	184
Total taxes	<u>862,000</u>	<u>897,000</u>	<u>1,093,087</u>	<u>196,087</u>
Licenses, permits and fees:				
Beer permits	500	700	700	-
Building permits	325,000	500,000	527,323	27,323
Review fees	30,000	120,000	133,576	13,576
Impact fees	500,000	675,000	789,870	114,870
Miscellaneous	500	500	6,077	5,577
Total licenses, permits and fees	<u>856,000</u>	<u>1,296,200</u>	<u>1,457,546</u>	<u>161,346</u>
Intergovernmental:				
Payments in lieu of taxes	29,000	29,000	31,462	2,462
State of Tennessee - sales tax	170,000	170,000	216,849	46,849
State of Tennessee - mixed drink tax	1,500	5,000	18,897	13,897
State of Tennessee - beer tax	1,100	1,500	1,309	(191)
State of Tennessee - income tax	100,000	100,000	377,065	277,065
State of Tennessee - business tax	81,000	81,000	84,983	3,983
Greenways and trailways grant	599,000	599,000	16,666	(582,334)
Total intergovernmental revenue	<u>981,600</u>	<u>985,500</u>	<u>747,231</u>	<u>(238,269)</u>
Other income:				
Interest	16,500	19,500	21,697	2,197
Other	4,000	12,500	4,628	(7,872)
Total other income	<u>20,500</u>	<u>32,000</u>	<u>26,325</u>	<u>(5,675)</u>
Total revenues	<u>2,720,100</u>	<u>3,210,700</u>	<u>3,324,189</u>	<u>113,489</u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
EXPENDITURES:				
General Government:				
Salaries and wages	578,000	578,000	505,301	72,699
Payroll taxes	40,500	43,000	42,328	672
Publication of legal notices	3,000	3,000	2,845	155
Board member expenses	500	1,000	771	229
Utilities	14,300	16,300	14,570	1,730
Memberships and subscriptions	6,000	6,000	3,330	2,670
Insurance - employees	100,000	100,000	93,103	6,897
Insurance - other	33,500	36,200	34,520	1,680
Telephone expenses	4,500	4,500	3,629	871
Repairs and maintenance - building	50,000	50,000	15,407	34,593
Animal control services	3,200	3,200	3,133	67
Trustee commission	3,000	3,500	2,777	723
Other expenses	10,000	10,000	40,243	(30,243)
Recording and filing	1,000	1,000	152	848
Travel	2,000	2,000	822	1,178
Economic development	10,000	10,000	6,115	3,885
Continuing education expenses	7,000	7,000	4,101	2,899
Office supplies	10,000	15,000	14,755	245
Postage, freight and express charges	4,000	6,000	5,686	314
Printing, forms and stationary	5,000	6,000	5,672	328
Professional fees - legal	80,000	135,000	127,110	7,890
Professional fees - other	104,000	113,000	60,810	52,190
Vehicle fuel	15,000	15,000	9,656	5,344
Vehicle repairs	5,000	10,000	9,022	978
Donations	100,000	100,000	95,500	4,500
Bank charges	2,000	2,000	43	1,957
Employee retirement expenses	53,000	53,000	11,297	41,703
Total general government	<u>1,244,500</u>	<u>1,329,700</u>	<u>1,112,698</u>	<u>217,002</u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Streets and Roads:				
Resurfacing	418,100	411,500	130,171	281,329
Total Streets and Roads	<u>418,100</u>	<u>411,500</u>	<u>130,171</u>	<u>281,329</u>
Capital Projects:				
Capital projects	1,680,000	1,680,000	377,881	1,302,119
Total Capital Projects	<u>1,680,000</u>	<u>1,680,000</u>	<u>377,881</u>	<u>1,302,119</u>
Parks:				
Park improvements, repairs and supplies	20,000	20,000	12,692	7,308
Total Parks	<u>20,000</u>	<u>20,000</u>	<u>12,692</u>	<u>7,308</u>
Debt Service:				
Payments on capital outlay note	160,000	160,000	143,250	16,750
Total Debt Service	<u>160,000</u>	<u>160,000</u>	<u>143,250</u>	<u>16,750</u>
Total Expenditures	<u>3,522,600</u>	<u>3,601,200</u>	<u>1,776,692</u>	<u>1,824,508</u>
OTHER FINANCING SOURCES (USES):				
Payment on loan - Wastewater Fund	56,000	385,000	388,888	3,888
Total other financing sources (uses)	<u>56,000</u>	<u>385,000</u>	<u>388,888</u>	<u>3,888</u>
NET CHANGE IN FUND BALANCE	(746,500)	(5,500)	1,936,385	1,941,885
FUND BALANCE-BEGINNING OF YEAR	<u>4,118,082</u>	<u>4,118,082</u>	<u>4,118,082</u>	<u>-</u>
FUND BALANCE-END OF YEAR	<u>\$ 3,371,582</u>	<u>\$ 4,112,582</u>	<u>\$ 6,054,467</u>	<u>\$ 1,941,885</u>

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

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparison Statement - State Street Aid Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Intergovernmental:				
State of Tennessee - gas tax 1989	\$ 7,700	\$ 7,700	\$ 8,119	\$ 419
State of Tennessee - gas tax \$0.03 per gallon	14,300	14,300	15,069	769
State of Tennessee - gas and motor fuel tax	48,000	48,000	50,522	2,522
State of Tennessee - petroleum special	5,500	5,500	5,455	(45)
Total intergovernmental revenue	<u>75,500</u>	<u>75,500</u>	<u>79,165</u>	<u>3,665</u>
Total revenues	<u>75,500</u>	<u>75,500</u>	<u>79,165</u>	<u>3,665</u>
EXPENDITURES:				
State Street Aid:				
Resurfacing	<u>75,500</u>	<u>75,500</u>	<u>70,000</u>	<u>5,500</u>
Total expenditures	<u>75,500</u>	<u>75,500</u>	<u>70,000</u>	<u>5,500</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	9,165	<u>\$ 9,165</u>
FUND BALANCE-BEGINNING OF YEAR			<u>6,473</u>	
FUND BALANCE-END OF YEAR			<u>\$ 15,638</u>	

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

Town of Thompson's Station, Tennessee
Statement of Net Position
Proprietary Fund - Wastewater
June 30, 2016

Assets:

Current assets:

Cash	\$ 1,963,610
Accounts receivable	75,786
Prepaid expenses and other	1,363
Due from other funds	3,419
Total current assets	2,044,178

Capital assets:

Wastewater system, net of accumulated depreciation	12,020,984
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Total assets	14,065,162
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Current Liabilities:

Accounts payable and accrued expenses	22,624
Notes payable - current portion	111,111
Total current liabilities	133,735

Noncurrent liabilities:

Notes payable, less current portion	657,408
Total noncurrent liabilities	657,408

Total liabilities	791,143
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Net Position:

Net investment in capital assets	11,252,465
Unrestricted	2,021,554

Total net position	\$ 13,274,019
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The notes to the financial statements are an integral part of this statement.

Town of Thompson's Station, Tennessee
Statement of Revenues, Expenses and Changes
in Fund Net Position
Proprietary Fund - Wastewater
For the Year Ended June 30, 2016

Revenues:

Charges to customers - wastewater	\$ 676,186
Penalties	11,088
Total revenues	687,274

Operating Expenses:

Supply and Operations:

Salaries	98,637
Payroll taxes and benefits	9,884
Repairs and maintenance	37,240
Permits and licenses	7,165
Supplies	89,152
Testing	9,347
Utilities	99,236
Insurance	16,748
Professional fees	74,657
Other	4,666
Total supply and operations	446,732

Depreciation	311,616
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Total operating expenses	758,348
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Operating Loss	(71,074)
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Non-Operating Income (Expense):

Interest expense	(32,282)
Interest income	1,992
Capital contributions	108,000
Tap fees	720,814
Total non-operating income	798,524

Change in Net Position	727,450
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Net Position - Beginning of Year	12,546,569
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Net Position - End of Year	\$ 13,274,019
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The notes to the financial statements are an integral part of this statement.

Town of Thompson's Station, Tennessee
Statement of Cash Flows
Proprietary Fund - Wastewater
For the Year Ended June 30, 2016

Cash Flows from Operating Activities:

Receipts from customers	\$ 695,473
Payments to or on behalf of employees	(108,521)
Payments to suppliers	(393,645)
Net cash provided by operating activities	<u>193,307</u>

Cash Flows from Capital and Related Financing Activities:

Proceeds from tap fees	720,814
Purchases of capital assets	(29,628)
Principal payments on notes	(499,999)
Interest paid on notes	(32,282)
Net cash provided by capital and related financing activities	<u>158,905</u>

Cash Flows from Investing Activities:

Interest income from cash and cash equivalents	<u>1,992</u>
Net cash provided by investing activities	<u>1,992</u>

Net increase in cash and cash equivalents 354,204

Cash and Cash Equivalents - Beginning of Year 1,609,406

Cash and Cash Equivalents - End of Year \$ 1,963,610

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

Operating loss	\$ (71,074)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	311,616
Changes in assets and liabilities:	
Accounts receivable and due from other funds	8,198
Prepaid expenses and other	(1,363)
Accounts payable	(54,070)
Net cash provided by operating activities	<u><u>\$ 193,307</u></u>

Non-Cash Financing Activities:

During the year ended June 30, 2016, developers donated \$108,000 in sewer system related capital assets to the Town of Thompson's Station, Tennessee Wastewater System.

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Based on criteria in GASB pronouncements, there are no component units to be included within the Town's financial reporting entity as of June 30, 2016.

Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements, the statement of net position and the statement of activities, report information on all the nonfiduciary activities of the Town. The Statement of Net Position presents the Town's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

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

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

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified 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, compensated absences, and claims and judgments expenditures) are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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

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

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Governmental Fund Balances

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because 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.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The Town does not have any committed or assigned fund balance at June 30, 2016. The Town's practice is to expend any available restricted, committed or assigned resources, in that order, prior to expending unassigned resources.

Budgetary Basis of Accounting

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

Cash and Cash Equivalents

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

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

Receivables

Based on prior experience and estimates of current customer credit-worthiness, an allowance for uncollectible receivables has been provided in the amount of \$8,159.

Inventories

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has no items that qualify for reporting in this category at June 30, 2016.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase to net position that applies to a future period and is not recognized as an inflow of resource (revenue) until that time. The Town has one type of item that qualifies for reporting in this category. These items are amounts in the governmental funds that were measurable at year-end but were not available to finance expenditures for the current year. This includes unavailable revenues from property taxes. 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.

Estimates

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - PROPERTY TAXES

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

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

<u>Year of Levy</u>	<u>Tax Rate</u>	<u>Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2015</u>	<u>Taxes Levied</u>	<u>Collections and Adjustments</u>	<u>Balance June 30, 2016</u>
2007	.103	\$ 50,955,696	\$ 51,000	\$ 9	\$ -	\$ -	\$ 9
2008	.103	71,312,942	77,258	19	-	-	19
2009	.103	83,599,533	87,775	19	-	-	19
2010	.103	89,326,214	92,006	59	-	13	46
2011	.103	85,407,960	87,941	31	-	9	22
2012	.103	89,657,972	92,314	34	-	20	14
2013	.103	106,886,489	110,070	113	-	73	40
2014	.103	128,934,758	132,781	2,277	-	802	1,475
2015	.103	134,375,527	138,407	138,407	25,401	161,605	2,203
2016	.103	193,407,102	199,209	<u>-</u>	<u>199,209</u>	<u>-</u>	<u>199,209</u>
				<u>\$140,968</u>	<u>\$224,610</u>	<u>\$162,522</u>	<u>\$203,056</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash totaling \$8,154,694 at June 30, 2016. State statutes authorize the Town to invest funds in the following: bonds, notes or treasury bills of the United States or any of its agencies; certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations; repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities; and state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 - CASH AND CASH EQUIVALENTS - Continued

At June 30, 2016, total demand deposits and certificates of deposit for the Town were insured and/or collateralized in one of the following ways. Deposits and certificates of deposits are insured, up to applicable limits, through the Federal Deposit Insurance Corporation ("FDIC"). All deposits and certificates were held in financial institutions, which are members of the Tennessee Bank Collateral Pool. The Tennessee Bank Collateral Pool (the pool) is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of the governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of the pool is not sufficient to cover a loss. The Town's deposits in financial institutions were entirely insured or collateralized at June 30, 2016.

NOTE 4 - WASTEWATER RATES AND CUSTOMERS

The active number of wastewater customers at June 30, 2016 was 1,154.

The following monthly service rates for residential and commercial customers were in effect at June 30, 2016:

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

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 2,944,341	\$ -	\$ -	\$ 2,944,341
Construction in progress	<u>-</u>	<u>20,832</u>	<u>-</u>	<u>20,832</u>
Total capital assets not being depreciated	<u>2,944,341</u>	<u>20,832</u>	<u>-</u>	<u>2,965,173</u>
<u>Capital assets being depreciated</u>				
Infrastructure	392,900	-	-	392,900
Building and improvements	695,747	-	-	695,747
Furniture and equipment	76,087	129,394	-	205,481
Vehicles	<u>154,437</u>	<u>-</u>	<u>-</u>	<u>154,437</u>
Total capital assets being depreciated	<u>1,319,171</u>	<u>129,394</u>	<u>-</u>	<u>1,448,565</u>
<u>Less: accumulated depreciation for</u>				
Infrastructure	(34,006)	(25,847)	-	(59,853)
Building and improvements	(152,865)	(14,605)	-	(167,470)
Furniture and equipment	(30,518)	(17,116)	-	(47,634)
Vehicles	<u>(74,167)</u>	<u>(17,729)</u>	<u>-</u>	<u>(91,896)</u>
Total accumulated depreciation	<u>(291,556)</u>	<u>(75,297)</u>	<u>-</u>	<u>(366,853)</u>
Capital assets being depreciated, net	<u>1,027,615</u>	<u>54,097</u>	<u>-</u>	<u>1,081,712</u>
Governmental activities capital assets, net	<u>\$ 3,971,956</u>	<u>\$ 74,929</u>	<u>\$ -</u>	<u>\$ 4,046,885</u>

Depreciation expense was charged to functions/programs at June 30, 2016, as follows:

General government	\$49,450
Streets and roads	23,059
Parks	<u>2,788</u>
	<u>\$75,297</u>

Construction in progress at June 30, 2016 consists of a Greenways trail project, funded primarily through a grant. Estimated costs to complete the project total approximately \$720,000.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS - Continued

Business-Type Activities - Wastwater:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated</u>				
Land	\$ 2,512,000	\$ -	\$ -	\$ 2,512,000
Total capital assets not being depreciated	<u>2,512,000</u>	<u>-</u>	<u>-</u>	<u>2,512,000</u>
<u>Capital assets being depreciated</u>				
Wastewater system	10,175,621	108,000	-	10,283,621
Building	880,550	-	-	880,550
Infrastructure	139,102	-	-	139,102
Machinery and equipment	490,354	29,628	-	519,982
Vehicles	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total capital assets being depreciated	<u>11,705,627</u>	<u>137,628</u>	<u>-</u>	<u>11,843,255</u>
<u>Less: accumulated depreciation for</u>				
Wastewater system	(1,631,517)	(255,317)	-	(1,886,834)
Building	(171,396)	(22,511)	-	(193,907)
Infrastructure	(2,898)	(3,478)	-	(6,376)
Machinery and equipment	(216,844)	(26,310)	-	(243,154)
Vehicles	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>(4,000)</u>
Total accumulated depreciation	<u>(2,022,655)</u>	<u>(311,616)</u>	<u>-</u>	<u>(2,334,271)</u>
Capital assets being depreciated, net	<u>9,682,972</u>	<u>(173,988)</u>	<u>-</u>	<u>9,508,984</u>
Business-type activities capital assets, net	<u>\$ 12,194,972</u>	<u>\$(173,988)</u>	<u>\$ -</u>	<u>\$ 12,020,984</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - RISK MANAGEMENT

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

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

NOTE 7 - INTERFUND BALANCES AND ACTIVITY

Balances due from/to other funds at June 30, 2016, consist of the following:

- \$3,419 due from General Fund to Wastewater Fund representing utility services.
- \$1,317 due from the General Fund to the State Street Aid Fund for cash held by the General Fund.

The \$388,888 interfund loan due from the Wastewater Fund to the General Fund was repaid during fiscal year 2016.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 - LONG-TERM LIABILITIES

The Town's long-term liabilities consist of the following at June 30, 2016:

General Obligation Liabilities

\$1,153,000 Land Purchase Capital Outlay Note, Series 2013,
due in annual installments through September 26, 2023, with interest
payable semi-annually at 2.85% per annum \$ 922,400

Business-Type Activities Liabilities

\$1,000,000 Wastewater Drip Field Project Capital Outlay Note,
Series 2014, due in monthly installments of principal and interest at
2.45% through May 13, 2023 768,519

\$1,690,919

Changes in Long-Term Liabilities

The changes in long-term liabilities during the year ended June 30, 2016, were as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital Outlay Note - Series 2013	<u>\$1,037,700</u>	<u>\$ -</u>	<u>\$115,300</u>	<u>\$922,400</u>	<u>\$115,300</u>
Business-Type Activities:					
Capital Outlay Note - Series 2014	\$ 879,630	\$ -	\$111,111	\$768,519	\$111,111
Interfund Capital Outlay Note - Series 2012	<u>388,888</u>	<u>-</u>	<u>388,888</u>	<u>-</u>	<u>-</u>
	<u>\$1,268,518</u>	<u>\$ -</u>	<u>\$499,999</u>	<u>\$768,519</u>	<u>\$111,111</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 - LONG-TERM LIABILITIES - Continued

Future principal and interest activities of long-term obligations are as follows at June 30, 2016:

	Governmental Activities Capital Outlay, Series 2013			Business-Type Activities Capital Outlay, Series 2014			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$115,300	\$ 24,845	\$ 140,145	\$111,111	\$17,581	\$128,692	\$226,411	\$42,426	\$268,837
2018	115,300	21,359	136,659	111,111	14,868	125,979	226,411	36,227	262,638
2019	115,300	18,073	133,373	111,111	12,137	123,248	226,411	30,210	256,621
2020	115,300	14,787	130,087	111,111	9,415	120,526	226,411	24,202	250,613
2021	115,300	11,501	126,801	111,111	6,692	117,803	226,411	18,193	244,604
2022	115,300	8,215	123,515	111,111	3,970	115,081	226,411	12,185	238,596
2023	115,300	4,929	120,229	101,853	1,248	103,101	217,153	6,177	223,330
2024	115,300	1,643	116,943	-	-	-	115,300	1,643	116,943
	<u>\$922,400</u>	<u>\$105,352</u>	<u>\$1,027,752</u>	<u>\$768,519</u>	<u>\$65,911</u>	<u>\$834,430</u>	<u>\$1,690,919</u>	<u>\$171,263</u>	<u>\$1,862,182</u>

NOTE 9 - DEFINED CONTRIBUTION BENEFIT PLAN

During fiscal year 2016, the Town began to offer its employees a deferred compensation defined contribution benefit plan through the Town of Thompson's Station 457 Retirement Readiness Plan (the "Plan"). The Plan is a prototype plan created in accordance with Internal Revenue Code section 457. The Plan is available to all employees working more than 30 hours per week and permits participants to defer a portion of their compensation until termination, retirement, disability, or other qualifying events under the Plan document. The Plan's investments are held by John Hancock. The Town matches employee contributions up to 5% of eligible compensation. The Town's match for fiscal year 2016 totaled \$13,250.

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.

Subsequent to year end, the Town approved entering into certain contractual commitments primarily for capital improvements totaling approximately \$2.2 million.

OTHER INFORMATION

TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number / Pass-through Entity Identifying Number</u>	<u>Grant Receivables (Deferred) July 1, 2015</u>	<u>Federal Receipts</u>	<u>Expenditures</u>	<u>Grant Receivables (Deferred) June 30, 2016</u>
US DEPARTMENT OF TRANSPORTATION						
Passed through the Tennessee Department of Transportation Federal Highway Administration Planning and Construction Recreational Trails Program	20.205	STP-EN9400(52) / 94LPLM-F3-040 108854.04	\$ -	\$ -	\$ 16,666	\$ 16,666
TOTAL US DEPARTMENT OF TRANSPORTATION			-	-	16,666	16,666
TOTAL FEDERAL AWARDS			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,666</u>	<u>\$ 16,666</u>

NOTE 1 - BASIS OF PRESENTATION

The Schedules of Expenditures of Federal Awards includes the federal grant activity of the Town of Thompson's Station, Tennessee and is presented in accordance with the 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) and the State of Tennessee. Because this Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position or changes in financial position of the Town.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The information reported in the Schedules is reported in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The federal 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.

NOTE 3 - DE MINIMUS INDIRECT COST RATE

The Town has elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance, when applicable.

See independent auditor's report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2016, 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 22, 2016.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

Crosslin, PLLC

Nashville, Tennessee
December 22, 2016

TOWN OF THOMPSON'S STATION, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2016

The Town of Thompson's Station had no prior year findings reported.