

TOWN OF THOMPSON'S STATION, TENNESSEE

**AUDITED FINANCIAL STATEMENTS
AND OTHER INFORMATION**

JUNE 30, 2017

TOWN OF THOMPSON'S STATION, TENNESSEE

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TOWN OF THOMPSON'S STATION, TENNESSEE
DIRECTORY OF OFFICIALS
JUNE 30, 2017

<u>Title</u>	<u>Name of Official</u>
Mayor	Corey Napier
Alderman	Brandon Bell
Alderman	Ben Dilks
Alderman	Graham Shepard
Alderman	Brian Stover
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, 2017, 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, 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the 2016 net position of the governmental activities as well as the fund balance of the general fund have been restated to correct amounts received from the State of Tennessee. Our opinions are not modified with respect to this matter.

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 29, 2017 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 29, 2017

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2017

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, 2017. 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 \$31,540,292 (net position). Of this amount, \$8,408,067 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 \$9,389,212 during fiscal year 2017.
3. As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$6,068,340, an increase of \$319,611 for the year. Over 99% of this total amount, or \$6,039,484 is available for spending at the government's discretion (unassigned fund balance).
4. At June 30, 2017, the unassigned fund balance for the General Fund was 207% 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, 2017

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 budgets and final budgets as well as comparison of final budgets to actual appear on pages 17 through 20.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2017

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 \$31,540,292 at the end of the most recent fiscal year.

TOWN OF THOMPSON'S STATION'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 7,457,204	\$ 6,539,581 (1)	\$ 2,373,002	\$ 2,044,178	\$ 9,830,206	\$ 8,583,759
Capital assets	9,644,389	4,046,885	14,932,085	12,020,984	24,576,474	16,067,869
Total assets	<u>17,101,593</u>	<u>10,586,466</u>	<u>17,305,087</u>	<u>14,065,162</u>	<u>34,406,680</u>	<u>24,651,628</u>
Long-term liabilities outstanding	807,100	922,400	657,408	768,519	1,464,508	1,690,919
Other liabilities	1,148,939	587,796	16,863	22,624	1,165,802	610,420
Total liabilities	<u>1,956,039</u>	<u>1,510,196</u>	<u>674,271</u>	<u>791,143</u>	<u>2,630,310</u>	<u>2,301,339</u>
Deferred inflows of resources	236,078	199,209	-	-	236,078	199,209
Net position:						
Net investment in capital assets	8,837,289	3,124,485	14,274,677	11,252,465	23,111,966	14,376,950
Restricted for roads and streets	20,259	15,638	-	-	20,259	15,638
Unrestricted	6,051,928	5,736,938 (1)	2,356,139	2,021,554	8,408,067	7,758,492
Total net position	<u>\$14,909,476</u>	<u>\$ 8,877,061</u>	<u>\$16,630,816</u>	<u>\$13,274,019</u>	<u>\$31,540,292</u>	<u>\$22,151,080</u>

(1) Restated for State income taxes totaling \$321,376 that were intended for the County. See Note 1 to the financial statements.

A significant portion of the Town's net position, \$23,111,966 or (73%) 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, \$20,259 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, \$8,408,067 (27%), 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, 2017**

The following is a summary of financial activities for the Town during the fiscal years ended June 30, 2017 and 2016:

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for service	\$ 53,543	\$ 140,353	\$ 873,635	\$ 687,274	\$ 927,178	\$ 827,627
Operating grants and contributions	79,621	79,165	-	-	79,621	79,165
Capital grants and contributions	5,063,249	16,666	3,599,914	828,814	8,663,163	845,480
General revenues:						
Property taxes	226,792	164,003	-	-	226,792	164,003
Local option sales taxes	918,033	771,031	-	-	918,033	771,031
Intergovernmental revenues	374,338	409,189 (1)	-	-	374,338	409,189
Building permits / impact fees	870,428	1,317,193	-	-	870,428	1,317,193
Other	234,337	166,344	-	-	234,337	166,344
Unrestricted investment earnings	22,356	21,881	6,861	1,992	29,217	23,873
Total revenues	7,842,697	3,085,825	4,480,410	1,518,080	12,323,107	4,603,905
Expenses:						
General government	1,279,012	1,389,803	-	-	1,279,012	1,389,803
State Street Aid	75,000	70,000	-	-	75,000	70,000
Streets and roads	403,064	153,230	-	-	403,064	153,230
Parks	28,561	15,480	-	-	28,561	15,480
Debt service	24,645	27,950	-	-	24,645	27,950
Wastewater	-	-	1,123,613	790,630	1,123,613	790,630
Total expenses	1,810,282	1,656,463	1,123,613	790,630	2,933,895	2,447,093
Change in net position	6,032,415	1,429,362 (1)	3,356,797	727,450	9,389,212	2,156,812
Net position - beginning of year, as restated (Note 1)	8,877,061	7,447,699	13,274,019	12,546,569	22,151,080	19,994,268
Net position - end of year	\$14,909,476	\$ 8,877,061 (1)	\$16,630,816	\$13,274,019	\$31,540,292	\$22,151,080

(1) Restated for State income taxes totaling \$321,376 that were intended for the County. See Note 1 to the financial statements.

Governmental Activities. Governmental activities increased the Town's net position by \$6,032,415, which compares with an increase in net position of \$1,429,362 for fiscal year 2016. The fiscal year 2017 amount includes \$4,525,000 of contributed infrastructure assets.

Business-Type Activities. Business-type activities increased the Town's net position by \$3,356,797, compared with \$727,450 for 2016. Revenues from charges to customers for wastewater treatment as well as capital grants and contributions increased by \$186,361 and \$2,771,100, respectively. Wastewater expenses increased related primarily to certain professional consulting services as well as repairs and maintenance.

TOWN OF THOMPSON'S STATION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2017

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 \$6,068,340. Fund balances of the governmental funds increased \$319,611 during fiscal year 2017.

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 \$6,039,484. 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 207% 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 \$2,356,139. The Wastewater Fund had an increase in net position for the year of \$ 3,356,797 during fiscal year 2017. 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 \$ 68,033.
2. Actual over budgeted impact fees by \$ 48,178.
3. Actual over other budgeted revenues by \$21,865.
4. Delay in capital projects of \$1,301,283.
5. Actual under other budgeted expenditures of \$727,131.

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, 2017 amounted to \$24,576,474 (net of accumulated 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, 2017

Additional information on the Town capital assets can be found in Note 5 to the financial statements. The following table compares capital assets at June 30, 2017 and 2016:

TOWN OF THOMPSON'S STATION'S CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 3,270,241	\$ 2,944,341	\$ 2,512,000	\$ 2,512,000	\$ 5,782,241	\$ 5,456,341
Construction in progress	171,035	20,832	40,154	-	211,189	20,832
Infrastructure	5,699,452	504,447	-	-	5,699,452	504,447
Buildings	589,196	584,200	880,550	880,550	1,469,746	1,464,750
Equipment	242,516	205,481	519,982	519,982	762,498	725,463
Vehicles	192,343	154,437	48,361	20,000	240,704	174,437
Wastewater system	-	-	13,621,599	10,422,723	13,621,599	10,422,723
Total capital assets	10,164,783	4,413,738	17,622,646	14,355,255	27,787,429	18,768,993
Less: Accumulated depreciation	(520,394)	(366,853)	(2,690,561)	(2,334,271)	(3,210,955)	(2,701,124)
Capital assets, net	\$ 9,644,389	\$ 4,046,885	\$14,932,085	\$12,020,984	\$24,576,474	\$16,067,869

Long-term Debt. At the end of the fiscal year, the Town's total debt was \$1,464,508 and is set forth in detail in Note 8. No new debt was issued during fiscal year 2017. Payments made on debt obligations totaled \$226,411.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Despite continued improving economic conditions, a conservative approach was used in preparing the Town of Thompson's Station's budget for the 2017 - 2018 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. In addition, state shared revenues were adjusted upward to account for increased receipts related to higher population counts certified in June 2017. The Town's certified population increased from 2,681 to 4,726.
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, 2017

	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:			
Cash and cash equivalents	\$ 7,154,710	\$ 2,269,018	\$ 9,423,728
Taxes receivable - property tax	239,925	-	239,925
Accounts and other receivables	6,356	93,741	100,097
Internal balances	(9,787)	9,787	-
Due from other governments	57,403	-	57,403
Prepaid expenses and other	8,597	456	9,053
Capital assets:			
Capital assets not being depreciated	3,441,276	2,552,154	5,993,430
Other capital assets, net of accumulated depreciation	6,203,113	12,379,931	18,583,044
Total assets	17,101,593	17,305,087	34,406,680
Liabilities:			
Accounts payable and accrued expenses	647,846	16,863	664,709
Deposits from developers	424,800	-	424,800
Accrued compensation and compensated absences	76,293	-	76,293
Long-term liabilities:			
Due within one year	115,300	111,111	226,411
Due in more than one year	691,800	546,297	1,238,097
Total liabilities	1,956,039	674,271	2,630,310
Deferred Inflows of Resources:			
Property taxes	236,078	-	236,078
Net Position:			
Net investment in capital assets	8,837,289	14,274,677	23,111,966
Restricted for State Street Aid	20,259	-	20,259
Unrestricted	6,051,928	2,356,139	8,408,067
Total net position	\$ 14,909,476	\$ 16,630,816	\$ 31,540,292

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, 2017

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 Activities	Total
Governmental Activities:							
General government	\$ 1,279,012	\$ 47,169	\$ -	\$ -	\$ (1,231,843)	\$ -	\$ (1,231,843)
State Street Aid	75,000	-	79,621	-	4,621	-	4,621
Streets and roads	403,064	-	-	4,525,000	4,121,936	-	4,121,936
Parks and recreation	28,561	6,374	-	538,249	516,062	-	516,062
Interest on long-term debt	24,645	-	-	-	(24,645)	-	(24,645)
Total governmental activities	<u>1,810,282</u>	<u>53,543</u>	<u>79,621</u>	<u>5,063,249</u>	<u>3,386,131</u>	<u>-</u>	<u>3,386,131</u>
Business-Type Activities:							
Wastewater	1,123,613	873,635	-	3,599,914	-	3,349,936	3,349,936
Total primary government	<u>\$ 2,933,895</u>	<u>\$ 927,178</u>	<u>\$ 79,621</u>	<u>\$ 8,663,163</u>	<u>3,386,131</u>	<u>3,349,936</u>	<u>6,736,067</u>
General Revenues:							
Taxes:							
Property taxes					226,792	-	226,792
Local option sales taxes					918,033	-	918,033
Building permits/impact fees					870,428	-	870,428
Beer and liquor tax					110,046	-	110,046
Business and privilege taxes					40,883	-	40,883
Franchise tax					17,718	-	17,718
Unrestricted intergovernmental revenues:							
Payment in lieu of taxes					30,250	-	30,250
State sales tax					222,196	-	222,196
Mixed drink and beer tax					25,301	-	25,301
Business tax					96,591	-	96,591
Unrestricted investment earnings					22,356	6,861	29,217
Other					65,690	-	65,690
Total general revenues					<u>2,646,284</u>	<u>6,861</u>	<u>2,653,145</u>
Change in net position					<u>6,032,415</u>	<u>3,356,797</u>	<u>9,389,212</u>
Net position - beginning, as restated (Note 1)					<u>8,877,061</u>	<u>13,274,019</u>	<u>22,151,080</u>
Net position - ending					<u>\$ 14,909,476</u>	<u>\$ 16,630,816</u>	<u>\$ 31,540,292</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, 2017

	General Fund	State Street Aid Fund	Total Governmental Funds
Assets:			
Cash	\$ 7,154,710	\$ -	\$ 7,154,710
Taxes receivable - property tax	239,925	-	239,925
Due from other governments	43,601	13,802	57,403
Due from other funds	-	6,457	6,457
Prepaid expenses	8,597	-	8,597
Other receivables	6,356	-	6,356
Total assets	\$ 7,453,189	\$ 20,259	\$ 7,473,448
Liabilities:			
Accounts payable and accrued expenditures	\$ 647,846	\$ -	\$ 647,846
Deposits from developers	424,800	-	424,800
Due to other funds	16,244	-	16,244
Accrued compensation	76,293	-	76,293
Total liabilities	1,165,183	-	1,165,183
Deferred Inflows of Resources:			
Property taxes	239,925	-	239,925
Fund Balances:			
Nonspendable for prepaid items	8,597	-	8,597
Restricted for State Street Aid	-	20,259	20,259
Unassigned	6,039,484	-	6,039,484
Total fund balances	6,048,081	20,259	6,068,340
Total liabilities, deferred inflows of resources and fund balances	\$ 7,453,189	\$ 20,259	\$ 7,473,448

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, 2017

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

Total fund balances of governmental funds	\$ 6,068,340
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds, net of accumulated depreciation of \$520,394	9,644,389
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: General long-term debt	<u>(807,100)</u>
Net position of governmental activities	<u>\$ 14,909,476</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, 2017

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 1,313,717	\$ -	\$ 1,313,717
Licenses, permits and fees	923,971	-	923,971
Intergovernmental	912,587	79,621	992,208
Other	87,801	-	87,801
	<u>3,238,076</u>	<u>79,621</u>	<u>3,317,697</u>
Total revenues			
Expenditures:			
Current:			
General government	1,216,782	-	1,216,782
State Street Aid	-	75,000	75,000
Streets and roads	326,921	-	326,921
Parks	21,721	-	21,721
Capital outlay	1,217,717	-	1,217,717
Debt Service:			
Principal	115,300	-	115,300
Interest	24,645	-	24,645
	<u>2,923,086</u>	<u>75,000</u>	<u>2,998,086</u>
Total expenditures			
	<u>314,990</u>	<u>4,621</u>	<u>319,611</u>
Excess of revenues over expenditures			
Net change in fund balances	314,990	4,621	319,611
Fund balance - beginning, as restated (Note 1)	<u>5,733,091</u>	<u>15,638</u>	<u>5,748,729</u>
Fund balance - ending	<u>\$ 6,048,081</u>	<u>\$ 20,259</u>	<u>\$ 6,068,340</u>

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, 2017

Net change in fund balances - total governmental funds \$ 319,611

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	5,751,045
Depreciation expense	(153,541)

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	\$ 6,032,415
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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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES:				
Taxes:				
Property	\$ 150,000	\$ 225,000	\$ 226,792	\$ 1,792
Franchise	12,000	12,000	17,718	5,718
Wholesale beer and wholesale liquor	100,000	104,500	110,046	5,546
Local sales tax - Trustee	700,000	850,000	918,033	68,033
Privilege tax	35,000	35,000	40,883	5,883
Interest and penalty revenue	-	-	245	245
Total taxes	<u>997,000</u>	<u>1,226,500</u>	<u>1,313,717</u>	<u>87,217</u>
Licenses, permits and fees:				
Beer permits	500	500	600	100
Building permits	396,000	315,000	347,250	32,250
Review fees	30,000	40,000	46,569	6,569
Impact fees	742,500	475,000	523,178	48,178
Miscellaneous	105	1,000	6,374	5,374
Total licenses, permits and fees	<u>1,169,105</u>	<u>831,500</u>	<u>923,971</u>	<u>92,471</u>
Intergovernmental:				
Payments in lieu of taxes	29,000	29,000	30,250	1,250
State of Tennessee - sales tax	170,000	200,000	222,196	22,196
State of Tennessee - mixed drink tax	4,000	12,000	24,006	12,006
State of Tennessee - beer tax	1,000	1,000	1,295	295
State of Tennessee - income tax	100,000	100,000	-	(100,000)
State of Tennessee - business tax	75,000	75,000	96,591	21,591
Greenways and trailways grant	599,000	539,000	538,249	(751)
Total intergovernmental revenue	<u>978,000</u>	<u>956,000</u>	<u>912,587</u>	<u>(43,413)</u>
Other income:				
Interest	7,500	12,000	22,111	10,111
Other	4,000	74,000	65,690	(8,310)
Transfer from reserves	-	1,851,000	-	(1,851,000)
Total other income	<u>11,500</u>	<u>1,937,000</u>	<u>87,801</u>	<u>(1,849,199)</u>
Total revenues	<u>3,155,605</u>	<u>4,951,000</u>	<u>3,238,076</u>	<u>(1,712,924)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
EXPENDITURES:				
General Government:				
Salaries and wages	670,000	550,000	540,005	9,995
Payroll taxes	48,600	44,100	44,698	(598)
Publication of legal notices	3,000	3,000	2,283	717
Board member expenses	-	-	892	(892)
Utilities	18,300	16,300	14,224	2,076
Memberships and subscriptions	3,700	3,700	3,274	426
Insurance - employees	110,000	110,000	91,807	18,193
Insurance - other	36,200	27,000	26,353	647
Telephone expenses	4,500	4,500	3,844	656
Repairs and maintenance - building	30,000	30,000	15,398	14,602
Animal control services	3,300	3,300	3,289	11
Trustee commission	3,000	6,000	5,139	861
Other expenses	11,000	13,500	34,155	(20,655)
Recording and filing	1,000	-	-	-
Travel	2,500	2,500	968	1,532
Economic development	7,500	7,500	6,867	633
Continuing education expenses	5,500	5,500	2,589	2,911
Office supplies	15,000	22,000	18,865	3,135
Postage, freight and express charges	1,000	1,000	1,024	(24)
Printing, forms and stationary	6,000	7,500	7,102	398
Professional fees - legal	100,000	180,000	172,197	7,803
Professional fees - other	109,500	108,500	89,933	18,567
Vehicle fuel	15,000	15,000	9,841	5,159
Vehicle repairs	10,000	10,000	3,402	6,598
Donations	100,000	100,000	92,909	7,091
Bank charges	2,000	750	66	684
Employee retirement expenses	32,000	27,000	25,658	1,342
Total general government	<u>1,348,600</u>	<u>1,298,650</u>	<u>1,216,782</u>	<u>81,868</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
Streets and Roads:				
Resurfacing	291,005	762,850	326,921	435,929
Total streets and roads	<u>291,005</u>	<u>762,850</u>	<u>326,921</u>	<u>435,929</u>
Capital Projects:				
Capital projects	1,341,500	2,519,000	1,217,717	1,301,283
Total capital projects	<u>1,341,500</u>	<u>2,519,000</u>	<u>1,217,717</u>	<u>1,301,283</u>
Parks:				
Park improvements, repairs and supplies	20,000	221,000	21,721	199,279
Total parks	<u>20,000</u>	<u>221,000</u>	<u>21,721</u>	<u>199,279</u>
Debt Service:				
Payments on capital outlay note	160,000	150,000	139,945	10,055
Total debt service	<u>160,000</u>	<u>150,000</u>	<u>139,945</u>	<u>10,055</u>
Total expenditures	<u>3,161,105</u>	<u>4,951,500</u>	<u>2,923,086</u>	<u>2,028,414</u>
NET CHANGE IN FUND BALANCE	(5,500)	(500)	314,990	315,490
FUND BALANCE-BEGINNING OF YEAR, AS RESTATED (NOTE 1)	5,733,091	5,733,091	5,733,091	-
FUND BALANCE-END OF YEAR	<u>\$ 5,727,591</u>	<u>\$ 5,732,591</u>	<u>\$ 6,048,081</u>	<u>\$ 315,490</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, 2017

	<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	\$ 8,158	\$ 458
State of Tennessee - gas tax \$0.03 per gallon	14,300	14,300	15,141	841
State of Tennessee - gas and motor fuel tax	48,000	48,000	50,907	2,907
State of Tennessee - petroleum special	5,500	5,500	5,415	(85)
Total intergovernmental revenue	<u>75,500</u>	<u>75,500</u>	<u>79,621</u>	<u>4,121</u>
Total revenues	<u>75,500</u>	<u>75,500</u>	<u>79,621</u>	<u>4,121</u>
EXPENDITURES:				
State Street Aid:				
Resurfacing	<u>70,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total expenditures	<u>70,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,500</u>	<u>\$ 500</u>	4,621	<u>\$ 4,121</u>
FUND BALANCE-BEGINNING OF YEAR			<u>15,638</u>	
FUND BALANCE-END OF YEAR			<u>\$ 20,259</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 Fund
June 30, 2017

Assets:

Current assets:

Cash	\$ 2,269,018
Accounts receivable	93,741
Prepaid expenses and other	456
Due from other funds	9,787
Total current assets	2,373,002

Capital assets:

Wastewater system, net of accumulated depreciation	14,932,085
Total assets	17,305,087

Current Liabilities:

Accounts payable and accrued expenses	16,863
Notes payable - current portion	111,111
Total current liabilities	127,974

Noncurrent Liabilities:

Notes payable, less current portion	546,297
Total noncurrent liabilities	546,297
Total liabilities	674,271

Net Position:

Net investment in capital assets	14,274,677
Unrestricted	2,356,139
Total net position	\$ 16,630,816

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 Fund
For the Year Ended June 30, 2017

Revenues:

Charges to customers - wastewater	\$ 859,353
Penalties	14,282
Total revenues	873,635

Operating Expenses:

Supply and Operations:

Salaries	108,284
Payroll taxes and benefits	14,084
Repairs and maintenance	38,427
Permits and licenses	3,820
Supplies	3,626
Testing	4,163
Utilities	93,382
Insurance	20,278
Professional and consulting fees	456,819
Other	6,637
Total supply and operations	749,520

Depreciation	356,290
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Total operating expenses	1,105,810
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Operating loss	(232,175)
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Non-Operating Income (Expense):

Interest expense	(17,803)
Interest income	6,861
Total non-operating expense	(10,942)

Capital contributions	2,750,000
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Tap fees	849,914
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Change in net position	3,356,797
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Net position - beginning of year	13,274,019
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Net position - end of year	\$ 16,630,816
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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 Fund
For the Year Ended June 30, 2017

Cash Flows from Operating Activities:	
Receipts from customers	\$ 891,590
Payments to or on behalf of employees	(122,368)
Payments to suppliers	(674,284)
Net cash provided by operating activities	<u>94,938</u>
 Cash Flows from Capital and Related Financing Activities:	
Proceeds from tap fees	849,914
Purchases of capital assets	(517,391)
Principal payments on notes	(111,111)
Interest paid on notes	(17,803)
Net cash provided by capital and related financing activities	<u>203,609</u>
 Cash Flows from Investing Activities:	
Interest income from cash and cash equivalents	<u>6,861</u>
Net cash provided by investing activities	<u>6,861</u>
 Net increase in cash and cash equivalents	 305,408
 Cash and Cash Equivalents - Beginning of Year	 <u>1,963,610</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 2,269,018</u>

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

Operating loss	\$ (232,175)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	356,290
Changes in assets and liabilities:	
Accounts receivable and due from other funds	(24,323)
Prepaid expenses and other	907
Accounts payable	(5,761)
Net cash provided by operating activities	<u>\$ 94,938</u>

Non-Cash Financing Activities:

During the year ended June 30, 2017, developers donated \$2,750,000 in sewer system related capital assets to the Town's 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, 2017

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, 2017.

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, 2017

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 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.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 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.

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, 2017

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 balances at June 30, 2017. 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. When applicable, 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 \$6,420 for the Wastewater Fund.

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, 2017

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. 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 \$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 acquisition 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 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 at June 30, 2017.

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restatement

The State of Tennessee collects certain income related taxes (“Hall income tax”) which are remitted to municipalities and counties. As of June 30, 2016, the Town recorded a receivable for its share of the Hall income tax based on information and subsequent receipt of funds from the State. During fiscal year 2017, the State notified the Town that an error had been made in calculating the tax. Specifically, the Town had received \$321,376, which was intended for Williamson County. The Town and State have agreed to a repayment schedule through a reduction of future Hall income taxes as well as a \$3,500 per month reduction of other state shared taxes. It is anticipated that the repayment of funds will occur by fiscal year 2021. The amount owned by the Town at June 30, 2017 is included in accrued liabilities. The impact on the financial statements is a restatement of beginning net position as follows:

	<u>Statement of Activities</u>	<u>Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund</u>
Net position, June 30, 2016, as previously reported	\$ 9,198,437	\$ 6,054,467
Adjustment to record decreased income tax revenue	<u>(321,376)</u>	<u>(321,376)</u>
Net position, June 30, 2016, as restated	<u>\$ 8,877,061</u>	<u>\$ 5,733,091</u>

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.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - PROPERTY TAXES - Continued

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, 2016</u>	<u>Taxes Levied</u>	<u>Collections and Adjustments</u>	<u>Balance June 30, 2017</u>
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	46	-	-	46
2011	.103	85,407,960	87,941	22	-	-	22
2012	.103	89,657,972	92,314	14	-	-	14
2013	.103	106,886,489	110,070	40	-	10	30
2014	.103	128,934,758	132,781	1,475	-	1,368	107
2015	.103	134,375,527	138,407	2,203	-	2,080	123
2016	.103	193,407,102	199,209	199,209	673	196,415	3,467
2017	.103	229,201,976	236,078	-	<u>236,078</u>	-	<u>236,078</u>
				<u>\$203,047</u>	<u>\$236,751</u>	<u>\$199,873</u>	<u>\$239,925</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash totaling \$9,423,728 at June 30, 2017. 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.

At June 30, 2017, 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, 2017.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - WASTEWATER RATES AND CUSTOMERS

The active number of wastewater customers at June 30, 2017 was 1,358.

The following monthly service rates for residential and commercial customers were in effect at June 30, 2017:

Minimum bill	\$17.20
Wastewater rates	\$7.47 per thousand gallons for 0-8,000 gallons \$9.46 per thousand gallons for 8,001-20,000 gallons \$11.83 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.	

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, 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	\$ 325,900	\$ -	\$ 3,270,241
Construction in progress	<u>20,832</u>	<u>150,203</u>	<u>-</u>	<u>171,035</u>
Total capital assets not being depreciated	<u>2,965,173</u>	<u>476,103</u>	<u>-</u>	<u>3,441,276</u>
<u>Capital assets being depreciated</u>				
Infrastructure	504,447	5,195,005	-	5,699,452
Building and improvements	584,200	4,996	-	589,196
Furniture and equipment	205,481	37,035	-	242,516
Vehicles	<u>154,437</u>	<u>37,906</u>	<u>-</u>	<u>192,343</u>
Total capital assets being depreciated	<u>1,448,565</u>	<u>5,274,942</u>	<u>-</u>	<u>6,723,507</u>
<u>Less: accumulated depreciation for</u>				
Infrastructure	(59,853)	(82,983)	-	(142,836)
Building and improvements	(167,470)	(14,678)	-	(182,148)
Furniture and equipment	(47,634)	(34,361)	-	(81,995)
Vehicles	<u>(91,896)</u>	<u>(21,519)</u>	<u>-</u>	<u>(113,415)</u>
Total accumulated depreciation	<u>(366,853)</u>	<u>(153,541)</u>	<u>-</u>	<u>(520,394)</u>
Capital assets being depreciated, net	<u>1,081,712</u>	<u>5,121,401</u>	<u>-</u>	<u>6,203,113</u>
Governmental activities capital assets, net	<u>\$ 4,046,885</u>	<u>\$ 5,597,504</u>	<u>\$ -</u>	<u>\$ 9,644,389</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - CAPITAL ASSETS - Continued

Depreciation expense was charged to functions/programs at June 30, 2017, as follows:

General government	\$ 70,558
Streets and roads	76,143
Parks	<u>6,840</u>
	<u>\$153,541</u>

Construction in progress at June 30, 2017 consists of design for a new Town Hall and Critz Lane redesign and realignment. Estimated costs to complete the projects total approximately \$46,000 and \$981,000, respectively.

Business-Type Activities - Wastewater:

	<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
Construction in progress	<u>-</u>	<u>40,154</u>	<u>-</u>	<u>40,154</u>
Total capital assets not being depreciated	<u>2,512,000</u>	<u>40,154</u>	<u>-</u>	<u>2,552,154</u>
<u>Capital assets being depreciated</u>				
Wastewater system	10,422,723	3,198,876	-	13,621,599
Building	880,550	-	-	880,550
Machinery and equipment	519,982	-	-	519,982
Vehicles	<u>20,000</u>	<u>28,361</u>	<u>-</u>	<u>48,361</u>
Total capital assets being depreciated	<u>11,843,255</u>	<u>3,227,237</u>	<u>-</u>	<u>15,070,492</u>
<u>Less: accumulated depreciation for</u>				
Wastewater system	(1,893,210)	(293,664)	-	(2,186,874)
Building	(193,907)	(22,179)	-	(216,086)
Machinery and equipment	(243,154)	(31,248)	-	(274,402)
Vehicles	<u>(4,000)</u>	<u>(9,199)</u>	<u>-</u>	<u>(13,199)</u>
Total accumulated depreciation	<u>(2,334,271)</u>	<u>(356,290)</u>	<u>-</u>	<u>(2,690,561)</u>
Capital assets being depreciated, net	<u>9,508,984</u>	<u>2,870,947</u>	<u>-</u>	<u>12,379,931</u>
Business-type activities capital assets, net	<u>\$ 12,020,984</u>	<u>\$ 2,911,101</u>	<u>\$ -</u>	<u>\$ 14,932,085</u>

Costs to complete Wastewater construction in progress are not expected to be significant.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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. See also Note 11.

NOTE 7 - INTERFUND BALANCES AND ACTIVITY

Balances due from/to other funds at June 30, 2017, consist of the following:

- \$9,787 due from General Fund to Wastewater Fund representing utility services.
- \$6,457 due from the General Fund to the State Street Aid Fund for cash held by the General Fund.

NOTE 8 - LONG-TERM LIABILITIES

The Town's long-term liabilities consist of the following at June 30, 2017:

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	\$ 807,100
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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	<u>657,408</u>
	<u>\$1,464,508</u>

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 - LONG-TERM LIABILITIES - Continued

Changes in Long-Term Liabilities

The changes in long-term liabilities during the year ended June 30, 2017, were as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital Outlay Note - Series 2013	<u>\$922,400</u>	<u>\$ -</u>	<u>\$115,300</u>	<u>\$807,100</u>	<u>\$115,300</u>
Business-Type Activities:					
Capital Outlay Note - Series 2014	<u>\$768,519</u>	<u>\$ -</u>	<u>\$111,111</u>	<u>\$657,408</u>	<u>\$111,111</u>

Future principal and interest activities of long-term obligations are as follows at June 30, 2017:

	<u>Governmental Activities</u> <u>Capital Outlay, Series 2013</u>			<u>Business-Type Activities</u> <u>Capital Outlay, Series 2014</u>			<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>115,300</u>	<u>1,643</u>	<u>116,943</u>	-	-	-	<u>115,300</u>	<u>1,643</u>	<u>116,943</u>
	<u>\$807,100</u>	<u>\$80,507</u>	<u>\$887,607</u>	<u>\$657,408</u>	<u>\$48,330</u>	<u>\$705,738</u>	<u>\$1,464,508</u>	<u>\$128,837</u>	<u>\$1,593,345</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 Plan provides for a discretionary Town matching contribution of up to 5% of eligible compensation. The Town's match for fiscal year 2017 totaled \$31,057. 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 2017.

TOWN OF THOMPSON'S STATION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 - WASTEWATER TAP AGREEMENT

During fiscal year 2006, the Town entered into an agreement with a developer under which the developer would build a wastewater treatment facility and contribute it to the Town. The wastewater facility was completed and contributed to the Town during 2007, and a capital contribution was recorded. Also under the agreement, the Town agreed to provide to the developer the rights to 2,921 taps (i.e. access fees) to the wastewater system. The value of the wastewater facility approximates the amount of the taps given by the Town. The developer may utilize the taps at its discretion. The Town's guarantee to provide the taps expires in May 2021.

The Town has no obligation other than to allow access to its wastewater system, which it has agreed to do whenever the developer determines. As of June 30, 2017, the developer has claimed 1,749 taps.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Town, from time to time, is involved in various lawsuits arising in the ordinary course of its business. As of June 30, 2017, the Town is subject to certain litigation for which the outcome is not presently determinable, but an unfavorable outcome could be significant. The Town maintains certain insurance coverage to minimize the risk of loss from threatened or pending litigation. As the outcome of litigation is not presently determinable, no amounts have been accrued in the accompanying financial statements.

Subsequent to year end, the Board of Mayor and Alderman approved the issuance of General Obligation Public Improvement Bonds not to exceed \$3,000,000, which are expected to be issued in fiscal year 2018.

OTHER INFORMATION

TOWN OF THOMPSON'S STATION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number / Pass-through Entity Identifying Number</u>	<u>Grant Receivables (Deferred) July 1, 2016</u>	<u>Federal Receipts</u>	<u>Expenditures</u>	<u>Grant Receivables (Deferred) June 30, 2017</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	\$ 538,249	\$ 521,583	\$ -
TOTAL US DEPARTMENT OF TRANSPORTATION			<u>16,666</u>	<u>538,249</u>	<u>521,583</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 16,666</u>	<u>\$ 538,249</u>	<u>\$ 521,583</u>	<u>\$ -</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. 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 cost principles, 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, 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, 2017, 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 29, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 29, 2017

TOWN OF THOMPSON'S STATION, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2017

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