

CITY OF CROSSVILLE, TENNESSEE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CITY OF CROSSVILLE, TENNESSEE

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INTRODUCTORY SECTION



CITY OF CROSSVILLE
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2023

Elected:

Mayor	James Mayberry
Mayor Pro Tem	RJ Crawford
Councilmember	Rob Harrison
Councilmember	Art Gernt
Councilmember	Scot Shanks

Appointed:

City Manager	Greg Wood
Finance Director	Fred Houston, CPA

FINANCIAL SECTION





Independent Auditor's Report

The Honorable Mayor
and City Council
City of Crossville
Crossville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Crossville, Tennessee (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, budgetary comparison information for the General Fund and Capital Projects Funds, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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



To the Honorable Mayor and City Council
City of Crossville, Tennessee

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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



To the Honorable Mayor and City Council
City of Crossville, Tennessee

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary schedules on pages 57 through 69 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 and state financial assistance on pages 70 through 71 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit newof 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 supplementary schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introductory and the schedule of utility rate structure and number of customers, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
February 26, 2024

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of the City of Crossville, Tennessee (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

FINANCIAL HIGHLIGHTS

- The assets of the City of Crossville exceeded its liabilities at the close of the most recent year by \$131,771,706. Of this amount, \$32,284,795 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$9,302,670 of which \$6,128,133 was attributable to the governmental activities and \$3,174,537 was attributable to the City's business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,727,356, which is an increase of \$3,712,161 in comparison to the prior year. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$24,955,573 or 124% of the total general fund expenditures.
- The City's total debt decreased by \$1,301,541 during the current fiscal year as the City continued to pay down their debt during fiscal year 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, 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 City is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes 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 City of Crossville include general government, public works, public safety, state street aid, and public welfare and recreation. The business-type activities of the City include water and sewer 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 City, 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 City can be divided into two categories: governmental funds, and proprietary funds.

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 government'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 City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Data for the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report. The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with this budget, as well as for the nonmajor funds.

Proprietary Funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented in the business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations, as well as the operation of the Catoosa Water System.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for Water and Sewer operations (including the Catoosa Water System), which is considered to be a major fund.

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found in this report.

FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$131,771,706 at the close of this fiscal year.

By far the largest portion of the City's net assets (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position - Primary Government
June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Current and other assets	\$ 31,325,083	\$ 30,883,631	\$ 21,041,798	\$ 23,431,813
Capital assets	49,865,909	47,145,029	75,804,715	70,752,116
Total assets	<u>81,190,992</u>	<u>78,028,660</u>	<u>96,846,513</u>	<u>94,183,929</u>
Deferred outflows of resources	<u>2,503,851</u>	<u>2,843,782</u>	<u>627,519</u>	<u>712,682</u>
Current and other liabilities	625,087	1,184,385	555,549	610,139
Long-term liabilities outstanding	9,716,267	9,313,947	31,655,759	32,288,291
Total liabilities	<u>10,341,354</u>	<u>10,498,332</u>	<u>32,211,308</u>	<u>32,898,430</u>
Deferred inflows of resources	<u>4,115,991</u>	<u>7,264,745</u>	<u>2,728,516</u>	<u>2,638,510</u>
Net position:				
Net investment in capital assets	44,730,111	41,153,765	53,180,421	47,220,203
Restricted	1,576,379	4,226,863	-	700,320
Unrestricted	22,931,008	17,728,737	9,353,787	11,439,148
Total net position	<u>\$ 69,237,498</u>	<u>\$ 63,109,365</u>	<u>\$ 62,534,208</u>	<u>\$ 59,359,671</u>

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was held for the prior year.

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Changes in Net Position

Governmental activities increased the City's net position by \$6,128,133. Business-type activities net position increased by \$3,174,537.

**Changes in Net Position
For the Year Ended June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Program revenues:				
Charges for services	\$ 1,129,226	\$ 1,161,961	\$12,310,015	\$ 11,947,352
Operating grants and contributions	283,233	319,500	-	-
Capital grants and contributions	772,714	327,816	874,528	639,748
General revenues:				
Taxes	21,325,940	19,923,663	-	-
Other revenues	668,743	288,430	49,624	3,033
Insurance Recoveries	-	-	-	27,333
Investment earnings	782,875	46,346	676,496	36,616
Transfers	200,000	200,000	(200,000)	(200,000)
Total revenues	<u>25,162,731</u>	<u>22,267,716</u>	<u>13,710,663</u>	<u>12,454,082</u>
Expenses:				
General government	4,151,778	3,797,672	-	-
Public safety	7,907,875	7,081,318	-	-
Public works	3,872,000	3,365,927	-	-
Cemetaries	80,122	54,548	-	-
Municipal airport	505,720	489,315	-	-
Parks and recreation	1,861,078	1,724,777	-	-
Tourism department	265,029	338,556	-	-
Health and welfare	258,159	165,742	-	-
Interest on long-term debt	132,837	138,290	-	-
Business-type activities	-	-	10,536,126	10,719,857
Total expenses	<u>19,034,598</u>	<u>17,156,145</u>	<u>10,536,126</u>	<u>10,719,857</u>
Change in net position	6,128,133	5,111,571	3,174,537	1,734,225
Net position - beginning of year	<u>63,109,365</u>	<u>57,997,794</u>	<u>59,359,671</u>	<u>57,625,446</u>
Net position - end of year	<u>\$69,237,498</u>	<u>\$63,109,365</u>	<u>\$62,534,208</u>	<u>\$ 59,359,671</u>

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,727,356, an increase of \$3,712,161 in comparison with the prior year. Within the governmental funds, \$1,771,783 is non-spendable or restricted in the General and Other Governmental Funds.

The general fund is the chief operation fund of the City. Due to the compliance of GASB 54, the general fund recognizes "unassigned" fund balance instead of "unreserved" fund balance. At the end of this fiscal year, this amount is \$24,955,573. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 124% of total general fund expenditures.

The City's general fund had a positive net change in fund balance of \$3,561,368.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Assets at the end of the year for the Water and Sewer Fund amounted to \$9,353,787.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget for income was surpassed by \$1,616,295.

CAPITAL ASSETS

The City's net investment in capital assets from its governmental and business-type activities at June 30, 2023, amounts to \$97,910,532 (net of accumulated depreciation and amortization). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total of the City's net investment in capital assets for the current fiscal year increased in the amount of \$9,536,564 (a net increase of \$3,576,346 for governmental activities and a net increase of \$5,960,218 for business-type activities).

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Capital Assets and Right of Use Assets
June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	\$11,314,530	\$11,314,266	\$ 574,816	\$ 574,816
Construction in progress	5,662,858	4,376,412	9,175,609	1,750,685
Buildings and plant	10,974,838	10,340,541	128,756,622	128,155,265
Other improvements	19,434,054	19,214,712	-	-
Infrastructure	24,831,220	23,393,941	-	-
Machinery and equipment	13,196,638	13,439,873	5,675,957	5,185,661
Right of use assets - vehicles	1,063,862	356,873	110,111	37,525
Total capital assets and right of use assets	<u>86,478,000</u>	<u>82,436,618</u>	<u>144,293,115</u>	<u>135,703,952</u>
Less: Accumulated depreciation and amortization	<u>(36,612,091)</u>	<u>(35,291,589)</u>	<u>(68,488,400)</u>	<u>(64,951,836)</u>
Capital assets, net	<u>\$49,865,909</u>	<u>\$47,145,029</u>	<u>\$ 75,804,715</u>	<u>\$ 70,752,116</u>

Additional information on the City's capital assets can be found in the notes to the financial statements section of this report.

LONG-TERM DEBT

At the end of the current year, the City of Crossville had debt outstanding of \$37,059,151. Of this amount, \$1,206,906 is due in the next fiscal year.

Outstanding Debt
June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
General obligation and refunding bonds	\$ 6,275,000	\$ 6,660,000	\$ 29,625,000	\$ 30,390,000
Capital outlay notes	-	-	-	-
Direct borrowings	-	130,000	1,159,151	1,180,692
Total	<u>\$ 6,275,000</u>	<u>\$ 6,790,000</u>	<u>\$ 30,784,151</u>	<u>\$ 31,570,692</u>
Principal due within one year	<u>\$ 395,000</u>	<u>\$ 449,000</u>	<u>\$ 811,906</u>	<u>\$ 786,540</u>

The City's combined total debt decreased in the amount of \$1,301,541 during the current fiscal year.

Additional information on the City's debt can be found in the notes to the financial statements section of this report.

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2023-2024 budget, General Fund revenues are budgeted to approximate from the 2022-2023 budget year primarily due to increases in the local economy producing higher property taxes and utility user charges and increases in state shared revenues. The City's budget has benefited by an expanding commercial and retail base producing increased local sales tax receipts. All of these factors were considered in preparing the City's budget for the 2023-2024 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Mr. Fred Houston, CPA.

BASIC FINANCIAL STATEMENTS



City of Crossville, Tennessee
Statement of Net Position
6/30/2023

	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:			
Cash	\$ 23,288,144	\$ 18,519,412	\$ 41,807,556
Investment in pooled cash	876,305	222,877	1,099,182
Taxes receivable	3,971,642	-	3,971,642
Accounts and other receivables, net	377,079	1,791,801	2,168,880
Due from other governments	2,577,259	-	2,577,259
Inventories	188,404	470,940	659,344
Prepaid expenses and other assets	7,000	-	7,000
Restricted assets:			
Restricted cash and cash equivalents	39,250	36,768	76,018
Capital assets:			
Capital assets not being depreciated	16,977,388	9,750,425	26,727,813
Capital assets being depreciated, net	69,500,612	134,542,690	204,043,302
Less: accumulated depreciation and amortization	(36,612,091)	(68,488,400)	(105,100,491)
Total assets	81,190,992	96,846,513	178,037,505
Deferred Outflows of Resources:			
OPEB	283,932	72,539	356,471
Pensions	2,219,919	554,980	2,774,899
Total deferred outflows of resources	2,503,851	627,519	3,131,370
Liabilities:			
Accounts payable and accrued liabilities	356,016	405,244	761,260
Retainage payable	-	36,768	36,768
Accrued payroll	256,418	56,148	312,566
Accrued interest	11,895	57,389	69,284
Due to other governments	758	-	758
Long-term liabilities:			
Accrued compensated absences	420,635	108,376	529,011
Net pension liability	367,232	91,808	459,040
Net OPEB liability	1,595,786	407,690	2,003,476
Right of use lease liabilities due within one year	239,825	30,429	270,254
Right of use lease liabilities due in more than one year	603,566	58,653	662,219
Bonds and notes due within one year	405,019	811,906	1,216,925
Bonds and notes due in more than one year, net of premiums and discounts	5,965,779	30,146,897	36,112,676
Landfill post-closure care	118,425	-	118,425
Total liabilities	10,341,354	32,211,308	42,552,662
Deferred Inflows of Resources:			
OPEB	214,544	54,811	269,355
Pensions	100,828	25,207	126,035
Property taxes	3,615,809	-	3,615,809
Grants for future periods	184,810	2,648,498	2,833,308
Total deferred inflows of resources	4,115,991	2,728,516	6,844,507
Net Position:			
Net investment in capital assets	44,730,111	53,268,252	97,998,363
Restricted for:			
Net pension	-	-	-
Streets and roads	1,094,947	-	1,094,947
Drug control and investigation	191,975	-	191,975
Economic Development Hotel/Motel Tax	289,457	-	289,457
Unrestricted	22,931,008	9,265,956	32,196,964
Total net position	\$ 69,237,498	\$ 62,534,208	\$ 131,771,706

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

City of Crossville, Tennessee
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 4,151,778	\$ 674,550	\$ 283,233	\$ -	\$ (3,193,995)	\$ -	\$ (3,193,995)
Public safety	7,907,875	88,691	-	-	(7,819,184)	-	(7,819,184)
Public works	3,872,000	-	-	36,029	(3,835,971)	-	(3,835,971)
Cemetaries	80,122	-	-	-	(80,122)	-	(80,122)
Municipal Airport	505,720	157,856	-	693,685	345,821	-	345,821
Parks and recreation	1,861,078	208,129	-	-	(1,652,949)	-	(1,652,949)
Tourism development	265,029	-	-	43,000	(222,029)	-	(222,029)
Health and welfare	258,159	-	-	-	(258,159)	-	(258,159)
Interest on long-term debt	132,837	-	-	-	(132,837)	-	(132,837)
Total Governmental Activities	<u>19,034,598</u>	<u>1,129,226</u>	<u>283,233</u>	<u>772,714</u>	<u>(16,849,425)</u>	<u>-</u>	<u>(16,849,425)</u>
Business-Type Activities:							
Water and Sewer	<u>10,536,126</u>	<u>12,310,015</u>	<u>-</u>	<u>874,528</u>	<u>-</u>	<u>2,648,417</u>	<u>2,648,417</u>
Total Primary Government	<u>\$ 29,570,724</u>	<u>\$ 13,439,241</u>	<u>\$ 283,233</u>	<u>\$ 1,647,242</u>	<u>(16,849,425)</u>	<u>2,648,417</u>	<u>(14,201,008)</u>
General Revenues and Transfers:							
Taxes:							
Property and personalty taxes					3,487,004	-	3,487,004
Payment in lieu of tax					590,791	-	590,791
Income and excise taxes					93,588	-	93,588
Sales taxes					13,946,316	-	13,946,316
Alcoholic beverage taxes					1,374,159	-	1,374,159
Business taxes					960,485	-	960,485
Miscellaneous taxes					873,597	-	873,597
Investment income					782,875	676,496	1,459,371
Rental income					24,392	3,124	27,516
Sale of capital assets					248,527	46,500	295,027
Miscellaneous					395,824	-	395,824
Transfers					200,000	(200,000)	-
Total general revenues and transfers					<u>22,977,558</u>	<u>526,120</u>	<u>23,503,678</u>
Change in net position					6,128,133	3,174,537	9,302,670
Net Position - Beginning					<u>63,109,365</u>	<u>59,359,671</u>	<u>122,469,036</u>
Net Position - Ending					<u>\$ 69,237,498</u>	<u>\$ 62,534,208</u>	<u>\$ 131,771,706</u>

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

City of Crossville, Tennessee
Balance Sheet
Governmental Funds
6/30/2023

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 21,876,844	\$ -	\$ 1,411,300	\$ 23,288,144
Investment in pooled cash	719,373	17,522	139,410	876,305
Receivables (net, where applicable, allowances for uncollectible):				
Taxes - property taxes	3,971,642	-	-	3,971,642
Customer	376,720	-	359	377,079
Due from other governments	2,540,310	-	36,949	2,577,259
Inventories	188,404	-	-	188,404
Prepaid expenses and other assets	7,000	-	-	7,000
Restricted assets:				
Cash and cash equivalents	39,250	-	-	39,250
	<u>29,719,543</u>	<u>17,522</u>	<u>1,588,018</u>	<u>31,325,083</u>
Total assets				
Liabilities:				
Accounts payable and accrued liabilities	326,855	17,522	11,639	356,016
Accrued payroll	256,418	-	-	256,418
Due to other governments	758	-	-	758
Total liabilities	<u>584,031</u>	<u>17,522</u>	<u>11,639</u>	<u>613,192</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	3,799,725	-	-	3,799,725
Grants for future periods	184,810	-	-	184,810
Total deferred inflows of resources	<u>3,984,535</u>	<u>-</u>	<u>-</u>	<u>3,984,535</u>
Fund Balances:				
Nonspendable	195,404	-	-	195,404
Restricted for:				
Special revenue funds	-	-	1,576,379	1,576,379
Unassigned	24,955,573	-	-	24,955,573
Total fund balances	<u>25,150,977</u>	<u>-</u>	<u>1,576,379</u>	<u>26,727,356</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,719,543</u>	<u>\$ 17,522</u>	<u>\$ 1,588,018</u>	<u>\$ 31,325,083</u>

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

City of Crossville, Tennessee
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
6/30/2023

Total fund balances of governmental funds	\$ 26,727,356
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and right of use lease assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	49,865,909
Net pension asset and deferred outflows/inflows of resources that are not reported in the funds related to pensions.	1,751,859
Long-term liabilities, including notes payable, bonds payable, accrued interest and compensated absences, and landfill postclosure care, are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(6,921,753)
Right of use lease liabilities used in governmental activities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(843,391)
Total OPEB liability and deferred outflows/inflows of resources that are not reported in the funds related to OPEB.	(1,526,398)
Revenues that have been deferred in the balance sheet of the governmental funds because they were not available to pay current liabilities of the period are recognized as revenue in the statement of activities, and therefore, are not reported in the statement of net position.	<u>183,916</u>
Net position of governmental activities	<u><u>\$ 69,237,498</u></u>

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

City of Crossville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 18,372,040	\$ -	\$ 651,815	\$ 19,023,855
Intergovernmental	2,310,540	-	-	2,310,540
Licenses, permits, and fees	575,790	-	-	575,790
Fines and forfeitures	73,580	-	9,689	83,269
Charges for services	470,167	-	-	470,167
Investment income	731,089	-	51,786	782,875
Federal and state grants	1,055,947	-	-	1,055,947
Rental/property income	24,392	-	-	24,392
Miscellaneous and contribution income	295,401	-	30,769	326,170
	<u>23,908,946</u>	<u>-</u>	<u>744,059</u>	<u>24,653,005</u>
Expenditures:				
Current:				
General government	4,096,557	-	-	4,096,557
Public safety	7,590,241	-	27,278	7,617,519
Public works	2,572,864	-	414,532	2,987,396
Cemeteries	75,415	-	-	75,415
Municipal airport	164,874	-	-	164,874
Parks and recreation	1,521,854	-	-	1,521,854
Tourism	101,842	-	178,051	279,893
Health and welfare	272,636	-	-	272,636
Debt service:				
Principal	702,049	-	-	702,049
Bond interest and fiscal charges	136,184	-	-	136,184
Capital outlay	2,958,845	1,344,743	-	4,303,588
	<u>20,193,361</u>	<u>1,344,743</u>	<u>619,861</u>	<u>22,157,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,715,585</u>	<u>(1,344,743)</u>	<u>124,198</u>	<u>2,495,040</u>
Other Financing Sources (Uses):				
Insurance recoveries	69,654	-	-	69,654
Proceeds from leases	698,940	-	-	698,940
Sale of capital assets	221,932	-	26,595	248,527
Operating transfers in	200,000	1,344,743	-	1,544,743
Operating transfers out	(1,344,743)	-	-	(1,344,743)
	<u>(154,217)</u>	<u>1,344,743</u>	<u>26,595</u>	<u>1,217,121</u>
Net change in fund balance	3,561,368	-	150,793	3,712,161
Fund Balance - Beginning of Year	<u>21,589,609</u>	<u>-</u>	<u>1,425,586</u>	<u>23,015,195</u>
Fund Balance - Ending of Year	<u>\$ 25,150,977</u>	<u>\$ -</u>	<u>\$ 1,576,379</u>	<u>\$ 26,727,356</u>

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

City of Crossville, 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, 2023

Net change in fund balances - total governmental funds	\$ 3,712,161
 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 capital assets and leased assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period, net of losses on disposals.	2,720,880
Issuance of debt recorded as revenue in the governmental funds, but reflected as long-term debt in the government-wide statements:	
Proceeds from leases	(698,940)
Governmental funds report retirement contributions as expenditures. These expenditures are reported as deferred outflows of resources and either pension and OPEB income or expense in the government-wide financial statements. This is the amount by which pension and OPEB expenditures exceeds pension income in the current period.	(261,797)
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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	477,235
Principal payments on debt recorded as expense in the governmental funds, but reflected as long-term debt in the government-wide statements:	
Principal payments of right-to-use lease liabilities	187,049
Revenues in the statement of activities that do not provide for current financial resources are not reported as revenues in the funds.	<u>(8,455)</u>
Change in net position of governmental activities	<u><u>\$ 6,128,133</u></u>

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

City of Crossville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Taxes:				
Property and personalty taxes	\$ 3,393,000	\$ 3,393,000	\$ 3,487,004	\$ 94,004
Sales tax	10,400,000	10,400,000	12,513,725	2,113,725
Alcoholic beverage tax	1,200,000	1,200,000	1,211,158	11,158
Business tax	740,000	740,000	960,485	220,485
Cable TV franchise and lease tax	185,000	185,000	199,668	14,668
Total Taxes	<u>15,918,000</u>	<u>15,918,000</u>	<u>18,372,040</u>	<u>2,454,040</u>
Licenses and Permits	489,250	489,250	575,790	86,540
Total Licenses and Permits	<u>489,250</u>	<u>489,250</u>	<u>575,790</u>	<u>86,540</u>
Fines and Forfeitures	63,650	63,650	73,580	9,930
Total Fines and Forfeitures	<u>63,650</u>	<u>63,650</u>	<u>73,580</u>	<u>9,930</u>
Intergovernmental:				
Sales tax	1,100,000	1,100,000	1,432,591	332,591
State mixed drink and beer tax	120,475	120,475	163,001	42,526
State City Streets and Transport	22,000	22,000	22,114	114
Income tax	-	-	5,526	5,526
Corporate excise tax	100,000	100,000	88,062	(11,938)
In lieu of tax	567,000	567,000	599,246	32,246
Federal and state grants	3,378,376	3,378,376	1,055,947	(2,322,429)
Total Intergovernmental	<u>5,287,851</u>	<u>5,287,851</u>	<u>3,366,487</u>	<u>(1,921,364)</u>
Charges for Services	383,100	383,100	470,167	87,067
Total Charges for Services	<u>383,100</u>	<u>383,100</u>	<u>470,167</u>	<u>87,067</u>
Rental Income	11,200	11,200	24,392	13,192
Total Rental Income	<u>11,200</u>	<u>11,200</u>	<u>24,392</u>	<u>13,192</u>
Investment Income	15,000	15,000	731,089	716,089
Total Interest Revenue	<u>15,000</u>	<u>15,000</u>	<u>731,089</u>	<u>716,089</u>
Miscellaneous and Contribution Income	124,600	124,600	295,401	170,801
Total Miscellaneous and Contribution income	<u>124,600</u>	<u>124,600</u>	<u>295,401</u>	<u>170,801</u>
Total Revenues	<u>22,292,651</u>	<u>22,292,651</u>	<u>23,908,946</u>	<u>1,616,295</u>

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

City of Crossville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
EXPENDITURES:				
General Government:				
City Court:				
Personnel expenditures	12,850	12,799	7,907	(4,892)
Contractual services	20,000	20,026	20,000	(26)
Supplies	-	25	25	-
Total City Court	<u>32,850</u>	<u>32,850</u>	<u>27,932</u>	<u>(4,918)</u>
Legislative Board:				
Personnel expenditures	80,480	99,180	80,946	(18,234)
Contractual services	7,650	8,350	5,312	(3,038)
Supplies	345	945	680	(265)
Total Legislative Board	<u>88,475</u>	<u>108,475</u>	<u>86,938</u>	<u>(21,537)</u>
Central Staff:				
Personnel expenditures	894,500	894,500	860,596	(33,904)
Contractual services	63,450	62,050	52,367	(9,683)
Supplies	12,700	14,500	12,501	(1,999)
Total Central Staff	<u>970,650</u>	<u>971,050</u>	<u>925,464</u>	<u>(45,586)</u>
Information Technology:				
Personnel expenditures	212,200	212,650	207,893	(4,757)
Contractual services	26,700	26,200	8,704	(17,496)
Supplies	6,550	31,590	27,417	(4,173)
Capital outlay	80,000	55,010	-	(55,010)
Total Information Technology	<u>325,450</u>	<u>325,450</u>	<u>244,014</u>	<u>(81,436)</u>
Engineering:				
Personnel expenditures	482,200	480,760	465,390	(15,370)
Contractual services	12,700	12,300	9,205	(3,095)
Supplies	9,700	11,900	11,216	(684)
Fixed charges	5,750	5,750	-	(5,750)
Capital outlay	22,000	21,640	21,640	-
Total Engineering	<u>532,350</u>	<u>532,350</u>	<u>507,451</u>	<u>(24,899)</u>
Stormwater:				
Personnel expenditures	160,100	160,100	152,928	(7,172)
Contractual services	14,200	14,200	2,338	(11,862)
Supplies	2,950	3,550	2,733	(817)
Fixed charges	10,000	9,400	3,960	(5,440)
Total Stormwater	<u>187,250</u>	<u>187,250</u>	<u>161,959</u>	<u>(25,291)</u>

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

City of Crossville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Planning and Zoning:				
Personnel expenditures	327,900	327,874	310,099	(17,775)
Contractual services	54,100	54,250	32,000	(22,250)
Supplies	13,600	13,476	16,590	3,114
Total Planning and Zoning	<u>395,600</u>	<u>395,600</u>	<u>358,689</u>	<u>(36,911)</u>
General Government & Buildings:				
Contractual services	136,000	137,825	134,228	(3,597)
Supplies	6,100	5,675	4,173	(1,502)
Fixed charges	1,500	100	-	(100)
Capital outlay (leases)	-	-	706,989	706,989
Capital outlay	-	175,000	-	(175,000)
Total General Government & Buildings	<u>143,600</u>	<u>318,600</u>	<u>845,390</u>	<u>526,790</u>
Maintenance:				
Personnel expenditures	945,900	939,320	855,781	(83,539)
Contractual services	77,050	64,560	46,390	(18,170)
Supplies	73,250	95,884	94,172	(1,712)
Fixed charges	121,000	117,436	-	(117,436)
Capital outlay	208,500	208,500	185,305	(23,195)
Total Maintenance	<u>1,425,700</u>	<u>1,425,700</u>	<u>1,181,648</u>	<u>(244,052)</u>
Administration:				
Personnel expenditures	157,550	131,150	108,371	(22,779)
Contractual services	125,250	136,240	79,414	(56,826)
Supplies	4,600	4,600	4,212	(388)
Fixed charges	228,350	235,880	235,820	(60)
Grants, contributions, indemnities, and other	2,157,426	2,990,306	243,189	(2,747,117)
Capital outlay	39,000	39,000	-	(39,000)
Total Administration	<u>2,712,176</u>	<u>3,537,176</u>	<u>671,006</u>	<u>(2,866,170)</u>
Total General Government	<u>6,814,101</u>	<u>7,834,501</u>	<u>5,010,491</u>	<u>(2,824,010)</u>
Public Safety:				
Police Department:				
Personnel expenditures	3,828,500	3,815,375	3,545,915	(269,460)
Contractual services	575,150	544,900	492,855	(52,045)
Supplies	245,000	476,500	398,680	(77,820)
Fixed charges	82,000	88,375	-	(88,375)
Grants, contributions, indemnities, and other	52,000	67,050	61,698	(5,352)
Capital outlay	516,000	306,450	275,797	(30,653)
Total Police Department	<u>5,298,650</u>	<u>5,298,650</u>	<u>4,774,945</u>	<u>(523,705)</u>

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

City of Crossville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Fire:				
Personnel expenditures	2,432,600	2,468,600	2,270,134	(198,466)
Contractual services	466,900	479,025	446,281	(32,744)
Supplies	332,200	367,275	306,252	(61,023)
Fixed charges	25,000	50,000	26,426	(23,574)
Grants, contributions, indemnities, and other	42,000	42,000	42,000	-
Capital outlay	150,000	41,800	41,772	(28)
Total Fire	<u>3,448,700</u>	<u>3,448,700</u>	<u>3,132,865</u>	<u>(315,835)</u>
Total Public Safety	<u>8,747,350</u>	<u>8,747,350</u>	<u>7,907,810</u>	<u>(839,540)</u>
Public Works:				
Public Works Department:				
Personnel expenditures	1,097,400	1,086,200	1,024,173	(62,027)
Contractual services	416,450	533,905	482,290	(51,615)
Supplies	116,500	146,220	111,653	(34,567)
Building materials	808,088	905,388	856,837	(48,551)
Fixed charges	76,600	98,020	97,911	(109)
Capital outlay	820,000	740,405	569,046	(171,359)
Total Public Works Department	<u>3,335,038</u>	<u>3,510,138</u>	<u>3,141,910</u>	<u>(368,228)</u>
Total Public Works	<u>3,335,038</u>	<u>3,510,138</u>	<u>3,141,910</u>	<u>(368,228)</u>
Cemeteries:				
Personnel expenditures	53,800	49,250	47,161	(2,089)
Contractual services	9,600	25,150	23,911	(1,239)
Supplies	5,850	5,666	4,343	(1,323)
Capital outlay	26,000	15,184	-	(15,184)
Total Cemeteries	<u>95,250</u>	<u>95,250</u>	<u>75,415</u>	<u>(19,835)</u>
Municipal Airport:				
Personnel expenditures	1,200	1,200	780	(420)
Contractual services	109,500	158,596	157,276	(1,320)
Supplies	-	3,715	3,698	(17)
Fixed charges	4,200	3,620	3,120	(500)
Capital outlay	693,000	976,069	878,302	(97,767)
Total Municipal Airport	<u>807,900</u>	<u>1,143,200</u>	<u>1,043,176</u>	<u>(100,024)</u>
Parks and Recreation:				
Personnel expenditures	1,102,765	1,077,572	967,841	(109,731)
Contractual services	149,500	486,973	430,631	(56,342)
Supplies	146,350	144,250	116,396	(27,854)
Fixed charges	43,000	203,445	6,986	(196,459)
Capital outlay	217,000	353,000	279,994	(73,006)
Total Parks and Recreation	<u>1,658,615</u>	<u>2,265,240</u>	<u>1,801,848</u>	<u>(463,392)</u>

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

City of Crossville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Tourism Development:				
Grants, contributions, indemnities, and other	121,600	121,600	101,842	(19,758)
Total Tourism Development	<u>121,600</u>	<u>121,600</u>	<u>101,842</u>	<u>(19,758)</u>
Health and Welfare:				
Grants, contributions, indemnities, and other	380,328	280,328	272,636	(7,692)
Total Health and Welfare	<u>380,328</u>	<u>280,328</u>	<u>272,636</u>	<u>(7,692)</u>
Debt Service:				
Agent fees	2,000	2,000	1,090	(910)
Principal	449,000	453,980	515,000	61,020
Principal (leases)	-	-	187,049	187,049
Interest	136,640	196,660	135,094	(61,566)
Total Debt Service	<u>587,640</u>	<u>652,640</u>	<u>838,233</u>	<u>185,593</u>
 Total Expenditures	 <u>22,547,822</u>	 <u>24,650,247</u>	 <u>20,193,361</u>	 <u>(4,456,886)</u>
Other Financing Sources (Uses):				
Insurance recoveries	10,000	10,000	69,654	59,654
Sale of capital assets	40,000	40,000	221,932	181,932
Proceeds from leases	-	-	698,940	698,940
Transfers in	200,000	200,000	200,000	-
Transfers out	(1,112,426)	(1,112,426)	(1,344,743)	(232,317)
Total other financing sources (uses)	<u>(862,426)</u>	<u>(862,426)</u>	<u>(154,217)</u>	<u>708,209</u>
 Net change in fund balance	 <u><u>\$ (1,117,597)</u></u>	 <u><u>\$ (3,220,022)</u></u>	 <u>3,561,368</u>	 <u><u>\$ 6,781,390</u></u>
 Fund Balance - Beginning of Year			 <u>21,589,609</u>	
 Fund Balance - Ending of Year			 <u><u>\$ 25,150,977</u></u>	

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

City of Crossville, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Capital outlay	1,927,426	1,112,426	1,344,743	232,317
Total expenditures	<u>1,927,426</u>	<u>1,112,426</u>	<u>1,344,743</u>	<u>232,317</u>
Deficiency of revenues under expenditures	(1,927,426)	(1,112,426)	(1,344,743)	(232,317)
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	1,927,426	1,112,426	1,344,743	232,317
Total other financing sources (uses)	<u>1,927,426</u>	<u>1,112,426</u>	<u>1,344,743</u>	<u>232,317</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
Fund Balance - Ending of Year			<u>\$ -</u>	

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

City of Crossville, Tennessee
Statement of Net Position
Proprietary Funds
6/30/2023

	<u>Catoosa Water</u>	<u>Crossville Water/Sewer</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 139,628	\$ 97,944	\$ 237,572
Investment in LGIP	4,696,874	13,807,843	18,504,717
Receivables, customers, net of allowances	476,502	1,315,299	1,791,801
Inventories	102,006	368,934	470,940
Restricted assets:			
Restricted cash and cash equivalents	16	36,752	36,768
Cash held by State government	-	-	-
Total current assets	<u>5,415,026</u>	<u>15,626,772</u>	<u>21,041,798</u>
Noncurrent assets:			
Right of use lease asset	-	110,111	110,111
Capital assets not being depreciated:			
Land, right of ways	128,968	445,848	574,816
Construction in progress	3,149,603	6,026,006	9,175,609
Capital assets being depreciated:			
Plant and equipment	22,160,604	112,271,975	134,432,579
Less accumulated depreciation and amortization	(10,298,945)	(58,189,455)	(68,488,400)
Total capital assets, net	<u>15,140,230</u>	<u>60,664,485</u>	<u>75,694,604</u>
Total noncurrent assets	<u>15,140,230</u>	<u>60,664,485</u>	<u>75,804,715</u>
Total assets	<u>20,555,256</u>	<u>76,291,257</u>	<u>96,846,513</u>
Deferred Outflows of Resources:			
OPEB	26,116	46,423	72,539
Pensions	110,996	443,984	554,980
Total deferred outflows of resources	<u>137,112</u>	<u>490,407</u>	<u>627,519</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	99,340	305,904	405,244
Retainage payable	16	36,752	36,768
Accrued payroll	12,572	43,576	56,148
Accrued interest	12,313	45,076	57,389
Right of use lease liability, current	-	30,429	30,429
Notes and bonds payable, current	135,783	676,123	811,906
Total current liabilities	<u>260,024</u>	<u>1,137,860</u>	<u>1,397,884</u>
Noncurrent liabilities:			
Accrued compensated absences	25,922	82,454	108,376
Net pension liability	18,362	73,446	91,808
Net OPEB liability	146,778	260,912	407,690
Right of use lease liability, long-term	-	58,653	58,653
Long-term debt, net of current portion	6,629,594	23,517,303	30,146,897
Total noncurrent liabilities	<u>6,820,656</u>	<u>23,992,768</u>	<u>30,813,424</u>
Total liabilities	<u>7,080,680</u>	<u>25,130,628</u>	<u>32,211,308</u>
Deferred Inflows of Resources:			
OPEB	19,733	35,078	54,811
Pensions	5,041	20,166	25,207
Grants for future periods	-	2,648,498	2,648,498
Total deferred inflows of resources	<u>24,774</u>	<u>2,703,742</u>	<u>2,728,516</u>
Net Position:			
Net investment in capital assets	8,374,853	44,893,399	53,268,252
Restricted for net pension	-	-	-
Unrestricted	5,212,061	4,053,895	9,265,956
Total net position	<u>\$ 13,586,914</u>	<u>\$ 48,947,294</u>	<u>\$ 62,534,208</u>

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

City of Crossville, Tennessee
Statement of Revenues, Expenses, and Changes
in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Catoosa Water</u>	<u>Crossville Water/Sewer</u>	<u>Total</u>
Operating Revenues:			
Charges for services:			
Metered water sales	\$ 2,529,227	\$ 5,325,602	\$ 7,854,829
Sewer service charges	-	3,609,904	3,609,904
Customer service	7,389	15,217	22,606
Tap and connection fees	183,571	224,138	407,709
Penalties and service charges	27,274	65,587	92,861
Miscellaneous	24,402	297,704	322,106
Total operating revenues	<u>2,771,863</u>	<u>9,538,152</u>	<u>12,310,015</u>
Operating Expenses:			
Transmission and distribution	105,852	2,471,858	2,577,710
Sewer treatment and disposal	-	2,529,075	2,529,075
Customer accounting and collection	226,617	439,310	665,927
Administration and general	88,709	429,321	518,030
Depreciation	573,453	2,947,773	3,521,226
Amortization	-	20,405	20,405
Total operating expenses	<u>994,631</u>	<u>8,837,742</u>	<u>9,832,373</u>
Operating income	<u>1,777,232</u>	<u>700,410</u>	<u>2,477,642</u>
Nonoperating revenues (expenses):			
Investment income	164,981	511,515	676,496
Rental income	-	3,124	3,124
Sale of capital assets	-	46,500	46,500
Insurance recoveries	-	-	-
Bond interest and fiscal charges	(150,441)	(553,312)	(703,753)
Total nonoperating expenses	<u>14,540</u>	<u>7,827</u>	<u>22,367</u>
Capital contributions and grants	<u>-</u>	<u>874,528</u>	<u>874,528</u>
Transfers in (out) to general fund	<u>(60,000)</u>	<u>(140,000)</u>	<u>(200,000)</u>
Change in net position	1,731,772	1,442,765	3,174,537
Net position, beginning of year	<u>11,855,142</u>	<u>47,504,529</u>	<u>59,359,671</u>
Net position, end of year	<u>\$ 13,586,914</u>	<u>\$ 48,947,294</u>	<u>\$ 62,534,208</u>

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

City of Crossville, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Catoosa Water</u>	<u>Crossville Water/Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,614,262	\$ 9,631,146	\$ 12,245,408
Cash paid to employees for services	(59,104)	(375,270)	(434,374)
Cash paid to suppliers of goods and services	(358,271)	(5,285,954)	(5,644,225)
Net cash provided by operating activities	<u>2,196,887</u>	<u>3,969,922</u>	<u>6,166,809</u>
Cash Flows from Noncapital Financing Activities:			
Transfers to other funds	(60,000)	(140,000)	(200,000)
Net cash used in noncapital financing activities	<u>(60,000)</u>	<u>(140,000)</u>	<u>(200,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisitions of capital assets	(2,629,632)	(5,912,417)	(8,542,049)
Gain on disposal of surplus property	-	46,500	46,500
Fees paid on bonds	-	(1,080)	(1,080)
Interest paid on capital debt	(152,479)	(560,317)	(712,796)
Principal paid on long-term debt and right-of-use assets	(130,551)	(655,990)	(786,541)
Other contributions and grants	-	1,775,532	1,775,532
Net cash used in capital and related financing activities	<u>(2,912,662)</u>	<u>(5,307,772)</u>	<u>(8,220,434)</u>
Cash Flows from Investing Activities:			
Leases	-	4,245	4,245
Interest received	164,981	511,515	676,496
Net cash provided by investing activities	<u>164,981</u>	<u>515,760</u>	<u>680,741</u>
Net (decrease) increase in cash	(610,794)	(962,090)	(1,572,884)
Cash, Beginning of Year	<u>5,447,312</u>	<u>14,904,629</u>	<u>20,351,941</u>
Cash, End of Year	<u>\$ 4,836,518</u>	<u>\$ 13,942,539</u>	<u>\$ 18,779,057</u>
Reconciliation of operating (loss) income to net cash provided by operating activities:			
Operating income	\$ 1,777,232	\$ 700,410	\$ 2,477,642
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	573,453	2,947,773	3,521,226
Amortization	-	20,405	20,405
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(157,601)	92,994	(64,607)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventories	26,732	154,686	181,418
(Increase) decrease in deferred outflows related to pension and OPEB	17,541	67,622	85,163
(Increase) decrease in net pension liability to assets	158,426	633,702	792,128
Increase (decrease) in deferred inflows related to pension	(162,082)	(648,916)	(810,998)
Increase (decrease) in total OPEB liability	9,936	(9,854)	82
Increase (decrease) in accounts payable	(52,534)	(34,656)	(87,190)
Increase (decrease) in other current liabilities	5,784	45,756	51,540
Total adjustments	<u>419,655</u>	<u>3,269,512</u>	<u>3,689,167</u>
Net cash provided by operating activities	<u>\$ 2,196,887</u>	<u>\$ 3,969,922</u>	<u>\$ 6,166,809</u>

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

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The City of Crossville, Tennessee (the “City”) was incorporated under Chapter 362 of the Acts of Tennessee for the year 1901. Executive and administrative authority resides with the Mayor, who is elected at-large, and the City Council, composed of five members, including the Mayor. The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable and, as such, should be included within the City’s financial statements. Based on the criteria of financial accountability, the City had no component units at June 30, 2023.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Interfund services provided and used are not eliminated in the government-wide statement of activities.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within one year for intergovernmental revenues and sixty days of the end of the fiscal period for property taxes and other revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund - Accounts for all financial resources applicable to the general operations of City government that are not properly accounted for in another fund. Revenues are derived primarily from taxes and intergovernmental revenues.

Capital Projects Fund - Accounts for the acquisition or construction of capital projects, other than those financed by Enterprise Funds. Revenues are derived primarily from the sale of general obligation bonds and notes, loans, intergovernmental revenues, and earnings on investments.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. The proprietary funds of the City are described in further detail below:

Enterprise Funds - These funds are used to account for business-like activities provided to the general public. The activities are financed primarily by user charges and the measurement of the financial activity focuses on net income measurement similar to private sector businesses. The City reports the following major proprietary - enterprise funds:

Crossville Water and Sewer Fund - Accounts for operations of the City's water and sewer services. The fund's revenues are derived primarily from user fees. The proceeds of several bond issues and loans have been used specifically for the construction or acquisition of water and sewer systems and facilities. Since it is the intention of the City to repay these bonds and loans through water and sewer fund operations, these obligations are reported in this fund.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Catoosa Water Fund - This fund was originally a separate utility district which was acquired by the City and provides water service to citizens within and without the City. It functions as an operation separate from the City's Water and Sewer Fund in every respect with the exception of a common governing body.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Funds - Used to account for the proceeds of specific revenue sources (other than major capital projects) or committed sources requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue funds include the State Street Aid Fund, Drug Enforcement Fund, and Economic Development Hotel/Motel Tax Fund.

Budget Policy and Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

The City Finance Manager annually obtains information from all officers, departments, boards, commissions, and other agencies of City Government for which appropriations are made and/or revenues are collected and compiles the annual operating budget for the ensuing fiscal year beginning July 1. The compiled information, including various expenditure options and the means of financing them, is submitted to the Mayor.

During May and June, the City Council hears budget requests from agencies and departments at its regularly scheduled meetings. In addition, advertised public hearings are held to allow taxpayers' comments prior to final passage.

Prior to July, the City adopts an interim budget appropriating funds for the usual and ordinary expenses of the City Government in an amount not to exceed one-twelfth of the preceding year's operating budget for each month that the interim budget is in effect. Subsequently, the budget is legally enacted through passage of an ordinance with an operative date of July 1st.

Formal budgets are adopted for all funds. These formal budgets are adopted on a departmental basis and the line item estimates are from the appropriations ledger and not from a formal budget ordinance. The legal level of budgetary control is the fund level. Transfers of appropriations between funds require the approval of the City Council. The City Finance Manager may make interdepartmental and intradepartmental transfers within the General Fund.

Major capital facilities and improvements, which are accounted for by the City within the Capital Projects Fund, are subject to budgetary control on a project basis. Appropriations for a specific project do not lapse until completion of the project. Because of the project nature of these funds, budgetary comparison statements on an annual basis do not provide meaningful information and, accordingly, are not presented in the accompanying financial statements.

The budgets are prepared on a basis consistent with generally accepted accounting principles. Encumbrance accounting is not utilized by the City and all unencumbered and unexpended appropriations lapse at the end of the fiscal year.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expenditures may not legally exceed appropriations at or above the fund level. All budgeted amounts shown in the financial statements and the accompanying supplementary information reflect the original budget and the amended budget (which may have been adjusted for legally authorized revisions to the annual budgets during the year). During the year ended June 30, 2023, several supplemental appropriations were necessary for capital purposes.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, amounts held by state governments, interest-bearing deposits at various financial institutions, and short-term investments with an original maturity of three months or less.

Investments

Investments are stated at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase. Any change in the value of investments recorded at fair value is included in investment income. Fair value is based on quoted market prices.

Inventories and Prepaid Items

Inventories, principally materials, supplies, and replacement parts, are valued at cost in governmental and proprietary funds, with cost determined using the first-in, first-out (“FIFO”) method. The costs are recorded as expenditures at the time individual inventory items are consumed (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Proceeds of bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Also, amounts due from other governments may be included as restricted assets because their use is limited by grant agreements.

Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at estimated fair market value on the date contributed. Capital assets include public domain infrastructure assets consisting of roads, bridges, streets and sidewalks, sewers, lighting systems, and drainage systems. The City defines capital assets, other than infrastructure, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or greater. Infrastructure assets including streets, sidewalks, curbs, and guttering with an initial cost of \$10,000 or more are capitalized. Infrastructure assets including traffic signals, street lighting, and drainage systems with an initial cost of \$20,000 or more are capitalized.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Land and certain land improvements are inexhaustible capital assets and are not depreciated. Depreciation on depreciable capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Machinery and equipment	3 - 7 years
Plant and infrastructure	20 - 40 years

Leases

The City records its leases under GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use (“ROU”) an underlying asset. The City determines whether an arrangement is or contains a lease at lease inception. On the commencement date, leases are recorded as ROU assets and lease liabilities in the statements of net position. ROU assets represent the City’s right to use leased assets over the term of the lease. Lease liabilities represent the City’s contractual obligation to make lease payments over the lease term.

The lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or the City’s incremental borrowing rate if the implicit rate is not determinable. ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense, an outflow of resources, is recognized on a straight-line basis over the lease term. The City has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of revenues, expenses, and changes in net position.

ROU assets are assessed for impairment in accordance with the City’s capital asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with GASB No. 87. The City’s leases are described further in Note G.

Bond Discounts and Premiums

In the governmental funds, bond discounts and premiums are treated as period costs in the year of issue. In proprietary funds, bond discounts and premiums are deferred and amortized over the term of the bonds using the straight-line method, which does not differ significantly from the effective interest method. Bond premiums are presented as an increase of the face amount of bonds payable. At the government-wide level any bond discounts and premiums in the governmental funds are adjusted and reported in the same manner as in proprietary funds.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Gain/Loss from Advance Refunding of Debt

In the proprietary funds (and for governmental activities in the government-wide financial statements), the difference between the new debt and the net carrying value of the old debt on refunded debt transactions is deferred. The deferred gain/loss is amortized using the effective interest method over the life of the new debt.

Fund Balance

In the governmental fund financial statements, fund balances may be classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board by ordinance; reversed and amended by same action.

Assigned - amounts that are designated by the Board for a particular purpose but are not spendable until there is a majority vote approval by the Board.

Unassigned - all amounts in the General Fund not included in other spendable classifications.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

Net Investment in Capital Assets - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.

Restricted - represents a net position that has third party (statutory, bond covenant, or granting agency) limitations on its use. The City's policy is generally to use restricted net position first, as appropriate opportunities arise.

Unrestricted - While management may have categorized and segmented portions for various purposes, the City has the unrestricted authority to alter these managerial decisions.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has unearned and unavailable revenue related to property taxes that qualifies for reporting in this category. The City also has deferred inflows and outflows related to the recording of changes in its net pension asset. Certain changes in the net pension asset are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the State’s actuary which adjust the net pension asset for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension asset are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. The City has deferred inflows and outflows resulting from the changes in the total OPEB liability each year, if applicable. The City also reports deferred inflows of resources relating to grants designated for future periods.

Revenues, Expenditures, and Expenses

Substantially all governmental fund revenues are accrued. Expenditures are recognized when the related fund liability is incurred, except for the following instances permitted by generally accepted accounting principles:

- General obligation long-term debt principal and interest are reported only when due.
- Inventory costs are reported in the period when inventory items are consumed, rather than in the period purchased.

Property Taxes

Property taxes are levied by the City annually based upon assessed valuations established by the State of Tennessee. The various types of property are assessed at a percentage of market value as follows:

Farm and residential real property	25%
Commercial and industrial property:	
Real	40%
Personal	30%
Public utilities real and personal property	55%

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the City Council and collected by the City Treasurer. Property taxes are secured by a statutory lien effective as of the original levy date of January 1. Taxes are due August 1 and become delinquent December 1. Property taxes levied are recorded as receivables, net of estimated uncollectible amounts. The receivables collected during the current fiscal year and those collected by the City Treasurer related to tax levies for 2022, are recorded as revenue in accordance with the principles established by the Governmental Accounting Standards Board. The net receivables estimated to be collectible subsequent to August 29, are recorded as unavailable revenues at June 30, 2023.

Grant Revenue

The City, a recipient of grant revenues, recognizes revenues, when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the City before the eligibility requirements are met are deferred. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes-to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the City.

Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average daily equity in pooled cash and investments to the total average daily-pooled equity in pooled cash and investments.

Compensated Absences

The City's policies permit employees to accumulate earned but unused vacation leave up to a maximum of 240 hours, except fire department employees may accumulate up to a maximum of 318 hours. Any unused, earned vacation leave in excess of the maximum is rolled over to accrued sick leave. In addition, contingent to annual budget approval, employees may be eligible to convert a maximum of 80 hours (96 for fire department employees) of accumulated vacation leave to cash each year provided the employee has a remaining balance of at least 60 hours (72 for fire department employees) after converting. Employees are paid their unused vacation hours upon termination. Also, all employees may accumulate sick leave without limitation. At retirement, employees are not paid for unused sick leave, but unused sick leave time is credited to service time for retirement purposes for TCRS employees only. Any employee who ceases employment, other than due to retirement, forfeits all unused, earned sick leave.

The liability for compensated absences (unused vacation time) is recorded as long-term debt in the government-wide statements for government activities and for business-type activities. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets and service debt. These transactions are generally reflected as transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if the involved organizations were external to the City are treated as revenues in the receiving fund and expenditures in the disbursing fund. Transfers within governmental activities and within business-type activities are eliminated upon consolidation.

Amounts owed to one fund by another are reported as due to/due from other funds. The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Amounts reported in the fund financial statements as due to/due from other funds are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (“TCRS”), and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value. The City opted out of the TCRS plan as of June 30, 2013.

Other Postemployment Benefits (“OPEB”)

For economic resources accounting the liability should be recognized for the total OPEB liability. For current resources accounting the liability should be recognized to extent that the liability will be paid with expendable available financial resources. This usually means to the extent that benefit payments have matured (are due and payable).

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The City incurred no material violations of finance related legal and contractual provisions.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2023, the City had no material expenditures over appropriations in the individual funds.

Net Position/Fund Balance Deficit

For the year ended June 30, 2023, the City had no fund balance deficits.

C. CASH AND INVESTMENTS

The City uses a central cash and investment pool for certain governmental funds and proprietary funds. The cash and investment pool balances are classified as cash and cash equivalents in the accompanying financial statements. The City's investment policy with respect to the cash and investment pool is to maximize investment earnings while maintaining an acceptable level of risk. Because investments in the pool must provide for the future needs of the City, flexibility and liquidity of investments are generally maintained at all times.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's policies require purchases of investments with maturities of two years or less. The City presents its exposure to interest rate changes using the weighted average maturity method. The City manages its interest rate risk by limiting the weighted average maturity of its investment portfolio for the primary government. The City's investment portfolio did not experience any significant fluctuations in fair value during the year.

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. At June 30, 2023, all deposits were covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the City to invest in 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, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

C. CASH AND INVESTMENTS - Continued

Credit Risk

The City’s policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. The City’s investment policy includes specific policies involving credit risk.

D. RECEIVABLES

Taxes receivable include the uncollected property taxes from tax levies made during the current and past fifteen years, as well as the anticipated levy for the current calendar year. The allowance for uncollectible taxes is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2023.

E. INTERFUND TRANSACTIONS

There were no interfund receivable or payable balances as of June 30, 2023.

Typically, interfund receivable and payable balances are a result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances will typically be repaid within one year.

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Projects	To Fund Capital Projects	\$1,344,743
Catoosa Water Fund	General Fund	For Administrative Cost	60,000
Crossville Water/ Sewer Fund	General Fund	For Administrative Cost	<u>140,000</u>
		Total Transfers	<u>\$1,544,743</u>

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

F. CAPITAL ASSETS

Capital asset activity for the government activities year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions/ Adjustments	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 11,314,266	\$ 264	\$ -	\$ -	\$ 11,314,530
Construction in progress	4,376,412	2,104,380	-	(817,934)	5,662,858
Subtotal	<u>15,690,678</u>	<u>2,104,644</u>	<u>-</u>	<u>(817,934)</u>	<u>16,977,388</u>
Capital assets and right of use assets, being depreciated and amortized:					
Buildings and plant	10,340,541	466,262	-	168,035	10,974,838
Other improvements	19,214,712	48,914	-	170,428	19,434,054
Infrastructure	23,393,941	902,759	69,516	465,004	24,831,220
Machinery and equipment	13,439,873	977,671	(1,078,235)	(142,671)	13,196,638
Right of use asset - vehicles	356,873	706,989	-	-	1,063,862
Subtotal	<u>66,745,940</u>	<u>3,102,595</u>	<u>(1,008,719)</u>	<u>660,796</u>	<u>69,500,612</u>
Less: accumulated depreciation and amortization:					
Buildings and plant	(4,759,862)	(257,833)	-	-	(5,017,695)
Other improvements	(8,419,465)	(638,307)	-	-	(9,057,772)
Infrastructure	(12,628,730)	(812,198)	-	-	(13,440,928)
Machinery and equipment	(9,457,106)	(637,400)	1,076,811	157,138	(8,860,557)
Right of use lease - vehicles	(26,426)	(208,713)	-	-	(235,139)
Subtotal	<u>(35,291,589)</u>	<u>(2,554,451)</u>	<u>1,076,811</u>	<u>157,138</u>	<u>(36,612,091)</u>
Capital assets, being depreciated,	<u>31,454,351</u>	<u>548,144</u>	<u>68,092</u>	<u>817,934</u>	<u>32,888,521</u>
Capital assets, net	<u>\$ 47,145,029</u>	<u>\$ 2,652,788</u>	<u>\$ 68,092</u>	<u>\$ -</u>	<u>\$ 49,865,909</u>

Capital asset activity in the Business-type Activities for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions/ Adjustments	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 574,816	\$ -	\$ -	\$ -	\$ 574,816
Construction in progress	1,750,685	7,793,431	-	(368,507)	9,175,609
Subtotal	<u>2,325,501</u>	<u>7,793,431</u>	<u>-</u>	<u>(368,507)</u>	<u>9,750,425</u>
Capital assets and right of use assets, being depreciated and amortized:					
Buildings and plant	128,155,265	473,273	-	128,084	128,756,622
Machinery and equipment	5,185,661	254,939	(162,204)	397,561	5,675,957
Right of use lease - vehicles	37,525	72,586	-	-	110,111
Subtotal	<u>133,378,451</u>	<u>800,798</u>	<u>(162,204)</u>	<u>525,645</u>	<u>134,542,690</u>
Less: accumulated depreciation and amortization:					
Buildings and plant	(55,224,396)	(2,947,773)	162,205	(157,211)	(58,167,175)
Machinery and equipment	(9,725,565)	(573,453)	-	73	(10,298,945)
Right of use lease - vehicles	(1,875)	(20,405)	-	-	(22,280)
Subtotal	<u>(64,951,836)</u>	<u>(3,541,631)</u>	<u>162,205</u>	<u>(157,138)</u>	<u>(68,488,400)</u>
Capital assets, being depreciated,	<u>68,426,615</u>	<u>(2,740,833)</u>	<u>1</u>	<u>368,507</u>	<u>66,054,290</u>
Capital assets, net	<u>\$ 70,752,116</u>	<u>\$ 5,052,598</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 75,804,715</u>

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

F. CAPITAL ASSETS - Continued

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

Governmental Activities:	
General government	\$ 251,639
Public safety	536,690
Public works	1,015,394
Cemeteries	7,429
Municipal airport	349,581
Parks and recreation	<u>393,718</u>
Total	<u>\$2,554,451</u>
Business-Type Activities:	
Catoosa Water Fund	\$ 573,453
Crossville Water/Sewer Fund	<u>2,968,178</u>
Total	<u>\$3,541,631</u>

G. LEASES

The City has thirty-three vehicle leases of which twenty-nine are included in governmental activities and four are included in business-type activities. The initial lease terms vary by lease. The interest rate on the leases were based on the City’s incremental borrowing rate on their most current bonds, which ranged from 4% to 6%; therefore, an average of 5% was used as of June 30, 2023.

The components of lease expense for Governmental Activities as of June 30, 2023 is as follows:

Lease expense	<u>Year Ending</u> <u>June 30, 2023</u>
Amortization expense by class of underlying asset	
Vehicles	\$ 208,713
Total amortization expense	208,713
Interest on lease liabilities	32,050
Variable lease expense	-
Total	<u>\$ 240,763</u>

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Modifications &</u> <u>Remeasurements</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Lease Liabilities	<u>\$ 331,500</u>	<u>\$ 698,940</u>	<u>\$ -</u>	<u>\$ (187,049)</u>	<u>\$ 843,391</u>	<u>\$ 239,825</u>

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

G. LEASES - Continued

Maturity Analysis	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
Year Ending 2024-06	\$ 239,825	\$ 32,547	\$ 272,372
Year Ending 2025-06	230,855	22,345	253,200
Year Ending 2026-06	180,251	13,087	193,338
Year Ending 2027-06	151,983	5,664	157,647
Year Ending 2028-06	40,477	552	41,029
Total Future Payments	<u>\$ 843,391</u>	<u>\$ 74,195</u>	<u>\$ 917,586</u>

The components of lease expense for Business-Type Activities as of June 30, 2023 is as follows:

	Year Ending June 30, 2023
Lease expense	
Amortization expense by class of underlying asset	
Vehicles	\$ 20,404
Total amortization expense	20,404
Interest on lease liabilities	2,787
Variable lease expense	-
Total	<u>\$ 23,191</u>

	Beginning Balance	Additions	Modifications & Remeasurements	Reductions	Ending Balance	Amounts Due Within One Year
Lease Liabilities	\$ 35,780	\$ 72,025	\$ -	\$ (18,723)	\$ 89,082	\$ 30,429

Maturity Analysis	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
Year Ending 2024-06	\$ 30,429	\$ 3,256	\$ 33,685
Year Ending 2025-06	31,833	1,851	33,684
Year Ending 2026-06	20,827	511	21,338
Year Ending 2027-06	5,993	75	6,068
Total Future Payments	<u>\$ 89,082</u>	<u>\$ 5,693</u>	<u>\$ 94,775</u>

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

H. LONG-TERM OBLIGATIONS

Long -Term Debt

General Obligation Bonds and Other Loans

The City has outstanding general obligation bonds related to governmental activities totaling \$6,275,000. Direct borrowings related to business-type activities include state revolving loans totaling \$1,159,151. Revenue and Refunding Improvement Bonds issued for water/sewer system improvements total \$29,625,000.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. Business-type bonds and loans are issued pledging the revenue of the Crossville Water and Sewer system and the full faith and credit of the government. The City's direct borrowings related to governmental and business-type activities require the same pledge of the full faith and credit; however, none of the direct borrowings contain any provision for acceleration of payments of principal or are secured by collateral. All bonds and other loans included in long-term debt as of June 30, 2023 will generally be retired from governmental or enterprise fund cash.

Debt outstanding as of June 30, 2023 consisted of the following:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding at June 30, 2023</u>
Governmental Activities:				
General Obligation Bonds:				
General Obligation Refunding Bonds, Series 2020A1	\$ 4,065,000	2.000 - 4.000%	6/1/2037	\$ 3,850,000
General Obligation Improvement Bonds, Series 2020A2	1,235,000	2.000 - 3.000%	6/1/2037	1,045,000
General Obligation Refunding Bonds, Series 2020B	2,185,000	0.427 - 1.693%	6/1/2028	1,380,000
Total general obligation bonds				<u>6,275,000</u>
Total Governmental Activities				<u>\$ 6,275,000</u>
Business-type Activities:				
Revenue and Refunding Improvement Bonds:				
Water and Sewer Revenue and Refunding and Improvement Bonds, Series 2020C	\$ 30,755,000	2.000 - 4.000%	6/1/2027	\$ 28,800,000
Water and Sewer Revenue and Refunding and Improvement Bonds, Series 2020D	1,440,000	0.419 - 1.509%	1/0/1900	825,000
Total revenue and refunding improvement bonds				<u>29,625,000</u>
Direct Borrowings:				
Rural Development Loan 91-22	\$ 890,000	1.75%	5/20/2061	857,355
Rural Development Loan 91-24	308,462	1.50%	2/11/2062	301,796
Total direct borrowings				<u>1,159,151</u>
Total Business-type Activities				<u>\$ 30,784,151</u>

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

H. LONG-TERM OBLIGATIONS - Continued

Annual debt service requirements to maturity for bonds and notes payable are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	395,000	125,098	811,906	688,664	1,206,906	813,762
2025	400,000	118,318	842,277	663,093	1,242,277	781,411
2026	410,000	110,934	857,656	636,154	1,267,656	747,088
2027	415,000	104,016	888,040	607,888	1,303,040	711,904
2028	420,000	96,476	918,431	584,603	1,338,431	681,079
2029-2033	2,255,000	338,800	4,905,903	2,531,665	7,160,903	2,870,465
2034-2038	1,980,000	99,700	5,369,776	1,979,184	7,349,776	2,078,884
2039-2043	-	-	6,657,823	1,621,267	6,657,823	1,621,267
2044-2048	-	-	6,585,400	759,948	6,585,400	759,948
2049-2053	-	-	2,863,544	103,448	2,863,544	103,448
2054-2058	-	-	46,933	4,547	46,933	4,547
2059-2062	-	-	36,462	1,028	36,462	1,028
Totals	\$ 6,275,000	\$ 993,342	\$ 30,784,151	\$ 10,181,489	\$ 37,059,151	\$ 11,174,831

A summary of long-term liability activity, including debt, for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 6,660,000	\$ -	\$ (385,000)	\$ 6,275,000	\$ 395,000
Less: bond discount	-	-	-	-	-
Plus: bond premium	105,817	-	(10,019)	95,798	10,019
Total bonds payable	6,765,817	-	(395,019)	6,370,798	405,019
Direct borrowings	130,000	-	(130,000)	-	-
Compensated absences	378,629	42,006	-	420,635	-
Total OPEB liability	1,598,701	-	(2,915)	1,595,786	-
Total Governmental Activities	\$ 8,873,147	\$ 42,006	\$ (527,934)	\$ 8,387,219	\$ 405,019
Business-type Activities:					
Revenue and Refunding Bonds	\$ 30,390,000	\$ -	\$ (765,000)	\$ 29,625,000	\$ 790,000
Plus: bond premium	181,120	-	(6,468)	174,652	-
Deferred loss on refunding	-	-	-	-	-
Total bonds payable	30,571,120	-	(771,468)	29,799,652	790,000
Direct borrowings	1,180,692	-	(21,541)	1,159,151	21,906
Compensated absences	93,091	15,285	-	108,376	-
Total OPEB liability	407,608	9,936	(9,854)	407,690	-
Total Business-type Activities	\$ 32,252,511	\$ 25,221	\$ (802,863)	\$ 31,474,869	\$ 811,906

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

I. DEFERRED COMPENSATION PLAN

Beginning on July 1, 2013, the City began offering its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years, subject to maximum deferral limitations provided in the plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are held in trust for the exclusive benefit of participating employees under the Small Business Job Protection Act of 1996. In addition, the City has little administrative involvement and does not perform the investing function for the plan. As a result, the assets and liabilities associated with the plan are excluded from the City's balance sheet. The City does not contribute to the plan.

The City maintains a money purchase pension plan (the "ICMA Plan"), which is administered through the ICMA Retirement Corporation, which is mandatory for all eligible employees. In order to be eligible to participate in the Plan, employees must be at least 18 years old and have attained at least six months of service with the City. Employees are eligible to contribute up to 100% of their salary subject to the Internal Revenue Code limits. Vesting in the Plan is 0% for one year, 25% for two years, 50% for three years, 75% for four years, and 100% for five years or more of service with the City. Contributions and forfeitures are allocated to plan participants based on the proportion of their salary to the total salaries of all eligible plan participants. Employer and employee contributions to this Plan are mandatory. The City contributes 5% of employee salary and will match up to an additional 3% contribution to each employee's Plan account. Employer and employee contributions to this Plan are mandatory for 5% each. The Plan is audited on a fiscal year basis and the market value of the plan assets as of June 30, 2023 totaled \$2,085,698. The Plan assets are the property of the employees and are not included in these statements.

J. EMPLOYEE RETIREMENT SYSTEMS

The City provides retirement benefits through a Pension Plan and an Other Postemployment Benefits Plan. The following is a summary of each of these plans:

Pension Plan

Plan Description

Employees of Crossville are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

CITY OF CROSSVILLE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

Benefits Provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	97
Active employees	<u>80</u>
Total employees	<u>297</u>

The City withdrew from TCRS effective July 1, 2014. Employees hired after the date of withdraw are not eligible to participate in TCRS. Employees active as of the withdrawal date will continue to accrue salary and service credit in TCRS. The employer remains responsible for the pension liability for employees that were active as of the withdrawal date and for retirees of the employer.

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Crossville makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contributions for Crossville were \$614,212 based on a rate of 11.87 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Crossville's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability (asset) as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		Net Pension Liability (Asset) (a) - (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balance at June 30, 2021	\$ 31,754,595	\$ 35,256,192	\$(3,501,597)
Changes for the year:			
Service cost	401,138	-	401,138
Interest	2,123,928	-	2,123,928
Difference between expected and actual experience	692,439	-	692,439
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Contributions-employer	-	598,747	(598,747)
Contributions-employees	-	-	-
Net investment income	-	(1,333,662)	1,333,662
Benefit payments, including refunds of employee contributions	(1,380,277)	(1,380,277)	-
Administrative expense	-	(8,217)	8,217
	1,837,228	2,123,409	3,960,637
Net changes balance at June 30, 2022	\$ 33,591,823	\$ 33,132,783	\$ 459,040

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$5,091,100	\$459,040	\$(3,375,644)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense

For the year ended June 30, 2023, the City recognized pension expense of \$906,684.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 999,899	\$126,035
Net difference between projected and actual earnings on pension plan investments	48,081	-
Changes in assumptions	1,112,707	-
Contributions subsequent to the measurement date of June 30, 2022	<u>614,212</u>	<u>N/A</u>
Total	<u>\$2,774,899</u>	<u>\$126,035</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	
2024	\$654,212
2025	779,938
2026	(136,857)
2027	737,359
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2023, the City had no outstanding payable amounts related to required contributions to the pension plan at the year ended June 30, 2023.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

Other Postemployment Benefits

The City adopted GASB Statement No. 75 for the fiscal year beginning July 1, 2017. An actuarial valuation has been completed of the liabilities for postemployment benefits other than pensions (“OPEB”) for the fiscal year ending June 30, 2023.

Funding Policy and Other Information

Plan Description

The City currently pays for Other Postemployment Benefits on a pay-as-you-go basis. The City provides postemployment medical benefits to all employees and their families who retire with at least 30 years of service and are not less than age 55 or with at least 20 years of service and are not less than age 60, until they are eligible for Medicare benefits. All active employees who retire directly from the City and meet eligibility criteria may participate.

Benefits Provided

The City offers health insurance coverage to eligible pre-65 retirees participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. The City pays the full single coverage contribution rate for these benefits and approximately 55% of the contribution rate for family coverage. Other benefits such as dental and life coverage are available to retirees but are not deemed subsidized by the City. The OPEB plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

In the June 30, 2023 actuarial valuation, the following employees and retirees of the City was covered by the benefit terms of the OPEB plan:

<u>Status</u>	<u>Employees Only</u>	<u>Employee and Family</u>
Active	84	80
Retired	<u>9</u>	<u>4</u>
Total	<u>93</u>	<u>84</u>

This table reflects eligible active employees and retirees as of June 30, 2023 based on the data provided. Excluded are plan participants who were 65 or older on June 30, 2023 or hired after that date.

The City establishes the required payments to the OPEB by employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the City paid \$148,689 to the plan for OPEB benefits as they came due.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs from the last full valuation performed as of June 30, 2022, applied to all periods included in the measurement, unless otherwise specified:

Inflation/Discount Rate	3.54% (1.04% real rate of return plus 2.50% inflation)
Salary increases	3.50%
Healthcare cost trend rates	4.50%
Retiree's share of benefit- related costs	No contribution paid by the retiree for single Medical coverage and approximately 45% contribution for additional family medical coverage. Monthly contribution for retiree for Network P is \$455.39 for Family, \$269.45 for retiree and spouse and \$209.28 for retiree and children.
Mortality	RPH-2014 Total Table with Projection MP-2021

Discount Rate

The discount rate used to measure the total OPEB liability was selected by reviewing the recent published Bond Buyer GO-20 bond index. This is one of the indices acceptable under GASB 75. This index is published weekly and is tending towards 4.00% in recent months. The Actuarial Report selected 3.54% as the discount rate for this valuation.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability (a)</u>
Balances at June 30, 2022	<u>\$ 2,006,309</u>
Changes for the year:	
Service cost	74,816
Interest	71,040
Changes of benefit terms	-
Differences between expected and actual experience	-
Change in assumptions	-
Benefit payment	<u>(148,689)</u>
Net changes	<u>(2,833)</u>
Balances at June 30, 2023	<u>\$ 2,003,476</u>

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

Changes in Assumptions

Is amortized over the average remaining service of active employees and inactive participants.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability related to the City's OPEB plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point increase (4.54%) or 1-percentage-point decrease (2.54%) than the current discount rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$2,170,485</u>	<u>\$2,003,476</u>	<u>\$1,849,468</u>

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point decrease (3.50%) or 1-percentage-point increase (5.50%) than the current healthcare cost trend rate.

	1% Decrease (3.50%)	Healthcare Cost Trend Rates (4.50%)	1% Increase (5.50%)
Total OPEB Liability	<u>\$1,802,715</u>	<u>\$2,003,476</u>	<u>\$2,250,841</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$184,389.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 86,362	\$ -
Changes of assumptions	270,109	269,355
Employer payments subsequent to the measurement date	<u>-</u>	<u>-</u>
	<u>\$356,471</u>	<u>\$269,355</u>

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

J. EMPLOYEE RETIREMENT SYSTEMS - Continued

The amounts shown above for “Employer payments subsequent to the measurement date” will be recognized as a reduction to total OPEB liability in the following measurement period.

<u>Years Ending June 30</u>	
2024	\$ 38,533
2025	38,533
2026	38,533
2027	33,723
2028	(30,197)
Thereafter	(32,009)

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

K. WATER SALES AGREEMENTS

In May 2007, the City entered into a water sales agreement with Fall Creek Falls Utility District (“FCFUD”) as purchaser, and South Cumberland Utility District (“SCUD”) as transporter. The term of the contract is for twenty-five years beginning from the date the transporter of the water begins delivering water to the purchaser. The contract stipulates that the City will sell potable treated water up to 10,000,000 gallons per month to FCFUD.

In November 2006, the City entered into a water service contract with SCUD to provide all SCUD’s potable water needs provided that SCUD’s demands do not exceed the City’s capacity to furnish potable water to all of the City’s customers. The contract became effective January 1, 2007, and terminates on December 31, 2024, unless extended by mutual agreement by both parties. The initial contract price of the water is \$2.67 for each 1,000 gallons which is subject to a rate adjustment annually on January 1st. The parties have agreed that any rate increase to SCUD will be the same percentage rate increase as established by the City’s customers inside the City and shall become effective at the same time as the rate increase to the City’s customers inside the City.

In April 2007, the City entered into a water service contract with Grandview Utility District (“GUD”) to provide all of GUD’s potable water needs provided that GUD’s demands do not exceed the City’s capacity to furnish potable water to all of the City’s customers. The contract became effective May 1, 2007, and terminates on December 31, 2024, unless extended by mutual agreement by both parties. The initial contract price of the water is \$2.67 for each 1,000 gallons which is subject to a rate adjustment annually on January 1st. The parties have agreed that any rate increase to GUD will be the same percentage rate increase as established by the City’s customers inside the City and shall become effective at the same time as the rate increase to the City’s customers inside the City.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

L. COMMITMENTS AND CONTINGENCIES

The City is party to various lawsuits and claims in the ordinary course of their operations. Management believes that the potential adverse impact of these proceedings would not be material to the basic financial statements of the City. The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. City management is not aware of any potential losses from such disallowances and believes that reimbursements, if any, would not be material. The City has entered into various construction commitments. Such contracts include contracts for improvements to the water and sewer plant, and acquisition and construction contracts related to general government capital projects.

M. LANDFILL POSTCLOSURE CARE COSTS

The postclosure care costs of the City landfill closed in 1993 are accounted for in the primary government governmental activities. State and federal regulations require the City to place a final cover on all landfills after closure, and the City must perform certain maintenance and monitoring functions for 30 years thereafter. The City recognizes landfill postclosure care costs based on the amount of the landfill used during the year. The estimated liability for landfill postclosure care costs of \$118,425 at June 30, 2023 is based on the use of 100 percent of the capacity of the City landfill.

Changes in the estimated liability for landfill postclosure care costs for the year ended June 30, 2023, are as follows:

Estimated liability, June 30, 2022	\$109,300
Costs incurred	<u>9,125</u>
Estimated liability, June 2023	<u>\$118,425</u>

The estimated total current cost of the landfill postclosure care of \$118,425 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired at June 30, 2023. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF CROSSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY
AND RELATED RATIOS - OPEB PLAN
JUNE 30, 2023
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 74,816	\$ 101,190	\$ 101,190	\$ 47,262	\$ 47,262	\$ 47,916
Interest	71,040	50,251	50,246	66,528	66,581	68,111
Differences between actual and expected experience	-	114,864	-	-	-	-
Changes in assumptions	-	(358,251)	-	545,030	-	-
Benefit payments	(148,689)	(148,689)	(153,797)	(153,797)	(122,961)	(140,299)
Net change in total pension liability	(2,833)	(240,635)	(2,361)	505,023	(9,118)	(24,272)
Total pension liability - beginning	2,006,309	2,246,944	2,249,305	1,744,282	1,753,400	1,777,672
Total pension liability - ending (a)	<u>\$ 2,003,476</u>	<u>\$ 2,006,309</u>	<u>\$ 2,246,944</u>	<u>\$ 2,249,305</u>	<u>\$ 1,744,282</u>	<u>\$ 1,753,400</u>
 Covered payroll	 \$ 7,323,183	 \$ 7,323,183	 \$ 7,106,644	 \$ 7,106,644	 \$ 6,862,926	 \$ 6,289,366
 Net pension liability (asset) as a percentage of covered payroll	 27.36%	 27.40%	 31.62%	 31.65%	 25.42%	 27.88%

Notes to Schedule:

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB Plan.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS - PENSION PLAN
JUNE 30, 2023
(UNAUDITED)

	2023 Financial Statement Date 2022 Measurement Date	2022 Financial Statement Date 2021 Measurement Date	2021 Financial Statement Date 2020 Measurement Date	2020 Financial Statement Date 2019 Measurement Date	2019 Financial Statement Date 2018 Measurement Date	2018 Financial Statement Date 2017 Measurement Date	2017 Financial Statement Date 2016 Measurement Date	2016 Financial Statement Date 2015 Measurement Date	2015 Financial Statement Date 2014 Measurement Date
TOTAL PENSION LIABILITY (ASSET)									
Service cost	\$ 401,138	\$ 368,403	\$ 390,788	\$ 393,800	\$ 435,924	\$ 411,762	\$ 409,474	\$ 465,416	\$ 483,925
Interest	2,123,928	1,975,216	1,934,234	1,854,313	1,775,746	1,704,397	1,658,850	1,525,912	1,419,255
Differences between actual and expected experience	692,439	940,241	(504,140)	52,253	48,442	101,542	(437,343)	777,668	292,564
Changes in assumptions	-	2,225,413	-	-	-	579,067	-	-	-
Benefit payments, including refunds of employee contributions	(1,380,277)	(1,261,279)	(1,205,176)	(1,184,815)	(1,083,793)	(1,022,547)	(1,029,393)	(851,717)	(658,561)
Net change in total pension liability (asset)	1,837,228	4,247,994	615,706	1,115,551	1,176,319	1,774,221	601,588	1,917,279	1,537,183
Total pension liability (asset) - beginning	31,754,595	27,506,601	26,890,895	25,775,344	24,599,025	22,824,804	22,223,216	20,305,937	18,768,754
Total pension liability (asset) - ending (a)	<u>\$ 33,591,823</u>	<u>\$ 31,754,595</u>	<u>\$ 27,506,601</u>	<u>\$ 26,890,895</u>	<u>\$ 25,775,344</u>	<u>\$ 24,599,025</u>	<u>\$ 22,824,804</u>	<u>\$ 22,223,216</u>	<u>\$ 20,305,937</u>
PLAN FIDUCIARY NET POSITION									
Contributions-employer	\$ 598,747	\$ 745,110	\$ 736,671	\$ 820,335	\$ 857,245	\$ 914,088	\$ 668,277	\$ 735,344	\$ 845,936
Contributions-employee	-	-	-	-	-	-	-	239	1,581
Net investment income	(1,333,662)	7,283,644	1,357,928	1,926,685	2,006,600	2,478,568	571,479	651,137	3,001,114
Benefit payments, including refunds of employee contributions	(1,380,277)	(1,261,279)	(1,205,176)	(1,184,815)	(1,083,793)	(1,022,547)	(1,029,393)	(851,717)	(658,561)
Administrative expense	(8,217)	(7,901)	(8,251)	(9,093)	(10,356)	(9,784)	(9,093)	(6,937)	(6,446)
Net change in plan fiduciary net position	(2,123,409)	6,759,574	881,172	1,553,112	1,769,696	2,360,325	201,270	528,066	3,183,624
Plan fiduciary net position-beginning	35,256,192	28,496,618	27,615,446	26,062,334	24,292,638	21,932,313	21,731,043	21,202,977	18,019,353
Plan fiduciary net position-ending (b)	<u>\$ 33,132,783</u>	<u>\$ 35,256,192</u>	<u>\$ 28,496,618</u>	<u>\$ 27,615,446</u>	<u>\$ 26,062,334</u>	<u>\$ 24,292,638</u>	<u>\$ 21,932,313</u>	<u>\$ 21,731,043</u>	<u>\$ 21,202,977</u>
Net pension liability (asset) (a) - (b)	<u>\$ 459,040</u>	<u>\$ (3,501,597)</u>	<u>\$ (990,017)</u>	<u>\$ (724,551)</u>	<u>\$ (286,990)</u>	<u>\$ 306,387</u>	<u>\$ 892,491</u>	<u>\$ 492,173</u>	<u>\$ (897,040)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	98.63%	111.03%	103.60%	102.69%	101.11%	98.75%	96.09%	97.79%	104.42%
Covered payroll	\$ 4,605,747	\$ 4,686,227	\$ 4,464,675	\$ 4,557,416	\$ 4,762,469	\$ 5,078,268	\$ 4,895,799	\$ 5,387,134	\$ 5,915,632
Net pension liability (asset) as a percentage of covered payroll	9.97%	-74.72%	-22.17%	-15.90%	-6.03%	6.03%	18.23%	9.14%	-15.16%

Notes to Schedule:

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF CROSSVILLE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
PENSION PLAN
JUNE 30, 2023
(UNAUDITED)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 614,212	\$ 488,670	\$ 745,110	\$ 709,883	\$ 819,879	\$ 872,965	\$ 692,676	\$ 668,277	\$ 735,334	\$ 845,936
Contributions in relation to the actuarially determined contribution	<u>614,212</u>	<u>598,747</u>	<u>745,110</u>	<u>736,671</u>	<u>820,335</u>	<u>872,965</u>	<u>914,088</u>	<u>668,277</u>	<u>735,334</u>	<u>845,936</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (110,077)</u>	<u>\$ -</u>	<u>\$ (26,788)</u>	<u>\$ (456)</u>	<u>\$ -</u>	<u>\$ (221,412)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,174,490	\$ 4,605,747	\$ 4,686,227	\$ 4,464,675	\$ 4,557,416	\$ 4,762,469	\$ 5,078,268	\$ 4,895,799	\$ 5,387,134	\$ 5,915,632
Contributions as a percentage of covered payroll	11.87%	13.00%	15.90%	16.50%	18.00%	18.33%	18.00%	13.65%	13.65%	14.30%

Notes to Schedule:

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2023

Valuation date: Actuarially determined contribution rates for fiscal year 2023 were calculated based on the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustment	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

SUPPLEMENTARY INFORMATION



City of Crossville, Tennessee
Combining Balance Sheet
Non-Major Governmental Funds
6/30/2023

	Special Revenue Funds			Total
	State Street Aid	Drug Control	Economic Development Hotel/Motel Tax	
Assets				
Cash and cash equivalents	\$ 1,001,760	\$ -	\$ 254,574	\$ 1,256,334
Investment in pooled cash	59,747	45,139	34,524	139,410
Investment in LGIP	-	154,966	-	154,966
Accounts receivable	-	-	359	359
Intergovernmental	36,949	-	-	36,949
Total assets	\$ 1,098,456	\$ 200,105	\$ 289,457	\$ 1,588,018
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 3,509	\$ 8,130	\$ -	\$ 11,639
Total liabilities	3,509	8,130	-	11,639
Fund Balances				
Restricted for:				
Drug control	-	191,975	-	191,975
Streets and roads	1,094,947	-	-	1,094,947
Economic Development Hotel/Motel Tax	-	-	289,457	289,457
Total fund balances	1,094,947	191,975	289,457	1,576,379
Total liabilities and fund balances	\$ 1,098,456	\$ 200,105	\$ 289,457	\$ 1,588,018

See independent auditor's report.

City of Crossville, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>State Street Aid</u>	<u>Drug Control</u>	<u>Economic Development Hotel/Motel Tax</u>	
Revenues:				
Intergovernmental and taxes:				
Room occupancy tax	\$ -	\$ -	\$ 231,144	\$ 231,144
Gasoline and motor fuel tax	420,671	-	-	420,671
Fines and forfeitures	-	9,689	-	9,689
Investment income	38,006	4,946	8,834	51,786
Miscellaneous and contribution income	-	23,269	7,500	30,769
Total revenues	<u>458,677</u>	<u>37,904</u>	<u>247,478</u>	<u>744,059</u>
Expenditures:				
Economic development	-	-	92,500	92,500
Personnel expenditures	-	-	20,551	20,551
Contractual services	414,532	-	30,000	444,532
Supplies	-	27,278	-	27,278
Miscellaneous	-	-	35,000	35,000
Total expenditures	<u>414,532</u>	<u>27,278</u>	<u>178,051</u>	<u>619,861</u>
Excess of revenues over expenditures	44,145	10,626	69,427	124,198
Other Financing Sources (Uses):				
Sale of surplus/confiscated property	-	26,595	-	26,595
Total other financing sources	<u>-</u>	<u>26,595</u>	<u>-</u>	<u>26,595</u>
Net Change in Fund Balance	44,145	37,221	69,427	150,793
Fund Balance - Beginning of Year	<u>1,050,802</u>	<u>154,754</u>	<u>220,030</u>	<u>1,425,586</u>
Fund Balance - Ending of Year	<u>\$ 1,094,947</u>	<u>\$ 191,975</u>	<u>\$ 289,457</u>	<u>\$ 1,576,379</u>

See independent auditor's report.

City of Crossville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - State Street Aid
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
State gas and motor fuel tax	\$ 380,000	\$ 380,000	\$ 420,671	\$ 40,671
Investment income	2,000	2,000	38,006	36,006
Total revenues	<u>382,000</u>	<u>382,000</u>	<u>458,677</u>	<u>76,677</u>
EXPENDITURES:				
Contractual services	<u>240,000</u>	<u>430,000</u>	<u>414,532</u>	<u>(15,468)</u>
Total expenditures	<u>240,000</u>	<u>430,000</u>	<u>414,532</u>	<u>(15,468)</u>
Net Change in Fund Balance	<u>\$ 142,000</u>	<u>\$ (48,000)</u>	44,145	<u>\$ 92,145</u>
Fund Balance - Beginning of Year			<u>1,050,802</u>	
Fund Balance - Ending of Year			<u>\$ 1,094,947</u>	

See independent auditor's report.

City of Crossville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Drug Control
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Fines and forfeitures	\$ 13,000	\$ 13,000	\$ 9,689	\$ (3,311)
Investment income	300	300	4,946	4,646
Miscellaneous and contribution income	75,000	75,000	23,269	(51,731)
Total revenues	<u>88,300</u>	<u>88,300</u>	<u>37,904</u>	<u>(50,396)</u>
EXPENDITURES:				
Public safety	-	-	-	-
Supplies	17,500	36,000	27,278	(8,722)
Capital outlay	50,000	31,500	-	(31,500)
Total expenditures	<u>67,500</u>	<u>67,500</u>	<u>27,278</u>	<u>(40,222)</u>
Deficiency of revenues under expenditures	20,800	20,800	10,626	(10,174)
OTHER FINANCING SOURCES (USES):				
Sale of surplus/confiscated property	-	-	26,595	26,595
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>26,595</u>	<u>26,595</u>
Net change in fund balance	<u>\$ 20,800</u>	<u>\$ 20,800</u>	37,221	<u>\$ 16,421</u>
Fund Balance - Beginning of Year			<u>154,754</u>	
Fund Balance - Ending of Year			<u>\$ 191,975</u>	

See independent auditor's report.

City of Crossville, Tennessee
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Economic Development Hotel/Motel Tax
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Local taxes:				
Occupancy tax	\$ 200,000	\$ 200,000	\$ 231,144	\$ 31,144
Investment income	350	350	8,834	8,484
Miscellaneous and contribution income	-	-	7,500	7,500
Total revenues	<u>200,350</u>	<u>200,350</u>	<u>247,478</u>	<u>47,128</u>
EXPENDITURES:				
Economic development	105,000	105,000	92,500	(12,500)
Personnel expenditures	20,000	21,000	20,551	(449)
Contractual services	30,000	30,000	30,000	-
Miscellaneous	20,000	35,000	35,000	-
Total expenditures	<u>175,000</u>	<u>191,000</u>	<u>178,051</u>	<u>(12,949)</u>
Net Change in Fund Balance	<u>\$ 25,350</u>	<u>\$ 9,350</u>	69,427	<u>\$ 60,077</u>
Fund Balance - Beginning of Year			<u>220,030</u>	
Fund Balance - Ending of Year			<u>\$ 289,457</u>	

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
<u>Government Activities:</u>									
<u>BONDS PAYABLE</u>									
General Obligation Refunding Bonds, Series 2020A1	\$ 4,065,000	2.000 - 4.000%	11/16/2020	6/1/2037	\$ 3,905,000	\$ -	\$ 55,000	\$ -	\$ 3,850,000
General Obligation Improvement Bonds, Series 2020A2	1,235,000	2.000 - 3.000%	11/16/2020	6/1/2037	1,105,000	-	60,000	-	1,045,000
General Obligation Refunding Bonds, Series 2020B	2,185,000	0.427 - 1.693%	11/16/2020	6/1/2028	1,650,000	-	270,000	-	1,380,000
Total Bonds Payable					<u>\$ 6,660,000</u>	<u>\$ -</u>	<u>\$ 385,000</u>	<u>\$ -</u>	<u>\$ 6,275,000</u>
<u>OTHER LOANS PAYABLE</u>									
Tennessee Municipal Bond Fund, Series 2004	\$ 1,090,582	0.400%	7/1/2004	7/1/2024	\$ 130,000	\$ -	\$ 130,000	\$ -	\$ -
Total Other Loans Payable					<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities					<u>\$ 6,790,000</u>	<u>\$ -</u>	<u>\$ 515,000</u>	<u>\$ -</u>	<u>\$ 6,275,000</u>
<u>Business-type Activities:</u>									
<u>BONDS PAYABLE</u>									
Water and Sewer Revenue and Refunding and Improvement Bonds, Series 2020C	\$ 30,755,000	2.000 - 4.000%	11/16/2020	6/1/2050	\$ 29,360,000	\$ -	\$ 560,000	\$ -	\$ 28,800,000
Water and Sewer Revenue and Refunding and Improvement Bonds, Series 2020D	1,440,000	0.419 - 1.509%	11/16/2020	6/1/2027	1,030,000	-	205,000	-	825,000
Total Bonds Payable					<u>\$ 30,390,000</u>	<u>\$ -</u>	<u>\$ 765,000</u>	<u>\$ -</u>	<u>\$ 29,625,000</u>
<u>OTHER LOANS PAYABLE</u>									
Rural Development Loan 91-22	\$ 890,000	1.75%	5/20/2021	5/20/2061	\$ 873,173	\$ -	\$ 15,818	\$ -	\$ 857,355
Rural Development Loan 91-24	308,462	1.50%	5/11/2022	2/11/2062	307,519	-	5,723	-	301,796
Total Other Loans Payable					<u>\$ 1,180,692</u>	<u>\$ -</u>	<u>\$ 21,541</u>	<u>\$ -</u>	<u>\$ 1,159,151</u>
Total Business-type Activities					<u>\$ 31,570,692</u>	<u>\$ -</u>	<u>\$ 786,541</u>	<u>\$ -</u>	<u>\$ 30,784,151</u>

See independent auditor's report.

**CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
JUNE 30, 2023**

Governmental Activities

For the Year Ended June 30,	E-911 TMBF 2004		Series 2020A1 Bonds		Series 2020A2 Bonds		Series 2020B Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ 60,000	\$ 85,050	\$ 65,000	\$ 22,200	\$ 270,000	\$ 17,848	\$ 395,000	\$ 125,098
2025	-	-	65,000	82,650	65,000	20,250	270,000	15,418	400,000	118,318
2026	-	-	65,000	80,050	70,000	18,300	275,000	12,584	410,000	110,934
2027	-	-	65,000	78,100	70,000	16,900	280,000	9,016	415,000	104,016
2028	-	-	65,000	76,150	70,000	15,500	285,000	4,826	420,000	96,476
2029	-	-	360,000	74,200	70,000	14,100	-	-	430,000	88,300
2030	-	-	370,000	63,400	75,000	12,700	-	-	445,000	76,100
2031	-	-	375,000	56,000	75,000	11,200	-	-	450,000	67,200
2032	-	-	385,000	48,500	75,000	9,700	-	-	460,000	58,200
2033	-	-	390,000	40,800	80,000	8,200	-	-	470,000	49,000
2034	-	-	400,000	33,000	80,000	6,600	-	-	480,000	39,600
2035	-	-	410,000	25,000	80,000	5,000	-	-	490,000	30,000
2036	-	-	415,000	16,800	85,000	3,100	-	-	500,000	19,900
2037	-	-	425,000	8,500	85,000	1,700	-	-	510,000	10,200
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,850,000</u>	<u>\$ 768,200</u>	<u>\$ 1,045,000</u>	<u>\$ 165,450</u>	<u>\$ 1,380,000</u>	<u>\$ 59,692</u>	<u>\$ 6,275,000</u>	<u>\$ 993,342</u>

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
JUNE 30, 2023

Business-Type Activities

For the Year Ended June 30,	2020 Series C Bonds		2020 Series D Bonds		Rural Development Loan 91-22		Rural Development Loan 91-24		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 585,000	\$ 659,566	\$ 205,000	\$ 9,736	\$ 16,097	\$ 14,875	\$ 5,809	\$ 4,487	\$ 811,906	\$ 688,664
2025	610,000	636,166	210,000	7,936	16,381	14,591	5,896	4,400	842,277	663,093
2026	630,000	611,766	205,000	5,776	16,670	14,302	5,986	4,310	857,656	636,154
2027	660,000	586,566	205,000	3,094	16,964	14,008	6,076	4,220	888,040	607,888
2028	895,000	566,766	-	-	17,263	13,709	6,168	4,128	918,431	584,603
2029	920,000	539,916	-	-	17,568	12,396	6,261	4,035	943,829	556,347
2030	945,000	512,316	-	-	17,878	13,094	6,355	3,941	969,233	529,351
2031	965,000	493,416	-	-	18,193	12,779	6,451	3,845	989,644	510,040
2032	985,000	474,116	-	-	-	-	6,549	3,747	991,549	477,863
2033	1,005,000	454,416	-	-	-	-	6,648	3,648	1,011,648	458,064
2034	1,025,000	434,316	-	-	-	-	6,748	3,548	1,031,748	437,864
2035	1,045,000	413,816	-	-	-	-	6,850	3,446	1,051,850	417,262
2036	1,065,000	392,916	-	-	-	-	6,954	3,342	1,071,954	396,258
2037	1,090,000	371,616	-	-	-	-	7,059	3,237	1,097,059	374,853
2038	1,110,000	349,816	-	-	-	-	7,165	3,131	1,117,165	352,947
2039	1,130,000	327,616	-	-	720,341	207,519	7,273	3,023	1,857,614	538,158
2040	1,155,000	305,016	-	-	-	-	7,383	2,913	1,162,383	307,929
2041	1,180,000	280,760	-	-	-	-	7,495	2,801	1,187,495	283,561
2042	1,205,000	255,982	-	-	-	-	7,608	2,688	1,212,608	258,670
2043	1,230,000	230,376	-	-	-	-	7,723	2,573	1,237,723	232,949
2044	1,255,000	204,238	-	-	-	-	7,840	2,456	1,262,840	206,694
2045	1,280,000	177,568	-	-	-	-	7,958	2,338	1,287,958	179,906
2046	1,310,000	150,368	-	-	-	-	8,078	2,218	1,318,078	152,586
2047	1,335,000	122,532	-	-	-	-	8,200	2,096	1,343,200	124,628
2048	1,365,000	94,162	-	-	-	-	8,324	1,972	1,373,324	96,134
2049	1,395,000	63,450	-	-	-	-	8,450	1,846	1,403,450	65,296
2050	1,425,000	32,062	-	-	-	-	8,577	1,719	1,433,577	33,781
2051	-	-	-	-	-	-	8,707	1,589	8,707	1,589
2052	-	-	-	-	-	-	8,838	1,458	8,838	1,458
2053	-	-	-	-	-	-	8,972	1,324	8,972	1,324
2054	-	-	-	-	-	-	9,107	1,189	9,107	1,189
2055	-	-	-	-	-	-	9,245	1,051	9,245	1,051
2056	-	-	-	-	-	-	9,385	911	9,385	911
2057	-	-	-	-	-	-	9,526	770	9,526	770
2058	-	-	-	-	-	-	9,670	626	9,670	626
2059	-	-	-	-	-	-	9,816	480	9,816	480
2060	-	-	-	-	-	-	9,965	331	9,965	331
2061	-	-	-	-	-	-	10,115	181	10,115	181
2062	-	-	-	-	-	-	6,566	36	6,566	36
	<u>\$ 28,800,000</u>	<u>\$ 9,741,620</u>	<u>\$ 825,000</u>	<u>\$ 26,542</u>	<u>\$ 857,355</u>	<u>\$ 317,273</u>	<u>\$ 301,796</u>	<u>\$ 96,054</u>	<u>\$ 30,784,151</u>	<u>\$ 10,181,489</u>

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
AND UNCOLLECTED DELINQUENT TAXES FILED
JUNE 30, 2023

Year of Levy	Gross Property Taxes Receivable July 1, 2022	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Allowances for Uncollectibles	Net Property Taxes Receivable June 30, 2023
2023	\$ -		\$ 3,615,809	\$ -	\$ -	\$ -	3,615,809
2022	-	3,532,335	-	78,652	(3,284,520)	-	326,467
2021	65,610	-	-	-	(29,569)	(6,675)	29,366
2020	36,182	-	-	-	(10,273)	(25,909)	-
2019	26,762	-	-	-	(8,620)	(18,142)	-
2018	19,423	-	-	-	(10,125)	(9,298)	-
2017	11,903	-	-	-	(6,281)	(5,622)	-
2016	12,739	-	-	-	(6,496)	(6,243)	-
2015	3,991	-	-	-	(972)	(3,019)	-
2014	2,889	-	-	-	(158)	(2,731)	-
Before 2014	11,015	-	-	-	(152)	(10,863)	-
	<u>\$ 190,514</u>	<u>\$ 3,532,335</u>	<u>\$ 3,615,809</u>	<u>\$ 78,652</u>	<u>\$ (3,357,166)</u>	<u>\$ (88,502)</u>	<u>\$ 3,971,642</u>

Note: All uncollected taxed for years prior to 2022 have been turned over to the Clerk and Master for collection.

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
TEN YEAR SUMMARY
JUNE 30, 2023
(UNAUDITED)

Fiscal Year	Tax Year	Tax Rate*	Assessment	Tax Assessed
2023	2022	0.6059	\$ 608,988,281	\$ 3,615,809
2022	2021	0.6059	\$ 582,205,887	\$ 3,532,335
2021	2020	0.7500	458,531,669	3,438,943
2020	2019	0.5900	464,138,858	2,740,741
2019	2018	0.5900	454,527,768	2,683,981
2018	2017	0.5900	451,656,720	2,667,035
2017	2016	0.5900	452,066,777	2,669,456
2016	2015	0.6300	425,928,952	2,683,354
2015	2014	0.6300	415,156,189	2,615,491
2014	2013	0.5300	409,292,914	2,169,252

* Per \$100 of assessed valuation.

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
JUNE 30, 2023
(UNAUDITED)

WATER AND SEWER CUSTOMER RATES

<u>First 2,000 gallons</u>	<u>Inside the City</u>	<u>Outside the City</u>
Water	\$ 10.68 Minimum Bill	\$ 16.04 Minimum Bill
Sewer	\$ 15.08 Minimum Bill	\$ 22.62 Minimum Bill
<u>All Over 2,000 gallons</u>	<u>Inside the City</u>	<u>Outside the City</u>
Water	\$ 5.34 Per 1,000 gallons	\$ 8.02 Per 1,000 gallons
Sewer	\$ 7.54 Per 1,000 gallons	\$ 11.31 Per 1,000 gallons

Utility Districts:

South Cumberland	\$ 3.88 Per 1,000 gallons
Grandview	\$ 3.88 Per 1,000 gallons
Catoosa	\$ 1.50 Per 1,000 gallons

NUMBER OF CUSTOMERS

	<u>Inside the City</u>	<u>Outside the City</u>	<u>Totals</u>
Water Customers:			
Residential	4,323	7,979	12,302
Commercial	1,403	310	1,713
Industrial	30	4	34
CUD Master Meters	-	4	4
Utility District Taps	-	5	5
	<u>5,756</u>	<u>8,302</u>	<u>14,058</u>
Total Water Customers	<u>5,756</u>	<u>8,302</u>	<u>14,058</u>
Total Sewer Customers	<u>5,512</u>	<u>70</u>	<u>5,582</u>

See independent auditor's report.

CITY OF CROSSVILLE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2023
Governmental Activities:									
LEASES PAYABLE									
<u>Payable through General Fund</u>									
Lease - Chevrolet Traverse	\$ 17,112	3.00%	02/25/2022	01/31/2025	\$ 14,827	\$ -	\$ 5,603	\$ -	\$ 9,224
Lease - Chevrolet Silverado	43,433	3.00%	02/16/2022	01/31/2027	40,056	-	8,277	-	31,779
Lease - Chevrolet Silverado	55,581	3.00%	06/14/2022	05/31/2027	55,581	-	10,652	-	44,929
Lease - Chevrolet Silverado Crew Cab	29,011	3.00%	05/19/2022	04/30/2025	27,467	-	9,429	-	18,038
Lease - Chevrolet Silverado Crew Cab	23,787	3.00%	04/04/2022	03/04/2025	22,483	-	7,962	-	14,521
Lease - Chevrolet Silverado Regular Cab	21,585	3.00%	03/01/2022	02/01/2025	19,808	-	7,243	-	12,565
Lease - Chevrolet Silverado Double Cab	19,057	3.00%	02/01/2022	01/01/2025	16,962	-	6,411	-	10,551
Lease - Chevrolet Silverado Crew Cab	42,855	3.00%	03/31/2022	02/28/2027	40,193	-	8,146	-	32,047
Lease - Chevrolet Silverado Crew Cab	41,716	3.00%	03/31/2022	02/28/2027	39,125	-	7,930	-	31,195
Lease - Chevrolet Silverado 4X4 Regular Cab	37,189	3.00%	04/28/2022	03/28/2027	35,459	-	7,051	-	28,408
Lease - Chevrolet Silverado Double Cab	21,953	3.00%	02/01/2022	01/01/2025	19,539	-	7,385	-	12,154
Lease - Chevrolet Silverado	45,707	5.00%	07/05/2022	07/05/2027	-	45,707	7,549	-	38,158
Lease - Chevrolet Silverado	35,609	5.00%	08/11/2022	08/11/2027	-	35,609	5,335	-	30,274
Lease - Ford F150	20,647	5.00%	09/26/2022	09/26/2025	-	20,647	5,429	-	15,218
Lease - Chevrolet Traverse	18,435	5.00%	9/26/2022	09/26/2025	-	18,435	4,706	-	13,729
Lease - Dodge Durango	56,149	5.00%	09/28/2022	09/28/2027	-	56,149	8,257	-	47,892
Lease - Dodge Durango	56,336	5.00%	09/28/2022	09/28/2027	-	56,336	8,285	-	48,051
Lease - Dodge Durango	56,149	5.00%	09/28/2022	09/28/2027	-	56,149	8,257	-	47,892
Lease - Dodge Durango	56,042	5.00%	09/28/2022	09/28/2027	-	56,042	8,241	-	47,801
Lease - Dodge Durango	56,880	5.00%	09/28/2022	09/28/2027	-	56,880	8,365	-	48,515
Lease - Dodge Durango	56,042	5.00%	09/28/2022	09/28/2027	-	56,042	8,241	-	47,801
Lease - Ford F150	3,421	5.00%	11/01/2022	10/31/2023	-	3,421	2,159	-	1,262
Lease - Ford F150	7,736	5.00%	11/01/2022	10/31/2023	-	7,736	4,882	-	2,854
Lease - Ford F150	18,233	5.00%	11/01/2022	10/31/2025	-	18,233	3,437	-	14,796
Lease - Chevrolet Silverado	26,790	5.00%	12/09/2022	12/31/2025	-	26,790	4,191	-	22,599
Lease - Chevrolet Silverado	26,790	5.00%	12/09/2022	12/31/2025	-	26,790	4,191	-	22,599
Lease - Chevrolet Silverado	48,560	5.00%	01/04/2023	01/31/2028	-	48,560	3,600	-	44,960
Lease - Ford F-550 Chassis	79,906	5.00%	03/09/2023	03/31/2028	-	79,906	3,540	-	76,366
Lease - Chevrolet Silverado	29,507	5.00%	03/10/2023	03/31/2026	-	29,507	2,294	-	27,213
Total Payable through General Fund					<u>331,500</u>	<u>698,939</u>	<u>187,048</u>	<u>-</u>	<u>843,391</u>
<u>Payable through Water and Sewer Fund</u>									
Lease - Chevrolet Silverado Double Cab	37,525	3.00%	04/27/2022	03/27/2027	35,780	-	7,115	-	28,665
Lease - Chevrolet Silverado Double Cab	18,233	5.00%	11/01/2022	10/31/2025	-	18,232	3,437	-	14,795
Lease - Chevrolet Silverado Double Cab	26,896	5.00%	01/19/2023	01/31/2026	-	26,896	4,085	-	22,811
Lease - Chevrolet Silverado Double Cab	26,896	5.00%	01/19/2023	01/31/2026	-	26,896	4,085	-	22,811
Total Payable through Water and Sewer Fund					<u>35,780</u>	<u>72,024</u>	<u>18,722</u>	<u>-</u>	<u>89,082</u>
Total Leases Payable					<u>\$ 367,280</u>	<u>\$ 770,963</u>	<u>\$ 205,770</u>	<u>\$ -</u>	<u>\$ 932,473</u>

See independent auditor's report.

CITY OF CROSSVILLE
SCHEDULE OF LEASE REQUIREMENTS BY YEAR
JUNE 30, 2023

Year Ending June 30	Leases				Total Primary Government Total
	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	
2024	\$ 239,825	\$ 32,547	\$ 30,429	\$ 3,256	\$ 306,057
2025	230,855	22,345	31,833	1,851	286,884
2026	180,251	13,087	20,827	511	214,676
2027	151,983	5,664	5,993	75	163,715
2028	40,477	552	-	-	41,029
Total	<u>\$ 843,391</u>	<u>\$ 74,195</u> ;-	<u>\$ 89,082</u> ;-	<u>\$ 5,693</u>	<u>\$ 1,012,361</u>

See independent auditor's report.

**CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023**

GRANTOR AGENCY	ASSISTANCE LISTING NUMBER	GRANTOR'S CONTRACT NUMBER	EXPENDITURES
<u>Federal Awards</u>			
U.S. Department of Transportation			
Passed through the Tennessee Department of Transportation:			
FAA Airports Coronavirus Response Grant Program - COVID	20.106	AERO-22-179-00	\$ 9,000
FAA American Rescue Plan Act (ARPA) Funding for Airports	20.106	AERO-22-268-00	22,000
Obstruction Clearing - Phase II	20.106	AERO-22-243-00	493,865
Precision Approach Path Indicator Project	20.106	AERO-22-242-00	93,770
Terminal Building Renovations	20.106	AERO-23-271-00	82,050
Highway Program (Northwest Connector)	20.205	140210	<u>26,480</u>
Total U.S. Department of Transportation			<u>727,165</u>
U.S. Department of Safety and Homeland Security			
Enforcement of Tennessee Driving Under the Influence Laws	20.600	Z22THS077	<u>24,205</u>
U.S. Department of Justice			
Police Body Cam Grant	16.607	28874079	43,000
Bulletproof Vest Partnership Program	16.607	009BUBX09049954	<u>2,550</u>
			<u>45,550</u>
U.S. Department of the Treasury			
The Coronavirus State and Local Fiscal Recovery Funds Program*	21.027	American Rescue Plan Act of 2021	<u>842,490</u>
U.S. Drug Enforcement Administration			
High Intensity Drug Trafficking Area	95.001	G21AP0001A	<u>12,840</u>
Total Federal Awards			<u>\$ 1,652,250</u>

* Denotes a major program.

See independent auditor's report.

**CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023**

GRANTOR AGENCY	ASSISTANCE LISTING NUMBER	GRANTOR'S CONTRACT NUMBER	EXPENDITURES
<u>State Financial Assistance</u>			
<u>Tennessee Department of Transportation</u>			
State Transportation Funds	N/A	18LPLM-F3-010	\$ 173,138
Airport Operations Counting System	N/A	AERO-23-168-00	\$ 9,549
Aeronautics Division Grant Maintenance	N/A	4100-00619	<u>15,000</u>
Total Tennessee Department of Transportation			<u>197,687</u>
Total State Financial Assistance			\$ <u>197,687</u>
Total Federal Awards and State Financial Assistance			\$ <u><u>1,849,937</u></u>

See independent auditor's report.

CITY OF CROSSVILLE, TENNESSEE
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

A. BASIS OF PRESENTATION

The schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis of accounting. The information in the schedule of expenditures of federal awards and state financial assistance is presented in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the schedule of expenditures of federal awards and state financial assistance presents only a selected portion of the City's operations, they are not intended to and do not present the financial position, changes in net position, or cash flows of the City.

B. CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

C. DE MINIMIS COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMPLIANCE AND INTERNAL CONTROL





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

To the Honorable Mayor and City Council
City of Crossville, 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, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 26, 2024.

Internal Control over Financial Reporting

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



To the Honorable Mayor and City Council
City of Crossville, Tennessee

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Crossville, Tennessee'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 financial statements. 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
February 26, 2024



Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance
Required by the Uniform Guidance

The Honorable Mayor
and City Council
City of Crossville
Crossville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Crossville, Tennessee's ("City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2023. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

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

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

The Honorable Mayor
and City Council
City of Crossville

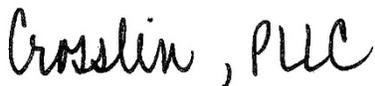
Report on Internal Control over Compliance

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

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

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

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



Nashville, Tennessee
February 26, 2024

CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds <u>\$842,490</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

CITY OF CROSSVILLE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CITY OF CROSSVILLE, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

The City had no prior year audit findings.