

CITY OF CROSSVILLE, TENNESSEE
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025

I. INTRODUCTORY SECTION

CITY OF CROSSVILLE, TENNESSEE
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June 30, 2025

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CITY OF CROSSVILLE, TENNESSEE
Mayor and Officials
June 30, 2025

Mayor – R.J. Crawford

Mayor Pro Tem – Rob Harrison (July 2024- December 2024)

Mayor Pro Tem – Art Gernt (December 2024 – June 2025)

Councilmember – Art Gent (July 2024 -December 2024)

Councilmember – Scot Shanks (July 2024 – December 2024)

Councilmember – James Mayberry (December 2024 – June 2025)

Councilmember – Mark Fox, MD (December 2024 – June 2025)

Councilmember – Mike Turner

City Manager – Valerie Hale

Finance Director – Nathan Clouse

II. FINANCIAL SECTION

Waycaster, CPA LLC

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilmen
City of 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crossville as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Crossville, Tennessee'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Crossville, Tennessee, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Capital Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the 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 of Crossville, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 of Crossville, Tennessee's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Crossville, Tennessee'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.

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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Crossville, Tennessee’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crossville, Tennessee’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements, discretely presented component unit financial statements, and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, discretely presented component unit financial statements, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Financial Schedules, but does not include the schedule of expenditures of federal awards or 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 24, 2026, on our consideration of the City of Crossville, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Crossville, Tennessee'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 of Crossville, Tennessee's internal control over financial reporting and compliance.

Waycaster, CPA LLC

Chickamauga, Georgia
February 24, 2026

**CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025. 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 and deferred outflows of the City of Crossville exceeded its liabilities and deferred inflows at the close of the most recent year by \$143,603,023. Of this amount, \$39,742,577 (unrestricted net assets) may be used to meet the government’s ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, fund balance for the General Fund was \$25,095,789.
- As of the close of the current fiscal year, the City’s business-type activities reported an ending net position of \$70,251,283.
- The City paid down \$1,548,105 of its long-term debt.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Crossville’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 and liabilities, with the difference between the two 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 tax and earned but unused vacation leave).

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

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

works, public safety, state street aid, and public welfare. 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 of Crossville, 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 funds 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, government 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 the 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 be better to understand the long-term impact of the government's near-term financial 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 five 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 two proprietary funds.

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 its Water and Sewer operations, as well as the operation of the Catoosa Water System.

Enterprise Funds- The City uses enterprise funds to account for its water and sewer services.

CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements.

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.

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 of Crossville, assets exceeded liabilities by \$143,603,023 at the close of this fiscal year, compared to \$138,037,839 in the prior year.

The largest portion of the City's net position (71%), 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.

An additional portion of the City of Crossville, Tennessee's net position (1.1%) represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Crossville, Tennessee is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its' business-type activities.

Significant Budget Variances

Local option sales tax and grant funding were under budgeted expectations. However, business tax revenues exceeded budgeted expectations by \$618,873. Public safety expenditures were underbudget by \$2,428,804 largely due to capital outlay budgeted not being purchased.

**CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Currently Known Economic Conditions

In the upcoming 2025-2026 budget, General Fund revenues are budgeted to approximate from the 2024-2025 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 2025-2026 fiscal year.

City of Crossville, Tennessee Net Position

	Governmental Activities		Business-Type Activities	
	2025	2024	2025	2024
Current assets	\$32,702,081	\$ 35,674,420	\$18,471,868	\$ 19,513,772
Capital assets, net	55,277,854	52,906,509	83,164,165	79,542,506
Total Assets	87,979,935	88,580,929	101,636,033	99,056,278
Deferred outflows	2,426,017	3,129,266	611,455	788,174
Total Deferred Outflows	2,426,017	3,129,266	611,455	788,174
Current and other liabilities	2,781,890	2,814,799	2,003,821	2,950,963
Long-term liabilities	9,135,854	9,511,726	29,459,129	30,298,337
Total Liabilities	11,917,744	12,326,525	31,462,950	33,249,300
Deferred inflows of resources	5,136,468	5,143,887	533,253	2,797,096
Deferred Inflows of Resources	5,136,468	5,143,887	533,253	2,797,096
Net Investment in Capital Assets	48,535,854	46,576,383	53,727,073	49,291,918
Restricted	1,585,478	1,296,989	12,041	-
Unrestricted	23,230,408	26,366,411	16,512,169	14,506,138
Total Net Position	\$73,351,740	\$ 74,239,783	\$70,251,283	\$ 63,798,056

Changes in net position. Governmental activities decreased the City's net position by \$1,476,611. Business-type activities net position increased by \$6,416,241.

**CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

City of Crossville, Tennessee Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Program Revenues				
Charges for services	\$ 204,813	\$ 384,805	13,960,623	12,493,773
Grants and contributions	2,931,693	2,569,554	4,751,974	685,166
General Revenues				
Taxes	21,030,853	20,831,407		
Other revenues	(198,630)	2,130,995	777,545	51,189
Investment earnings	1,024,696	1,302,803	47,354	967,165
Total Revenues	<u>24,993,425</u>	<u>27,219,564</u>	<u>19,537,496</u>	<u>14,197,293</u>
Expenses				
General government	8,976,717	4,917,773	-	-
Public safety	9,701,845	9,220,863	-	-
Public works	4,302,521	4,837,035	-	-
Cemetaries	132,579	117,600	-	-
Municipal airport	521,822	494,736	-	-
Parks and recreation	2,198,034	2,022,037	-	-
Tourism and development	441,038	418,564	-	-
Interest on long-term debt	195,481	102,240	-	-
Water and Sewer	-	-	13,121,255	12,970,112
Total Expenses	<u>26,470,037</u>	<u>22,130,848</u>	<u>13,121,255</u>	<u>12,970,112</u>
Change in net position	(1,476,611)	5,088,716	6,416,241	1,227,181
Net position, beginning, restated	74,828,351	69,151,067	63,835,042	62,570,875
Net position, ending	\$73,351,740	\$ 74,239,783	\$ 70,251,283	63,798,056

Significant variances in Governmental Activities revenues and expenditures from that of the prior year were as follows:

- Grants and contributions increased by \$362,139.
- General government expenditures increased by \$4,058,944.

Significant variances in Business-Type Activities revenues and expenditures from that of the prior year were as follows:

- Revenues of the water and sewer fund increased by \$5,340,203, while expenditures increased by \$151,143.

**CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Business-type Activities

Business-type activities accounted for revenue of \$19,537,496.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City of Crossville'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 \$26,633,100, an decrease of \$3,182,672 in comparison with the prior year. Approximately \$24,852,738 (93%) of this balance is unassigned. This amount is available for spending at the government's discretion. The remainder of the fund balance is nonspendable and restricted.

The general fund is the chief operation fund of the City of Crossville, Tennessee. 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 \$24,852,738. 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 92% of total general fund expenditures.

Proprietary funds

The City's proprietary funds provides 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 Funds amounted to \$16,512,169.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Crossville, Tennessee's business-type activities.

Capital Assets

The City of Crossville's investment in capital assets from its governmental and business-type activities at June 30, 2025 amounts to \$137,745,496 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvement, machinery and equipment, park facilities, roads, highways, and bridges.

**CITY OF CROSSVILLE, TENNESSEE
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

City of Crossville, Tennessee Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 9,086,236	\$ 11,809,700	\$ 574,816	\$ 574,816	\$ 9,661,052	\$ 12,384,516
Buildings and improvements	11,797,692	10,508,576	126,966,789	130,001,768	138,764,481	140,510,344
Furniture, machinery, and equipment	14,919,237	14,195,278	10,807,616	6,616,116	25,726,853	20,811,394
Construction in progress	13,139,916	10,009,192	20,081,340	14,322,523	33,221,256	24,331,715
Infrastructure and Improvements	46,593,873	45,232,701	-	-	46,593,873	45,232,701
Accumulated Depreciation	<u>(40,955,621)</u>	<u>(38,848,938)</u>	<u>(75,266,398)</u>	<u>(71,972,717)</u>	<u>(116,222,019)</u>	<u>(110,821,655)</u>
Total capital Assets	<u>\$54,581,333</u>	<u>\$ 52,906,509</u>	<u>\$83,164,163</u>	<u>\$ 79,542,506</u>	<u>\$137,745,496</u>	<u>\$132,449,015</u>

Additional information on the City of Crossville’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 \$35,245,091. Of this amount, \$1,526,989 is due in the next fiscal year.

City of Crossville, Tennessee Outstanding Debt

	Governmental	Business-Type	Total
	Activities	Activities	
Principal due in the next fiscal year	\$613,998	\$912,991	\$1,526,989

The City of Crossville has a combined total debt in the amount of \$35,245,091 outstanding during the current fiscal year, a decrease of \$1,202,718 from the prior year.

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

Requests for Information

This financial report is designed to provide a general overview of the City of Crossville, Tennessee’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 City of Crossville, Nathan Clouse – Finance Director, 392 N Main St, Crossville, TN 38555.

CITY OF CROSSVILLE, TENNESSEE
Government-Wide Statement of Net Position
June 30, 2025

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
ASSETS				
Current Assets				
Cash	\$ 5,392,755	\$ 1,073,780	\$ 6,466,535	\$ 37,483,216
Investments	18,260,218	14,451,644	32,711,862	-
Property taxes receivable - net	3,922,519	-	3,922,519	-
Accounts receivable - net	413,677	2,257,987	2,671,664	-
Due from other governments	4,308,020	-	4,308,020	-
Grants receivable	-	97,506	97,506	-
Internal balance	(2,100)	2,100	-	-
Lease receivable- due within one year	3,944	-	3,944	-
Interest receivable	159,997	-	159,997	-
Stabilization Reserve Trust	48,167	12,041	60,208	-
Inventory	194,884	487,349	682,233	-
Restricted cash	-	89,461	89,461	-
Total Current Assets	<u>32,702,081</u>	<u>18,471,868</u>	<u>51,173,949</u>	<u>37,483,216</u>
Non-current Assets				
Lease receivable-due more than one year	696,523	-	696,523	-
Capital assets				
Land	9,086,236	574,817	9,661,053	2,382,835
Construction in process	13,139,916	20,081,340	33,221,256	4,861,425
Other capital assets - net of accumulated depreciation	32,355,179	62,508,008	94,863,187	-
Total capital assets	<u>54,581,331</u>	<u>83,164,165</u>	<u>137,745,495</u>	<u>7,244,260</u>
Total Non-current Assets	<u>55,277,854</u>	<u>83,164,165</u>	<u>138,442,018</u>	<u>7,244,260</u>
TOTAL ASSETS	<u>\$ 87,979,935</u>	<u>\$ 101,636,033</u>	<u>\$ 189,615,967</u>	<u>\$ 44,727,476</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to Pension	\$ 1,542,681	\$ 385,670	\$ 1,928,351	\$ -
Deferred outflows related to OPEB	883,336	225,785	1,109,121	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,426,017</u>	<u>\$ 611,455</u>	<u>\$ 3,037,472</u>	<u>\$ -</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 1,887,065	\$ 948,034	\$ 2,835,100	\$ 1,339,503
Accrued liabilities	280,827	142,796	423,623	-
Bonds payable - due within one year	613,998	912,991	1,526,989	765,000
Total current liabilities	<u>2,781,890</u>	<u>2,003,821</u>	<u>4,785,711</u>	<u>2,104,503</u>
Non-current Liabilities				
Landfill postclosure care	59,110	-	59,110	-
Net Pension Liability	1,126,691	281,673	1,408,364	-
Total OPEB Liability	2,007,626	513,158	2,520,784	-
Bonds payable - due more than one year, net of premium	5,431,478	28,524,100	33,955,579	37,845,000
Compensated absences	510,948	140,198	651,146	-
Total non-current liabilities	<u>9,135,853</u>	<u>29,459,129</u>	<u>38,594,983</u>	<u>37,845,000</u>
TOTAL LIABILITIES	<u>\$ 11,917,744</u>	<u>\$ 31,462,950</u>	<u>\$ 43,380,694</u>	<u>\$ 39,949,503</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to property taxes	\$ 3,661,845	\$ -	\$ 3,661,845	\$ -
Deferred inflows related to leases	675,457	-	675,457	-
Deferred inflows related to revenue	-	330,716	330,716	-
Deferred inflows related to Pension	309,426	77,357	386,783	-
Deferred inflows related to OPEB	489,740	125,180	614,920	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 5,136,468</u>	<u>\$ 533,253</u>	<u>\$ 5,669,721</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 48,535,854	\$ 53,727,073	\$ 102,262,928	\$ 7,244,260
Restricted for:				
Stabilization Reserve Trust	48,167	12,041	60,208	-
Streets and roads	954,699	-	954,699	-
Drug control and investigation	285,952	-	285,952	-
Economic development - Hotel/motel tax	296,660	-	296,660	-
Unrestricted	<u>23,230,408</u>	<u>16,512,169</u>	<u>39,742,577</u>	<u>(2,466,287)</u>
TOTAL NET POSITION	<u>\$ 73,351,740</u>	<u>\$ 70,251,283</u>	<u>\$ 143,603,023</u>	<u>\$ 4,777,973</u>

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

CITY OF CROSSVILLE, TENNESSEE
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 4,598,242	\$ 337,233	\$ 457,280	\$ 5,392,755
Investments	17,229,102	-	1,031,116	18,260,218
Property taxes receivable - net	3,922,519	-	-	3,922,519
Other accounts receivable - net	413,677	-	-	413,677
Due from other governments	4,233,573	-	74,447	4,308,020
Lease receivable-due within one year	3,944	-	-	3,944
Lease receivable-due more than one year	696,523	-	-	696,523
Interest receivable	159,997	-	-	159,997
Stablization Reserve Trust	48,167	-	-	48,167
Inventory	194,884	-	-	194,884
Prepaid expense	-	-	-	-
Total Assets	<u>\$ 31,500,628</u>	<u>\$ 337,233</u>	<u>\$ 1,562,843</u>	<u>\$ 33,400,704</u>
LIABILITIES				
Accounts payable	\$ 1,524,300	\$ 337,233	\$ 25,532	\$ 1,887,065
Accrued liabilities	280,827	-	-	280,827
Due to other funds	2,100	-	-	2,100
Total Liabilities	<u>\$ 1,807,227</u>	<u>\$ 337,233</u>	<u>\$ 25,532</u>	<u>\$ 2,169,992</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to property taxes	\$ 3,922,155	-	\$ -	\$ 3,922,155
Deferred inflows related to leases	675,457	-	-	675,457
Total Deferred Inflows of Resources	<u>\$ 4,597,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,597,612</u>
FUND BALANCES				
Nonspendable	\$ 194,884	\$ -	\$ -	\$ 194,884
Restricted	48,167	-	1,537,311	1,585,478
Unassigned	24,852,738	-	-	24,852,738
Total Fund Balances	<u>\$ 25,095,789</u>	<u>\$ -</u>	<u>\$ 1,537,311</u>	<u>\$ 26,633,100</u>

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

CITY OF CROSSVILLE, TENNESSEE
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025

Total fund balances per governmental funds balance sheet	\$ 26,633,100
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	54,581,331
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(6,615,534)
Some Property tax will not be collected for several months after the Town's fiscal year end, they are not considered "available" revenues in the governmental funds.	260,310
Pension and OPEB liabilities, including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	<u>(1,507,466)</u>
Net position of governmental activities	<u><u>\$ 73,351,740</u></u>

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

CITY OF CROSSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 17,967,081	\$ -	\$ -	\$ 17,967,081
Licenses and permits	189,408	-	-	189,408
Intergovernmental revenue	6,046,692	-	631,643	6,678,335
Charges for services	204,813	-	-	204,813
Fines and forfeitures	84,911	-	66,096	151,007
Other revenue	1,604,049	-	90,784	1,694,833
Total Revenues	<u>26,096,954</u>	<u>-</u>	<u>788,523</u>	<u>26,885,477</u>
EXPENDITURES				
Current Expenditures				
General government	8,617,392	-	-	8,617,392
Public safety	8,541,395	-	4,302	8,545,697
Public works	2,821,242	-	262,983	3,084,225
Cemetaries	121,301	-	-	121,301
Municipal airport	142,264	-	-	142,264
Parks and recreation	1,719,452	-	-	1,719,452
Tourism development	160,122	-	280,916	441,038
Capital outlay	3,908,097	3,640,566	-	7,548,663
Debt service	851,110	-	-	851,110
Total Expenditures	<u>26,882,375</u>	<u>3,640,566</u>	<u>548,201</u>	<u>31,071,142</u>
Excess (deficiency) of revenues over (under) expenditures	(785,421)	(3,640,566)	240,322	(4,185,665)
OTHER FINANCING SOURCES (USES)				
Proceeds for sale of capital assets	686,476	-	-	686,476
Insurance recoveries	101,177	-	-	101,177
Lease proceeds	215,340	-	-	215,340
Transfer in (out)	(3,640,566)	3,640,566	-	-
	<u>(2,637,573)</u>	<u>3,640,566</u>	<u>-</u>	<u>1,002,993</u>
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures	(3,422,994)	-	240,322	(3,182,672)
Fund Balances - beginning	27,364,991	-	1,296,989	28,661,980
Correction of an error - see notes	1,153,792	-	-	1,153,792
Fund Balances - beginning, restated	<u>28,518,783</u>	<u>-</u>	<u>1,296,989</u>	<u>29,815,772</u>
Fund Balances - end	<u>\$ 25,095,789</u>	<u>\$ -</u>	<u>\$ 1,537,311</u>	<u>\$ 26,633,100</u>

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

CITY OF CROSSVILLE, TENNESSEE
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances for total governmental funds	\$ (3,182,672)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	92,811
Governmental funds report capital outlay as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.	2,084,407
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	450,668
Accrued leave reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(78,387)
Pension and OPEB expense for the prior year is not reported in the governmental funds, but is reported in the Statement of Activities. Current year pension contributions are reported as an expense in the governmental funds but are not report in the Statement of Activities.	<u>(843,438)</u>
Change in net position of governmental activities	<u><u>\$ (1,476,611)</u></u>

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

CITY OF CROSSVILLE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
Property taxes	3,600,000	3,600,000	3,462,965	(137,035)
Penalties and interest	35,000	35,000	36,159	1,159
In lieu of tax - Water and Sewer fund	220,000	220,000	220,000	-
In lieu of tax - Others	210,000	210,000	241,112	31,112
Cable TV Franchise tax	170,000	170,000	144,038	(25,962)
Local sales tax	13,170,000	13,170,000	12,699,377	(470,623)
Wholesale liquor tax	475,000	475,000	425,545	(49,455)
Wholesale beer tax	775,000	775,000	737,885	(37,115)
Total Taxes	18,655,000	18,655,000	17,967,081	(687,919)
Licenses and Permits				
Beer license	14,000	14,000	11,274	(2,726)
Liquor license	18,000	18,000	14,000	(4,000)
Building and related permits	221,750	221,750	164,134	(57,616)
Total Licenses and Permits	253,750	253,750	189,408	(64,342)
Intergovernmental Revenue				
State shared revenue				
Business tax	540,000	540,000	1,158,873	618,873
Mixed drink tax	160,000	160,000	130,103	(29,897)
State sales tax	1,300,000	1,300,000	1,523,216	223,216
State beer tax	6,000	6,000	5,080	(920)
TVA in lieu of tax	140,000	140,000	146,648	6,648
Streets and transportation funds	22,000	22,000	22,035	35
Sports betting tax	25,000	25,000	27,098	2,098
Other state share tax	25,000	25,000	123,981	98,981
Federal and State grants	5,299,498	5,569,498	2,909,658	(2,659,840)
Total Intergovernmental Revenue	7,517,498	7,787,498	6,046,692	(1,740,806)
REVENUES (Continued)				
Charges For Services				
Concessions	49,500	49,500	52,782	3,282
Gift Shop sales	20,000	20,000	14,183	(5,817)
Ticket sales	100,000	100,000	75,007	(24,993)
Parks and recreation fees	48,000	48,000	52,765	4,765
Police special services	6,750	6,750	10,076	3,326
Total Charges For Services	224,250	224,250	204,813	(19,437)

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

CITY OF CROSSVILLE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES (Continued)				
Court fines and forfeitures	81,150	81,150	84,911	3,761
Other Revenue				
Donations	25,000	25,000	16,550	(8,450)
Interest earnings	1,000,000	1,000,000	1,021,911	21,911
Earnings from Stablization Trust	-	-	2,335	2,335
City property rent	1,300	1,300	229,299	227,999
Lease interest	-	-	450	450
Miscellaneous	309,600	309,600	333,504	23,904
Total Other Revenue	1,335,900	1,335,900	1,604,049	268,149
Total Revenues	28,067,548	28,337,548	26,096,954	(2,240,594)
EXPENDITURES				
Current Expenditures				
General government				
City Court				
Personnel expenditures	29,500	29,900	29,500	400
Contractual services	25	125	-	125
Total City Court	29,525	30,025	29,500	525
Legislative Board				
Personnel expenditures	90,662	93,733	87,328	6,405
Contractual services	7,400	4,329	3,945	384
Supplies	600	600	487	113
Total Legislative Board	98,662	98,662	91,760	6,902
Central Staff				
Personnel expenditures	1,057,100	1,059,700	958,799	100,901
Contractual services	66,250	72,150	67,212	4,938
Supplies	17,700	14,200	12,308	1,892
Total Central Staff	1,141,050	1,146,050	1,038,319	107,731
Information Technology				
Personnel expenditures	248,400	254,650	239,081	15,569
Contractual services	39,400	40,900	27,640	13,260
Supplies	60,600	55,600	29,388	26,212
Capital outlay	55,000	55,000	46,854	8,146
Total Information Technology	403,400	406,150	342,963	63,187
Engineering				
Personnel expenditures	607,400	611,084	556,182	54,902
Contractual services	15,300	16,485	11,155	5,330
Supplies	10,100	13,000	9,798	3,202
Fixed charges	7,500	-	-	-
Total Engineering	640,300	640,569	577,135	63,434

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

CITY OF CROSSVILLE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures				
General government				
Stormwater				
Personnel expenditures	190,400	192,800	183,405	9,395
Contractual services	8,700	6,200	2,897	3,303
Supplies	2,450	2,950	2,350	600
Fixed charges	12,000	4,500	3,460	1,040
Total Stormwater	213,550	206,450	192,112	14,338
Planning and Zoning				
Personnel expenditures	3,600	3,600	1,920	1,680
Supplies	750	750	696	54
Total Planning and Zoning	4,350	4,350	2,616	1,734
City Hall Building				
Contractual services	168,700	173,950	162,440	11,510
Supplies	8,300	8,050	7,910	140
Capital outlay	-	20,000	16,800	3,200
Total City Hall Building	177,000	202,000	187,150	14,850
Maintenance				
Personnel expenditures	1,042,900	1,052,348	1,011,875	40,473
Contractual services	71,350	71,900	54,305	17,595
Supplies	96,000	96,450	91,583	4,867
Fixed charges	86,950	-	-	-
Capital outlay	167,000	223,000	298,739	(75,739)
Total Maintenance	1,464,200	1,443,698	1,456,502	(12,804)
Administration				
Personnel expenditures	132,100	168,790	166,998	1,792
Contractual services	163,750	158,950	131,702	27,248
Supplies	14,600	8,510	4,357	4,153
Fixed charges	330,350	359,550	359,005	545
Contributions and grants	265,000	4,311,223	4,302,487	8,736
Capital outlay	30,000	11,000	-	11,000
Total Administration	935,800	5,018,023	4,964,549	53,474
Total General government	5,009,175	9,097,315	8,790,846	249,215

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

CITY OF CROSSVILLE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures				
Public safety				
Police				
Personnel expenditures	4,534,700	4,593,990	4,347,311	246,679
Contractual services	585,500	583,500	604,910	(21,410)
Supplies	242,000	240,760	196,288	44,472
Fixed charges	73,000	-	-	-
Contributions and grants	55,000	55,000	38,226	16,774
Capital outlay	871,000	871,000	745,263	125,737
Total Police	6,361,200	6,344,250	5,931,998	412,252
Public safety				
Fire				
Personnel expenditures	2,785,400	2,889,450	2,818,528	70,922
Contractual services	489,900	491,640	446,196	45,444
Supplies	232,700	217,060	173,129	43,931
Fixed charges	31,000	-	-	-
Contributions and grants	42,000	42,000	42,000	-
Capital outlay	4,055,200	3,998,900	2,142,645	1,856,255
Total Fire	7,636,200	7,639,050	5,622,498	2,016,552
Total Public safety	13,997,400	13,983,300	11,554,496	2,428,804
Codes				
Personnel expenditures	357,000	377,300	309,900	67,400
Contractual services	43,100	38,000	24,868	13,132
Supplies	4,600	6,500	4,420	2,080
Fixed charges	13,000	-	-	-
Capital outlay	-	18,000	29,597	(11,597)
Total Codes	417,700	439,800	368,785	71,015
Highways and Steets				
Personnel expenditures	1,211,600	1,188,008	1,093,365	94,643
Contractual services	105,500	118,950	104,725	14,225
Supplies	122,800	124,750	119,326	5,424
Building materials	760,588	775,088	731,650	43,438
Fixed charges	114,500	-	-	-
Capital outlay	190,000	210,500	109,093	101,407
Total Highways and Streets	2,504,988	2,417,296	2,158,159	259,137
Waste Collection				
Contractual services	450,000	450,000	447,937	2,063
Supplies	2,500	2,500	-	2,500
Total Waste Collection	452,500	452,500	447,937	4,563

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

CITY OF CROSSVILLE, TENNESSEE
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures				
Landfill				
Contractual services	20,000	20,000	10,379	9,621
Total Landfill	20,000	20,000	10,379	9,621
Cemetaries				
Personnel expenditures	136,200	134,800	107,648	27,152
Contractual services	17,200	14,200	7,311	6,889
Supplies	5,700	10,100	6,342	3,758
Total Cemetaries	159,100	159,100	121,301	37,799
Parks and Recreation				
Personnel expenditures	734,100	736,600	673,919	62,681
Contractual services	348,350	375,850	323,921	51,929
Supplies	60,200	66,200	55,563	10,637
Fixed charges	17,500	2,700	2,631	69
Capital outlay	473,000	436,300	172,629	263,671
Total Parks and Recreation	1,633,150	1,617,650	1,228,663	388,987
Meadow Lake Park				
Personnel expenditures	179,900	186,994	183,481	3,513
Contractual services	40,100	39,750	24,362	15,388
Supplies	26,600	26,700	25,390	1,310
Fixed charges	7,500	7,818	7,818	-
Capital outlay	33,000	26,900	25,796	1,104
Total Meadow Lake Park	287,100	288,162	266,847	21,315
Palace Theatre				
Personnel expenditures	239,750	238,000	210,829	27,171
Contractual services	122,000	126,550	112,966	13,584
Supplies	38,300	41,500	39,058	2,442
Capital outlay	70,000	64,000	24,188	39,812
Total Palace Theatre	470,050	470,050	387,041	83,009
Depot				
Personnel expenditures	13,700	22,500	21,254	1,246
Contractual services	29,850	25,850	14,634	11,216
Supplies	26,800	22,800	15,151	7,649
Total Depot	70,350	71,150	51,039	20,111

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

CITY OF CROSSVILLE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)

Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES (Continued)				
Current Expenditures				
Tree Board				
Personnel expenditures	1,200	1,250	1,185	65
Contractual services	650	650	-	650
Supplies	5,150	5,100	3,984	1,116
Total Tree Board	<u>7,000</u>	<u>7,000</u>	<u>5,169</u>	<u>1,831</u>
Outside Agencies				
Grants and contributions	41,638	63,638	63,638	-
Total Outside Agencies	<u>41,638</u>	<u>63,638</u>	<u>63,638</u>	<u>-</u>
Marketing/Promotion				
Grants and contributions	94,800	94,800	91,315	3,485
Total Marketing/Promotion	<u>94,800</u>	<u>94,800</u>	<u>91,315</u>	<u>3,485</u>
Public Works				
Personnel expenditures	88,550	86,600	65,490	21,110
Contractual services	21,900	22,850	18,543	4,307
Supplies	3,200	4,200	2,893	1,307
Total Public Works	<u>113,650</u>	<u>113,650</u>	<u>86,926</u>	<u>26,724</u>
Municipal Airport				
Personnel expenditures	2,400	2,400	720	1,680
Contractual services	180,750	178,250	131,857	46,393
Supplies	4,000	6,500	6,099	401
Fixed charges	4,250	4,250	3,588	662
Capital outlay	740,000	740,000	164,700	575,300
Total Municipal Airport	<u>931,400</u>	<u>931,400</u>	<u>306,964</u>	<u>624,436</u>
Debt service				
Principal	400,000	656,364	647,921	8,443
Fees	2,000	2,000	1,090	910
Interest	118,318	202,554	202,099	455
Total Debt service	<u>520,318</u>	<u>860,918</u>	<u>851,110</u>	<u>9,808</u>
Total Expenditures	<u>26,828,981</u>	<u>31,186,391</u>	<u>26,882,375</u>	<u>2,687,827</u>

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

CITY OF CROSSVILLE, TENNESSEE

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other Sources and Uses				
Proceeds for sale of capital assets	530,000	530,000	686,476	(156,476)
Insurance recoveries	50,000	50,000	101,177	(51,177)
Bond Proceeds	5,800,000	5,800,000	-	5,800,000
Lease Proceeds	-	-	215,340	(215,340)
Transfer (out)	(7,175,471)	(6,459,748)	(3,640,566)	2,819,182
Net change in fund balances	443,096	(2,928,591)	(3,422,994)	3,267,768
Fund Balances - beginning	27,364,991	27,364,991	27,364,991	-
Correction of an error - see notes	-	-	1,153,792	(1,153,792)
Fund Balances - end	\$ 27,808,087	\$ 24,436,400	\$ 25,095,789	\$ 659,389

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

CITY OF CROSSVILLE, TENNESSEE
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Other Revenue				
Operating revenues	-	-	-	-
Total Other Revenue	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Capital Outlay	7,175,471	6,505,471	3,640,566	2,864,905
Total Capital Outlay	7,175,471	6,505,471	3,640,566	2,864,905
Total Expenditures	7,175,471	6,505,471	3,640,566	2,864,905
Other Sources and Uses				
Transfer in	7,175,471	6,414,025	3,640,566	(2,773,459)
Net change in fund balances	-	(91,446)	-	(91,446)
Fund Balances - beginning	-	-	-	-
Fund Balances - end	\$ -	\$ (91,446)	\$ -	\$ (91,446)

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

CITY OF CROSSVILLE, TENNESSEE
Statement of Net Position
Proprietary Funds
June 30, 2025

	<u>Catoosa Water</u>	<u>Crossville Water/Sewer</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 188,246	\$ 885,534	\$ 1,073,780
Investments	4,363,563	10,088,081	14,451,644
Accounts receivable - net	540,951	1,717,036	2,257,987
Grants receivable	-	97,506	97,506
Due from other funds	-	2,100	2,100
Inventory	116,274	371,075	487,349
Stabilization Reserve Trust	2,408	9,633	12,041
Restricted cash	6,700	89,461	96,161
	<u>5,218,142</u>	<u>13,260,426</u>	<u>18,478,568</u>
Total Current Assets			
Non-current Assets			
Capital assets			
Land	128,968	445,849	574,817
Construction in process	5,015,956	15,065,384	20,081,340
Other capital assets - net of accumulated depreciation	10,944,092	51,563,916	62,508,008
Total capital assets	<u>16,089,016</u>	<u>67,075,149</u>	<u>\$ 83,164,165</u>
	<u>\$ 21,307,158</u>	<u>\$ 80,335,575</u>	<u>\$ 101,642,733</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	\$ 77,136	\$ 308,534	\$ 385,670
Deferred outflows related to OPEB	81,288	144,497	225,785
	<u>\$ 158,424</u>	<u>\$ 453,031</u>	<u>\$ 611,455</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES			
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 282,237	\$ 336,260	\$ 618,497
Accrued liabilities	23,329	66,976	90,305
Accrued interest	9,880	42,611	52,491
Retainage payable	6,700	329,537	336,237
Notes and bonds payable - current portion	161,329	751,662	912,991
Total Current Liabilities	<u>483,475</u>	<u>1,527,046</u>	<u>2,010,521</u>
Non-current Liabilities			
Net pension liability	56,336	225,337	281,673
Net OPEB liability	184,749	328,409	513,158
Compensated absences	32,730	107,468	140,198
Notes and bonds payable - long-term - net	6,377,865	22,146,235	28,524,100
Total Non-current Liabilities	<u>6,651,680</u>	<u>22,807,449</u>	<u>29,459,129</u>
	<u>\$ 7,135,155</u>	<u>\$ 24,334,495</u>	<u>\$ 31,469,651</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to Pension	\$ 15,472	\$ 61,885	\$ 77,357
Deferred inflows related to OPEB	45,068	80,112	125,180
Deferred revenue	-	330,716	330,716
	<u>\$ 60,540</u>	<u>\$ 472,713</u>	<u>\$ 533,253</u>
TOTAL DEFERRED INFLOWS OF RESOURCES			
NET POSITION			
Net investment in capital assets	\$ 9,549,822	\$ 44,177,252	\$ 53,727,073
Restricted for TCRS Stabilization Trust	2,408	9,633	12,041
Unrestricted	4,717,657	11,794,512	16,512,169
	<u>\$ 14,269,887</u>	<u>\$ 55,981,396</u>	<u>\$ 70,251,283</u>

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

CITY OF CROSSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2025

	<u>Catoosa Water</u>	<u>Crossville Water/Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Metered water sales	2,641,321	6,239,466	8,880,787
Sewer service charges	-	4,211,308	4,211,308
Tap and connection fees	194,609	256,812	451,421
Penalties	29,887	72,420	102,307
Other revenues	27,556	287,244	314,800
Total Operating Revenues	<u>2,893,373</u>	<u>11,067,250</u>	<u>13,960,623</u>
OPERATING EXPENSES			
Transmission and distribution	1,372,420	3,259,704	4,632,124
Sewer treatment and disposal	-	2,483,526	2,483,526
Customer accounting and collections	293,377	485,531	778,908
Administration and general	147,641	710,950	858,591
Depreciation	588,881	3,100,124	3,689,005
Total Operating Expenses	<u>2,402,319</u>	<u>10,039,835</u>	<u>12,442,154</u>
Operating income (loss)	491,054	1,027,415	1,518,469
NON-OPERATING REVENUES (EXPENSES)			
Interest earnings	193,851	505,215	699,066
Interest expense	(145,004)	(534,097)	(679,101)
Stabilization Trust Earnings	117	467	584
Gain/(loss) on sale of assets	22,525	55,370	77,895
Other Non-operating Revenues	615	46,738	47,354
Total Non-operating Revenues (Expenses)	<u>72,105</u>	<u>73,694</u>	<u>145,798</u>
Capital contributions - Capacity fee	-	44,000	44,000
Grant revenue	-	4,707,974	4,707,974
Changes in net position	563,159	5,853,083	6,416,241
Net Position - beginning	13,706,728	50,091,328	63,798,056
Correction of an error - see notes	-	36,986	36,986
Net Position - end	<u>\$ 14,269,887</u>	<u>\$ 55,981,396</u>	<u>\$ 70,251,283</u>

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

CITY OF CROSSVILLE, TENNESSEE
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025

	<u>Catoosa Water</u>	<u>Crossville Water/Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,867,250	\$ 10,322,264	\$ 13,189,514
Payments to suppliers	(1,236,293)	(6,539,999)	(7,776,292)
Payments to employees	(459,663)	(1,468,171)	(1,927,834)
Net cash provided (used) by operating activities	<u>1,171,294</u>	<u>2,314,094</u>	<u>3,485,388</u>
Cash Flows from Noncapital related Financing Activities			
Nonoperating other receipts	615	46,739	47,354
Net cash provided (used) by capital and related financing activities	<u>615</u>	<u>46,739</u>	<u>47,354</u>
Cash Flows from Capital and Related Financing Activities			
Loan principal payments	(155,720)	(746,776)	(902,496)
Loan interest payments	(145,004)	(534,097)	(679,101)
Grant revenue	-	2,390,192	2,390,192
Capital contributions	-	44,000	44,000
Proceeds from capital asset sales	22,525	55,370	77,895
Purchase of capital assets	(645,332)	(5,234,186)	(5,879,518)
Net cash provided (used) by capital and related financing activities	<u>(923,531)</u>	<u>(4,025,497)</u>	<u>(4,949,028)</u>
Cash Flows from Investing Activities			
Interest earned	193,851	505,215	699,066
Net cash provided (used) by capital and related financing activities	<u>193,851</u>	<u>505,215</u>	<u>699,066</u>
Net increase (decrease) in cash	442,229	(1,206,188)	(764,573)
Cash and cash equivalents - beginning	<u>4,116,280</u>	<u>12,269,264</u>	<u>16,385,544</u>
Cash and cash equivalents - ending	<u>\$ 4,558,509</u>	<u>\$ 11,063,076</u>	<u>\$ 15,620,971</u>
Classified as:			
Cash - Restricted and Unrestricted	\$ 194,946	\$ 885,534	\$ 1,080,480
Investment in LGIP	4,363,563	10,177,542	14,541,105
	<u>4,558,509</u>	<u>11,063,076</u>	<u>15,621,585</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 491,054	\$ 1,027,415	1,518,469
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	588,881	3,100,124	3,689,005
(Increase) decrease in accounts receivable - net	(26,123)	(744,986)	(771,109)
(Increase) decrease in deferred outflows related to OPEB and pensions	42,912	133,807	176,719
(Increase) decrease in inventory	(38,234)	70,451	32,217
Increase (decrease) in accounts payable	102,567	(1,333,105)	(1,230,538)
Increase (decrease) in accrued liabilities	5,989	12,634	18,623
Increase (decrease) in compensated absences	2,171	15,128	17,299
Increase (decrease) in net pension liability	(2,451)	(9,805)	(12,256)
Increase (decrease) in net OPEB liability	(2,513)	(4,467)	(6,980)
Increase (decrease) in deferred inflows related to OPEB and pensions	7,041	46,898	53,939
Total adjustments	<u>680,240</u>	<u>1,286,679</u>	<u>1,966,919</u>
Net cash provided (used) by operating activities	<u>1,171,294</u>	<u>2,314,094</u>	<u>\$ 3,485,388</u>
Schedule of Capital and Related Financing Activities that did not result in cash payments			
Purchase of capital assets on account - net of prior year's amounts	\$ 4,408	\$ 1,886,351	\$ 1,890,759
Increase in capital assets - purchased via lease agreement	65,320	64,723	130,043
Increase in retainage	6,700	240,999	247,699
Change in deferred revenues	-	2,317,782	2,317,782
	<u>\$ 76,428</u>	<u>\$ 4,509,855</u>	<u>\$ 4,586,283</u>

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

CITY OF CROSSVILLE, TENNESSEE
Notes to Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of Crossville, Tennessee have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB issued Statement No. 14, *The Financial Reporting Entity*. This statement requires that the financial statements present the City of Crossville, Tennessee (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The component units discussed in this note is included in the City’s reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Units

The Crossville Sports Authority is composed of a seven member board appointed by the City of Crossville to serve 6 year terms. The Crossville Sports Authority oversees the Crossville Recreation Center. The Crossville Recreation Center will be a public private partnership with the YMCA providing a place for young families to senior citizens the opportunity to improve their health, learn new skills, and create a support system with others to contribute to a stronger community.

The component unit column in the government-wide financial statements includes the financial data of this component unit. It is reported in a separate column of the government-wide financial statements to emphasize that it is legally separate from, and does not provide services exclusively to the City. Separately issued financials statements are not available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (Continued)

The Crossville Tourism Development Authority was created for a similar purpose as the Crossville Sports Authority. There has been no activity with this Authority thus far.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

Government-wide Statements

The Statement of Net Position and Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the City as a complete City and the change in aggregate financial position resulting from the activities of the fiscal period.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its governmental funds and enterprise funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
B. Basic Financial Statements (continued)

The City reports the following **major governmental funds**:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund

This 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. Under GASB 34, City officials have elected to present the Capital Projects Fund as a major fund as they believe the Fund is particularly important to its financial statement users.

The City reports the following **major enterprise funds**:

Water and Sewer Fund

This fund is used to account for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing and collection.

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

These types of funds are 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.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, with the exception of interfund services provided and used which are not eliminated in the process of consolidation. Net interfund activities and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus - Basis of Accounting

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 recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

Government 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. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, income taxes, mixed drink taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities' column of the government-wide presentation.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting

Formal budgets are adopted for the General Fund the major funds and each Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets for Enterprise Funds are adopted by the Councilmen for a management tool. Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis.

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

Formal budgets are adopted and approved by Council vote on an annual basis for all funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The City Council approves, by ordinance, total budget appropriations by department only. The City Finance Manager is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

E. Cash and Cash Equivalents

Cash consists of cash-on-hand and cash-on-deposit with financial institutions. For purposes of reporting cash on the Statement of Cash Flows, the City considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash is reported on the Statement of Net Position as "Cash". At June 30, 2025, the City had \$27,444,813 of cash equivalents held in the local government investment pool.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Investments

All investments are reported at fair value, which is based on quoted market prices. The City is authorized by State Statutes to invest in the following: Bonds, notes or treasury bills of the United States. Nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Student Loan Marketing Association. Any obligation guaranteed by the United States or any of its agencies. Certificates-of-deposit at state and federal chartered banks and savings and loan associations. The Local Government Investment Pool created by Title 9.

G. Property Taxes

Property taxes are secured by a statutory lien effective as of the original levy date of January 1st on property values assessed by the county for that calendar year. The billings are mailed October 1st and are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending approximately 60 days after the calendar year end. On this date, March 1st, the bill becomes delinquent and penalties and interest may be assessed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Taxes (Continued)

Property taxes are recognized on the modified accrual basis on the governmental fund financial statements. Proper allowances are made for estimated uncollectible accounts and delinquent accounts when necessary. The tax rate for the 2024 levy is \$0.6059 per \$100 of assessed valuation.

Lien date	January 1, 2024
Levy date	January 1, 2024
Tax bills mailed	October 1, 2023
Payment due date	By February 28, 2024
Delinquency date	March 1, 2024

H. Interfund Transactions

Interfund Receivables and Payables

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed.

All other legally authorized transfers are not eliminated but treated as transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

I. Prepayment of Expenditures

Governmental fund expenditures for insurance and similar services extending over more than one accounting period are allocated between the accounting periods to which they relate.

J. Inventories

Inventories, principally materials, supplies and replacement parts, are valued at cost, using the first in, first out (FIFO) method. The costs are recorded as expenditures at the time individual inventory items are consumed (consumption method).

K. Restricted Assets

Certain resources can be classified as restricted assets on the Statement of Net Position because their use is limited. See note 23 for detail on restricted assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Capital assets of the proprietary funds are accounted for in the proprietary fund and are stated at cost or estimated fair value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has two types of items that qualifies for reporting in this category: deferred outflows related to pensions and deferred outflows related to OPEB.

In addition to liabilities, the Statement of Net 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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the City has five types of items that quality for reporting in this category: deferred revenue - property taxes, deferred inflows related to leases, deferred inflows related to revenues, deferred inflows related to pensions, and deferred inflows related to OPEB.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

O. 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 not 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 payments plus unamortized initial direct costs and prepayments of rent, less and 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 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 statement 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 8.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

Bond Premiums and Discounts – In the governmental funds, bond discounts and premiums are treated as period costs in the year of issue. In proprietary funds, bond discount 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 premiums and discounts in the governmental funds are adjusted and reported in the same manner as the proprietary funds.

Deferred Gains/Losses from Advanced Refundings 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 rate method over the life of the new debt.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Crossville'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. The City reopened the Plan in 2024.

R. Other Postemployment Benefits (OPEB)

For economic resources accounting, a liability should be recognized for the total OPEB liability. For current resources accounting 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). OPEB expenditures should be recognized equal to the total of amounts paid by the employer as benefits came due and the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources (to the extent benefits are due and payable). Changes in the total OPEB liability should be recognized in the OPEB expense in the current period except as noted below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. (Other Postemployment Benefits (OPEB) (Continued))

- One-year portion of difference between actual and expected experience with regard to economic or demographic factors in the net OPEB liability amortized over closed period equal to average remaining useful life of all OPEB eligible as of start measurement period.
- One-year portion of amounts related to changes of assumptions about future economic or demographic factors or of other inputs amortized over closed period equal to average remaining useful life of all OPEB eligible as of start of measurement period.
- Cost incurred by the employer related to administration of OPEB using same measurement period as other changes to total OPEB liability.

S. Net Position

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

T. Fund Balance

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable: The City cannot spend these amounts because they are nonspendable form or because they are legally or contractually required to be maintain intact.

Restricted: The State or other sources can restrict funds to specific purposes by externally imposing restrictions or imposing by law through constitutional provisions or enabling legislation.

Committed: The City Council has the authority to commit funds for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

Assigned: The City Council has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

Unassigned: Amounts not classified as nonspendable, restricted, committed, or assigned.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When restricted, committed, assigned and unassigned funds are available for use, restricted funds should be spent first, committed funds second, assigned funds third and unassigned funds last.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

V. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between June 30, 2025, and February 24, 2026 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

W. Impact of Recently Issued Accounting Pronouncements

In June of 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101 related to Compensated Absences. The Statement improves accounting and financial reporting by state and local governments for Compensated Absences and is effective for fiscal years beginning after December 15, 2023. The Statement establishes standards for accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The requirements of this Statement apply to the financial statements of all state and local governments. There was no material impact to the financial statements.

In December of 2023, the Governmental Accounting Standards Board issued GASB Statement No. 102 related to Certain Risk Disclosures. This Statement improves accounting and financial reporting by state and local governments for Certain Risk Disclosures and is effective for fiscal years beginning after June 15, 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirement of this Statement applies to the financial statements of all state and local governments. There was no financial statement impact.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a deposit or investment policy for custodial credit risk, however, the State of Tennessee requires its governmental entities to either meet the deposit and collateralization regulations under TCA Title 9, Chapter 4, Parts 1 and 4, or as provided in the collateral pool. As of June 30, 2025, the carrying amount of the City's deposits was \$6,466,535, and the bank balance was \$6,439,630. None of the City's bank balance was exposed to custodial credit risk as uninsured or uncollateralized due to the fact that all of its deposits and investments are in a financial institution that is a participant in the State of Tennessee collateral pool or are fully collateralized.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

The carrying amount of the City's deposits is classified as follows on the Statement of Net Position:

Cash	\$ 6,466,535
Investments	<u>32,711,682</u>
Gross Total	39,178,217
Less: Investment in LGIP	(27,444,813)
Petty Cash	<u>(17,195)</u>
Net Total	<u>\$ 11,716,209</u>

Investments

The City's investments are carried at fair value, and consist of investments in the State of Tennessee's Local Government Investment Pool (LGIP) and CDs. The LGIP is considered a 2a-7 like account (SEC designation) and is only required to be reported at amortized cost. The LGIP is an unrated investment pool. Because the fund is valued at a constant dollar, the City's position in the pool is equal to its account balance (fair value) as of June 30, 2025.

NOTE 3 – PROPERTY TAXES RECEIVABLE – NET

Property taxes receivable as of June 30, 2025 consists of the following:

<u>Year of Levy</u>	
2025	3,729,267
2024	114,564
2023	75,245
2022	25,134
2021	23,658
2020	16,255
2019	11,878
2018	6,387
2017	3,469
2016	4,013
2015	<u>2,495</u>
	4,012,365
Less: Allowance for uncollectibles	(90,209)
Add: Misc vouchers receivable	363
Property taxes receivable-net	<u><u>3,922,519</u></u>

NOTE 4 – ACCOUNTS RECEIVABLE – NET

Accounts receivable – net at June 30, 2025 consists of the following:

	Governmental Activities	Business-Type Activities	Total
Customer accounts	\$ -	\$ 2,270,912	\$ 2,270,912
Wholesale beer tax	66,459	-	66,459
Franchise tax	33,313	-	33,313
Other	313,905	-	313,905
Gross total	<u>413,677</u>	<u>2,270,912</u>	<u>2,684,589</u>
Less: Allowance for uncollectible accounts	<u>-</u>	<u>(12,925)</u>	<u>(12,925)</u>
Net total	<u>413,677</u>	<u>2,257,987</u>	<u>2,671,664</u>

Business-type activities reported a combined bad debt expense of \$39,113.

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2025 consists of the following:

State street aid	\$ 73,806
Mixed drink tax	22,451
State sales tax	267,304
Local sales tax	2,238,879
Business tax	29,097
Telecommunications tax	3,833
Sportsbetting tax	6,054
Occupancy tax	641
Petroleum special	3,665
Grant income	1,662,290
Total	<u>\$ 4,308,020</u>

NOTE 6 – PREPAID EXPENSE

At June 30, 2025 the City did not have any prepaid expense.

NOTE 7 – CAPITAL ASSETS

	Balance as of July 1, 2024	Additions	Deletions	Transfers	Balance as of June 30, 2025
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 11,809,700	\$ -	\$ (2,723,464)	\$ -	\$ 9,086,236
Construction in process	9,376,844	6,369,623	(2,606,551)		13,139,916
Total capital assets not being depreciated	<u>21,186,544</u>	<u>6,369,623</u>	<u>(5,330,015)</u>	<u>-</u>	<u>22,226,152</u>
Capital assets being depreciated:					
Building and other improvements	10,508,576	1,289,116	-	-	11,797,692
Other improvements	19,757,068	1,129,372	-	-	20,886,440
Infrastructure	25,475,633	231,800	-	-	25,707,433
Machinery and equipment	13,620,934	920,026	(709,352)	(57,780)	13,773,828
Right of use asset - vehicles	1,042,708	215,340	(112,639)	-	1,145,409
Total capital assets being depreciated	<u>70,404,919</u>	<u>3,785,654</u>	<u>(821,991)</u>	<u>(57,780)</u>	<u>73,310,802</u>
Less accumulated depreciation	(38,640,925)	(2,418,222)	660,240	57,780	(40,341,127)
Less accumulated amortization - ROU	<u>(453,615)</u>	<u>(273,518)</u>	<u>112,639</u>	<u>-</u>	<u>(614,494)</u>
Total capital assets being depreciated-net	<u>31,310,379</u>	<u>1,093,914</u>	<u>(49,112)</u>	<u>-</u>	<u>32,355,181</u>
Governmental activities capital assets-net	<u>52,496,923</u>	<u>7,463,537</u>	<u>(5,379,127)</u>	<u>-</u>	<u>54,581,333</u>

Depreciation expense was charged to functions of government as follows:

General government	\$ 144,524
Public safety	590,715
Public works	1,156,427
Cemetaries	8,752
Municipal airport	376,371
Parks and recreation	414,951
Total	<u>\$ 2,691,740</u>

NOTE 7 – CAPITAL ASSETS(Continued)

	Balance as of July 1, 2024	Additions	Deletions	Transfers	Balance as of June 30, 2025
Business-Type activities:					
Capital assets not being depreciated:					
Land	\$ 574,816	\$ -	\$ -	\$ -	\$ 574,816
Construction in process	14,322,521	6,326,784	(567,965)	-	20,081,340
Total capital assets not being depreciated	<u>14,897,337</u>	<u>6,326,784</u>	<u>(567,965)</u>	<u>-</u>	<u>20,656,156</u>
Capital assets being depreciated:					
Buildings and plant	126,894,078	72,711	-	-	126,966,789
Machinery and equipment	9,540,293	1,370,782	(413,730)	57,780	10,555,125
Right of use asset - vehicles	122,444	130,047	-	-	252,491
Total capital assets being depreciated	<u>136,556,815</u>	<u>1,573,540</u>	<u>(413,730)</u>	<u>57,780</u>	<u>137,774,405</u>
Less accumulated depreciation	(71,889,086)	(3,627,163)	413,730	(57,780)	(75,160,299)
Less accumulated amortization - ROU	<u>(44,257)</u>	<u>(61,842)</u>	<u>-</u>	<u>-</u>	<u>(106,099)</u>
Total capital assets being depreciated-net	<u>64,623,472</u>	<u>(2,115,465)</u>	<u>-</u>	<u>-</u>	<u>62,508,007</u>
Business-Type activities capital assets-net	<u>79,520,809</u>	<u>4,211,319</u>	<u>(567,965)</u>	<u>-</u>	<u>83,164,165</u>

The City did not acquire any intangible assets that would require reporting under GASB Statement No. 51.

	Balance as of July 1, 2024	Additions	Deletions	Transfers	Balance as of June 30, 2025
Component Unit					
Capital assets not being depreciated:					
Land	\$ -	\$ 2,382,835	\$ -	\$ -	\$ 2,382,835
Construction in process	-	4,861,425	-	-	4,861,425
Total capital assets not being depreciated	<u>-</u>	<u>7,244,260</u>	<u>-</u>	<u>-</u>	<u>7,244,260</u>
Component Unit capital assets-net	<u>-</u>	<u>7,244,260</u>	<u>-</u>	<u>-</u>	<u>7,244,260</u>

The Sports Authority does not have any depreciating assets as of June 30, 2025.

NOTE 8 – LEASES

The City entered into a lease agreement as the lessor for airport hangers on May 3, 2024. The City is leasing the hangers to the Whisper Aero, Inc. The agreement was signed as a fixed term for April 1, 2024 and will be in effect until March 31, 2044 for a total of 20 years, with a 10 year renewal option to March 31, 2054. Whisper Aero, Inc. will pay the City annual rent of \$24,000 payable in equal installments at the beginning of each calendar month starting April 1, 2024. The rent will increase annually equal to the CPI or 5%, whichever is lower.

A lease receivable is recognized at the present value of lease payments expected to be received during the lease term. Future lease payments were discounted using a rate of 3.00%. As of June 30, 2025 the value of the lease receivable is \$700,467.

A deferred revenue was recognized for leases in the amount of \$675,457 at June 30, 2025. Lease revenue recognized during the fiscal year was \$24,270 and interest earned was \$450.

NOTE 9 – DEFERRED OUTFLOWS RELATED TO PENSIONS

Deferred outflows related to pensions at June 30, 2025 consists of:

Beginning Balance	\$	2,575,483
Differences between expected and actual experience		-
Differences between projected and actual investment		-
Prior year employer contributions		-
Recognition of experience		1,077,803
Current Year employer contributions		358,891
Prior year employer contributions		(305,684)
Amortization of deferral		(2,392,557)
Netting investment earnings		614,415
Total	\$	<u>1,928,351</u>

NOTE 10 – DEFERRED OUTFLOWS RELATED TO OPEB

Deferred outflows related to OPEB at June 30, 2025 consists of:

Differences between expected and actual experience	976,472
Differences between projected and actual investment	132,649
Amortization of deferral	-
Changes of assumptions	
Total	<u>\$ 1,109,121</u>

NOTE 11 – NET PENSION LIABILITY

Net pension liability at June 30, 2025 consists of:

Beginning balance	\$	1,469,648
Service cost		403,085
Interest expense		2,401,321
Plan administrative expense		14,245
Employer contributions		(637,183)
Employee contributions		-
Differences between expected and actual experience		1,077,803
Net investment income		(3,320,555)
Changes in assumptions		-
Total	\$	<u>1,408,364</u>

NOTE 12 – TOTAL OPEB LIABILITY

Total OPEB liability at June 30, 2025 consists of:

Beginning balance	\$	2,556,069
Service cost		91,923
Interest expense		106,560
Differences between expected and actual experience		-
Changes in assumptions		-
Benefit payments		(233,768)
Total	\$	<u>2,520,784</u>

NOTE 13 – LONG-TERM DEBT

Long-term debt, which consists of bonds payable, notes payable, and accrued leave is summarized as follows:

Governmental Debt

The City has outstanding debt related to governmental activities totaling \$5,969,715. The City has outstanding debt related to business-type activities totaling \$29,275,376.

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, 2025 will generally be retired from governmental or enterprise fund cash.

The City has financed purchases of various vehicles that are included in both governmental and business-type activities. The agreement is a joint agreement with varying maturity dates.

Debt outstanding as of June 30, 2025 consisted of the following:

	Original Borrowing	Interest Rate	Final Maturity	Balance as of June 30, 2025
Governmental Activities:				
General Obligation Bonds:				
General Obligation Refunding Bonds, Series 2020A1	\$ 4,065,000	2.000-4.000%	6/1/2037	\$ 3,725,000
General Obligation Refunding Bonds, Series 2020A2	1,235,000	2.000-3.000%	6/1/2037	915,000
General Obligation Refunding Bonds, Series 2020B	2,185,000	0.427-1.693%	6/1/2038	840,000
Total General Obligation Bonds:				<u>5,480,000</u>
Financed purchase - Fleet Management	505,967.00	Various	Various	489,715
Total Governmental Activities:				<u>\$ 5,969,715</u>
Business-type Activities:				
Revenue & Refunding Improvement Bonds:				
Water/Sewer Revenue Bonds, Series 2020C	\$ 30,755,000	2.000-4.000%	6/1/2050	\$27,605,000
Water/Sewer Revenue Bonds, Series 2020D	1,440,000	0.419-1.509%	6/1/2027	410,000
Total Revenue & Refunding Improvement Bonds:				<u>28,015,000</u>
Financed purchase - Fleet Management	147,577.00	Various	Various	145,408
Direct Borrowings:				
Rural Development Loan 91-22	\$ 890,000	1.75%	5/20/2061	824,877
Rural Development Loan 91-24	308,462	1.50%	2/11/2062	290,091
Total Direct Borrowings:				<u>1,114,968</u>
Total Business-type Activities:				<u>\$29,275,376</u>

NOTE 13 – LONG-TERM DEBT(Continued)

The above schedule does not include bond premiums of \$75,761 related to governmental activities and \$161,716 of business-type activities.

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

Year Ending	Governmental			Business-Type			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	613,998	178,674	792,672	912,991	656,054	1,569,045	1,526,989	834,728	2,361,717
2027	591,532	161,091	752,623	933,418	623,149	1,556,567	1,524,950	784,240	2,309,190
2028	504,180	124,541	628,721	958,842	598,089	1,556,931	1,463,022	722,630	2,185,652
2029	444,277	92,966	537,243	948,113	557,841	1,505,954	1,392,390	650,807	2,043,197
2030	454,592	78,962	533,554	969,233	529,351	1,498,584	1,423,825	608,313	2,032,138
2031-2035	2,351,136	244,476	2,595,612	5,076,439	2,301,093	7,377,532	7,427,575	2,545,569	9,973,144
2036-2040	1,010,000	30,100	1,040,100	6,306,175	1,970,145	8,276,320	7,316,175	2,000,245	9,316,420
2041-2045	-	-	-	6,188,624	1,161,780	7,350,404	6,188,624	1,161,780	7,350,404
2046-2050	-	-	-	6,871,629	472,425	7,344,054	6,871,629	472,425	7,344,054
2051-2055	-	-	-	44,869	6,611	51,480	44,869	6,611	51,480
2056-2060	-	-	-	48,362	3,118	51,480	48,362	3,118	51,480
2061-2062	-	-	-	16,681	217	16,898	16,681	217	16,898
	<u>\$5,969,715</u>	<u>\$910,810</u>	<u>\$6,880,525</u>	<u>\$29,275,376</u>	<u>\$8,879,873</u>	<u>\$38,155,249</u>	<u>\$35,245,091</u>	<u>\$ 9,790,683</u>	<u>\$45,035,774</u>

A summary of long-term liability activity, including debt, for the year ended June 30, 2025 is as follows:

	Balance as of July 1, 2024	Additions	Retirements	Balance as of June 30, 2025	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 5,880,000	\$ -	\$ (400,000)	\$ 5,480,000	\$ 410,000
Plus: bond premium	85,780	-	(10,020)	75,760	-
Total bonds payable	5,965,780			5,555,760	
Direct borrowings	519,984	215,340	(245,609)	489,715	203,998
Compensated absences	432,561	78,387	-	510,948	-
Total OPEB liability	2,035,931	-	(28,305)	2,007,626	-
Total Governmental Activities	<u>\$ 8,954,256</u>	<u>\$ 293,727</u>	<u>\$ (273,914)</u>	<u>\$ 8,564,049</u>	<u>\$ 203,998</u>
Business-type Activities:					
Revenue & Refunding Bonds	\$ 28,835,000		\$ (820,000)	\$ 28,015,000	\$ 835,000
Plus: bond premium	168,184	-	(6,468)	161,716	-
Total bonds payable	29,003,184			28,176,716	
Direct borrowings	1,212,825	130,047	(82,496)	1,260,376	77,991
Compensated absences	122,899	17,299	-	140,198	-
Total OPEB liability	520,138	-	(6,980)	513,158	-
Total Governmental Activities	<u>\$ 30,859,046</u>	<u>\$ 147,346</u>	<u>\$ (89,476)</u>	<u>\$ 30,090,448</u>	<u>\$ 77,991</u>

NOTE 13 – LONG-TERM DEBT(Continued)

Debt service of the Component Unit is as follows:

In 2024, the Sports Authority issued Public Facility Revenue Bonds, Series 2024A, in the amount of \$39,500,000 and Public Facility Revenue Bonds, Series 2024B, in the amount of \$500,000. Series 2024B was paid off in one year. Series 2024A has \$38,610,000 outstanding at year-end. The bonds are payable from and secured by the Authority’s pledged of its revenues derived from a lease and operating agreement between the Authority and the Putnam County YMCA in respect of the Facility, and in the event of a deficiency therein, by the City’s pledge, pursuant to agreement between the Authority and the City, of all revenues and accounts of the general fund of the City, excepting only the City’s revenues derived from ad valorem real or personal property taxes; loan, grant, or other funds and revenues which may be received from federal, state, or other agencies or sources which are restricted in use to the stated purposes; current or future proprietary or enterprise funds; or, other revenue sources which otherwise may not lawfully be pledged for such purposes.

	<u>Balance as of July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance as of June 30, 2025</u>	<u>Amount due within one year</u>
Component Unit:					
General obligation bonds	\$ -	\$ 40,000,000	\$ (1,390,000)	\$ 38,610,000	\$ 765,000
Total Component Unit	<u>\$ -</u>	<u>\$ 40,000,000</u>	<u>\$ (1,390,000)</u>	<u>\$ 38,610,000</u>	<u>\$ 765,000</u>

Year Ending	Component Unit		
	Principal	Interest	Total
2026	\$ 765,000	\$ 946,125	\$ 1,711,125
2027	785,000	926,500	1,711,500
2028	805,000	906,375	1,711,375
2029	825,000	885,750	1,710,750
2030	845,000	1,383,400	2,228,400
2031-2035	4,755,000	6,362,600	11,117,600
2036-2040	4,520,000	3,270,800	7,790,800
2041-2045	6,770,000	1,675,988	8,445,988
2046-2050	8,295,000	435,838	8,730,838
2051-2055	10,245,000	448,219	10,693,219
	<u>\$ 38,610,000</u>	<u>\$ 17,241,595</u>	<u>\$ 55,851,595</u>

NOTE 14 – DEFERRED REVENUE PROPERTY TAX

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds as deferred inflows were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	\$ 3,729,267	\$ 193,252	\$ 3,922,519

Funds that are earned, but not available, are realized as revenue under GASB 33.

NOTE 15 – DEFERRED INFLOWS RELATED TO PENSIONS

Deferred inflows related to Pensions at June 30, 2025 consists of:

Beginning Balance	\$	-
Differences between expected and actual experience		-
Differences between projected and actual investment		-
Recognition of investment		1,024,619
Amortization of deferral		(1,252,251)
Netting investment earnings		614,415
Total	<u>\$</u>	<u>386,783</u>

NOTE 16 – DEFERRED INFLOWS RELATED TO OPEB

Deferred inflows related to OPEB at June 30, 2025 consists of:

Differences between expected and actual experience		-
Changes in assumptions		(614,920)
Total	<u>\$</u>	<u>(614,920)</u>

NOTE 17 – TRANSFERS

The General Fund transferred \$3,640,566 to the Capital Projects Fund to aid in funding capital outlay.

NOTE 18 – 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 its 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 of the plan. As a result, the assets and liabilities 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 of age 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 are 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 assets are the property of the employees and are not included in these statements. Contributions for the year totaled \$546,373.

NOTE 19 – PENSION PLAN

General Information About the Pension Plan

Plan description

Employees of the City of Crossville, Tennessee, 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>.

NOTE 19 – PENSION PLAN (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.

General Information About the Pension Plan (continued)

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	131
Inactive employees entitled to but not yet receiving benefits	87
Active employees	69
Total Employees	<u>287</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are noncontributory. The City of 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, 2025, the employer contributions for the City of Crossville were \$293,073 based on a rate of 13.00% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City of 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.

NOTE 19 – PENSION PLAN (Continued)

Pension liabilities (assets)

The City of Crossville’s net pension liability (asset) was measured as of June 30, 2024, 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 as of June 30, 2024 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 adjustments	2.125 percent

General Information About the Pension Plan (continued)

Actuarial assumptions (continued)

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

The actuarial assumptions used in the June 30, 2024 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.

Changes of assumptions

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. 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:

NOTE 19 – PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31.00%
Developed market international equity	5.37%	14.00%
Emerging market international equity	6.09%	4.00%
Private equity and strategic lending	6.57%	20.00%
U.S. fixed income	1.20%	20.00%
Real estate	4.38%	10.00%
Short-term securities	0.00%	1.00%
		<u>100.00%</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.

General Information About the Pension Plan (continued)

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 of Crossville 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.

NOTE 19 – PENSION PLAN (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2023	\$ 35,950,803	\$ 34,481,155	\$ 1,469,648
Changes for the year:			-
Service cost	403,085	-	403,085
Interest	2,401,321	-	2,401,321
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,077,803	-	1,077,803
Changes in assumptions	-	-	-
Contributions-employer	-	637,183	(637,183)
Contributions-employees	-	-	-
Net investment income	-	3,320,555	(3,320,555)
Benefit payments, including refunds of employee contributions	(1,557,512)	(1,557,512)	-
Administrative expense	-	(14,245)	14,245
Other changes	-	-	-
Net changes	2,324,697	2,385,981	(61,284)
Balance at June 30, 2024	\$ 38,275,500	\$ 36,867,136	\$ 1,408,364

General Information About the Pension Plan (continued)

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of the City of Crossville was 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%)
City of Crossville Tennessee's net pension liability (asset)	\$ 6,608,347	\$ 1,408,364	\$ (2,904,285)

NOTE 19 – PENSION PLAN (Continued)

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

Pension expense (Negative pension expense)

For the fiscal year ended June 30, 2025, the City of Crossville, Tennessee recognized pension expense (negative pension expense) of \$1,663,021.

Deferred outflows of resources and deferred inflows of resources

For the fiscal year ended June, 30, 2025, the City of Crossville, Tennessee 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	\$ 1,569,460	\$ -
Net difference between projected and actual earnings on pension plan investments	-	386,783
Changes in assumptions	-	-
Contributions subsequent to the measurement date of June 30, 2024	293,073	(not applicable)
Total	<u>\$ 1,862,533</u>	<u>\$ 386,783</u>

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2024," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Deferred outflows of resources and deferred inflows of resources (continued)

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

<u>Year ended June 30:</u>	
2026	\$ 223,510
2027	1,097,727
2028	66,367
2029	(204,924)
2030	-
Thereafter	-

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

NOTE 19 – PENSION PLAN (Continued)
Payable to the pension plan

At June 30, 2025, the City of Crossville reported a payable of \$0 for outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

NOTE 20 – PENSION PLAN – HYBRID

Plan description

Employees of the City of Crossville, Tennessee, 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>.

An amount of \$65,818 was paid into the plan this year. An actuarial report for the pension plan with TCRS is not yet available.

	<u>Deferred outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	-	-
Contributions subsequent to the measurement date of June 30, 2024	65,818	(not applicable)
Total	<u>\$ 65,818</u>	<u>\$ -</u>

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Local Government OPEB Plan:

General Information About the OPEB Plan

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.

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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, 2025 actuarial valuation, the following employees and retirees of the City were covered by the benefit terms of the OPEB plan:

	<u>Employees Only</u>	<u>Employees & Dependents</u>
Active	90	89
Retired	7	6
	<u>97</u>	<u>95</u>

This table reflects eligible active employees and retirees as of June 30, 2024 based on the data provided. Excluded are plan participants who were 65 or older on June 30, 2024 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, 2025, the City paid \$233,768 to the plan for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs from the last full valuation performed as of June 30, 2024, applied to all periods included in the measurement, unless otherwise specified:

Inflation	4.21% (1.74% real rate of return plus 2.50% inflation)
Salary increases	3.50%
Healthcare cost tend 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

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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 has trended up in recent months. The Actuarial Report selected 4.21% as the discount rate for this valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
	(a)
Total OPEB liability-beginning balance	<u>2,556,069</u>
Changes for the year:	
Service cost	91,923
Interest	106,560
Changes of benefit terms	-
Difference between expected and actual experience	-
Change in assumptions	-
Benefit payments	<u>(233,768)</u>
Net Changes	<u>(35,285)</u>
Total OPEB liability-ending balance	<u>2,520,784</u>

Changes in assumptions

Changes in assumptions are 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-percentagepoint increase (5.21%) or 1-percentage-point decrease (3.21%) than the current discount rate.

	<u>1% Decrease</u> <u>(3.21%)</u>	<u>Discount Rate</u> <u>(4.21%)</u>	<u>1% Increase</u> <u>(5.21%)</u>
City of Crossville's Total OPEB liability	\$ 2,341,944	\$ 2,520,784	\$ 2,715,704

Changes in the Total OPEB Liability (continued)

Sensitivity of total OPEB liability to changes in the healthcare cost trend 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 healthcare cost trend rate that is 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rate.

NOTE 21 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

	1% Decrease 3.50%	Healthcare Cost Trend Rates 4.50%	1% Increase 5.50%
City of Crossville's Total OPEB liability	\$ 2,294,446	\$ 2,520,784	\$ 2,788,828

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

OPEB expense

For the fiscal year ended June 30, 2025, the City of Crossville, Tennessee recognized OPEB expense of \$315,997.

Deferred outflows of resources and deferred inflows of resources

For the fiscal year ended June 30, 2025, the City of Crossville, Tennessee 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 expected and actual experience	\$ 976,472	\$ -
Changes in assumptions	132,649	(614,920)
Employer payments subsequent to the measurement date	-	-
Total	<u>\$ 1,109,121</u>	<u>\$ (614,920)</u>

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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Deferred outflows of resources and deferred inflows of resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2026	\$ 117,513
2027	112,703
2028	48,783
2029	48,783
2030	77,169
Thereafter	89,250

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

NOTE 22 – STABILIZATION RESERVE TRUST

Legal Provisions

The City of Crossville (the City) is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The City has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the City. The trust is authorized to make investments as directed by the TCRS Board of Trustees. The City may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances

Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investment and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2025, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable. Investments where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

NOTE 22 – STABILIZATION RESERVE TRUST(Continued)

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level I are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

NOTE 22 – STABILIZATION RESERVE TRUST(Continued)

On June 30, 2025, the City of Crossville had the following investments held by the trust on its behalf:

Investment	Target Allocation	Weighted Average Maturity (days)	Maturities	Fair Value
Investment at Fair Value:				
U.S. equity	31%	N/A	N/A	\$ 18,664
Developed market international equity	14%	N/A	N/A	8,429
Emerging market international equity	4%	N/A	N/A	2,408
Private equity and strategic lending	20%	N/A	N/A	12,042
U.S. fixed income	20%	N/A	N/A	12,042
Real estate	10%	N/A	N/A	6,021
Short-term securities	1%	N/A	N/A	602
Total	100%			\$ 60,208

Investment by Fair Value Level	Fair Value 6-30-2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. equity	\$ 18,664	\$ 18,664	\$ -	\$ -	\$ -
Developed market international equity	8,429	8,429	-	-	-
Emerging market international equity	2,408	2,408	-	-	-
Private equity and strategic lending	12,042	-	-	-	12,042
U.S. fixed income	12,042	-	12,042	-	-
Real estate	6,021	-	-	6,021	-
Short-term securities	602	-	602	-	-
Total	60,208	29,502	12,644	6,021	12,042

Risks and Uncertainties

The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

NOTE 22 – STABLIZATION RESERVE TRUST(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude the City's investment in a single issuer. The City places no limit on the amount it may invest in one issuer.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the City to pay retirement benefits of the City's employees.

For further information concerning the City's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2022/ag19091.pdf>.

NOTE 23 – NET POSITION RESTRICTIONS

The City can restrict net position to be maintained for specific purposes. The nature and purpose of these restrictions are explained as follows:

General funds in the amount of \$48,167 and Business-Type Activities in the amount of \$12,041 are legally restricted for the Stabilization Reserve Trust.

State street aid funds in the amount of \$954,699 are legally restricted for state street aid expenditures.

Drug funds in the amount of \$285,952 are legally restricted for drug control expenditures.

Economic development funds in the amount of \$296,660 are legally restricted for tourism and economic development expenditures.

NOTE 24 – FUND BALANCES

Fund balances are as follows:

Nonspendable:

Inventory balances of \$194,884 are nonspendable due to form.

Restricted:

General funds in the amount of \$45,167 are restricted for the Stabilization Reserve Trust. State street aid funds in the amount of \$954,699 are legally restricted for state street aid expenditures. Drug funds in the amount of \$285,952 are legally restricted for drug control expenditures. Economic development funds in the amount of \$296,660 are legally restricted for tourism and economic development expenditures.

Unassigned:

In accordance with generally accepted accounting principles, the general fund is the only fund at the City that reports amounts for unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund.

NOTE 25 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position:

The governmental fund balance includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Government-wide Statement of Net Position. One element of that reconciliation states that “Net Pension Liability and Net OPEB Liability including deferred inflows and deferred outflows, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this (\$1,507,466) difference are as follows:

Deferred outflows related to pensions	\$	1,542,681
Net pension liability		(1,126,691)
Deferred inflows related to pensions		(309,426)
Net adjustment	\$	<u>106,564</u>
Deferred outflows related to OPEB	\$	883,336
Net OPEB liability		(2,007,626)
Deferred inflows related to OPEB		(489,740)
Net adjustment	\$	<u>(1,614,030)</u>

NOTE 25 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that “Capital assets used in government activities are not financial resources and, therefore, are not reported in the government al fund balance sheet.” The details of this \$54,581,331 difference are as follows:

Capital Assets	\$	95,536,952
Accumulated depreciation		(40,955,621)
Net adjustment	\$	<u>54,581,331</u>

Another element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.” The details of this (\$6,615,534) difference are as follows:

Bonds payable	\$	6,045,476
Compensated absences		510,948
Landfill postclosure care		<u>59,110</u>
Net adjustment	\$	<u>6,615,534</u>

Another element of that reconciliation states that “Some property tax will not be collected for several months after the City’s fiscal year end; they are not considered “available” revenues in the governmental funds.” The details of this \$260,310 difference are as follows:

Deferred revenue- property tax	\$	3,922,519
Deferred revenue- property tax - Unearned		(4,182,829)
Net adjustment	\$	<u>(260,310)</u>

Explanation of certain differences between the Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities:

The Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.” The detail of this \$2,084,407 difference is as follows:

Capital outlay	\$	(7,548,723)
Depreciation expense		2,691,740
Gain/(loss) on disposal		<u>2,772,576</u>
Net adjustment	\$	<u>(2,084,407)</u>

NOTE 25 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that “Pension and OPEB expense for the prior year is not reported in the governmental funds, but is reported in the Statement of Activities. Current year pension and OPEB contributions are reported as an expense in the governmental funds, but are not reported in the Statement of Activities.” The details of this (\$843,438) difference are as follows:

Pension expense	\$	(735,538)
Prior year contribution changes - pension		244,547
Contributions - pension		(287,113)
OPEB expense		(65,334)
Net adjustment	\$	<u>(843,438)</u>

Another element of that reconciliation states that “Repayment of long-term debt is report as an expenditure in government funds, but the repayment reduced long-term liabilities in the Net Position.” The details of this \$450,668 difference are as follows:

Debt payments	\$	(645,609)
Bond premiums		(10,020)
Landfill costs		(10,379)
Debt proceeds		215,340
Net adjustment	\$	<u>(450,668)</u>

Another element of that reconciliation states that “Accrued leave reported in the Statement of Activities does not require the use of current financial resources and, therefore, is reported as expenditures in governmental funds.” The details of this \$(78,387) difference are as follows:

Compensated absences- prior year		432,561
Compensated absences- current year		(510,948)
Net adjustment	\$	<u>(78,387)</u>

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$92,811 difference are as follows:

Deferred revenues change - prior year		(167,499)
Deferred revenues change - current year		260,310
Net adjustment	\$	<u>92,811</u>

NOTE 26 – 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.

NOTE 27 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees’ bonds and certain property destruction and employee health and accident claims. The City also participates in the Public Entity Partners Pool (PEP), formerly, the Tennessee Municipal League Risk Management Pool, a public entity risk pool currently operating a workers’ compensation common risk management and insurance program. The PEP is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer, management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years.

NOTE 28 – LITIGATION AND CLAIMS

The City is not aware of any litigation or claims that would be material to the City’s financial statements.

NOTE 29 – 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 \$59,110 at June 30, 2025 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, 2025, are as follows:

Estimated liability, June 30, 2024	\$	69,489
Costs incurred		<u>(10,379)</u>
Estimated liability, June 30, 2025	\$	<u>59,110</u>

The estimated total current cost of the landfill postclosure care of \$59,110 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, 2025. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 30 – SUBSEQUENT EVENTS

The City issued additional debt totaling \$4,700,000 subsequent to year-end to fund various public works projects.

NOTE 31 – CORRECTION OF ERRORS

Net position was restated as follows:

<u>Government - Wide:</u>	<u>Decription of Restatement</u>	<u>Amount</u>
Government activities	Beginning Net Position, as previously reported	\$ 74,239,783
	Correct timing of grant receivables	990,074
	Correct timing of payables	(1,781)
	Correct receivable balances	165,499
	Correct leased payables	(155,638)
	Correct leased assets	(409,586)
	Beginning Net Position, as restated	<u>74,828,351</u>

NOTE 31 – CORRECTION OF ERRORS (Continued)

Business-Type:

Water and Sewer Fund	Beginning Net Position, as previously reported	\$ 50,091,328
	Correct leased assets and payables	36,986
	Beginning Net Position, as restated	<u>50,128,314</u>

Fund balances were restated as follows:

<u>Fund Statements:</u>	<u>Decription of Restatement</u>	<u>Amount</u>
General fund	Beginning Fund Balance, as previously reported	\$ 27,364,991
	Correct timing of grant receivables	990,074
	Correct timing of payables	(1,781)
	Correct receivable balances	165,499
	Beginning Fund Balance, as restated	<u>28,518,783</u>

**REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF CROSSVILLE, TENNESSEE
Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2025

Local Government OPEB Plan

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB Liability								
Service cost	47,916	47,262	47,262	101,190	101,190	74,816	74,816	91,924
Interest	68,111	66,581	66,528	50,246	50,251	71,040	69,434	106,560
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	114,864	-	1,218,322	-
Changes of assumptions	-	-	545,030	-	(358,251)	-	(576,211)	-
Benefit payments	<u>(140,299)</u>	<u>(122,961)</u>	<u>(153,797)</u>	<u>(153,797)</u>	<u>(148,689)</u>	<u>(148,689)</u>	<u>(233,768)</u>	<u>(233,768)</u>
Net change in total OPEB liability	(24,272)	(9,118)	505,023	(2,361)	(240,635)	(2,833)	552,593	(35,284)
Total OPEB liability- beginning	<u>1,777,672</u>	<u>1,753,400</u>	<u>1,744,282</u>	<u>2,249,305</u>	<u>2,246,944</u>	<u>2,006,309</u>	<u>2,003,476</u>	<u>2,556,069</u>
Total OPEB liability- ending (a)	<u><u>1,753,400</u></u>	<u><u>1,744,282</u></u>	<u><u>2,249,305</u></u>	<u><u>2,246,944</u></u>	<u><u>2,006,309</u></u>	<u><u>2,003,476</u></u>	<u><u>2,556,069</u></u>	<u><u>2,520,785</u></u>
Covered-employee payroll	6,289,366	6,862,926	7,106,644	7,106,644	7,323,183	7,323,183	7,857,138	8,851,565
Total OPEB liability as a percentage of covered-employee payroll	27.88%	25.42%	31.65%	31.62%	27.40%	27.36%	32.53%	28.48%

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.

That amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional, years will be displayed as they become available.

CITY OF CROSSVILLE, TENNESSEE
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
June 30, 2025

Total Pension Liability (Asset)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Service cost	\$ 465,416	\$ 409,474	\$ 411,762	\$ 435,924	\$ 393,800	\$ 390,788	\$ 368,403	\$ 401,138	\$ 390,744	\$ 403,085
Interest	1,525,912	1,658,850	1,704,397	1,775,746	1,854,313	1,934,234	1,975,216	2,123,928	2,244,799	2,401,321
Change in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	777,668	(437,343)	101,542	48,442	52,253	(504,140)	940,241	692,439	1,175,999	1,077,803
Change of assumptions	-	-	579,067	-	-	-	2,225,413	-	-	-
Benefit payments, including refunds of employee contributions	(851,717)	(1,029,393)	(1,022,547)	(1,083,793)	(1,184,815)	(1,205,176)	(1,261,279)	(1,380,277)	(1,452,562)	(1,557,512)
Net change in total pension liability (asset)	1,917,279	601,588	1,774,221	1,176,319	1,115,551	615,706	4,247,994	1,837,228	2,358,980	2,324,697
Total pension liability (asset), beginning	20,305,937	22,223,216	22,824,804	24,599,025	25,775,344	26,890,895	27,506,601	31,754,595	33,591,823	35,950,803
Total pension liability (asset), ending (a)	<u>\$ 22,223,216</u>	<u>\$ 22,824,804</u>	<u>\$ 24,599,025</u>	<u>\$ 25,775,344</u>	<u>\$ 26,890,895</u>	<u>\$ 27,506,601</u>	<u>\$ 31,754,595</u>	<u>\$ 33,591,823</u>	<u>\$ 35,950,803</u>	<u>\$ 38,275,500</u>
Plan Fiduciary Net Position										
Contributions - employer	735,344	668,277	914,088	857,245	820,335	736,671	745,110	598,747	614,212	637,183
Contributions- employee	239	-	-	-	-	-	-	-	-	-
Net investment income	651,137	571,479	2,478,568	2,006,600	1,926,685	1,357,928	7,283,644	(1,333,662)	2,198,569	3,320,555
Benefit payments, including refunds of employee contributions	(851,717)	(1,029,393)	(1,022,547)	(1,083,793)	(1,184,815)	(1,205,176)	(1,261,279)	(1,380,277)	(1,452,562)	(1,557,512)
Administrative expense	(6,937)	(9,093)	(9,784)	(10,356)	(9,093)	(8,251)	(7,901)	(8,217)	(11,847)	(14,245)
Net change in plan fiduciary net position	528,066	201,270	2,360,325	1,769,696	1,553,112	881,172	6,759,574	(2,123,409)	1,348,372	2,385,981
Plan fiduciary net position, beginning	21,202,977	21,731,043	21,932,313	24,292,638	26,062,334	27,615,446	28,496,618	35,256,192	33,132,783	34,481,155
plan fiduciary net position, ending (b)	<u>\$ 21,731,043</u>	<u>\$ 21,932,313</u>	<u>\$ 24,292,638</u>	<u>\$ 26,062,334</u>	<u>\$ 27,615,446</u>	<u>\$ 28,496,618</u>	<u>\$ 35,256,192</u>	<u>\$ 33,132,783</u>	<u>\$ 34,481,155</u>	<u>\$ 36,867,136</u>
Net pension liability (asset), ending (a-b)	<u>\$ 492,173</u>	<u>\$ 892,491</u>	<u>\$ 306,387</u>	<u>\$ (286,990)</u>	<u>\$ (724,551)</u>	<u>\$ (990,017)</u>	<u>\$ (3,501,597)</u>	<u>\$ 459,040</u>	<u>\$ 1,469,648</u>	<u>\$ 1,408,364</u>
Plan fiduciary net position as a percentage of total pension liability	97.79%	96.09%	98.75%	101.11%	102.69%	103.60%	111.03%	98.63%	95.91%	96.32%
Covered employee payroll	\$ 5,387,134	\$ 4,895,799	\$ 5,078,268	\$ 4,762,469	\$ 4,557,416	\$ 4,464,675	\$ 4,686,227	\$ 4,605,747	4724710	4902423
Net pension liability (asset) as a percentage of covered employee payroll	9.14%	18.23%	6.03%	-6.03%	-15.90%	-22.17%	-74.72%	9.97%	31.11%	28.73%

Notes to Schedule:

investment rate of the 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.

*GASB 68 requires a 10-year schedule for this data to be presented starting with the *implementation of GASB 68*. The schedule is not required to be presented retroactively prior years' data, if needed.

CITY OF CROSSVILLE, TENNESSEE
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
June 30, 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially determined contribution	\$ 668,277	\$ 692,676	\$ 872,965	\$ 819,879	\$ 709,883	\$ 745,110	\$ 488,670	\$ 614,212	\$ 58,797	\$ 293,073
Contributions in relation to the actuarially determined contribution	<u>668,277</u>	<u>914,088</u>	<u>872,965</u>	<u>820,335</u>	<u>736,671</u>	<u>745,110</u>	<u>598,747</u>	<u>614,212</u>	<u>637,183</u>	<u>293,073</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (221,412)</u>	<u>\$ -</u>	<u>\$ (456)</u>	<u>\$ (26,788)</u>	<u>\$ -</u>	<u>\$ (110,077)</u>	<u>\$ -</u>	<u>\$ (578,386)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,895,799	\$ 5,078,268	\$ 4,762,469	\$ 4,557,416	\$ 4,464,675	\$ 4,686,227	\$ 4,605,747	\$ 5,174,490	4,902,423	2,254,404
Contributions as a percentage of covered payroll	13.65%	18.00%	18.33%	18.00%	16.50%	15.90%	13.00%	11.87%	13.00%	13.00%

Notes to Schedule:

GASB 68 requires a 10-year Schedule for this data to be presented starting with the implementation of GASB 68. The information in this Schedule is not required to be presented retroactively prior to the

CITY OF CROSSVILLE, TENNESSEE
Notes to Required Supplementary Information
June 30, 2025

Valuation date: Actuarially determined contribution rates for fiscal year 2025 were calculated based on the June 30, 2023 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 Adjustments	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 2.22 percent; decrease salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF CROSSVILLE, TENNESSEE
Balance Sheet
Sports Authority - Component Unit
June 30, 2025

	Sports Authority - Component Unit
ASSETS	
Cash	\$ 37,483,216
Total Assets	\$ 37,483,216
 LIABILITIES	
Accounts payable	\$ 1,176,320
Retainage payable	163,183
Total Liabilities	\$ 1,339,503
 FUND BALANCES	
Restricted	\$ 36,143,713
Total Fund Balances	\$ 36,143,713

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

CITY OF CROSSVILLE, TENNESSEE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Sports Authority - Component Unit
Year Ended June 30, 2025

	Sports Authority - Component Unit
REVENUES	
Contributions and donations	2,328,493
Interest income	963,644
Total Revenues	3,292,137
EXPENDITURES	
Current Expenditures	
Legal and professional	334,330
Capital outlay	3,641,819
Debt service	2,327,493
Total Expenditures	6,303,642
Excess (deficiency) of revenues over (under) expenditures	(3,011,505)
OTHER FINANCING SOURCES (USES)	
Bond proceeds	39,155,218
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures	36,143,713
Fund Balances - beginning	-
Fund Balances - end	\$ 36,143,713

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

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

State Street Aid Fund: This fund is used to account for the expenditures of the City's streets that are funded by tax revenues from the gasoline and motor fuels tax received from the State of Tennessee and other general tax revenue transferred from the General Fund.

Drug Fund: This fund is used to account for investigations of violations of controlled substance laws and is funded primarily by the state statute from the receipt of fines and costs related to drug enforcement cases.

Economic Development Hotel/Motel Tax Fund: This fund is used to account for the hotel and motel taxes received by the City and any expenditures made to enhance and expand economic development in the City.

CITY OF CROSSVILLE, TENNESSEE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	State Street Aid Fund	Drug Fund	Economic Development Hotel/Motel Tax	Total Governmental Funds
ASSETS				
Cash	\$ 305,131	\$ 125,263	\$ 26,886	\$ 457,280
Investment	589,478	171,221	270,417	1,031,116
Due from other governments	73,806	-	641	74,447
Total Assets	<u>\$ 968,415</u>	<u>\$ 296,484</u>	<u>\$ 297,944</u>	<u>\$ 1,562,843</u>
LIABILITIES				
Accounts payable	\$ 13,716	\$ 10,532	\$ 1,284	\$ 25,532
Total Liabilities	<u>\$ 13,716</u>	<u>\$ 10,532</u>	<u>\$ 1,284</u>	<u>\$ 25,532</u>
FUND BALANCES				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	954,699	285,952	296,660	1,537,311
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>\$ 954,699</u>	<u>\$ 285,952</u>	<u>\$ 296,660</u>	<u>\$ 1,537,311</u>

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

CITY OF CROSSVILLE, TENNESSEE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2025

	State Street Aid	Drug Fund	Economic Development Hotel/Motel Tax	Total Governmental Funds
REVENUES				
Intergovernmental revenue	427,870	-	203,773	631,643
Fines and forfeitures	-	66,096	-	66,096
Other revenue	29,682	44,415	16,687	90,784
Total Revenues	<u>457,552</u>	<u>110,511</u>	<u>220,460</u>	<u>788,523</u>
EXPENDITURES				
Current Expenditures				
Economic development	-	-	280,916	280,916
Public safety	-	4,302	-	4,302
Public works	262,983	-	-	262,983
Total Expenditures	<u>262,983</u>	<u>4,302</u>	<u>280,916</u>	<u>548,201</u>
Excess (deficiency) of revenues over (under) expenditures	194,569	106,209	(60,456)	240,322
Fund Balances - beginning	760,130	179,743	357,116	1,296,989
Fund Balances - end	<u>\$ 954,699</u>	<u>\$ 285,952</u>	<u>\$ 296,660</u>	<u>\$ 1,537,311</u>

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

CITY OF CROSSVILLE, TENNESSEE
State Street Aid Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental Revenue				
State shared revenue				
Streets and transportation funds	380,000	380,000	427,870	47,870
Total Intergovernmental Revenue	<u>380,000</u>	<u>380,000</u>	<u>427,870</u>	<u>47,870</u>
Other Revenue				
Interest earnings	30,000	30,000	29,682	(318)
Total Other Revenue	<u>30,000</u>	<u>30,000</u>	<u>29,682</u>	<u>(318)</u>
Total Revenues	<u>410,000</u>	<u>410,000</u>	<u>457,552</u>	<u>47,552</u>
EXPENDITURES				
Current Expenditures				
Public Works				
Highway and maintenance				
Street lighting	270,000	243,300	226,333	16,967
Traffic signalization	-	12,000	11,970	30
Repairs and maintenance	10,000	24,700	24,680	20
Total Public works	<u>280,000</u>	<u>280,000</u>	<u>262,983</u>	<u>17,017</u>
Total Expenditures	<u>280,000</u>	<u>280,000</u>	<u>262,983</u>	<u>17,017</u>
Net change in fund balances	130,000	130,000	194,569	(64,569)
Fund Balances - beginning	760,130	760,130	760,130	-
Fund Balances - end	<u>\$ 890,130</u>	<u>\$ 890,130</u>	<u>\$ 954,699</u>	<u>\$ (64,569)</u>

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

CITY OF CROSSVILLE, TENNESSEE
Drug Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Fines and Forfeitures			
Court fines and forfeitures	13,000	13,000	66,096
Other Revenue			
Investment income	4,000	4,000	7,937
Proceeds for sale of capital assets	2,000	2,000	32,274
Miscellaneous	10,000	10,000	4,204
Total Other Revenue	16,000	16,000	44,415
Total Revenues	29,000	29,000	110,511
EXPENDITURES			
Current Expenditures			
Public safety			
Drug prevention and enforcement	28,000	28,000	4,302
Total Public safety	28,000	28,000	4,302
Total Expenditures	28,000	28,000	4,302
Net change in fund balances	1,000	1,000	106,209
Fund Balances - beginning	179,743	191,975	179,743
Fund Balances - end	\$ 180,743	\$ 192,975	\$ 285,952

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

CITY OF CROSSVILLE, TENNESSEE
Economic Development - Hotel/Motel Tax
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Local Taxes				
Occupancy Tax	240,000	240,000	203,773	(36,227)
Other Revenue				
Investment income	6,000	6,000	14,987	8,987
Miscellaneous and contribution income	-	-	1,700	1,700
Total Other Revenue	6,000	6,000	16,687	10,687
Total Revenues	246,000	246,000	220,460	(25,540)
EXPENDITURES				
Current Expenditures				
Economic development	290,000	291,000	279,751	11,249
Miscellaneous	25,000	24,000	1,165	22,835
Total Expenditures	315,000	315,000	280,916	34,084
Net change in fund balances	(69,000)	(69,000)	(60,456)	(8,544)
Fund Balances - beginning	357,116	357,116	357,116	-
Fund Balances - end	\$ 288,116	\$ 288,116	\$ 296,660	\$ (8,544)

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

CITY OF CROSSVILLE, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding Balance as of July 1, 2024	Issued During Period	Matured During Period	Outstanding Balance as of June 30, 2025
Governmental Activities:								
Bonds Payable:								
General Obligation Refunding Bonds, Series 2020A1	\$ 4,065,000	2.000-4.000%	November 16, 2020	June 1, 2037	\$ 3,790,000	\$ -	\$ (65,000)	\$ 3,725,000
General Obligation Improvement Bonds, Series 2020A2	\$ 1,235,000	2.000-3.000%	November 16, 2020	June 1, 2037	980,000	-	(65,000)	915,000
General Obligation Refunding Bonds, Series 2020B	\$ 2,185,000	0.427-1.693%	November 16, 2020	June 1, 2028	1,110,000	-	(270,000)	840,000
Total Bonds Payable:					\$ 5,880,000	\$ -	\$ (400,000)	\$ 5,480,000
Note Payable - Fleet Maintenance	Various	Various	Various	Various	\$ 519,984	\$ 215,340	\$ (245,609)	\$ 489,715
Total Governmental Activities:					\$ 6,399,984	\$ 215,340	\$ (645,609)	\$ 5,969,715
Business-type Activities:								
Bonds Payable:								
Water & Sewer Revenue Bonds, Series 2020C	\$ 30,755,000	2.000-4.000%	November 16, 2020	June 1, 2050	\$ 28,215,000	\$ -	\$ (610,000)	\$ 27,605,000
Water & Sewer Revenue Bonds, Series 2020D	\$ 1,440,000	0.419-1.509%	November 16, 2020	June 1, 2027	620,000	-	(210,000)	410,000
Total Bonds Payable:					\$ 28,835,000	\$ -	\$ (820,000)	\$ 28,015,000
Note Payable - Fleet Maintenance	Various	Various	Various	Various	\$ 75,580	\$ 130,047	\$ (60,219)	\$ 145,408
Other Loans Payable:								
Rural Development Loan 91-22	\$ 890,000	1.75%	May 20, 2021	May 20, 2061	\$ 841,258	\$ -	\$ (16,381)	\$ 824,877
Rural Development Loan 91-24	\$ 308,462	1.50%	May 11, 2022	February 11, 2062	295,987	-	(5,896)	290,091
Total Other Loans Payable:					\$ 1,137,245	\$ -	\$ (22,277)	\$ 1,114,968
Total Business-type Activities:					\$ 30,047,825	\$ 130,047	\$ (902,496)	\$ 29,275,376
Component Unit:								
Bonds Payable:								
Public Facility Revenue Bonds, Series 2024B	\$ 500,000	4.75%	June 1, 2024	June 1, 2025	\$ -	\$ 500,000	\$ (500,000)	\$ -
Public Facility Revenue Bonds, Series 2024A	\$ 39,500,000	2.5-4.375%	June 1, 2024	June 1, 2054	-	39,500,000	(890,000)	38,610,000
Total Component Unit:					\$ -	\$ 40,000,000	\$ (1,390,000)	\$ 38,610,000

CITY OF CROSSVILLE, TENNESSEE
Schedule of Principal and Interest Requirements
By Fiscal Year
June 30, 2025

Governmental Activities Long-Term Debt

Year Ending June 30	Series 2020A1 Bonds			Seires 2020A2 Bonds			Series 2020B Bonds			Fleet Maintenance			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	65,000	80,050	145,050	70,000	18,300	88,300	275,000	12,584	287,584	203,998	67,740	271,738	613,998	178,674	792,672
2027	65,000	78,100	143,100	70,000	16,900	86,900	280,000	9,016	289,016	176,532	57,075	233,607	591,532	161,091	752,623
2028	65,000	76,150	141,150	70,000	15,500	85,500	285,000	4,826	289,826	84,180	28,065	112,245	504,180	124,541	628,721
2029	360,000	74,200	434,200	70,000	14,100	84,100	-	-	-	14,277	4,666	18,943	444,277	92,966	537,243
2030	370,000	63,400	433,400	75,000	12,700	87,700	-	-	-	9,592	2,862	12,454	454,592	78,962	533,554
2031	375,000	56,000	431,000	75,000	11,200	86,200	-	-	-	1,136	476	1,612	451,136	67,676	518,812
2032	385,000	48,500	433,500	75,000	9,700	84,700	-	-	-	-	-	-	460,000	58,200	518,200
2033	390,000	40,800	430,800	80,000	8,200	88,200	-	-	-	-	-	-	470,000	49,000	519,000
2034	400,000	33,000	433,000	80,000	6,600	86,600	-	-	-	-	-	-	480,000	39,600	519,600
2035	410,000	25,000	435,000	80,000	5,000	85,000	-	-	-	-	-	-	490,000	30,000	520,000
2036	415,000	16,800	431,800	85,000	3,100	88,100	-	-	-	-	-	-	500,000	19,900	519,900
2037	425,000	8,500	433,500	85,000	1,700	86,700	-	-	-	-	-	-	510,000	10,200	520,200
Total	\$ 3,725,000	\$ 600,500	\$ 4,325,500	\$ 915,000	\$ 123,000	\$ 1,038,000	\$ 840,000	\$ 26,426	\$ 866,426	\$ 489,715	\$ 160,884	\$ 650,599	\$ 5,969,715	\$ 910,810	\$ 6,880,525

CITY OF CROSSVILLE, TENNESSEE
Schedule of Principal and Interest Requirements
By Fiscal Year
June 30, 2025

Business-type Activities Long-Term Debt

Year Ending June 30	2020 Series C Bonds			2020 Series D Bonds			Rural Development Loan 91-22			Rural Development Loan 91-24			Fleet Maintenance			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	630,000	611,766	1,241,766	205,000	5,776	210,776	16,670	14,302	30,972	5,986	4,310	10,296	55,335	19,900	75,235	912,991	656,054	1,569,045
2027	660,000	586,566	1,246,566	205,000	3,094	208,094	16,964	14,008	30,972	6,076	4,220	10,296	45,378	15,261	60,639	933,418	623,149	1,556,567
2028	895,000	566,766	1,461,766	-	-	-	17,263	13,709	30,972	6,168	4,128	10,296	40,411	13,486	53,897	958,842	598,089	1,556,931
2029	920,000	539,916	1,459,916	-	-	-	17,568	12,396	29,964	6,261	4,035	10,296	4,284	1,494	5,778	948,113	557,841	1,505,954
2030	945,000	512,316	1,457,316	-	-	-	17,878	13,094	30,972	6,355	3,941	10,296	-	-	-	969,233	529,351	1,498,584
2031	965,000	493,416	1,458,416	-	-	-	18,193	12,779	30,972	6,451	3,845	10,296	-	-	-	989,644	510,040	1,499,684
2032	985,000	474,116	1,459,116	-	-	-	-	-	-	6,549	3,747	10,296	-	-	-	991,549	477,863	1,469,412
2033	1,005,000	454,416	1,459,416	-	-	-	6,648	3,648	10,296	6,648	3,648	10,296	-	-	-	1,011,648	458,064	1,469,712
2034	1,025,000	434,316	1,459,316	-	-	-	-	-	-	6,748	3,548	10,296	-	-	-	1,031,748	437,864	1,469,612
2035	1,045,000	413,816	1,458,816	-	-	-	-	-	-	6,850	3,446	10,296	-	-	-	1,051,850	417,262	1,469,112
2036	1,065,000	392,916	1,457,916	-	-	-	-	-	-	6,954	3,342	10,296	-	-	-	1,071,954	396,258	1,468,212
2037	1,090,000	371,616	1,461,616	-	-	-	-	-	-	7,059	3,237	10,296	-	-	-	1,097,059	374,853	1,471,912
2038	1,110,000	349,816	1,459,816	-	-	-	-	-	-	7,165	3,131	10,296	-	-	-	1,117,165	352,947	1,470,112
2039	1,130,000	327,616	1,457,616	-	-	-	720,341	207,519	927,860	7,273	3,023	10,296	-	-	-	1,857,614	538,158	2,395,772
2040	1,155,000	305,016	1,460,016	-	-	-	-	-	-	7,383	2,913	10,296	-	-	-	1,162,383	307,929	1,470,312
2041	1,180,000	280,760	1,460,760	-	-	-	-	-	-	7,495	2,801	10,296	-	-	-	1,187,495	283,561	1,471,056
2042	1,205,000	255,982	1,460,982	-	-	-	-	-	-	7,608	2,688	10,296	-	-	-	1,212,608	258,670	1,471,278
2043	1,230,000	230,376	1,460,376	-	-	-	-	-	-	7,723	2,573	10,296	-	-	-	1,237,723	232,949	1,470,672
2044	1,255,000	204,238	1,459,238	-	-	-	-	-	-	7,840	2,456	10,296	-	-	-	1,262,840	206,694	1,469,534
2045	1,280,000	177,568	1,457,568	-	-	-	-	-	-	7,958	2,338	10,296	-	-	-	1,287,958	179,906	1,467,864
2046	1,310,000	150,368	1,460,368	-	-	-	-	-	-	8,078	2,218	10,296	-	-	-	1,318,078	152,586	1,470,664
2047	1,335,000	122,532	1,457,532	-	-	-	-	-	-	8,200	2,096	10,296	-	-	-	1,343,200	124,628	1,467,828
2048	1,365,000	94,162	1,459,162	-	-	-	-	-	-	8,324	1,972	10,296	-	-	-	1,373,324	96,134	1,469,458
2049	1,395,000	63,450	1,458,450	-	-	-	-	-	-	8,450	1,846	10,296	-	-	-	1,403,450	65,296	1,468,746
2050	1,425,000	32,062	1,457,062	-	-	-	-	-	-	8,577	1,719	10,296	-	-	-	1,433,577	33,781	1,467,358
2051	-	-	-	-	-	-	-	-	-	8,707	1,589	10,296	-	-	-	8,707	1,589	10,296
2052	-	-	-	-	-	-	-	-	-	8,838	1,458	10,296	-	-	-	8,838	1,458	10,296
2053	-	-	-	-	-	-	-	-	-	8,972	1,324	10,296	-	-	-	8,972	1,324	10,296
2054	-	-	-	-	-	-	-	-	-	9,107	1,189	10,296	-	-	-	9,107	1,189	10,296
2055	-	-	-	-	-	-	-	-	-	9,245	1,051	10,296	-	-	-	9,245	1,051	10,296
2056	-	-	-	-	-	-	-	-	-	9,385	911	10,296	-	-	-	9,385	911	10,296
2057	-	-	-	-	-	-	-	-	-	9,526	770	10,296	-	-	-	9,526	770	10,296
2058	-	-	-	-	-	-	-	-	-	9,670	626	10,296	-	-	-	9,670	626	10,296
2059	-	-	-	-	-	-	-	-	-	9,816	480	10,296	-	-	-	9,816	480	10,296
2060	-	-	-	-	-	-	-	-	-	9,965	331	10,296	-	-	-	9,965	331	10,296
2061	-	-	-	-	-	-	-	-	-	10,115	181	10,296	-	-	-	10,115	181	10,296
2062	-	-	-	-	-	-	-	-	-	6,566	36	6,602	-	-	-	6,566	36	6,602
Total	\$ 27,605,000	\$ 8,445,888	\$ 36,050,888	\$ 410,000	\$ 8,870	\$ 418,870	\$ 824,877	\$ 287,807	\$ 1,112,684	\$ 290,091	\$ 87,167	\$ 377,258	\$ 145,408	\$ 50,141	\$ 195,549	\$ 29,275,376	\$ 8,879,873	\$ 38,155,249

CITY OF CROSSVILLE, TENNESSEE
Schedule of Changes in Property Tax Receivable
June 30, 2025

<u>Year of Levy</u>	<u>Property Taxes Receivable July 1, 2024</u>	<u>Property Tax Levied</u>	<u>Abatements and Adjustments</u>	<u>Collections</u>	<u>Property Taxes Receivable June 30, 2025</u>
2025		3,729,267	-	-	3,729,267
2024	3,863,291	-	(357,281)	(3,391,446)	114,564
2023	136,798	-	926	(62,479)	75,245
2022	37,810	-	120	(12,796)	25,134
2021	26,749	-	(650)	(2,441)	23,658
2020	22,731	-	-	(6,476)	16,255
2019	13,324	-	-	(1,446)	11,878
2018	7,556	-	-	(1,169)	6,387
2017	3,955	-	-	(486)	3,469
2016	5,050	-	-	(1,037)	4,013
2015	2,796	-	-	(301)	2,495
2014	2,657	-	(1,905)	(752)	-
Total	<u>4,122,717</u>	<u>3,729,267</u>	<u>(358,790)</u>	<u>(3,480,829)</u>	<u>4,012,365</u>
Less Allowance for Uncollectable Accounts					(90,209)
Balance, End of Year, Net of Allowance					<u><u>3,922,156</u></u>

Notes to Schedule:

All uncollected taxes for years prior to 2024 have been turned over to the county for collections.

CITY OF CROSSVILLE, TENNESSEE
Tax Rates and Assessed Valuation- Applicable to the Last Ten Years
June 30, 2025

Year of Levy	Tax Rate Per \$100	Property	Total
2025	\$ 0.6059	604,364,382	3,661,845
2024	\$ 0.6059	623,236,614	3,776,191
2023	\$ 0.6059	608,988,281	3,615,809
2022	\$ 0.6059	582,205,887	3,532,335
2021	\$ 0.7500	458,531,669	3,438,943
2020	\$ 0.5900	464,138,858	2,740,741
2019	\$ 0.5900	454,527,768	2,683,981
2018	\$ 0.5900	451,656,720	2,667,035
2017	\$ 0.5900	452,066,777	2,669,456
2016	\$ 0.6300	425,928,952	2,683,354
2015	\$ 0.6300	415,156,189	2,615,491

CITY OF CROSSVILLE, TENNESSEE
Schedule of Utility Rates
June 30, 2025

Water and Sewer Customer Rates

First 2,000 gallons	Inside the City	Outside the City
Water	\$11.42 Minimum Bill	\$16.04 Minimum Bill
Sewer	\$16.12 Minimum Bill	\$24.18 Minimum Bill

All over 2,000 gallons	Inside the City	Outside the City
Water	\$5.71 per 1,000 gallons	\$8.57 per 1,000 gallons
Sewer	\$8.06 per 1,000 gallons	\$12.09 per 1,000 gallons

Utility Districts:

South Cumberland	\$4.15 per 1,000 gallons
Grandview	\$4.15 per 1,000 gallons
Catoosa	\$1.50 per 1,000 gallons

Number of Customers

	Inside the City	Outside the City	Totals
Water Customers			
Residential	4,391	8,212	12,603
Commercial	1,437	326	1,763
Industrial	30	4	34
CUD Master Meters	-	4	4
Utility District Taps	-	5	5
Total Water Customers	5,858	8,551	14,409
Total Sewer Customers	5,512	70	5,582

CITY OF CROSSVILLE, TENNESSEE
Schedule of Expenditures of Federal Awards and State Financial Assistance
June 30, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Grant/Project Number	Accrued (Receivable) 7/1/2024	Grant Receipts	Grant Expenditures	Accrued (Receivable) 6/30/2025
Federal Programs						
U.S. Department of Transportation						
Precision Approach Path Indicator Project	20.106	AERO-22-242-00	\$ -	\$ 12,140	\$ 12,140	\$ -
Terminal Building Renovations	20.106	AERO-23-271-00	(813,266)	459,946	59,562	(412,882)
Airport Layout Plan	20.106	AERO-20-208-00	-	82,274	82,274	-
Total U.S. Department of Transportation			<u>(813,266)</u>	<u>554,360</u>	<u>153,976</u>	<u>(412,882)</u>
U.S. Department of Safety and Homeland Security						
Enforcement of Tennessee Driving Under the Influence Laws	20.607	Z25THS077	-	6,777	24,610	(17,833)
Enforcement of Tennessee Driving Under the Influence Laws	20.607	Z24THS075	(22,924)	23,296	372	-
Total U.S. Department of Safety and Homeland Security			<u>(22,924)</u>	<u>30,073</u>	<u>24,982</u>	<u>(17,833)</u>
U.S. Federal Emergency Management Agency - to the State Department of Military, Tennessee Emergency Management Agency FEMA-4514-DR-TN	97.036	FEMA-4514-DR-TN	(8,171)	8,171	-	-
U.S. Department of Justice						
Bulletproof Vest Partnership Program	16.607	009BUBX09049954	-	2,075	2,075	-
U.S. Office of National Drug Control Policy						
High Intensity Drug Trafficking Area 2025	95.001	G25AP0001A	-	1,757	2,156	(399)
High Intensity Drug Trafficking Area 2024	95.001	G24AP0001A	(860)	1,963	1,103	-
Total U.S. Office of National Drug Control Policy			<u>(860)</u>	<u>3,720</u>	<u>3,259</u>	<u>(399)</u>
U.S. Department of Economic and Community Development						
CDBG - Greenway	14.228	-	-	61,700	61,700	-
U.S. Department of Environment and Conservation						
TDEC-ARP	21.027	-	(609,645)	2,622,031	2,109,892	(97,506)
U.S. Department of the Treasury						
Coronavirus State and Local Fiscal Recovery Funds	21.027	-	2,648,498	-	2,317,782	330,716
Total Federal			<u>\$ 1,193,632</u>	<u>\$ 3,282,130</u>	<u>\$ 4,673,666</u>	<u>\$ (197,904)</u>

CITY OF CROSSVILLE, TENNESSEE
Schedule of Expenditures of Federal Awards and State Financial Assistance
June 30, 2025

State Programs

Tennessee Department of Transportation						
State Transportation Funds SR-1	-	18LPLM-F3-015	(148,808)	\$ 888,484	\$ 1,970,854	\$ (1,231,178)
Hanger Whisper AERO	-	10386	-	9,048	9,048	-
Lantana & Main Traffic Signal	-	170051-25	-	244,524	244,524	-
Airport Maintenance	-	40100-51008	-	15,005	15,005	-
Total Tennessee Department of Transportation			<u>(148,808)</u>	<u>1,157,061</u>	<u>2,239,431</u>	<u>(1,231,178)</u>
Tennessee Department of Finance and Administration						
Office of Criminal Justice Programs						
VCIF Community Crime Prevention	-	77241-VCIF	-	65,035	65,035	-
Tennessee Department of Safety and Homeland Security						
Statewide School Resource Officer (SRO) Grant	-	34901-01536	-	303,200	303,200	-
Tennessee Department of Commerce and Insurance						
Police In-Service	-	-	(28,000)	60,000	32,000	-
Fire In-Service	-	-	-	24,000	24,000	-
Total Tennessee Department of Commerce and Insurance			<u>(28,000)</u>	<u>84,000</u>	<u>56,000</u>	<u>-</u>
Total State			<u>\$ (176,808)</u>	<u>\$ 1,609,296</u>	<u>\$ 2,663,666</u>	<u>\$ (1,231,178)</u>
TOTAL FEDERAL AND STATE			<u>\$ 1,016,824</u>	<u>\$ 4,891,426</u>	<u>\$ 7,337,332</u>	<u>\$ (1,429,082)</u>

Note 1 – Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards summarizes the expenditures of the City of Crossville, Tennessee under programs of the Federal Government for the year ended June 30, 2025. The Schedule is presented using the modified accrual basis of accounting.

Note 2 – Indirect Cost Rate: The City of Crossville, Tennessee has not elected to use the 10percent de minimis indirect cost rate or to allocate any indirect cost.

III. INTERNAL CONTROL AND COMPLIANCE SECTION

**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 Mayor and Councilmen
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, the discretely presented component unit, each major fund and aggregate remaining fund information of the City of Crossville, Tennessee (the City) as of and for the year ended June 30, 2025, 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 24, 2026.

Report on 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 City’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 the 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waycaster, CPA LLC

Chickamauga, Georgia
February 24, 2026

Waycaster, CPA LLC

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Councilmen
City of Crossville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited, the City of Crossville, Tennessee (the City)’s 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 the City’s major federal programs for the year ended June 30, 2025. The 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, the City of Crossville, Tennessee, compiled 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, 2025.

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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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.

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. 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.

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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.

Waycaster, CPA LLC

Chickamauga, Georgia
February 24, 2026

CITY OF CROSSVILLE, TENNESSEE
Schedule of Findings and Questioned Costs
June 30, 2025

SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
material weakness(es) identified?	No
Significant deficiency identified	
not considered to be material weakness?	No
Noncompliance material to financial statements	No

Federal Awards:

Internal control over financial reporting:	
material weakness(es) identified?	No
Significant deficiency identified	
not considered to be material weakness?	No
Type of auditor's report issued on compliance	
for major programs:	Unmodified
An audit findings disclosed that are required to be reported	
in accordance with 2 CFR 200.516 of the Uniform	
Guidance.	None reported

Identification of Major Federal Programs:

<u>Assistance Listing Number</u>	<u>Federal Program Name</u>
21.027	U.S. Department of Environment & Conservation

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee Qualified as low-risk auditee?	Yes
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CITY OF CROSSVILLE, TENNESSEE
Summary Schedule of Prior Year Findings
June 30, 2025

The City had no prior year audit findings.