CITY OF CROSSVILLE

FINANCIAL REPORT

JUNE 30, 2015

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CITY OF CROSSVILLE

DIRECTORY OF OFFICIALS

ELECTED OFFICIALS

Mayor	James Mayberry
Mayor Pro-Tem	Pamala Harris
Council Member	Jesse Kerley
Council Member	Pedro Souza
Council Member	Danny Wyatt

APPOINTED OFFICIALS

City Attorney	William T. Ridley
City Judge	Thomas L. Bean
City Manager	David A. Rutherford
City Clerk	Sally Oglesby, MMC
Director of Finance	Fred C. Houston, CPA

MAULDIN & JENKINS

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Crossville (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crossville as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 and Note 13, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages iv through ix of the Financial Section and the schedule of funding progress, schedule of changes in net pension liability (asset), and schedule of contributions on pages 38-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crossville's basic financial statements. The introductory section, combining financial statements, the budgetary comparison schedules included as other supplementary information, and financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining financial statements, the budgetary comparison schedules included as other supplementary information, the financial schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The

combining financial statements, the budgetary comparison schedules included as other supplementary information, the financial schedules, and the schedule of expenditures of federal and state awards have 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015, on our consideration of the City of Crossville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crossville's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 8, 2015

CITY OF CROSSVILLE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Crossville's (the "City") financial performance provides an overview of the City's financial activities for the fiscal years ended June 30, 2015 and 2014. Please read it in conjunction with the City's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

The City's governmental activity total assets increased by $1,846,000 in 2015 or 3.2%, while business-type activity total assets decreased by $287,000 or 0.4%, resulting in an increase in total primary government assets of $1,559,000 or 1.1%. Governmental activity total revenues for the City decreased $497,000 or 3.2%, while business-type total revenues increased by $783,000 or 9.2%, resulting in an increase in total primary government revenues of $286,000, or 1.2%. The City's governmental activity total program expenses for 2015 decreased $2,852,000 or 16.5%, while business-activity total program expenses increased by $614,000 or 6.6%, resulting in a decrease in total primary government program expenses of $2,238,000 or 8.4%. With respect to the City's governmental activities, net position increased by $605,000. The fund balance of the General Fund increased during the year by $1,000,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 4. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

For an analysis of the City's financial operation as a whole, we must examine the statement of net position and the statement of activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most companies in the private sector. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In reviewing these financial statements, we must ask, "Is the City of Crossville as a whole financially better or worse as a result of this year's activities?"

One way to answer this question of the City's financial position and stability is to review the City's statements of net position (the difference between assets and liabilities) and the changes in net position over time. Tables 1 and 2 of this discussion and analysis offer this information in a comparative format which provides an excellent opportunity to evaluate the City's financial health. In reviewing these statements you will also need to consider other non-financial factors, such as, changes in the City's property and sales tax base and the condition of the City's infrastructure facilities and equipment.

REPORTING THE CITY AS A WHOLE, continued

As illustrated in Table 1, total assets of the City's governmental activities were $59,350,000 in 2015 versus $57,504,000 in 2014, representing an increase of $1,846,000 or 3.2%. Table 1 also shows that total assets of the City's business-type activities were $79,872,000 in 2015 versus $80,159,000 in 2014, representing a decrease of $287,000 or 0.4%.

Table 1 - Net Position (in Thousands)

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2015	2014	Change	2015	2014	Change	2015	2014	Change
Current assets, other assets and deferrals	$17,492	$14,599	$ 2,893	$ 7,518	$ 6,432	$ 1,086	$ 25,010	$ 21,031	$ 3,979
Capital assets	41,858	42,905	(1,047)	72,354	73,727	(1,373)	114,212	116,632	(2,420)
Total assets and deferrals	$59,350	$57,504	$ 1,846	$79,872	$80,159	$ (287)	$139,222	$137,663	$ 1,559
Long-term liabilities	$ 8,110	$ 8,420	$ (310)	$28,243	$28,927	$ (684)	$ 36,353	$ 37,347	$ (994)
Other liabilities and deferrals	4,886	3,484	1,402	1,244	317	927	6,130	3,801	2,329
Total liabilities and deferrals	12,996	11,904	1,092	29,487	29,244	243	42,483	41,148	1,335
Net position:									
Net investment in capital assets	34,762	36,475	(1,713)	44,476	45,212	(736)	79,238	81,687	(2,449)
Restricted	414	394	20	-	-	-	414	394	20
Unrestricted	11,178	8,731	2,447	5,909	5,703	206	17,087	14,434	2,653
Total net position	46,354	45,600	754	50,385	50,915	(530)	96,739	96,515	224
Total liabilities, deferrals, and net position	$59,350	$57,504	$ 1,846	$79,872	$80,159	$ (287)	$139,222	$137,663	$ 1,559

The significant elements and causes for the changes in the City's governmental activities total assets in 2015 were: (1) Current assets, other assets and deferred outflows increased by $2,893,000 which was attributed in part to the operations of the City for the year. (2) Capital assets decreased by $1,047,000 primarily due to depreciation.

The significant elements and causes for the changes in the total assets and deferred outflows of the City's business-type activities in 2015 were an increase in current and other assets of $1,086,000 which was due to an increase in unrestricted cash and cash equivalents at year-end. Additionally, capital assets decreased by $1,373,000 related to depreciation and dispositions of machinery and equipment of the water and sewer plant.

As shown in Table 1, total liabilities and deferred inflows of the City's governmental activities increased by $1,092,000 or 9.1% in 2015. Table 1 also shows total liabilities and deferred inflows of the City's business-type activities increased by $243,000 or 0.8% in 2015. The significant elements and causes for the changes in the City's total liabilities and deferred inflows in 2015 were due to an increase in accounts payable and accrued liabilities.

Therefore, total net position of the City's governmental activities increased by $754,000 or 1.7%, and total net position of the City's business-type activities decreased by $530,000 or 1.0%.

REPORTING THE CITY AS A WHOLE, continued

Table 2 illustrates the changes in net position. As stated earlier, the changes in net position over time provide an excellent opportunity to evaluate the financial health of the City of Crossville.

Table 2 – Change in Net Position (in Thousands)

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2015	2014	Change	2015	2014	Change	2015	2014	Change
Revenues									
Program revenues:									
Charges for services	$ 1,363	$ 2,805	$ (1,442)	$ 8,689	$ 8,374	$ 315	$10,052	$ 11,179	$ (1,127)
Grants and contributions:									
For operations	425	438	(13)	5	1	4	430	439	(9)
For capital projects	299	452	(153)	592	127	465	891	579	312
General revenues:									
Property taxes	2,357	2,215	142	-	-	-	2,357	2,215	142
Intergovernmental revenues	10,629	9,661	968	-	-	-	10,629	9,661	968
Capital contributions	-	-	-	101	-	101	101	-	101
Interest earnings	10	9	1	5	6	(1)	15	15	-
Total revenues	15,083	15,580	(497)	9,392	8,508	$ 884	24,475	24,088	387
Program expenses:									
General government	3,328	6,547	(3,219)	-	-	-	3,328	6,547	(3,219)
City court	15	16	(1)	-	-	-	15	16	(1)
Airport	420	384	36	-	-	-	420	384	36
Cemetery	74	67	7	-	-	-	74	67	7
Parks and recreation	1,405	1,267	138	-	-	-	1,405	1,267	138
Planning and zoning	148	143	5	-	-	-	148	143	5
Public safety	5,663	5,799	(136)	-	-	-	5,663	5,799	(136)
Sanitation	491	419	72	-	-	-	491	419	72
Streets	2,454	2,175	279	-	-	-	2,454	2,175	279
Tourism development	271	297	(26)	-	-	-	271	297	(26)
Interest on long-term debt	209	216	(7)	-	-	-	209	216	(7)
Water and sewer department	-	-	-	9,923	9,309	614	9,923	9,309	614
Total expenses	14,478	17,330	(2,852)	9,923	9,309	614	24,401	26,639	(2,238)
CHANGE IN NET POSITION	605	(1,750)	2,355	(531)	(801)	270	74	(2,551)	2,625
NET POSITION, beginning	45,749	47,350	(1,601)	50,915	51,716	(801)	96,664	99,066	(2,402)
NET POSITION, ending	$46,354	$45,600	$ 754	$50,384	$50,915	$ (531)	$96,738	$96,515	$ 223

Total revenues for the City's governmental activities decreased $497,000 or 3.2%. Revenues decreased primarily due to a decrease in revenue from charges for services provided by the City.

Total revenues for the City's business-type activities increased $884,000 or approximately 10.4%. The increase is due to significant sources of revenue received for capital projects and an increase in water and sewer rates.

Table 2 shows that total program expenses for the City's governmental activities decreased $2,852,000 or 16.5%. Total program expenses for the City's business-type activities increased $614,000 or 6.6%.

REPORTING THE CITY AS A WHOLE, continued

Governmental Activities

The City's fiscal operating year is the twelve-month period beginning each July 1. An annual operating budget is submitted to the Mayor and City Council members prior to the commencement of the related fiscal year, and a budget ordinance for the year is subsequently adopted. Any revisions or amendments require Mayor and City Council action. All annual appropriations not expended lapse at fiscal year-end. The budgetary appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot legally be exceeded unless subsequently amended by the Mayor and City Council.

BUDGETARY HIGHLIGHTS

Table 3 illustrates the significant components of the City's budget for the general fund for the year ended June 30, 2015. The original budget revenue estimates total $15,355,000. Final budget revenues for the period amounted to $15,450,000. Final actual revenues for the period amounted to $14,662,000. The City's original budget estimated expenditures for 2015 were $14,860,000. Final budget expenditures for the period amounted to $15,110,000. Final actual expenditures for the period amounted to $13,242,000. At June 30, 2015, the fund balance of the City's general fund was $11,139,000.

Table 3 – General Fund Budget Comparison (in Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget – Over/(Under)
Revenues				
Taxes	$11,060	$11,060	$11,464	$ 404
Intergovernmental revenues	2,811	2,906	1,823	(1,083)
Charges for services	233	233	262	29
Other revenues	1,251	1,251	1,113	(138)
Total revenues	15,355	15,450	14,662	(788)
Expenditures				
General government	3,564	3,581	3,114	(467)
Airport	135	281	257	(24)
Parks and recreation	1,234	1,321	1,142	(179)
Public safety	6,065	6,065	5,677	(388)
Street	2,112	2,112	1,571	(541)
Other expenditures	1,750	1,750	1,481	(269)
Total expenditures	14,860	15,110	13,242	(1,868)
Revenues Over (Under) Expenditures	495	340	1,420	1,080
Transfers in	-	-	-	-
Transfers out	(1,458)	(1,526)	(420)	1,106
NET CHANGE IN FUND BALANCES	(963)	(1,186)	1,000	2,186
FUND BALANCE, beginning	10,139	10,139	10,139	-
FUND BALANCE, ending	$ 9,176	$ 8,953	$11,139	$ 2,186

Business-type Activities

The Wastewater Department adopts an Operating Budget to assist in planning and forecasting for the fiscal year. The Budget is approved and is in effect for the entire fiscal year. Management uses the budget as a planning tool for the coming year.

DEBT ADMINISTRATION

Governmental Activities

At the end of the current fiscal year the City's governmental activities had outstanding long-term debt of $7,829,000. The prior year outstanding long-term debt amounted to $8,136,000; consequently long-term debt decreased during the year by $307,000. This decrease was due to the amount of principal payments made during the year.

Business-type Activities

At the end of the current fiscal year the City's business-type activities, comprised of the Water and Sewer Department, had outstanding long-term debt of $28,044,000. The prior year outstanding long-term debt amounted to $28,694,000. The decrease of $650,000 was due to the amount of principal payments made during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Annual Budget assures the efficient, effective and economic uses of the City's resources, as well as, establishing that the highest priority objectives are accomplished. Through the budget, the Board of Mayor and Council members sets the direction of the City, allocates its resources and establishes its priorities.

In terms of the future, while we are in good financial shape at this time, with revenue streams limited and the large amount of growth the City is facing, we need to be alert to the public benefit versus the costs of the services we provide. In short, as the budget better reflects actual revenues and as we move into the future, we need to be careful of our spending so that we do not find ourselves in the position of expenditures outpacing revenues.

The City is continuing to grow at a steady pace. To that end, it is important that the Board update its comprehensive plan and goals and maintains its communication efforts through the budgeting process. The housing development trend is decreasing, although new business development has continued to grow. This allows the City's sales tax revenue to continue to be steady. The City continues to face many challenges in maintaining a necessary level of infrastructure. As it relates to the City's Water and Sewer Department, an important goal is to incorporate the City's Master Plan priorities into the Five-Year Capital Improvement Budget as well as increase the level of service and customer satisfaction. The rate of infrastructure failures on aged equipment will determine many of the City's priorities for the upcoming years.

The City was able to increase governmental revenues this year. The federal and state grants that were received by the City were a significant factor in this increase. The increased sales tax base will have a significant impact on the City's revenues in the upcoming years. The City has been able to maintain services without a tax increase for the past few years, which will continue to be a major challenge with continued growth.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact the Director of Finance at the City of Crossville, 99 Municipal Avenue, Crossville, Tennessee 38555, (931) 484-5113 or fred.houston@crossvilletn.gov.

CITY OF CROSSVILLE

STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 8,545,854	$ 2,346,779	$ 10,892,633
Receivables, net of allowance for uncollectibles	5,597,841	672,930	6,270,771
Unbilled revenues	-	745,039	745,039
Inventories	172,350	348,362	520,712
Restricted assets:			
Cash and cash equivalents	1,099,708	3,028,420	4,128,128
Note receivable	532,000	-	532,000
Net pension asset	717,632	179,408	897,040
Land and other nondepreciable assets	10,482,068	1,583,423	12,065,491
Other capital assets, net of accumulated depreciation	31,376,567	70,770,468	102,147,035
Total assets	58,524,020	79,674,829	138,198,849
DEFERRED OUTFLOWS OF RESOURCES			
Pension experience differences	220,304	30,465	250,769
Pension contribution subsequent to measurement date	605,498	-	605,498
Deferred charges on refunding	-	166,509	166,509
Total deferred outflows of resources	825,802	196,974	1,022,776
LIABILITIES			
Accounts payable and accrued liabilities	955,992	847,383	1,803,375
Accrued postclosure care	160,530	-	160,530
Accrued postemployment benefits	51,494	63,444	114,938
Other liabilities	-	70,271	70,271
Long-term liabilities:			
Due within one year	447,516	1,325,645	1,773,161
Due in more than one year	7,662,440	26,917,686	34,580,126
Total liabilities	9,277,972	29,224,429	38,502,401
DEFERRED INFLOWS OF RESOURCES			
Pension investment return	1,051,403	262,851	1,314,254
Unearned revenue - property taxes	2,666,655	-	2,666,655
Total deferred inflows of resources	3,718,058	262,851	3,980,909
NET POSITION			
Net investment in capital assets	33,748,679	44,352,123	78,100,802
Restricted for:			
Capital projects	24,928	-	24,928
Cemetery	81,532	-	81,532
State street aid	202,036	-	202,036
Drug fund	105,442	-	105,442
Unrestricted	12,191,175	6,032,400	18,223,575
Total net position	$46,353,792	$ 50,384,523	$96,738,315

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	$ 3,327,663	$ 1,016,566	$ 9,908	$ -
City court	14,923	73,284	-	-
Airport	420,017	106,787	-	192,732
Cemetery	73,577	18,775	-	-
Parks and recreation	1,405,165	129,338	-	-
Planning and zoning	148,026	2,150	-	-
Public safety	5,663,001	16,062	123,609	106,482
Sanitation	491,028	-	-	-
Streets	2,454,510	-	291,001	-
Tourism development	271,324	-	-	-
Interest on long-term debt	208,649	-	-	-
Total governmental activities	14,477,883	1,362,962	424,518	299,214
Business-type activities:				
Water and sewer	9,922,893	8,689,381	4,606	591,965
Total business-type activities	9,922,893	8,689,381	4,606	591,965
TOTAL PRIMARY GOVERNMENT	$24,400,776	$ 10,052,343	$ 429,124	$ 891,179

General revenues:
Property taxes
Other taxes
Liquor and beer taxes
Local sales taxes
Business taxes
Grants and contributions not allocated to specific programs:
City allocation of state sales and income taxes
City allocation of other shared taxes
Unrestricted investment earnings
Capital contributions

Total general revenues

Change in net position

Net position, beginning of year, as restated

Net position, ending

The Notes to Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (2,301,189)	$ -	$ (2,301,189)
58,361	-	58,361
(120,498)	-	(120,498)
(54,802)	-	(54,802)
(1,275,827)	-	(1,275,827)
(145,876)	-	(145,876)
(5,416,848)	-	(5,416,848)
(491,028)	-	(491,028)
(2,163,509)	-	(2,163,509)
(271,324)	-	(271,324)
(208,649)	-	(208,649)
(12,391,189)	-	(12,391,189)
-	(636,941)	(636,941)
-	(636,941)	(636,941)
(12,391,189)	(636,941)	(13,028,130)
2,356,586	-	2,356,586
1,068,741	-	1,068,741
7,296,209	-	7,296,209
787,858	-	787,858
1,378,065	-	1,378,065
98,325	-	98,325
10,376	5,404	15,780
-	101,000	101,000
12,996,160	106,404	13,102,564
604,971	(530,537)	74,434
45,748,821	50,915,060	96,514,368
$46,353,792	$50,384,523	$ 96,588,802

CITY OF CROSSVILLE

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 8,545,854	$ -	$ -	$ 8,545,854
Restricted cash and cash equivalents	546,068	294,608	259,032	1,099,708
Receivables, net of allowance for uncollectibles:				
Property taxes	2,607,236	-	-	2,607,236
Accounts	46,900	-	-	46,900
Other	635,631	-	-	635,631
Due from other governments	2,254,749	-	53,325	2,308,074
Inventories	172,350	-	-	172,350
Total assets	$14,808,788	$294,608	$ 312,357	$15,415,753
LIABILITIES				
Accounts payable and accrued liabilities	$ 631,716	$299,608	$ 4,879	$ 936,203
Due to other governments	1,248	-	-	1,248
Total liabilities	632,964	299,608	4,879	937,451
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	3,036,856	-	-	3,036,856
Total deferred inflows of resources	3,036,856	-	-	3,036,856
FUND BALANCES				
Nonspendable	172,350	-	-	172,350
Restricted	106,460	-	307,478	413,938
Assigned	559,534	-	-	559,534
Unassigned	10,300,624	(5,000)	-	10,295,624
Total fund balances	11,138,968	(5,000)	307,478	11,441,446
Total liabilities, deferred inflows of resources, and fund balances	$14,808,788	$294,608	$ 312,357	$15,415,753

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Differences in amounts reported for governmental activities in the statement of net position on page 1:		
Fund balances - total governmental funds		$ 11,441,446
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.		41,858,635
Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		370,201
Notes receivable are not available to pay for current period expenditures and, therefore, are not reported in the funds.		532,000
The landfill postclosure care costs have not been funded, creating an accrued postclosure care liability. This liability is not due and payable in the current period and, therefore, is not reported in the funds.		(160,530)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. This item consists of the following:		
General obligation bonds	$ (7,274,184)	
Notes payable	(559,476)	
Accrued postemployment benefits	(51,494)	
Compensated absences	(276,296)	
Accrued interest payable	(18,541)	
Net pension asset	717,632	
Pension experience differences	220,304	
Pension contribution subsequent to the measurement date	605,498	
Pension investment return	(1,051,403)	
		(7,687,960)
Net position of governmental activities		$ 46,353,792

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$11,463,805	$ -	$ -	$11,463,805
Licenses and permits	305,698	-	-	305,698
Intergovernmental	1,823,173	-	291,001	2,114,174
Charges for services	262,334	-	-	262,334
Fines, forfeitures, and penalties	81,912	-	-	81,912
Investment income	10,088	-	288	10,376
Contributions and donations	2,000	-	-	2,000
Miscellaneous	713,018	-	83,948	796,966
Total revenues	14,662,028	-	375,237	15,037,265
EXPENDITURES				
Current:				
General government	3,113,878	-	-	3,113,878
City court	14,923	-	-	14,923
Airport	257,425	-	-	257,425
Cemetery	63,208	-	-	63,208
Parks and recreation	1,141,660	-	-	1,141,660
Planning and zoning	150,446	-	-	150,446
Public safety	5,677,033	-	63,093	5,740,126
Sanitation	489,532	-	-	489,532
Streets	1,571,463	-	249,302	1,820,765
Tourism development	275,910	-	-	275,910
Capital outlay/capital assets	-	424,847	-	424,847
Debt service:				
Principal retirement	276,000	-	31,232	307,232
Interest and fiscal charges	210,746	-	-	210,746
Total expenditures	13,242,224	424,847	343,627	14,010,698
Excess (deficiency) of revenues over (under) expenditure	1,419,804	(424,847)	31,610	1,026,567
OTHER FINANCING SOURCES (USES)				
Transfers in	-	419,847	-	419,847
Transfers out	(419,847)	-	-	(419,847)
Total other financing sources (uses)	(419,847)	419,847	-	-
Net change in fund balance	999,957	(5,000)	31,610	1,026,567
FUND BALANCE, beginning	10,139,011	-	275,868	10,414,879
FUND BALANCE (DEFICIT), ending	$11,138,968	$ (5,000)	$ 307,478	$11,441,446

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Differences in amounts reported for governmental activities in the statement of activities on pages 2 and 3:	
Net change in fund balances - total governmental funds	$ 1,026,567
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay expenditures in governmental funds, that meet the capitalization threshold, are shown as capital assets in the statement of net position.	781,920
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities.	(1,785,270)
The net effect of various transactions involving capital asset dispositions is to decrease net position.	(43,298)
Proceeds of long-term debt (e.g., bonds, notes) provide financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	271,498
Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditure in the governmental funds. The net effect of these transactions to increase net position.	(34,553)
The current year's increase to the net pension asset decreases net expenses on the government-wide statements.	342,518
Governmental revenues that provide current financial resources are reported in the governmental funds, while revenues that will not be collected for several months after the fiscal year are deferred. The statement of activities includes certain revenues that do not provide current financial resources.	45,589
Change in net position of governmental activities	$ 604,971

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	$ 11,060,000	$ 11,060,000	$ 11,463,805	$ 403,805
Licenses and permits	185,300	185,300	305,698	120,398
Intergovernmental	2,810,900	2,905,900	1,823,173	(1,082,727)
Charges for services	233,000	233,000	262,334	29,334
Fines, forfeitures, and penalties	96,900	96,900	81,912	(14,988)
Investment income	9,500	9,500	10,088	588
Contributions and donations	3,000	3,000	2,000	(1,000)
Miscellaneous	956,430	956,430	713,018	(243,412)
Total revenues	15,355,030	15,450,030	14,662,028	(788,002)
EXPENDITURES				
General government	3,563,779	3,580,779	3,113,878	(466,901)
City court	17,100	17,100	14,923	(2,177)
Airport	135,425	280,425	257,425	(23,000)
Cemetery	72,435	72,435	63,208	(9,227)
Parks and recreation	1,234,090	1,321,090	1,141,660	(179,430)
Planning and zoning	202,150	202,150	150,446	(51,704)
Public safety	6,065,384	6,065,384	5,677,033	(388,351)
Sanitation	541,200	541,200	489,532	(51,668)
Streets	2,112,040	2,112,040	1,571,463	(540,577)
Tourism development	385,365	386,365	275,910	(110,455)
Debt service:				
Principal	276,000	276,000	276,000	-
Interest	255,000	255,000	210,746	(44,254)
Total expenditures	14,859,968	15,109,968	13,242,224	(1,867,744)
Excess (deficiency) of revenues over (under) expenditures	495,062	340,062	1,419,804	1,079,742
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,457,500)	(1,526,111)	(419,847)	1,106,264
Total other financing sources (uses)	(1,457,500)	(1,526,111)	(419,847)	1,106,264
Net change in fund balance	(962,438)	(1,186,049)	999,957	2,186,006
FUND BALANCE at beginning of year	10,139,011	10,139,011	10,139,011	-
FUND BALANCE at end of year	$ 9,176,573	$ 8,952,962	$ 11,138,968	$ 2,186,006

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

PROPRIETARY FUND

STATEMENT OF NET POSITION
June 30, 2015

	Water and Sewer Department
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 2,346,779
Receivables:	
Accounts receivable	425,484
Other	11,124
Less allowance for doubtful accounts	(15,446)
Unbilled revenues	745,039
Inventories	348,362
Due from other governments	251,768
Total current assets	4,113,110
NONCURRENT ASSETS	
Restricted assets:	
Cash and cash equivalents	3,028,420
Total restricted assets	3,028,420
Capital assets:	
Land	574,816
Construction in progress	1,008,607
Water and sewer plant	108,513,562
Machinery and equipment	6,464,741
	116,561,726
Less accumulated depreciation	(44,207,835)
Net capital assets	72,353,891
Net pension asset	179,408
Total noncurrent assets	75,561,719
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension charges	30,465
Deferred charges on refunding	166,509
Total deferred outflows of resources	196,974
Total assets and deferred outflows of resources	$79,871,803

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	Water and Sewer Department
LIABILITIES	
CURRENT LIABILITIES	
Current maturities of long-term liabilities	$ 1,325,645
Accounts payable and accrued liabilities	847,383
Other current liabilities	70,271
Total current liabilities	2,243,299
LONG-TERM LIABILITIES	
Notes, capital leases and other obligations	23,426,315
Compensated absences	37,556
Revenue bonds payable	3,330,000
Original issue premium	123,815
Accrued postemployment benefits	63,444
Total long-term liabilities	26,981,130
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	262,851
Total deferred inflows of resources	262,851
Total liabilities and deferred inflows of resources	29,487,280
NET POSITION	
Net investment in capital assets	44,352,123
Unrestricted	6,032,400
Total net position	$50,384,523

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2015

	Water and Sewer Department
OPERATING REVENUES	
Charges for sales and services:	
Water and sewer revenues	$ 8,689,381
Intergovernmental	591,965
Other	4,606
Total operating revenues	9,285,952
OPERATING EXPENSES	
Transmission and distribution	4,602,395
Customer accounting and collection	556,122
Administrative and general	1,077,721
Depreciation	3,063,551
Total operating expenses	9,299,789
OPERATING INCOME (LOSS)	(13,837)
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,404
Interest expense	(626,807)
Other income (expense)	3,703
Total nonoperating revenues (expenses)	(617,700)
INCOME (LOSS) BEFORE CONTRIBUTIONS	(631,537)
Capital contributions	101,000
CHANGE IN NET POSITION	(530,537)
NET POSITION, beginning as restated	50,915,060
NET POSITION, ending	$50,384,523

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

PROPRIETARY FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 2015

	Water and Sewer Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 9,004,009
Payments to suppliers	(2,935,139)
Payments to employees	(2,577,179)
Net cash provided by operating activities	3,491,691
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	101,000
Principal paid on capital debt	(11,062,078)
Interest paid on capital debt	(626,807)
Proceeds from capital debt	10,412,715
Additions to capital assets	(1,691,176)
Net cash flows used in capital and related financing activities	(2,866,346)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	5,404
Net cash flows provided by investing activities	5,404
Net increase in cash and cash equivalents	630,749
Cash and cash equivalents, beginning of year	4,744,450
Cash and cash equivalents, end of year	$ 5,375,199
CLASSIFIED AS:	
Current assets	$ 2,346,779
Restricted assets	3,028,420

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	Water and Sewer Department
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
OPERATING INCOME (LOSS)	$ (13,837)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	3,063,551
Changes in assets and liabilities:	
(Increase) in receivables	(18,766)
(Increase) in unbilled revenues	(46,388)
(Increase) in due from other governments	(250,597)
Decrease in inventory	45,864
Increase in accounts payable	734,562
Increase in other assets/liabilities	(7,868)
(Decrease) in compensated absences	(14,830)
TOTAL ADJUSTMENTS	3,505,528
Net cash provided by operating activities	$3,491,691

The Notes to Basic Financial Statements are an integral part of this statement.

CITY OF CROSSVILLE

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crossville (the City) was incorporated under Chapter 362 of the Acts of Tennessee for the year 1901.

Executive and administrative authority resides with the Mayor, who is elected at-large, and the City Council, composed of five members, including the Mayor.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

(A) Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has no component units at June 30, 2015.

(B) Related Organizations

City officials are responsible for appointing the members of the boards of certain other related organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The Mayor or the City Council appoints the Board members of the Crossville Housing Authority and the Public Building Authority of City of Crossville, Tennessee.

(C) Government-Wide and Fund Financial Statements

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

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

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

(D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following enterprise fund:

Water and Sewer Department Fund - The Water and Sewer Department Fund accounts for operations of the City's water and sewer services. The fund's revenues are derived primarily from user fees and intergovernmental revenues. The Water and Sewer Department Fund is the only major enterprise fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

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

(E) Budget Policy and Budgetary Data

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

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

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

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

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

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

The budgets are prepared on a basis consistent with generally accepted accounting principles. All unencumbered and unexpended appropriations lapse at the end of the fiscal year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized for budgetary accounting controls in the governmental funds. Encumbrances are reported as assignment of fund balances. Encumbrances do not constitute expenditures or liabilities.

Expenditures may not legally exceed appropriations at or above the fund level. All budgeted amounts shown in the financial statements and the accompanying supplementary information reflect the original budget and the amended budget (which may have been adjusted for legally authorized revisions to the annual budgets during the year). During the year ended June 30, 2015, several supplemental appropriations were necessary for capital purposes.

(F) Assets, Liabilities and Fund Equity

(1) Cash and Cash Equivalents

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

(2) Investments

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

(3) Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(4) Restricted Assets

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

(5) Capital Assets

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

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

	Useful Life
Buildings and improvements	40 years
Machinery and equipment	3 - 7 years
Water and sewer plant	20 - 40 years
Public domain infrastructure	20 - 40 years

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest capitalized is the net interest expense incurred (interest expense less interest income) from the date of the borrowing until completion of the project.

(6) Bond Discounts and Premiums

In the governmental funds, bond discounts and premiums are treated as period costs in the year of issue.

In proprietary funds, bond discounts and premiums are deferred and amortized over the term of the bonds using the straight-line method, which does not differ significantly from the effective interest method. Bond premiums are presented as an increase of the face amount of bonds payable.

At the government-wide level any bond discounts and premiums in the governmental funds are adjusted and reported in the same manner as in proprietary funds.

(7) Deferred Gain/Loss from Advance Refunding of Debt

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

(8) Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed Fund Balance – represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same type of action previously used to commit those amounts, either by resolution or by ordinance.

Assigned Fund Balance – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. The City Finance Manager has been granted the ability to assign amounts to a specific purpose as part of the annual budget ordinance.

Unassigned Fund Balance – represents the residual classification for the general fund or deficit balances in other funds.

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

	General Fund	Capital Projects	Other Governmental Funds	Total
Fund balances:				
Nonspendable				
Inventory	$ 172,350	$ -	$ -	$ 172,350
Restricted				
Airport	-	-	-	-
Housing Authority	24,928	-	-	24,928
Cemetery	81,532	-	-	81,532
Drug fund	-	-	105,442	105,442
Streets	-	-	202,036	202,036
Capital projects	-	-	-	-
Committed	-	-	-	-
Assigned				
Industrial development	559,534	-	-	559,534
Unassigned	10,300,624	(5,000)	-	10,295,624
Total fund balances	$11,138,968	$ (5,000)	$307,478	$11,441,446
Summary for governmental funds balance sheet (page 4):				
Nonspendable	$ 172,350	$ -	$ -	$ 172,350
Restricted	106,460	-	307,478	413,938
Committed	-	-	-	-
Assigned	559,534	-	-	559,534
Unassigned	10,300,624	(5,000)	-	10,295,624
Total fund balances	$11,138,968	$ (5,000)	$307,478	$11,441,446

(G) Deferred Outflows/Inflows of Resources

The City implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has unavailable revenue related to property taxes that qualifies for reporting in this category.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

(H) Revenues, Expenditures and Expenses

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

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

(1) Property Taxes

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

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

The property tax levy is without legal limit. The rate, as permitted by Tennessee State Law and City Charter, is set annually by the City Council and collected by the City Treasurer. Property taxes are secured by a statutory lien effective as of the original levy

date of January 1. Taxes are due August 1 and become delinquent December 1. Property taxes levied are recorded as receivables, net of estimated uncollectible amounts.

The receivables collected during the current fiscal year and those collected by the City Treasurer related to tax levies for 2014, are recorded as revenue in accordance with the principles established by the Governmental Accounting Standards Board. The net receivables estimated to be collectible subsequent to August 29, are recorded as unavailable revenues at June 30, 2015.

(2) Grant Revenue

The City, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the City before the eligibility requirements are met are deferred.

Some grants and contributions consist of capital assets or resources that are restricted for capital purposes—to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the City.

(3) Investment Income

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

(4) Compensated Absences

The City's policies permit employees to accumulate earned but unused vacation leave up to a maximum of 240 hours, except fire department employees may accumulate up to a maximum of 318 hours. Any unused earned vacation leave in excess of the maximum is rolled over to accrued sick leave. In addition, contingent to annual budget approval, employees may be eligible to convert a maximum of 80 hours (96 for fire department employees) of accumulated vacation leave to cash each year provided the employee has a remaining balance of at least 60 hours (72 for fire department employees) after converting. Employees are paid their unused vacation hours upon termination. Also, all employees may accumulate sick leave without limitation. At retirement, employees are not paid for unused sick leave, but unused sick leave time is credited to service time for retirement purposes. Any employee who ceases employment, other than due to retirement, forfeits all unused earned sick leave. The liability for compensated absences (unused vacation time) is recorded as long-term debt in the government-wide statements for government activities and for business-type activities. The current portion of the compensated absences is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

(5) Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets and service debt. These transactions are generally reflected as transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving

fund. Transactions that would be treated as revenues or expenditures if the involved organizations were external to the City are treated as revenues in the receiving fund and expenditures in the disbursing fund. Transfers within governmental activities and within business-type activities are eliminated upon consolidation.

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

(6) Indirect Costs

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

(7) Estimates

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

(8) 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'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.

(I) Net Position

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

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

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

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

(J) Pollution Remediation Obligations

The City recognizes pollution remediation obligations when an obligating event is identified and a monetary estimate can be determined.

(K) Subsequent Events

Management performed an evaluation of subsequent events through December 8, 2015, the date these financial statements were available to be issued.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1) Compliance with Finance Related Legal and Contractual Provisions

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

2) Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2015, the City had no material excess of expenditures over appropriations in individual funds.

Net Position/Fund Balance Deficit

The Capital Projects Fund has a deficit in fund balance of $5,000 at June 30, 2015. The City plans to fund the deficit with additional transfers from the General Fund.

NOTE 3. CASH AND INVESTMENTS

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

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

Custodial credit risk - The City's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. At June 30, 2015, all deposits were covered by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual

funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

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

NOTE 4. RECEIVABLES

Receivables at June 30, 2015, consist of the following:

	Governmental Activities Funds				
	General	Capital Projects	Other Governmental	Business-Type Activities	Total
Primary Government					
Receivables:					
Taxes	$2,679,012	$ -	$ -	$ -	$2,679,012
Accounts	46,900	-	-	425,484	472,384
Other	635,631	-	-	11,124	646,755
Due from other governments	2,254,749	-	53,325	251,768	2,559,842
Gross receivables	5,616,292	-	53,325	688,376	$6,357,993
Less:					
Allowance for uncollectibles	(71,776)	-	-	(15,446)	(87,222)
Net receivables	$5,544,516	$ -	$53,325	$672,930	$6,270,771

Taxes receivable include the uncollected property taxes from tax levies made during the current and past fourteen years, as well as the anticipated levy for the current calendar year. The allowance for uncollectible taxes is the weighted average percentage of prior year collections on delinquent taxes to the total delinquent taxes receivable at June 30, 2015.

NOTE 5. INTERFUND TRANSFERS

Transfers were used to (1) move revenues of $419,847 from the General Fund to the Capital Projects Fund for capital asset construction and acquisition costs.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is as follows:

Primary Government

Governmental Activities:

	Beginning Balance	Additions	Deductions	Ending Balance
Non-Depreciable Assets:				
Land and land improvements	$ 8,105,251	$ -	$ -	$ 8,105,251
Construction in progress	1,910,879	479,891	13,953	2,376,817
Total non-depreciable assets	10,016,130	479,891	13,953	10,482,068
Depreciable Assets:				
Buildings and improvements	9,062,692	-	-	9,062,692
Machinery and equipment	8,425,997	193,506	207,087	8,412,416
Other improvements	17,148,686	36,559	18,277	17,166,968
Infrastructure	19,188,147	85,917	-	19,274,064
Total depreciable assets	53,825,522	315,982	225,364	53,916,140
Less Accumulated Depreciation for:				
Buildings, machinery and other improvements	13,804,947	1,171,656	182,066	14,794,537
Infrastructure	7,131,422	613,614	-	7,745,036
Total accumulated depreciation	20,936,369	1,785,270	182,066	22,539,573
Depreciable Assets, net	32,889,153	(1,469,288)	43,298	31,376,567
Governmental activities capital assets, net	$ 42,905,283	$ (989,397)	$ 57,251	$41,858,635

Business-Type Activities:

Non-Depreciable Assets:				
Land	$ 574,816	$ -	$ -	$ 574,816
Construction in progress	721,471	1,148,282	861,146	1,008,607
Total non-depreciable assets	1,296,287	1,148,282	861,146	1,583,423
Depreciable Assets:				
Water and sewer plant	107,497,582	1,016,458	478	108,513,562
Machinery and equipment	6,126,592	387,582	49,433	6,464,741
Total depreciable assets	113,624,174	1,404,040	49,911	114,978,303
Less Accumulated Depreciation for:				
Water and sewer plant	38,300,712	2,958,495	-	41,259,207
Machinery and equipment	2,892,602	105,056	49,030	2,948,628
Total accumulated depreciation	41,193,314	3,063,551	49,030	44,207,835
Depreciable Assets, net	72,430,860	(1,659,511)	881	70,770,468
Business-type activities capital assets, net	$ 73,727,147	$ (511,229)	$ 862,027	$72,353,891

Depreciation expense is charged to functions as follows:

Primary Government – Governmental Activities:	
General government	$ 221,410
Airport	290,540
Cemetery	12,622
Parks and recreation	319,053
Public safety	239,955
Sanitation	1,496
Streets	700,194
Total	$1,785,270
Primary Government – Business-Type Activities:	
Water and Sewer Department	$3,063,551

NOTE 7. LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2015, were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Primary Government					
GOVERNMENTAL ACTIVITIES					
General obligation bonds	$ 7,495,000	$ -	$ 225,000	$ 7,270,000	$ 230,000
Notes payable	641,709	-	82,233	559,476	79,476
Compensated absences	277,310	-	1,014	276,296	138,040
Total governmental activities	8,414,019	-	308,247	8,105,772	$ 447,516
Net original issue premiums and discounts	6,280	-	2,096	4,184	
	$ 8,420,299	$ -	$ 310,343	$ 8,109,956	
BUSINESS-TYPE ACTIVITIES					
Water and Sewer Department:					
Revenue bonds	$12,385,000	$3,747,350	$3,931,350	$12,201,000	$ 336,000
Notes payable	16,309,030	6,665,365	7,130,933	15,843,462	952,147
Compensated absences	89,884	-	14,830	75,054	37,498
Total business-type activities	28,783,914	10,412,715	11,077,113	28,119,516	$1,325,645
Net original issue premiums and discounts	143,075	-	19,260	123,815	
	$28,926,989	$10,412,715	$11,096,373	$28,243,331	

Debt related to governmental activities at June 30, 2015, consisted of the following:

Tennessee Municipal Bond Fund Loan 2004 – In November 2004, the City received a loan from the Public Building Authority of the City of Clarksville, Tennessee to secure a loan for constructing and equipping the Crossville/Cumberland County Emergency Communications Center project. The note will be repaid over a 20-year period with a variable rate (currently 0.26%) through 2024. The balance at June 30, 2015, is $532,000.

Police Software Loan – The City entered into an agreement with Government Capital Corporation to purchase 911 communications technology for $100,000. The loan will be paid in annual installments over 3 years through 2015 with interest at 3.166%. At June 30, 2015, the City has drawn $94,970 on the loan. The balance at June 30, 2015 is $27,476.

General Obligation Refunding and Improvement Bonds, Series 2012A – In August 2012, the City issued Series 2012A bonds for the purpose of refunding certain outstanding general obligations of the City, reimbursing the City for funds expended in the acquisition and development of certain capital projects, funding additions and improvements to the City's facilities and systems, purchasing certain capital equipment, and paying costs of issuance of the Series 2012A Bonds. The bonds will be paid in annual installments over 25 years through 2037 at a variable rate (3.18% at June 30, 2015). The balance at June 30, 2015 is $4,115,000.

General Obligation Refunding and Improvement Bonds, Series 2012B – In August 2012, the City issued Series 2012B bonds for the purpose of refunding certain outstanding general obligations of the City, reimbursing the City for funds expended to finance various public works projects of the City, and paying costs of issuance of the Series 2012B bonds. The bonds will be paid in annual installments over 16 years through 2028 at a variable rate (2.675% at June 30, 2015). The balance at June 30, 2015, is $3,155,000.

Debt service requirements for general obligation debt are met by the General Fund. The compensated absences liability attributable to governmental activities will be liquidated by the General Fund and the Special Revenue Funds.

Debt related to business-type activities at June 30, 2015, consisted of the following:

Issue	Interest Rates	Principal Amount
State Wastewater Facility Revolving Loan 2000	1.77%	$ 2,668,133
State Wastewater Facility Revolving Loan 2001	1.47%	234,890
State Wastewater Facility Revolving Loan 2001	1.47%	588,460
State Wastewater Facility Revolving Loan 12-116	1.87%	268,272
State Wastewater Facility Revolving Loan 2015	1.61%	22,500
State Revolving Loan August 2009	2.88%	2,276,652
State Revolving Loan November 2009	2.83%	2,538,654
State Revolving Loan April 2010	2.78%	409,275
State Revolving Loan May 2010	2.69%	567,626
Water and Sewer Revenue and Tax Refunding and Improvement Bonds, Series 2012C	2.00% - 3.00%	8,660,000
Public Building Authority of City of Clarksville, TN Variable Rate Local Government Loan Program Bond, Series 2014 (Water & Sewer Refunding Loan)	0.93%	6,269,000
Public Building Authority of City of Clarksville, TN Variable Rate Local Government Loan Program Bond, Series 2014 (Water Loan)	0.93%	3,541,000
Total payable from business-type activities		$28,044,462

State Wastewater Facility Revolving Loan 2000 - The City entered into an agreement with the Tennessee Department of Environment and Conservation to secure a loan for the purpose of constructing a water treatment plant at Meadow Park Lake and related raw water transport facilities and lines. The loan will be repaid in monthly installments through 2024 with interest at 1.77%. The remaining balance at June 30, 2015, is $2,668,133.

State Wastewater Facility Revolving Loan 2001* - The City entered into an agreement with the Tennessee Department of Environment and Conservation to secure a loan for the purpose of waterline upsizing to address low-pressure in the Homestead area. The loan will be repaid in monthly installments through 2025 with interest at 1.47%. The remaining balance at June 30, 2015, is $234,890.

State Wastewater Facility Revolving Loan 2001 - The City entered into an agreement with the Tennessee Department of Environment and Conservation to secure a loan for the purpose of major sewer rehabilitation to improve available capacity of the wastewater plant. The loan will be repaid in

monthly installments through 2024 with interest at 1.47%. The remaining balance at June 30, 2015, is $588,460.

State Wastewater Facility Revolving Loan 12-116 - The City entered into an agreement with the Tennessee Department of Environment and Conservation to secure a loan for the purpose of constructing new waterlines in the downtown area. The loan will be repaid in monthly installments through 2032 with interest at 1.87%. The balance at June 30, 2015, is $268,272.

State Wastewater Facility Revolving Loan 2015 - The City entered into an agreement with the Tennessee Department of Environment and Conservation to secure a loan for the purpose of sewer rehabilitation to correct inflow and infiltration issues. The loan will be repaid in monthly installments through 2034 with interest at 1.61%. The balance at June 30, 2015, is $22,500.

State Revolving Loan August 2009 – The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan for the purpose of financing wastewater treatment plant improvements. The loan will be repaid in monthly installments through 2032 at 2.88% interest. The balance at June 30, 2015, is $2,276,652.

State Revolving Loan November 2009 – The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan for the purpose of financing the construction of water lines for wastewater treatment. The loan will be repaid in monthly installments through 2032 at 2.83% interest. The balance at June 30, 2015, is $2,538,654.

State Revolving Loan April 2010 – The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan for the purpose of financing upgrades and improvements to the wastewater treatment plant. The loan will be repaid in monthly installments through 2031 at 2.78% interest. The balance at June 30, 2015, is $409,275.

State Revolving Loan May 2010 – The City entered into an agreement with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority to secure a loan for the purpose of financing upgrades and improvements to the wastewater treatment plant. The loan will be repaid in monthly installments through 2032 at 2.69% interest. The balance at June 30, 2015, is $567,626.

Water and Sewer Revenue and Tax Refunding and Improvement Bonds, Series 2012C – In August 2012, the City issued Series 2012C bonds for the purpose of refunding certain outstanding general obligations of the City, funding improvements and additions to City facilities and systems, and paying costs of issuance of the Series 2012C Bonds. The bonds will be paid in annual installments for 18 years beginning in 2015 through 2032 at a variable rate (2.95% at June 30, 2015). The balance at June 30, 2015, is $8,660,000.

Public Building Authority of the City of Clarksville, Tennessee Variable Rate Local Government Loan Program Bond, Series 2014 (City of Crossville Water and Sewer Refunding Loan) – The City entered into an agreement with the Public Building Authority of the City of Clarksville, TN, to secure a loan for the purpose of refunding Water and Sewer Revenue and Tax Bonds. The loan will be repaid in annual installments through 2034 at a variable rate (0.93% at June 30, 2015). The balance at June 30, 2015, is $6,269,000.

Public Building Authority of the City of Clarksville, Tennessee Variable Rate Local Government Loan Program Bond, Series 2014 (City of Crossville Water Loan) – The City entered into an agreement with the Public Building Authority of the City of Clarksville, TN, to secure a loan for the purpose of refunding Water System Refunding Bonds, Series 2005. The loan will be repaid in annual

installments through 2028 at a variable rate (0.93% at June 30, 2015). The balance at June 30, 2015, is $3,541,000.

Principal and interest requirements to maturity for bonds, notes and other obligations payable, excluding amounts for compensated absences, are as follows:

	Primary Government			
	Governmental Activities		Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2016	$ 309,476	$ 207,973	$ 1,288,147	$ 586,055
2017	289,000	202,295	1,320,768	562,653
2018	291,000	197,379	1,352,116	537,149
2019	297,000	192,455	1,384,812	511,085
2020	299,000	187,396	1,421,892	484,355
2021-2025	1,529,000	850,678	7,688,019	2,016,829
2026-2030	1,800,000	634,714	8,529,064	1,153,664
2031-2035	2,090,000	344,248	5,059,644	174,370
2036-2037	925,000	44,769	-	-
	$7,829,476	$2,861,907	$28,044,462	$6,026,160

NOTE 8. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years, subject to maximum deferral limitations provided in the plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan assets are held in trust for the exclusive benefit of participating employees under the Small Business Job Protection Act of 1996. Also, the City has little administrative involvement and does not perform the investing function for the plan. As a result, the assets and liabilities associated with the plan are excluded from the City's balance sheets. The City does not contribute to the plan.

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS

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

Pension Plan

General Information about the Pension Plan

Plan description. Employees of the City 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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 years of 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 non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

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

Employees covered by benefit terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	112
Active employees	151
	336

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

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the City were $764,731 based on a rate of 13 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (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.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumption. The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based

	on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2013	$18,768,754	$18,019,353	$ 749,401
Changes for the year:			
Service cost	483,925		483,925
Interest	1,419,255		1,419,255
Differences between expected and actual experience	292,564		292,564
Contributions-employer		845,936	(845,936)
Contributions-employees		1,581	(1,581)
Net investment income		3,001,114	(3,001,114)
Benefit payments, including refunds of employee contributions	(658,561)	(658,561)	-
Administrative expense		(6,446)	6,446
Net changes	1,537,183	3,183,624	(1,646,441)
Balance at June 30, 2014	$20,305,937	$21,202,977	$ (897,040)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1 % Decrease (6.5%)	**Current Discount Rate (7.5%)**	**1% Increase (8.5%)**
The City's net pension liability (asset)	$1,994,858	$(897,040)	$(3,302,845)

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

Pension expense. For the year ended June 30, 2015, the City recognized pension expense of $262,980.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 250,769	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,314,254
Contributions subsequent to the measurement date of June 30, 2014	605,498	-
Total	$ 856,267	$ 1,314,254

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:	
2016	$(286,769)
2017	(286,769)
2018	(286,769)
2019	(286,769)
2020	41,795
Thereafter	41,795

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

Payable to the Pension Plan

At June 30, 2015, the City reported no payables for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

Other Postemployment Benefits

The City provides postemployment medical coverage 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. Any cost to the retiree related to family coverage is deducted from their retirement check.

Trend Information:

	Year Ended	Annual Pension/OPEB Cost (APC)	Percentage of APC Contributed	Net Pension/ OPEB Obligation (Asset)
Other Postemployment Benefits	6/30/15	$ 37,368	187.00%	$114,938
	6/30/14	37,368	100.00%	148,848
	6/30/13	32,302	100.00%	112,706

Funding Policy and Other Information:

The City currently pays for Other Postemployment Benefits on a pay-as-you-go basis.

The employer's annual pension cost for the current year and related information for each plan is as follows:

	Other Postemployment Benefits
Contribution rates for employer	N/A
Contribution rates for plan members	Varies
Annual OPEB cost	$53,662
Contributions made by employer	66,212
Contributions made by plan members	-
Actuarial valuation date for current contributions	June 30, 2013
Amortization method	Level Dollar
Remaining amortization period at valuation date	30 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	N/A
Projected salary increases	N/A
Inflation rate	3.00%

In the June 30, 2013, actuarial valuation for the City's OPEB Plan uses an annual healthcare cost trend rate of 8.5% initially, reducing incrementally to an ultimate rate of 3.5%.

The City's annual pension/OPEB cost and net pension/OPEB obligation (asset) related to each plan for the current year were as follows:

	Other Postemployment Benefits
Annual required contribution	$ 34,228
Interest on OPEB obligation	4,617
Adjustment to annual required contribution	-
Annual OPEB cost	38,845
Contributions made	72,755
Decrease in OPEB obligation	(33,910)
Net OPEB obligation at beginning of year	148,848
Net OPEB obligation at end of year	$114,938

The annual required contribution for the other postemployment benefits plan was calculated using the projected unit cost method.

Funded Status and Funding Progress:

As of the most recent valuation dates, the funded status of each Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Other Postemployment Benefits						
July 1, 2012	$ -	$ 339,528	$ 339,528	0.00%	$6,023,240	5.64%

Financial Reports:

The Other Postemployment Benefits Plan does not issue a financial report that includes financial statements and required supplementary information.

NOTE 10. 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. The initial contract price of the water is $2.77 for each 1,000 gallons which is subject to rate adjustment annually on January 1st. During the year ended June 30, 2015, no water was sold to the FCFUD under the terms of the contract.

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, 2017, 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 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. During the year ended June 30, 2015, the City sold 214,950,300 gallons (20.0% of total gallons sold) totaling $709,336 (11.5% of total water revenues) under the terms of this contract. Additionally, SCUD owes the City $62,409 at June 30, 2015.

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, 2017, 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 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. During the year ended June 30, 2015, the City sold 38,806,200 gallons (3.6% of total gallons sold) totaling $128,060 (2.1% of total water revenues) under the terms of this contract. Additionally, GUD owes the City $12,362 at June 30, 2015.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The City is a defendant in a lawsuit filed in the Circuit Court for Cumberland County, Tennessee filed by approximately 200 property owners in the Lake Tansi area of Cumberland County. The

plaintiffs have petitioned the court for inverse condemnation requesting that each plaintiff be awarded in excess of $100,000, with the specific amount to be determined at trial, for the City's taking of their property rights and damages relating to decrease in their property values. The plaintiffs are also seeking $100,000 for punitive damages and attorney fees and other costs incurred in prosecuting this action. The lawsuit relates to the City's use of Lake Tansi to supply water to the City's water department customers. The damages claimed in the lawsuit are monetary damages and do not seek to stop construction of any projects. The City does not concede any of the allegations in the lawsuit or deem them to be meritorious. Management does not believe any potential losses related to this lawsuit would be covered by the City's insurance. No amounts are recorded in the financial statements related to this lawsuit.

The City has been placed on notice by the United States Army Corps of Engineers for alleged violations of the Clean Water Act in connection with the construction and excavation of the Duer Soccer Complex. The City does not concede any of the allegations related to this claim and has retained counsel to dispute the claim. Management does not believe any potential losses related to this claim would be covered by the City's insurance. No amounts are recorded in the financial statements related to this claim.

The City is party to other various lawsuits and claims in the ordinary course of their operations. Management believes that the potential adverse impact of these proceedings would not be material to the basic financial statements of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. City management is not aware of any potential losses from such disallowances and believes that reimbursements, if any, would not be material.

The City has entered into various construction commitments. Such contracts include contracts for improvements to the water and sewer plant, and acquisition and construction contracts related to general government capital projects. Several of these contracts were in progress but not completed as of June 30, 2015. The total contractual commitments outstanding as of June 30, 2015, were not significant and the City has sufficient funds available to cover these commitments.

NOTE 12. 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 $160,530 at June 30, 2015 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, 2015, are as follows:

Estimated liability, June 30, 2014	$172,685
Costs incurred	12,155
Estimated liability, June 30, 2015	$160,530
Due within one year	$ 12,763

The estimated total current cost of the landfill postclosure care of $160,530 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, 2015. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 9, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* effective July 1, 2014. This new standard significantly changed the City's accounting for pension amounts. As a result of this change in accounting principle, the City was required to restate beginning net position for governmental activities as shown below:

Net position, as previously reported	$ 45,599,308
City's net pension liability, beginning balance	(749,401)
Deferred outflows of resources, pension related items, beginning balance	898,914
Beginning net position, restated	$ 45,748,821

CITY OF CROSSVILLE

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEE RETIREMENT SYSTEMS
SCHEDULE OF FUNDING PROGRESS
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Other Postemployment Benefits						
July 1, 2012	$ -	$ 339,528	$ 339,528	0.00%	$6,023,240	5.64%
July 1, 2009	-	689,711	689,711	0.00%	7,404,480	9.32%
July 1, 2008	-	679,970	679,970	0.00%	5,294,000	12.84%

Note: The annual required contribution is calculated using the aggregate actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan. Additional years will be added as the information becomes available.

CITY OF CROSSVILLE

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTCIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
June 30, 2015

		2014
Total pension liability		
Service cost	$	483,925
Interest		1,419,255
Changes in benefit terms		-
Differences between actual and expected experience		292,564
Change of assumptions		-
Benefit payments, including refunds of employee contributions		(658,561)
Net change in total pension liability		1,537,183
Total pension liability-beginning		18,768,754
Total pension liability-ending (a)	$	20,305,937
Plan fiduciary net position		
Contributions-employer	$	845,936
Contributions-employee		1,581
Net investment income		3,001,114
Benefit payments, including refunds of employee contributions		(658,561)
Administrative expense		(6,446)
Net change in plan fiduciary net position		3,183,624
Plan fiduciary net position-beginning		18,019,353
Plan fiduciary net position-ending (b)	$	21,202,977
Net pension liability (asset)-ending (a) - (b)	$	(897,040)
Plan fiduciary net position as a percentage of total pension liability		104.42%
Covered-employee payroll		5,915,632
Net pension liability (asset) as a percentage of covered-employee payroll		15.16%

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

CITY OF CROSSVILLE

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
June 30, 2015

	2014	2015
Actuarially determined contribution	$ 845,936	$ 735,334
Contributions in relation to the actuarially determined contribution	845,936	735,334
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 5,915,632	$ 5,387,134
Contributions as a percentage covered-employee payroll	14.30%	13.65%

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These are the operating funds which are restricted as to use by the federal or state governments and special purpose funds established by the City Council.

Drug Fund accounts for revenues from drug fines and forfeited goods received. State law requires usage of those monies to further drug education and investigations.

State Street Aid Fund accounts for revenues and expenditures of the City's share of state gasoline taxes. State law requires that gasoline taxes be used to maintain streets.

CITY OF CROSSVILLE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
June 30, 2015

	Special Revenue			
	Drug Fund	State Street Aid	Total Special Revenue	Total Nonmajor Governmental Funds
ASSETS				
Restricted cash and cash equivalents	$106,574	$152,458	$259,032	$ 259,032
Due from other governments	-	53,325	53,325	53,325
Total assets	$106,574	$205,783	$312,357	$ 312,357
LIABILITIES				
Accounts payable and accrued liabilities	$ 1,132	$ 3,747	$ 4,879	$ 4,879
Total liabilities	1,132	3,747	4,879	4,879
FUND BALANCES				
Restricted	105,442	202,036	307,478	307,478
Total fund balances	105,442	202,036	307,478	307,478
Total liabilities and fund balances	$106,574	$205,783	$312,357	$ 312,357

CITY OF CROSSVILLE

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2015

	Special Revenue			
	Drug Fund	State Street Aid	Total Special Revenue	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	$ -	$291,001	$291,001	$ 291,001
Investment income	125	163	288	288
Miscellaneous	83,948	-	83,948	83,948
Total revenues	84,073	291,164	375,237	375,237
EXPENDITURES				
Public safety	63,093	-	63,093	63,093
Sanitation	-	-	-	-
Streets	-	249,302	249,302	249,302
Debt service:				
Principal retirement	31,232	-	31,232	31,232
Total expenditures	94,325	249,302	343,627	343,627
Excess (deficiency) of revenues over (under) expenditures	(10,252)	41,862	31,610	31,610
Net change in fund balance	(10,252)	41,862	31,610	31,610
FUND BALANCE (DEFICIT), beginning	115,694	160,174	275,868	275,868
FUND BALANCE, ending	$105,442	$202,036	$307,478	$ 307,478

CITY OF CROSSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	$ 2,040,000	$ 2,040,000	$ 2,077,127	$ 37,127
Local sales tax	7,100,000	7,100,000	7,296,209	196,209
Local beer and liquor tax	1,000,000	1,000,000	1,068,741	68,741
Business taxes	705,000	705,000	787,858	82,858
Payments in lieu of taxes	215,000	215,000	233,870	18,870
Licenses and permits:				
Beer and liquor license fees	22,300	22,300	28,102	5,802
Building permits	150,000	150,000	247,895	97,895
Other permits	13,000	13,000	29,701	16,701
Intergovernmental revenues:				
Intergovernmental grants and contracts	1,838,900	1,933,900	346,784	(1,587,116)
State sales and income tax	879,000	879,000	1,378,065	499,065
Other state taxes	93,000	93,000	98,324	5,324
Charges for services:				
Airport charges	117,000	117,000	106,787	(10,213)
Cemetery charges	25,000	25,000	18,775	(6,225)
Driver safety school charges	13,000	13,000	7,434	(5,566)
Park facility and concession charges	78,000	78,000	129,338	51,338
Fines and forfeitures:				
Court fines and costs	90,000	90,000	73,284	(16,716)
Other fines and costs	4,900	4,900	5,076	176
Drug related fines and forfeitures	2,000	2,000	3,552	1,552
Interest revenue	9,500	9,500	10,088	588
Contributions and donations	3,000	3,000	2,000	(1,000)
Miscellaneous:				
Insurance recoveries	90,000	90,000	16,422	(73,578)
Sale of property and equipment	2,500	2,500	34,709	32,209
Other revenues	863,930	863,930	661,887	(202,043)
Total revenues	15,355,030	15,450,030	14,662,028	(788,002)
EXPENDITURES				
General government:				
Payroll and payroll taxes	1,427,070	1,473,685	1,421,762	(51,923)
Employee benefits	605,425	567,295	497,765	(69,530)
Supplies	193,800	201,035	134,342	(66,693)
Utilities	153,875	150,360	123,230	(27,130)
Repairs and maintenance	73,600	70,440	49,277	(21,163)
Other expenditures	1,054,009	1,070,379	851,283	(219,096)
Capital outlay	56,000	47,585	36,219	(11,366)
City court:				
Payroll and payroll taxes	15,100	15,100	13,747	(1,353)
Supplies	1,200	1,200	931	(269)
Other expenditures	800	800	245	(555)
Airport:				
Supplies	1,000	1,000	974	(26)
Utilities	31,825	29,110	24,485	(4,625)
Repairs and maintenance	15,100	15,100	2,690	(12,410)
Other expenditures	87,500	87,500	83,051	(4,449)
Capital outlay	-	147,715	146,225	(1,490)
Cemetery:				
Payroll and payroll taxes	44,060	43,640	39,313	(4,327)
Employee benefits	13,800	14,250	13,316	(934)
Supplies	5,025	5,345	4,529	(816)
Utilities	2,750	2,550	911	(1,639)
Repairs and maintenance	6,800	6,650	5,139	(1,511)

(continued on next page)

CITY OF CROSSVILLE

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

(continued from previous page)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Parks and recreation:				
Payroll and payroll taxes	$ 453,750	$ 541,650	$ 512,108	$ (29,542)
Employee benefits	139,760	132,360	117,880	(14,480)
Supplies	103,150	152,100	115,577	(36,523)
Utilities	240,780	214,375	176,763	(37,612)
Repairs and maintenance	145,000	134,000	101,552	(32,448)
Other expenditures	94,650	99,205	86,390	(12,815)
Capital outlay	57,000	47,400	31,390	(16,010)
Planning and zoning:				
Payroll and payroll taxes	108,900	109,070	101,564	(7,506)
Employee benefits	38,200	34,150	25,527	(8,623)
Supplies	12,700	12,700	6,505	(6,195)
Utilities	4,400	4,400	2,469	(1,931)
Repairs and maintenance	2,550	2,550	757	(1,793)
Other expenditures	35,400	39,280	13,624	(25,656)
Public safety:				
Payroll and payroll taxes	3,249,143	3,361,068	3,346,289	(14,779)
Employee benefits	1,318,041	1,187,916	1,078,464	(109,452)
Supplies	497,950	472,800	358,014	(114,786)
Utilities	104,800	105,305	89,504	(15,801)
Repairs and maintenance	150,500	162,000	130,526	(31,474)
Other expenditures	559,950	604,295	559,214	(45,081)
Capital outlay	185,000	172,000	115,022	(56,978)
Sanitation	541,200	541,200	489,532	(51,668)
Streets:				
Payroll and payroll taxes	462,200	470,200	443,188	(27,012)
Employee benefits	217,200	219,430	177,875	(41,555)
Supplies	266,950	258,550	197,686	(60,864)
Utilities	23,140	23,685	19,365	(4,320)
Repairs and maintenance	134,900	132,900	99,041	(33,859)
Other expenditures	17,650	33,375	27,823	(5,552)
Capital outlay	990,000	973,900	606,485	(367,415)
Tourism development:				
Payroll and payroll taxes	60,700	60,775	60,769	(6)
Employee benefits	17,225	17,580	16,677	(903)
Supplies	5,220	5,350	3,725	(1,625)
Utilities	1,000	1,000	600	(400)
Repairs and maintenance	250	250	45	(205)
Other expenditures	300,970	301,410	194,094	(107,316)
Debt service:				
Principal	276,000	276,000	276,000	-
Interest	255,000	255,000	210,746	(44,254)
Total expenditures	14,859,968	15,109,968	13,242,224	(1,867,744)
Excess of revenues over (under) expenditures	495,062	340,062	1,419,804	1,079,742
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,457,500)	(1,526,111)	(419,847)	1,106,264
Proceeds of notes	-	-	-	-
Issuance of bonds and notes	-	-	-	-
Premium on refunding bonds	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-
Total other financing sources (uses)	(1,457,500)	(1,526,111)	(419,847)	1,106,264
Net change in fund balance	(962,438)	(1,186,049)	999,957	2,186,006
FUND BALANCE at beginning of year	10,139,011	10,139,011	10,139,011	-
FUND BALANCE at end of year	$ 9,176,573	$ 8,952,962	$ 11,138,968	$ 2,186,006

CITY OF CROSSVILLE

SPECIAL REVENUE FUND

DRUG FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Investment income	$ 100	$ 100	$ 125	$ 25
Miscellaneous	40,000	40,000	83,948	43,948
Total revenues	40,100	40,100	84,073	43,973
EXPENDITURES				
Public safety	69,000	81,200	80,325	(875)
Capital outlay	17,000	14,800	14,000	(800)
Total expenditures	86,000	96,000	94,325	(1,675)
Excess of revenues over (under) expenditures	(45,900)	(55,900)	(10,252)	45,648
FUND BALANCE at beginning of year	115,694	115,694	115,694	-
FUND BALANCE at end of year	$ 69,794	$ 59,794	$ 105,442	$ 45,648

CITY OF CROSSVILLE

SPECIAL REVENUE FUND

STATE STREET AID FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	$ 284,000	$ 284,000	$ 291,001	$ 7,001
Investment income	150	150	163	13
Total revenues	284,150	284,150	291,164	7,014
EXPENDITURES				
Streets	280,000	280,000	249,302	(30,698)
Total expenditures	280,000	280,000	249,302	(30,698)
Excess revenues over expenditures	4,150	4,150	41,862	37,712
FUND BALANCE at beginning of year	160,174	160,174	160,174	-
FUND BALANCE at end of year	$ 164,324	$ 164,324	$ 202,036	$ 37,712

FINANCIAL SCHEDULES

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

CITY OF CROSSVILLE

COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE
Year Ended June 30, 2015

Tax Year (1)	Property Taxes Receivable Balance June 30, 2014	Property Taxes Levied	Anticipated Current Year Levy (2)	Net Pick-Ups and Charge-Offs	Collections	Property Taxes Receivable Balance June 30, 2015	Allowance for Uncollectibles	Net Receivable Balance June 30, 2015
2015	$ -	$ -	$ 2,496,407	$ -	$ -	$ 2,496,407	$ -	$ 2,496,407
2014	-	2,169,259	-	(115,339)	1,985,982	67,938	13,588	54,350
2013	59,139	-	-	-	23,754	35,385	7,077	28,308
2012	28,186	-	-	-	8,038	20,148	4,030	16,118
2011	19,800	-	-	376	5,942	14,234	3,079	11,155
2010	9,725	-	-	(1,160)	1,144	7,421	4,292	3,129
2009	7,971	-	-	(1,164)	228	6,579	3,871	2,708
2008	4,732	-	-	-	155	4,577	4,732	(155)
2007	5,397	-	-	(1,926)	-	3,471	5,397	(1,926)
2006	2,768	-	-	(766)	8	1,994	2,768	(774)
1995-2005	22,942	-	-	(2,084)	-	20,858	22,942	(2,084)
Totals	$ 160,660	$ 2,169,259	$ 2,496,407	$ (122,063)	$ 2,025,251	$ 2,679,012	$ 71,776	$ 2,607,236

Note:
(1) Accrual of the anticipated current year levy is required by GASB Statement No. 33. The accrual is recorded net of the allowance for uncollectible amounts.

CITY OF CROSSVILLE

SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
June 30, 2015

	Principal	Interest	Total
GOVERNMENTAL ACTIVITIES			
2016	309,476	207,973	517,449
2017	289,000	202,295	491,295
2018	291,000	197,379	488,379
2019	297,000	192,455	489,455
2020	299,000	187,396	486,396
2021	306,000	182,335	488,335
2022	313,000	176,884	489,884
2023	319,000	170,757	489,757
2024	326,000	164,239	490,239
2025	265,000	156,463	421,463
2026	340,000	148,516	488,516
2027	350,000	138,312	488,312
2028	360,000	127,412	487,412
2029	370,000	115,787	485,787
2030	380,000	104,687	484,687
2031	395,000	93,287	488,287
2032	405,000	81,437	486,437
2033	415,000	69,287	484,287
2034	430,000	56,837	486,837
2035	445,000	43,400	488,400
2036	455,000	29,494	484,494
2037	470,000	15,275	485,275
Total governmental activities	7,829,476	2,861,907	10,691,383
BUSINESS-TYPE ACTIVITIES			
2016	1,288,147	565,871	1,854,018
2017	1,320,768	557,669	1,878,437
2018	1,352,116	532,442	1,884,558
2019	1,384,812	506,660	1,891,472
2020	1,421,892	480,217	1,902,109
2021	1,455,356	454,471	1,909,827
2022	1,494,204	428,126	1,922,330
2023	1,538,448	401,071	1,939,519
2024	1,580,249	374,343	1,954,592
2025	1,619,762	342,630	1,962,392
2026	1,673,940	306,353	1,980,293
2027	1,722,956	268,731	1,991,687
2028	1,787,284	229,253	2,016,537
2029	1,471,948	188,675	1,660,623
2030	1,872,936	152,498	2,025,434
2031	2,005,827	104,638	2,110,465
2032	1,973,400	57,670	2,031,070
2033	394,000	7,421	401,421
2034	686,417	3,757	690,174
Total business-type activities	28,044,462	5,962,496	34,006,958
Total primary government indebtedness	$35,873,938	$8,824,403	$44,698,341

Note: Financial schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data.

CITY OF CROSSVILLE

ANALYSIS OF DEBT
June 30, 2015

	Outstanding July 1, 2014	Issued FY 2014-2015	Retired FY 2014-2015	Outstanding June 30, 2015	Maturing FY 2015-2016	Interest Payable FY 2015-2016
GOVERNMENTAL ACTIVITIES						
Notes payable:						
Tennessee Municipal Bond Fund, Series 2004	$ 583,000	$ -	$ (51,000)	$ 532,000	$ 52,000	$ 2,128
Police Software Loan	58,709	-	(31,233)	27,476	27,476	870
General Obligation Refunding and Improvement Bonds Series 2012A	4,135,000	-	(20,000)	4,115,000	25,000	124,444
General Obligation Refunding and Improvement Bonds Series 2012B	3,360,000	-	(205,000)	3,155,000	205,000	80,531
Total notes payable	8,136,709	-	(307,233)	7,829,476	309,476	207,973
Total governmental activities	8,136,709	-	(307,233)	7,829,476	309,476	207,973
BUSINESS-TYPE ACTIVITIES						
Bonds:						
Water System Refunding Revenue Bonds, Series 2005	3,725,000	-	(3,725,000)	-	-	-
Water and Sewer Revenue and Tax Refunding and Improvement Bonds, Series 2012C	8,660,000	-	-	8,660,000	125,000	252,794
Public Building Authority of the City of Clarksville, TN Variable Rate Local Government Loan Program Bond, Series 2014 (City of Crossville Water Loan)	-	3,747,350	(206,350)	3,541,000	211,000	53,115
Total bonds	12,385,000	3,747,350	(3,931,350)	12,201,000	336,000	305,909
Notes payable -						
State Wastewater Facility Revolving Loan 2000	2,965,938	-	(297,805)	2,668,133	303,120	44,784
State Wastewater Facility Revolving Loan 2001	258,650	-	(23,760)	234,890	24,120	3,288
State Wastewater Facility Revolving Loan 2001	649,780	-	(61,320)	588,460	62,232	8,232
State Wastewater Facility Revolving Loan 1992	14,155	-	(14,155)	-	-	-
State Wastewater Facility Revolving Loan 12-116	-	268,272	-	268,272	7,975	-
State Wastewater Facility Revolving Loan 2015	-	22,500	-	22,500	380	-
State Revolving Loan August 2009	2,387,100	-	(110,448)	2,276,652	113,664	64,080
State Revolving Loan November 2009	2,661,546	-	(122,892)	2,538,654	126,420	70,188
State Revolving Loan April 2010	430,215	-	(20,940)	409,275	21,528	11,088
State Revolving Loan May 2010	594,590	-	(26,964)	567,626	27,708	14,928
USDA Rural Development Loan Hwy 70 N Waterline	1,648,406	-	(1,648,406)	-	-	-
USDA Rural Development Loan Cumberland Cove	796,232	-	(796,232)	-	-	-
USDA Rural Development Loan Meadow Park Lake Dam	3,902,418	-	(3,902,418)	-	-	-
Public Building Authority of the City of Clarksville, TN Variable Rate Local Government Loan Program Bond, Series 2014 (City of Crossville Water & Sewer Refunding Loan)	-	6,374,593	(105,593)	6,269,000	265,000	58,302
Total notes payable	16,309,030	6,665,365	(7,130,933)	15,843,462	952,147	274,890
Total business-type activities	28,694,030	10,412,715	(11,062,283)	28,044,462	1,288,147	580,799
Total general obligation debt	$36,830,739	$ 10,412,715	$(11,369,516)	$35,873,938	$ 1,597,623	$ 788,772

CITY OF CROSSVILLE

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR
June 30, 2015

DIRECT INDEBTEDNESS

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2016	Tennessee Municipal Bond Fund Loan 2004	0.40	$ 52,000	$ 2,128	$ 54,128
2017		0.40	54,000	1,920	55,920
2018		0.40	56,000	1,704	57,704
2019		0.40	57,000	1,480	58,480
2020		0.40	59,000	1,252	60,252
2021		0.40	61,000	1,016	62,016
2022		0.40	63,000	772	63,772
2023		0.40	64,000	520	64,520
2024		0.40	66,000	264	66,264
			532,000	11,056	543,056
2016	Police Software Loan	3.17	27,476	870	28,346
			27,476	870	28,346
2016	General Obligation Refunding and Improvement Bonds Series 2012A	3.18	25,000	124,444	149,444
2017		3.18	25,000	123,944	148,944
2018		3.18	25,000	123,444	148,444
2019		3.18	25,000	122,944	147,944
2020		3.18	20,000	122,413	142,413
2021		3.18	25,000	121,988	146,988
2022		3.18	25,000	121,456	146,456
2023		3.18	30,000	120,925	150,925
2024		3.18	30,000	120,288	150,288
2025		3.18	30,000	119,388	149,388
2026		3.18	30,000	118,488	148,488
2027		3.18	30,000	117,587	147,587
2028		3.18	30,000	116,687	146,687
2029		3.18	370,000	115,787	485,787
2030		3.18	380,000	104,687	484,687
2031		3.18	395,000	93,287	488,287
2032		3.18	405,000	81,437	486,437
2033		3.18	415,000	69,287	484,287
2034		3.18	430,000	56,837	486,837
2035		3.18	445,000	43,400	488,400
2036		3.18	455,000	29,494	484,494
2037		3.18	470,000	15,275	485,275
			4,115,000	2,183,487	6,298,487
2016	General Obligation Refunding and Improvement Bonds Series 2012B	2.675	205,000	80,531	285,531
2017		2.675	210,000	76,431	286,431
2018		2.675	210,000	72,231	282,231
2019		2.675	215,000	68,031	283,031
2020		2.675	220,000	63,731	283,731
2021		2.675	220,000	59,331	279,331
2022		2.675	225,000	54,656	279,656
2023		2.675	225,000	49,312	274,312
2024		2.675	230,000	43,687	273,687
2025		2.675	235,000	37,075	272,075
2026		2.675	310,000	30,028	340,028
2027		2.675	320,000	20,725	340,725
2028		2.675	330,000	10,725	340,725
			3,155,000	666,494	3,821,494
	Total direct indebtedness		7,829,476	2,861,907	10,691,383

(continued on following page)

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR
June 30, 2015

(continued from previous page)

WATER AND SEWER DEPARTMENT

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2016	State Wastewater Facility Revolving Loan 2000	1.77	$ 303,120	$ 44,784	$ 347,904
2017		1.77	308,520	39,372	347,892
2018		1.77	314,028	33,864	347,892
2019		1.77	319,632	28,260	347,892
2020		1.77	325,344	22,560	347,904
2021		1.77	331,140	16,752	347,892
2022		1.77	337,056	10,848	347,904
2023		1.77	343,068	4,836	347,904
2024		1.77	86,225	255	86,480
			2,668,133	201,531	2,869,664
2016	State Wastewater Facility Revolving Loan 2001	1.47	62,232	8,232	70,464
2017		1.47	63,144	7,308	70,452
2018		1.47	64,080	6,372	70,452
2019		1.47	65,028	5,424	70,452
2020		1.47	65,988	4,464	70,452
2021		1.47	66,972	3,492	70,464
2022		1.47	67,956	2,496	70,452
2023		1.47	68,964	1,488	70,452
2024		1.47	64,096	473	64,569
			588,460	39,749	628,209
2016	State Revolving Loan Fund November 2009	2.83	126,420	70,188	196,608
2017		2.83	130,044	66,564	196,608
2018		2.83	133,776	62,832	196,608
2019		2.83	137,604	59,004	196,608
2020		2.83	141,552	55,056	196,608
2021		2.83	145,608	51,000	196,608
2022		2.83	149,784	46,824	196,608
2023		2.83	154,080	42,528	196,608
2024		2.83	158,496	38,112	196,608
2025		2.83	163,032	33,576	196,608
2026		2.83	167,712	28,896	196,608
2027		2.83	172,524	24,084	196,608
2028		2.83	177,468	19,140	196,608
2029		2.83	182,556	14,052	196,608
2030		2.83	187,788	8,820	196,608
2031		2.83	193,116	3,492	196,608
2032		2.83	17,094	-	17,094
			2,538,654	624,168	3,162,822

(continued on following page)

CITY OF CROSSVILLE

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR
June 30, 2015

(continued from previous page)

WATER AND SEWER DEPARTMENT

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2016	State Revolving Loan Fund August 2009	2.88	$ 113,664	$ 64,080	$ 177,744
2017		2.88	116,988	60,756	177,744
2018		2.88	120,396	57,348	177,744
2019		2.88	123,912	53,832	177,744
2020		2.88	127,524	50,220	177,744
2021		2.88	131,256	46,488	177,744
2022		2.88	135,084	42,660	177,744
2023		2.88	139,020	38,724	177,744
2024		2.88	143,076	34,668	177,744
2025		2.88	147,252	30,492	177,744
2026		2.88	151,560	26,184	177,744
2027		2.88	155,976	21,768	177,744
2028		2.88	160,524	17,220	177,744
2029		2.88	165,216	12,528	177,744
2030		2.88	170,040	7,704	177,744
2031		2.88	175,016	2,728	177,744
2032		2.88	148	-	148
			2,276,652	567,400	2,844,052
2016	State Revolving Loan Fund April 2010	2.78	21,528	11,088	32,616
2017		2.78	22,140	10,476	32,616
2018		2.78	22,764	9,852	32,616
2019		2.78	23,400	9,216	32,616
2020		2.78	24,060	8,556	32,616
2021		2.78	24,732	7,884	32,616
2022		2.78	25,428	7,188	32,616
2023		2.78	26,148	6,468	32,616
2024		2.78	26,880	5,736	32,616
2025		2.78	27,636	4,980	32,616
2026		2.78	28,416	4,200	32,616
2027		2.78	29,220	3,396	32,616
2028		2.78	30,048	2,568	32,616
2029		2.78	30,888	1,728	32,616
2030		2.78	31,752	864	32,616
2031		2.78	14,235	84	14,319
			409,275	94,284	503,559

(continued on following page)

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR
June 30, 2015

(continued from previous page)

WATER AND SEWER DEPARTMENT

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2016	Water and Sewer Revenue and Tax Refunding and Improvement Bonds, Series 2012C	2.95	$ 125,000	$ 252,794	$ 377,794
2017		2.95	135,000	250,294	385,294
2018		2.95	135,000	246,244	381,244
2019		2.95	140,000	242,194	382,194
2020		2.95	145,000	237,994	382,994
2021		2.95	145,000	235,094	380,094
2022		2.95	150,000	232,193	382,193
2023		2.95	155,000	229,193	384,193
2024		2.95	425,000	225,900	650,900
2025		2.95	610,000	213,150	823,150
2026		2.95	635,000	194,850	829,850
2027		2.95	655,000	175,800	830,800
2028		2.95	680,000	156,150	836,150
2029		2.95	695,000	135,750	830,750
2030		2.95	1,075,000	114,900	1,189,900
2031		2.95	1,205,000	82,650	1,287,650
2032		2.95	1,550,000	46,500	1,596,500
			8,660,000	3,271,650	11,931,650
2016	State Wastewater Facility Revolving Loan 2001	1.47	24,120	3,288	27,408
2017		1.47	24,468	2,940	27,408
2018		1.47	24,840	2,568	27,408
2019		1.47	25,200	2,208	27,408
2020		1.47	25,572	1,836	27,408
2021		1.47	25,956	1,452	27,408
2022		1.47	26,340	1,068	27,408
2023		1.47	26,724	684	27,408
2024		1.47	27,120	288	27,408
2025		1.47	4,550	8	4,558
			234,890	16,340	251,230
2016	State Revolving Loan May 2010	2.69	27,708	14,928	42,636
2017		2.69	28,464	14,172	42,636
2018		2.69	29,232	13,404	42,636
2019		2.69	30,036	12,600	42,636
2020		2.69	30,852	11,784	42,636
2021		2.69	31,692	10,944	42,636
2022		2.69	32,556	10,080	42,636
2023		2.69	33,444	9,192	42,636
2024		2.69	34,356	8,280	42,636
2025		2.69	35,292	7,344	42,636
2026		2.69	36,252	6,384	42,636
2027		2.69	37,236	5,760	42,996
2028		2.69	38,244	4,392	42,636
2029		2.69	39,288	3,348	42,636
2030		2.69	40,356	2,280	42,636
2031		2.69	41,460	1,176	42,636
2032		2.69	21,158	168	21,326
			567,626	136,236	703,862

(continued on following page)

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR
June 30, 2015

(continued from previous page)

WATER AND SEWER DEPARTMENT

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2016	Public Building Authority of City of Clarksville, TN	3.00	$ 265,000	$ 58,302	$ 323,302
2017	Variable Rate Local Government Loan Program Bond,	3.00	272,000	55,837	327,837
2018	Series 2014 (Water & Sewer Refunding Loan)	3.00	278,000	53,308	331,308
2019		3.00	285,000	50,722	335,722
2020		3.00	291,000	48,072	339,072
2021		3.00	298,000	45,365	343,365
2022		3.00	305,000	42,594	347,594
2023		3.00	312,000	39,758	351,758
2024		3.00	320,000	36,856	356,856
2025		3.00	327,000	33,880	360,880
2026		3.00	335,000	30,839	365,839
2027		3.00	343,000	27,723	370,723
2028		3.00	351,000	24,533	375,533
2029		3.00	359,000	21,269	380,269
2030		3.00	368,000	17,930	385,930
2031		3.00	377,000	14,508	391,508
2032		3.00	385,000	11,002	396,002
2033		3.00	394,000	7,421	401,421
2034		3.00	404,000	3,757	407,757
			6,269,000	623,676	6,892,676
2016	Public Building Authority of City of Clarksville, TN	1.50	211,000	53,115	264,115
2017	Variable Rate Local Government Loan Program Bond,	1.50	220,000	49,950	269,950
2018	Series 2014 (Water Loan)	1.50	230,000	46,650	276,650
2019		1.50	235,000	43,200	278,200
2020		1.50	245,000	39,675	284,675
2021		1.50	255,000	36,000	291,000
2022		1.50	265,000	32,175	297,175
2023		1.50	280,000	28,200	308,200
2024		1.50	295,000	23,775	318,775
2025		1.50	305,000	19,200	324,200
2026		1.50	320,000	15,000	335,000
2027		1.50	330,000	10,200	340,200
2028		1.50	350,000	5,250	355,250
			3,541,000	402,390	3,943,390

(continued on following page)

CITY OF CROSSVILLE

SCHEDULE OF BONDS AND NOTES PAYABLE - BY FISCAL YEAR
June 30, 2015

(continued from previous page)

WATER AND SEWER DEPARTMENT

Fiscal Year Ended June 30	Issue	Interest Rate	Principal	Interest Due	Total Interest and Principal
2016	State Wastewater Facility Revolving Loan 12-116	1.87	13,533	4,901	$ 18,434
2017		1.87	13,788	4,646	18,434
2018		1.87	14,048	4,386	18,434
2019		1.87	14,313	4,121	18,434
2020		1.87	14,583	3,851	18,434
2021		1.87	14,858	3,576	18,434
2022		1.87	15,138	3,296	18,434
2023		1.87	15,424	3,010	18,434
2024		1.87	15,715	2,719	18,434
2025		1.87	16,011	2,423	18,434
2026		1.87	16,313	2,121	18,434
2027		1.87	16,621	1,813	18,434
2028		1.87	16,934	1,500	18,434
2029		1.87	17,254	1,180	18,434
2030		1.87	17,579	855	18,434
2031		1.87	17,911	523	18,434
2032		1.87	18,249	185	18,434
			268,272	45,106	313,378
2016	State Wastewater Facility Revolving Loan 2015	1.61	1,021	355	$ 1,376
2017		1.61	1,037	338	1,375
2018		1.61	1,054	321	1,375
2019		1.61	1,071	304	1,375
2020		1.61	1,088	287	1,375
2021		1.61	1,106	269	1,375
2022		1.61	1,124	251	1,375
2023		1.61	1,142	233	1,375
2024		1.61	1,161	215	1,376
2025		1.61	1,180	196	1,376
2026		1.61	1,199	177	1,376
2027		1.61	1,218	157	1,375
2028		1.61	1,238	137	1,375
2029		1.61	1,258	117	1,375
2030		1.61	1,278	97	1,375
2031		1.61	1,299	76	1,375
2032		1.61	1,320	55	1,375
2033		1.61	1,342	34	1,376
2034		1.61	1,364	11	1,375
			22,500	3,630	23,379
	Total Water and Sewer Department		28,044,462	6,026,160	34,067,871
	Total Primary Government Indebtedness		$ 35,873,938	$ 8,888,067	$ 44,759,254

CITY OF CROSSVILLE

SCHEDULE OF TAX RATES AND ASSESSMENTS
June 30, 2015

Year of Levy	Rate	Assessment	Amount of Tax Assessed
2005	0.70	243,531,287	$ 1,704,184
2006	0.70	254,353,428	1,780,474
2007	0.55	335,255,490	1,844,424
2008	0.55	348,200,080	1,915,107
2009	0.55	354,670,332	1,955,058
2010	0.55	355,988,256	1,957,943
2011	0.55	369,102,842	2,030,073
2012	0.53	373,269,625	1,978,329
2013	0.53	384,426,995	2,037,469
2014	0.53	409,292,914	2,169,252

CITY OF CROSSVILLE

SCHEDULE OF WATER AND SEWER RATES AND NUMBER OF CUSTOMERS
June 30, 2015

WATER AND SEWER CUSTOMER RATES

	Inside City Limits	Outside City Limits
First 2,000 gallons		
Water	$ 9.12 minimum bill	$13.68 minimum bill
Sewer	11.48 minimum bill	17.22 minimum bill
All over 2,000 gallons		
Water	$4.56 per 1,000 gallons	$6.84 per 1,000 gallons
Sewer	5.74 per 1,000 gallons	8.61 per 1,000 gallons
Utility districts		$3.30 per 1,000 gallons

NUMBER OF CUSTOMERS

	Inside City Limits	Outside City Limits	Total
Water customers			
Residential	3,749	7,126	10,875
Commercial	1,349	194	1,543
Industrial	31	5	36
Utility district taps	-	6	6
Total water customers	5,129	7,331	12,460
Total sewer customers	4,892	21	4,913

CITY OF CROSSVILLE

SCHEDULE OF UNACCOUNTED ACCOUNTED FOR WATER
Year Ended June 30, 2015
(All amounts in gallons)

AWWA Free Water Audit Software: WAS v5.0

Click to access definition
Click to add a comment

Water Audit Report for: City of Crossville (0000150)
Reporting Year: 2015 7/2014-6/2015

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below

<-------- Enter grading in column 'E' and 'J' -------->

Master Meter and Supply Error Adjustments

WATER SUPPLIED				Pcnt:	Value:	
Volume from own sources:	10	1,375.914	MG/Yr	3.00%		MG/Yr
Water imported:	n/a	0.000	MG/Yr			MG/Yr
Water exported:	8	254.000	MG/Yr	3.00%		MG/Yr
WATER SUPPLIED:		**1,089.237**	MG/Yr			

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION				Pcnt:	Value:	
Billed metered:	8	821.000	MG/Yr			
Billed unmetered:	n/a	0.000	MG/Yr			
Unbilled metered:	n/a	0.000	MG/Yr			
Unbilled unmetered:		13.615	MG/Yr	1.25%		MG/Yr
AUTHORIZED CONSUMPTION:		**834.615**	MG/Yr			

Click here: for help using option buttons below

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)				Pcnt:	Value:	
		254.621	MG/Yr			
Apparent Losses						
Unauthorized consumption:	8	0.500	MG/Yr		0.500	MG/Yr
Customer metering inaccuracies:	7	16.755	MG/Yr	2.00%		MG/Yr
Systematic data handling errors:		2.053	MG/Yr	0.25%		MG/Yr
Apparent Losses:		**19.308**	MG/Yr			

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:		**235.314**	MG/Yr
WATER LOSSES:		**254.621**	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:		**268.237**	MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	8	534.0	miles
Number of active AND inactive service connections:	8	12,698	
Service connection density:		24	conn./mile main
Are customer meters typically located at the curbstop or property line?		Yes	(length of service line, beyond the property boundary, that is the responsibility of the utility)
Average length of customer service line			

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure:	10	83.0	psi

COST DATA

Total annual cost of operating water system:	10	$6,437,931	$/Year
Customer retail unit cost (applied to Apparent Losses):	9	$5.70	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	10	$1,341.29	$/Million gallons

☑ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 88 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Systematic data handling errors
2: Customer metering inaccuracies
3: Billed metered

CITY OF CROSSVILLE

SCHEDULE OF UNACCOUNTED ACCOUNTED FOR WATER
Year Ended June 30, 2015
(All amounts in gallons)

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0
American Water Works Association.
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Water Audit Report for:	City of Crossville (0000150)
Reporting Year:	2015 / 7/2014 - 6/2015

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 88 out of 100 *****

System Attributes:

	Apparent Losses:	19.308	MG/Yr
+	Real Losses:	235.314	MG/Yr
=	**Water Losses:**	**254.621**	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	145.22	MG/Yr
	Annual cost of Apparent Losses:	$110,053	
	Annual cost of Real Losses:	$1,341,289	Valued at **Customer Retail Unit Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	24.6%	
	Non-revenue water as percent by cost of operating system:	23.7%	Real Losses valued at Customer Retail Unit Cost
Operational Efficiency:	Apparent Losses per service connection per day:	4.17	gallons/connection/day
	Real Losses per service connection per day:	N/A	gallons/connection/day
	Real Losses per length of main per day*:	1,207.29	gallons/mile/day
	Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	235.31	million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	1.62	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

CITY OF CROSSVILLE

SCHEDULE OF SALARIES AND OFFICIAL BONDS OF PRINCIPAL OFFICIALS
Year Ended June 30, 2015

Official Title	Name	Salary	Bond	Surety
Mayor	James Mayberry	$ 4,263	$500,000	Tennessee Municipal League Risk Management Pool
City Manager	David Rutherford	97,255	500,000	Tennessee Municipal League Risk Management Pool
City Recorder	Sally Oglesby	59,839	500,000	Tennessee Municipal League Risk Management Pool
Finance Director	Fred Houston	64,242	500,000	Tennessee Municipal League Risk Management Pool

CITY OF CROSSVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Other Adjustments	Ending (Accrued) Deferred Grant Revenue
U.S. DEPARTMENT OF TRANSPORTATION							
Passed through Tennessee Department of Transporation:							
Alcohol Saturation and Checkpoints	20.607	154AL14-42	$ (10,726)	$ 10,726	$ -	$ -	$ -
Alcohol Saturation and Checkpoints	20.607	154AL15-46	-	16,200	30,911	-	(14,711)
Young Driver Crash Reduction	20.607	PT14-15	(371)	371	-	-	-
Young Driver Crash Reduction	20.607	PT15-14	-	19,779	20,886	-	(1,107)
High VIS	20.607	154AL14-157	(588)	588	-	-	-
High VIS	20.607	154AL-15-176	-	5,851	7,855	-	(2,004)
Network Coordinator	20.607	PT14-14	(4,373)	10,093	5,720	-	-
Airport Improvement Program	20.106	DG-10-29290-00	-	107,566	-	(107,566)	-
Total U.S. Department of Transportation			(16,058)	171,174	65,372	(107,566)	(17,822)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Passed through Tennessee Department of Economic and Community Development:							
Community Development Block Grant	14.228	33004-22014	(24,118)	471,092	446,974	-	-
Total U.S. Department of Housing and Urban Development			(24,118)	471,092	446,974	-	-
U.S. DEPARTMENT OF JUSTICE							
Bulletproof Vest Partnership Program	16.607	2009BUBX09049954	(1,878)	537	537	1,341	(537)
Justice Assistance Grant: Law Enforcement Equipment Grant	n/a	2014-DJ-BX-0899	-	11,211	11,211	-	-
Total U.S. Department of Justice			(1,878)	11,748	11,748	1,341	(537)

(continued on next page)

CITY OF CROSSVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Other Adjustments	Ending (Accrued) Deferred Grant Revenue
			(continued from previous page)				
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Passed through Tennessee Department of Environment and Conservation:							
Capitalization Grant for State Revolving Fund	66.458	CWI-15-346	$ -	$ 2,500	$ 2,500	$ -	$ -
Capitalization Grant for State Revolving Fund	66.468	DWI-12-116	-	114,973	114,973	-	-
Total U.S. Environmental Protection Agency			-	117,473	117,473	-	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			(42,054)	771,487	641,567	(106,225)	(18,359)
STATE AWARDS							
Tennessee of Department of Transportation							
Aeronautics Division Grant	n/a	AERM-14-347-00	(4,471)	4,471	-	-	-
Aeronautics Division Grant	n/a	AERM-15-112-00	-	16,072	16,072	-	-
Aeronautics Division Grant	n/a	Z-09-21-3945-00	-	2,161	-	(2,161)	-
Aeronautics Division Grant	n/a	Z-09-213933-00	-	20,929	-	(20,929)	-
Aeronautics Division Grant	20.106	AERO-13-1420-11	-	10,235	-	(10,235)	-
Aeronautics Division Grant	n/a	AERO-15-161-00	-	63,085	63,085	-	-
Airport Tree Clearing Grant	n/a	AERO-14-201-00	(16,641)	10,469	-	6,172	-

(continued on next page)

CITY OF CROSSVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2015

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Other Adjustments	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)							
Tennessee Valley Authority							
Tennessee Healthy Watershed Initiative	n/a	THWI 07	$ (1,171)	$ -	$ -	$ 1,171	$ -
Tennessee Department of Economic and Community Development							
Three Star Grant	n/a	33007-38814	-	9,908	9,908	-	-
TOTAL EXPENDITURES OF STATE AWARDS			(22,283)	137,330	89,065	(25,982)	-
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			$ (64,337)	$ 908,817	$ 730,632	$(132,207)	$ (18,359)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Other Adjustments

Other adjustments to the schedule of expenditures of federal and state awards reflect adjustments to prior year ending accrued revenues that will not be received, adjustments to record accruals not recorded in prior years, or reclassifications of accrual amounts to the proper grants.

MAULDIN & JENKINS

Independent Auditor's Report on Internal Control Over Financial Reporting

and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance With *Government Auditing Standards*

To the Honorable Mayor
and Members of the City Council
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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Crossville, (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 8, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 8, 2015

MAULDIN & JENKINS

Independent Auditor's Report on Compliance For

Each Major Program and on Internal Control Over Compliance

Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Crossville's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
December 8, 2015

CITY OF CROSSVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weaknesses identified?	___ yes	_X_ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_X_ yes	____ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal control over major programs:		
• Material weaknesses identified?	___ yes	_X_ no
• Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	_X_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___ yes	_X_ no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.228	U.S. Department of Housing and Urban Development: Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$300,000	
Auditee qualified as low-risk auditee?	___ yes	_X_ no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2015-1: Internal Control over Financial Reporting

Criteria: Internal controls should be in place to ensure that financial statements properly present all financial activity for the City.

Condition: Under current professional standards, the City is responsible for the internal control process which includes preparation of year-end financial statements in accordance with generally accepted accounting principles. During the audit process, adjustments and corrections were made to the governmental fund and government-wide financial statements related to receivables, deferred revenue, and revenue. The amounts involved were significant to the financial statements.

Effect: The effect of the adjustments decreased the fund balance of the General Fund by $20,132 and decreased the fund balance of the Capital Projects Fund by $5,000.

Cause: The City's internal control process did not adequately identify and correct certain misstatements in the governmental fund and government-wide financial statements.

Recommendation: We recommend that the City improve the review process of amounts reflected in the governmental fund and government-wide financial statements.

Management's response: The City accepts responsibility for the internal control process. Procedures will be put in place to provide more managerial review of work done by staff to ensure greater accuracy of financial statements in the future.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

Section IV – SCHEDULE OF PRIOR YEAR FINDINGS

None