CITY OF CROSS PLAINS, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2025

CITY OF CROSS PLAINS, TENNESSEE

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INTRODUCTORY SECTION

CITY OF CROSS PLAINS, TENNESSEE

Officials of the City of Cross Plains, Tennessee

June 30, 2025

Name	Title
Elected Officials:	
Marlene Graves	Mayor
Ronald Eden	Vice Mayor
Barry Faulkner	Commissioner
Jimmy Vaughm	Commissioner
Sherry Johnson	Commissioner
Management:	
Jeff Woodfin	City Manager
Tammy Covington	Court Clerk
Holly Murphy	City Recorder and CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Commissioners of the
City of Cross Plains, Tennessee
Cross Plains, Tennessee

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and each major fund of the City of Cross Plains, Tennessee (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City, as of June 30, 2025, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, Fire Department Fund, and the Drug Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information – Introductory Section

Management is responsible for the Introductory Section included in the annual report. The Introductory Section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the Introductory Section, and I do not express an opinion or any other assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 7, 2026, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

March 7, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CROSS PLAINS, TENNESSEE

Management's Discussion and Analysis

As management of the City of Cross Plains, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the City of Cross Plains exceeded its liabilities at the close of the most recent fiscal year by $5,628,907. Of this amount, $1,199,393 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by $103,174 despite a decrease in tax related revenues and operating grant funds received by the City. Expenses were $202,950 higher than in the prior year due to an increase in activity in the City. During the year, the City purchased $726,449 (equipment of $528,693) in capital assets.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,355,769; a decrease of $168,509 in comparison to the prior year. At the end of the current fiscal year, unassigned fund balance of the General Fund was $1,138,334 or 84% of the total general fund expenditures.

Overview of the Financial Statements:

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cross Plains include general government, personnel, finance, parks, planning, police, fire, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The City of Cross Plains, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

Governmental Funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The City of Cross Plains adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-33 of this report.

Financial Analysis of the Financial Statements -- Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cross Plains, assets exceeded liabilities by $5,628,907 at the close of the most recent fiscal year.

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

City of Cross Plains' Net Position – 2024

	Governmental Activities
Current and other assets	$ 1,555,319
Capital assets	4,001,455
Total assets	5,556,774
Long-term liabilities outstanding	-
Other liabilities	32,683
Total liabilities	32,683
Net position:	
Investment in capital assets	4,001,455
Restricted	142,678
Unrestricted	1,379,958
Total net position	$ 5,524,091

City of Cross Plains' Net Position – 2025

	Governmental Activities
Current and other assets	$ 1,485,392
Capital assets	4,465,466
Total assets	5,950,858
Long-term liabilities	192,328
Other liabilities	129,623
Total liabilities	321,951
Net position:	
Net investment in capital assets	4,273,138
Restricted	156,376
Unrestricted	1,199,393
Total net position	$ 5,628,907

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

Financial Analysis of the Financial Statements

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

Governmental Funds

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,138,334. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 84% of total general fund expenditures.

Comparison of revenues and expenses 2024-2025

	2024	2025	Change Between Years
Revenues:			
Program revenues:			
Charges for services	213,167	233,168	20,001
Operating grants and contributions	316,230	309,891	(6,339)
Capital grants and contributions	11,945	11,230	(715)
General revenues:			
Sales taxes	817,846	818,598	752
Other local taxes	99,588	86,220	(13,368)
Other state shared taxes	21,924	21,734	(190)
Other	74,528	44,683	(29,845)
Total revenues	1,555,228	1,525,524	(29,704)
Expenses:			
General government	583,944	571,829	(12,115)
Police department	307,325	345,426	38,101
Fire department	188,819	385,253	196,434
Building	65,451	56,113	(9,338)
Highways and streets	73,861	63,729	(10,132)
Total expenses	1,219,400	1,422,350	202,950
Increases in net position	335,828	103,174	(232,654)

General Fund Budgetary Highlights

The City exceeded one of its departmental budgets during the year. The City amended its budget for certain additional expenses. See page 18-22 for further analysis.

Capital Assets

The City of Cross Plains' investment in capital assets from its governmental activities at June 30, 2025, amounts to $4,465,466 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, machinery and equipment.

City of Cross Plains' Capital Assets - 2025

	Governmental Activities
Land and buildings	$ 2,896,091
Infrastructure	2,019,468
Equipment	2,115,176
Less accumulated depreciation	(2,565,269)
Net Capital Assets	$ 4,465,466

City of Cross Plains' Capital Assets – 2024

	Governmental Activities
Land and buildings	$ 2,896,091
Infrastructure	1,821,712
Equipment	1,723,088
Less accumulated depreciation	(2,439,436)
Net Capital Assets	$ 4,001,455

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

Long-Term Debt

During the current year, the City of Cross Plains borrowed $192,328 for the purchase of a fire truck for the fire department. The debt is backed by the full faith and credit of the government. Additional information on the City of Cross Plains' debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

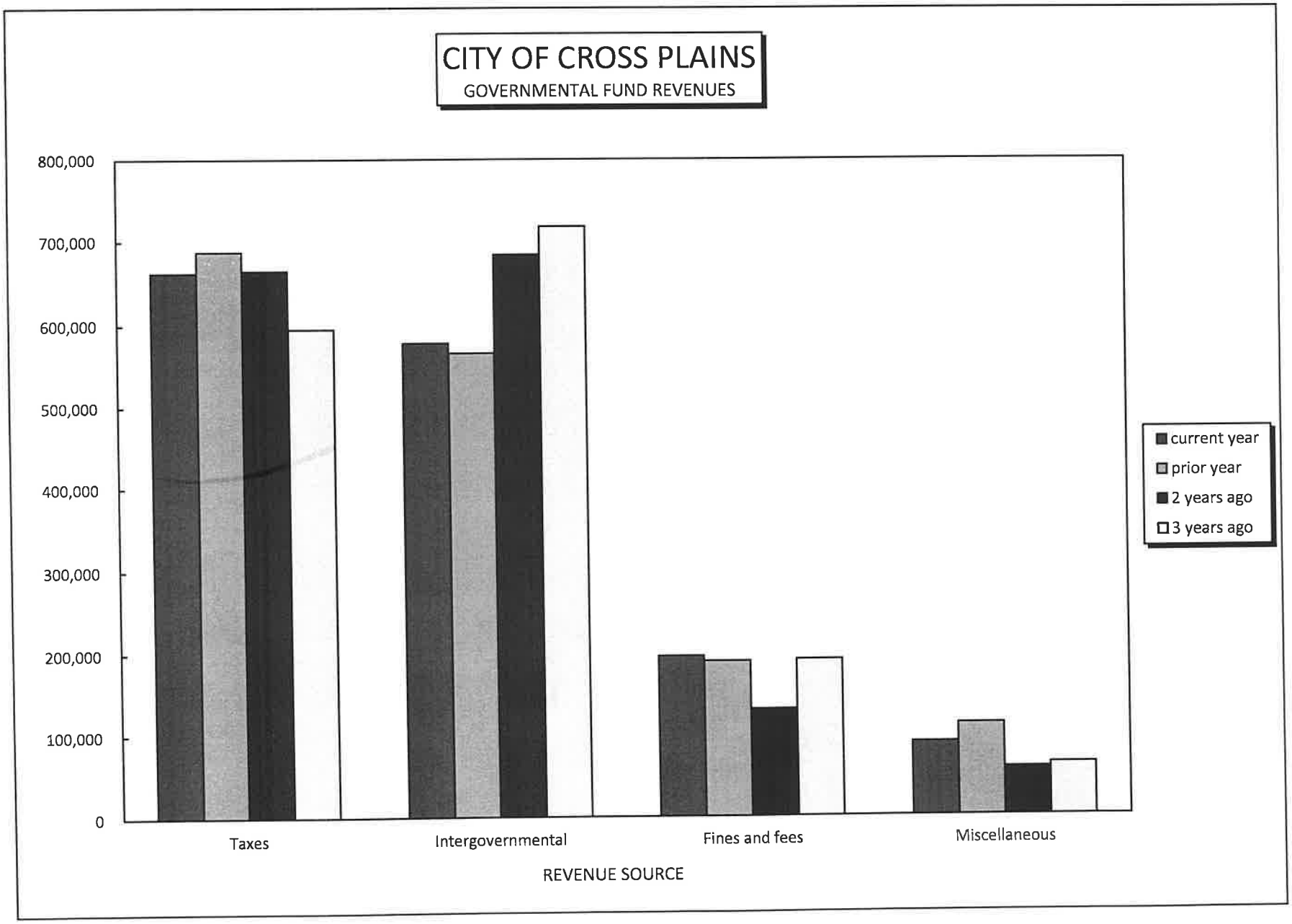
In the 2025-2026 budget, General fund revenues are budgeted to increase from the 2024-2025 budget year primarily due to increases in local revenues. The City's budget has benefited by an expanding commercial and retail base producing increased local shared taxes and sales tax receipts.

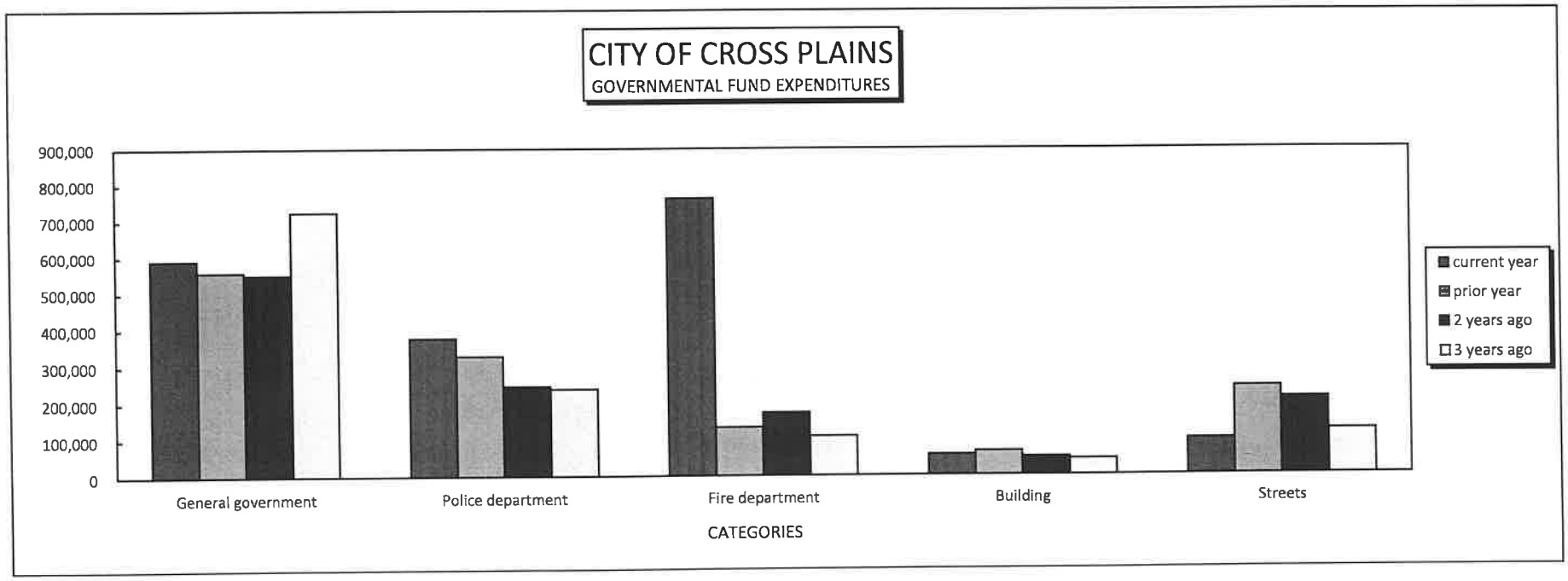
All of these factors were considered in preparing the City's budget for the 2025-2026 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Cross Plains, Tennessee's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Holly Murphy
City of Cross Plains


CITY OF CROSS PLAINS
GOVERNMENTAL FUND REVENUES
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
Taxes
Intergovernmental
Fines and fees
Miscellaneous
REVENUE SOURCE
current year
prior year
2 years ago
3 years ago


CITY OF CROSS PLAINS
GOVERNMENTAL FUND EXPENDITURES
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
General government
Police department
Fire department
Building
Streets
CATEGORIES
current year
prior year
2 years ago
3 years ago

BASIC FINANCIAL STATEMENTS

CITY OF CROSS PLAINS, TENNESSEE

Statement of Net Position

June 30, 2025

Assets	Governmental Activities	Total
Cash and cash equivalents	298,856	298,856
Certificates of deposit	1,014,345	1,014,345
Accounts receivable	133,518	133,518
Prepaid insurance	38,673	38,673
Capital assets not being depreciated	1,370,453	1,370,453
Capital assets, net of accumulated depreciation	3,095,013	3,095,013
Total Assets	$5,950,858	$5,950,858
Liabilities:		
Accounts payable	129,623	129,623
Long-term liabilities:		
Due within one year	15,515	15,515
Due in more than one year	176,813	176,813
Total Liabilities	$321,951	$321,951
Net Position:		
Net investment in capital assets	4,273,138	4,273,138
Restricted - Fire department	144,830	144,830
Restricted - Drug fund	9,294	9,294
Restricted - State Street Aid	2,252	2,252
Unrestricted	1,199,393	1,199,393
Total Net Position	$5,628,907	$5,628,907

See accompanying notes to financial statements.

CITY OF CROSS PLAINS, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2025

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Total
Government Activities:						
General government	571,829	41,202	3,300	11,230	(516,097)	(516,097)
Police department	345,426	191,966	2,400	0	(151,060)	(151,060)
Fire department	385,253	0	237,394	0	(147,859)	(147,859)
Building	56,113	0	0	0	(56,113)	(56,113)
Highways and streets	63,729	0	66,797	0	3,068	3,068
Total Governmental Activities	1,422,350	233,168	309,891	11,230	(868,061)	(868,061)
General Revenues						
Sales taxes					818,598	818,598
Beer taxes					79,961	79,961
Franchise taxes					6,259	6,259
TVA in lieu taxes					21,734	21,734
Interest income					40,347	40,347
Other					4,336	4,336
Total general revenues					971,235	971,235
Changes in net position					103,174	103,174
Net Position - beginning of year					5,524,091	5,524,091
Restatement					1,642	1,642
Net Position - beginning of year					5,525,733	5,525,733
Net position - ending of year					5,628,907	5,628,907

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF CROSS PLAINS, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2025

Assets	General Fund	Drug Fund	Fire Department Fund	Total Governmental Funds
Cash and cash equivalents	$160,714	$9,294	$128,848	$298,856
Certificate of deposit	1,014,345	0	0	1,014,345
Accounts receivable	114,075	0	19,443	133,518
Prepaid insurance	38,673	0	0	38,673
Total Assets	$1,327,807	$9,294	$148,291	$1,485,392
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	95,853	0	33,770	129,623
Total Liabilities	95,853	0	33,770	129,623
Fund balance:				
Unassigned	1,138,334	0	0	1,138,334
Non-spendable	38,673	0	0	38,673
Assigned - park	9,321	0	0	9,321
Assigned - playground	13,065	0	0	13,065
Restricted - Drug	0	9,294	0	9,294
Restricted - Fire	30,309	0	114,521	144,830
Restricted - State Street Aid funds	2,252	0	0	2,252
Total Fund Balance	1,231,954	9,294	114,521	1,355,769
Total Liabilities and Fund Balance	$1,327,807	$9,294	$148,291	$1,485,392

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

CITY OF CROSS PLAINS, TENNESSEE

Reconciliation of the Balance Sheet to the Statement of Net Position of Governmental Activities

June 30, 2025

Amounts reported for fund balance - total governmental funds	$	1,355,769
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds		
Long-term debt payable		(192,328)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		4,465,466
Net position of governmental activities	$	5,628,907

See accompanying notes to financial statements.

CITY OF CROSS PLAINS, TENNESSEE

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2025

	General Fund	Drug Fund	Fire Department Fund	**Total Governmental Funds**
Revenues:				
Taxes	662,157	0	0	**662,157**
Intergovernmental	344,822	0	233,314	**578,136**
Fines and fees	195,923	0	0	**195,923**
Miscellaneous	85,812	14	4,138	**89,964**
Total Revenues	1,288,714	14	237,452	**1,526,180**
Expenditures:				
Current:				
General government	438,767	0	0	**438,767**
Police department	300,832	0	0	**300,832**
Fire department	83,217	0	228,703	**311,920**
Building	56,113	0	0	**56,113**
State street aid	52,936	0	0	**52,936**
Capital outlay:				
General government	152,806	0	0	**152,806**
Police department	75,203	0	0	**75,203**
Fire department	140,000	0	313,490	**453,490**
State street aid	44,950	0	0	**44,950**
Total Expenditures	1,344,824	0	542,193	**1,887,017**
Excess (deficiency) of revenues over expenditures	(56,110)	14	(304,741)	**(360,837)**
Other financing sources: loan proceeds	0	0	192,328	**192,328**
Other financing sources: operating transfer	(77,925)	0	77,925	**0**
Net change in fund balance	(134,035)	14	(34,488)	**(168,509)**
Fund Balance, Beginning of year	1,382,210	9,280	131,146	**1,522,636**
Restatement	(16,221)	0	17,863	**1,642**
Fund Balance, Beginning of year as restated	1,365,989	9,280	149,009	**1,524,278**
Fund Balance, End of Year	1,231,954	9,294	114,521	**1,355,769**

See accompanying notes to financial statements.

CITY OF CROSS PLAINS, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds:	$	(168,509)
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Acquisition of capital assets		726,449
Depreciation expense		(262,438)
Revenues in the statement of activities that increase long-term liabilities:		
Loan proceeds		(192,328)
Change in net position of governmental activities	$	103,174

See accompanying notes to financial statements.

CITY OF CROSS PLAINS, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Local sales tax	$550,000	$645,000	$588,856	(56,144)
Wholesale beer	74,000	74,000	67,042	(6,958)
Franchise taxes	14,000	14,000	6,259	(7,741)
Total Taxes	638,000	733,000	662,157	(70,843)
Intergovernmental:				
State sales tax	200,150	221,150	225,833	4,683
State beer and liquor tax	9,000	9,000	12,919	3,919
State sportsbetting	3,500	3,500	3,909	409
Grants	0	10,000	11,230	1,230
State supplement	0	0	2,400	2,400
Gasoline .03 tax	0	9,700	9,311	(389)
Gasoline 1989 tax	0	5,200	5,043	(157)
Gasoline 2017 tax	0	16,700	16,210	(490)
Gasoline and motor fuel	0	33,300	32,966	(334)
State special petroleum fund	8,500	3,800	3,267	(533)
TVA in lieu	18,000	18,000	21,734	3,734
Total Intergovernmental Revenue	239,150	330,350	344,822	14,472
Fines and fees:				
Building permits	13,500	13,500	3,957	(9,543)
Court fines	150,700	175,700	191,966	16,266
Total Fines and fees	164,200	189,200	195,923	6,723
Miscellaneous:				
Interest income	100	30,000	40,931	10,931
Rental income	21,920	19,320	24,343	5,023
Wheat commission	15,000	15,000	12,902	(2,098)
Donation	0	0	3,300	3,300
Insurance proceeds	0	0	3,000	3,000
Miscellaneous	20,000	20,000	1,336	(18,664)
Total Miscellaneous	57,020	84,320	85,812	1,492
Total Revenues	$1,098,370	$1,336,870	$1,288,714	(48,156)

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

CITY OF CROSS PLAINS, TENNESSEE

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued

General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Current:				
Salaries	87,621	96,927	126,484	(29,557)
Mayor and Aldermen	10,704	10,704	10,735	(31)
Employee benefits	91,200	94,500	64,250	30,250
Building inspector	13,084	13,084	14,671	(1,587)
Supplies	20,000	20,000	28,977	(8,977)
Telephone	15,060	15,060	10,006	5,054
Office expenses	4,500	4,500	7,246	(2,746)
Insurance	47,200	56,046	66,738	(10,692)
Park expenses	81,300	81,300	64,362	16,938
Donations	7,575	34,075	32,500	1,575
Professional services	60,250	42,750	11,555	31,195
Miscellaneous	12,750	18,725	1,243	17,482
	451,244	487,671	438,767	48,904
Capital outlay	36,500	36,500	152,806	(116,306)
Total General Government	487,744	524,171	591,573	(67,402)
Police department:				
Salaries	200,220	200,220	208,469	(8,249)
Employee benefits	23,750	23,200	23,308	(108)
Uniforms and supplies	7,000	7,000	16,949	(9,949)
911 Dispatch fee	28,457	28,457	28,457	0
Training	3,000	3,000	4,893	(1,893)
Vehicle expense	31,200	31,200	18,397	12,803
Miscellaneous	11,000	11,000	359	10,641
	304,627	304,077	300,832	3,245
Capital outlay	60,000	80,000	75,203	4,797
Total Police department	364,627	384,077	376,035	8,042
State Street Aid:				
Utilities	99,400	99,400	39,704	59,696
Repair and maintenance	0	0	13,232	(13,232)
	99,400	99,400	52,936	46,464
Capital outlay	0	0	44,950	(44,950)
Total State Street Aid	99,400	99,400	97,886	1,514

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

CITY OF CROSS PLAINS, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued

General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fire department:				
Salaries	73,218	73,218	67,933	5,285
Employee benefits	20,000	20,000	15,284	4,716
Miscellaneous	0	0	0	0
	93,218	93,218	83,217	10,001
Capital outlay	0	40,000	140,000	(100,000)
Total Fire department	93,218	133,218	223,217	(89,999)
Building:				
Personnel costs	28,250	28,250	35,978	(7,728)
Utilities	13,000	13,000	8,953	4,047
Maintenance and supplies	1,400	1,400	11,182	(9,782)
	42,650	42,650	56,113	(13,463)
Capital outlay	0	0	0	0
Total Building	42,650	42,650	56,113	(13,463)
Total Expenditures	1,087,639	1,183,516	1,344,824	(161,308)
Excess (deficiency) of Revenues over Expenditures	10,731	153,354	(56,110)	(209,464)
Other financing uses: operating transfer	0	(77,925)	(77,925)	0
Net change in fund balance	10,731	75,429	(134,035)	(209,464)
Fund Balance, July 1, 2024	1,382,210	1,382,210	1,382,210	0
Restatement	0	0	(16,221)	(16,221)
Fund Balance, July 1, 2024, as restated	1,382,210	1,382,210	1,365,989	(16,221)
Fund Balance, June 30, 2025	$1,392,941	$1,457,639	$1,231,954	($209,464)

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

CITY OF CROSS PLAINS, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Drug Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Fines	$0	$8,000	$0	(8,000)
Miscellaneous				
Interest	0	0	14	14
Total Revenues	0	8,000	14	(7,986)
Expenditures:				
Supplies	0	8,000	0	8,000
Total Expenditures	0	8,000	0	8,000
Excess (deficiency) of revenues over expenditures	0	0	14	14
Fund Balance, July 1, 2024	9,280	9,280	9,280	-
Fund Balance, June 30, 2025	$9,280	$9,280	$9,294	14

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

CITY OF CROSS PLAINS, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fire Department Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
County fire revenue	$222,000	$233,314	$233,314	0
Miscellaneous				
Interest income	0	0	58	58
Fire services and fundraising	50	3,600	4,080	480
Total Revenues	222,050	236,914	237,452	538
Expenditures:				
Fire:				
Salaries and volunteer firemen	145,000	333,400	171,052	162,348
Supplies	6,900	6,900	17,557	(10,657)
Building maintenance	14,750	14,750	3,122	11,628
Utilities	1,000	1,000	9,639	(8,639)
Vehicle expenses	12,000	12,000	18,494	(6,494)
911 costs	8,839	8,839	8,839	0
Capital outlay	38,000	153,000	313,490	(160,490)
Total Expenditures	226,489	529,889	542,193	(12,304)
Excess (deficiency) of revenues over expenditures	(4,439)	(292,975)	(304,741)	(11,766)
Other financing sources: loan proceeds	268,889	398,753	192,328	(206,425)
Other financing sources: operating transfer	0	77,925	77,925	0
Net change in fund balance	264,450	183,703	(34,488)	(218,191)
Fund Balance, July 1, 2024	131,146	131,146	131,146	-
Restatement	0	0	17,863	17,863
Fund Balance, July 1, 2024, as restated	131,146	131,146	149,009	17,863
Fund Balance, June 30, 2025	$395,596	$314,849	$114,521	($200,328)

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

NOTES TO THE FINANCIAL STATEMENTS

(1) - Summary of Significant Accounting Policies

The City of Cross Plains, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The City provides the following services, as authorized by its charter and duly passed ordinances: streets, public safety (police and fire) public improvements, and general administrative services. The accounting policies of the City of Cross Plains, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the City as a reporting entity, management follows all applicable GASB statements and 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 yearend.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part the effect of the interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) 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 as general revenues.

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

(1) - Summary of Significant Accounting Policies, Continued

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers governmental revenues as available if received within 60 days of years end. Expenditures are recorded generally 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.

State shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Drug Fund - To account for drug fines received and usage of those monies to further drug investigations.

Fire Department Fund - To account for the revenues and expenditures of the Volunteer Fire Department.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the City uses committed, assigned then unassigned funds.

(1) - Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities three months or less and amounts held by the State Local Government Investment Pool.

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

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 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.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Credit Risk

Financial instruments that potentially subject the City to significant concentrations of credit risk consist principally of cash and accounts receivable. The City places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

(1) - Summary of Significant Accounting Policies, Continued

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of $5,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. However, the government has no items that qualify for reporting in this category.

Leases

Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined that the City's leases do not qualify for reporting under GASB 87 due to the short-term nature of the leases.

(1) - Summary of Significant Accounting Policies, Continued

Fund Balance

The City implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable Fund Balance - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council of the City of Cross Plains, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned Fund Balance - This classification included amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental fund.

(1) - Summary of Significant Accounting Policies, Continued

Budgets and Budgetary Accounting

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

a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

b. The City Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.

c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

During the year the City exceeded the following fund budgets:

	Budget	Actual	Variance
General Fund	1,183,516	1,360,389	176,873

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

Compensated Absences

The City has not accrued a liability for unused sick and vacation pay which is earned, but not taken by City employees. This amount is not considered material.

(2) - Cash and Cash Equivalents

The City is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the City invested funds that were not immediately needed in certificates of deposits and savings accounts. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the city. Cash and cash equivalents were adequately covered by federal depository insurance, insured by the depository bank's participation in the State of Tennessee Bank Collateral Pool or collateralized by securities, pledged for deposits, held by an independent third-party financial institution under the terms of a safekeeping collateral agreement in the City's name. Investment policies of the City follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. Government.

(3) - Accounts Receivable

Accounts receivable at June 30, 2025, consist of the following:

Fund		Other Government
General Fund		$ 114,075
Fire Department Fund		19,443
	Total	$ 133,518

(4) - Capital Assets

A summary of changes in capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Assets not being depreciated				
Land	$ 1,370,453	-	-	1,370,453
Assets being depreciated				
Infrastructure	1,821,712	197,756	-	2,019,468
Buildings and improvements	1,525,638	-	-	1,525,638
Equipment	1,723,088	528,693	136,605	2,115,176
Total	$ 6,440,891	726,449	136,605	7,030,735
Less: Accumulated depreciation	(2,439,436)			(2,565,269)
Net capital assets in service	$ 4,001,455			4,465,466

The City is depreciating all assets, except land valued at $1,370,453.

Depreciation expense was charged to functions/programs of the primary government as follows:

General Fund:	
General Government	$ 86,061
Police department	44,594
Fire department	74,044
Highways and streets	10,739
Parks and recreation	47,000
Total	$262,438

(5) – Long-term Debt

The following is a summary of changes in long-term debt:

Direct Borrowings

Notes Payable:	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Due Within One Year
Fire Truck	0	192,328	0	192,328	15,515
Total	0	192,328	0	192,328	15,515

Future maturities of note principal are as follows:

Year	Principal	Interest
2026	15,515	9,016
2027	16,243	8,288
2028	17,004	7,527
2029	17,801	6,730
2030	18,636	5,896
2031-2035	107,129	15,525
Total	$ 192,328	52,982

The above bonds payable contain provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

(6) - Risk Management

The City of Cross Plains is exposed to various risks to general liability and property and casualty losses. The City has decided it is more economically feasible to be in a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The City participates in the Public Entity Partners (formerly TML Insurance Pool) which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The City pays an annual premium to the PEP for its general liability and property and casualty insurance coverage. The pool reinsures through commercial insurance companies.

The City has not had claims in excess of insurance coverage during the last three years.

(7) - Commitments and Contingencies

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

(8) – Operating Transfers

To	From	Amount
Fire Department Fund	General Fund	$77,925

The transfer from General Fund to Fire Department Fund was for the purchase of capital assets by the Fire Department Fund.

SUPPLEMENTAL INFORMATION

CITY OF CROSS PLAINS, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Changes in Capital Assets - By Type

For the Year Ending June 30, 2025

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets:				
Land	$1,370,453	0	0	$1,370,453
Infrastructure	1,821,712	197,756	0	2,019,468
Buildings and improvements	1,525,638	0	0	1,525,638
Equipment	1,723,088	528,693	136,605	2,115,176
Total capital assets	6,440,891	726,449	136,605	7,030,735

CITY OF CROSS PLAINS, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Capital Assets - By Function and Activity

June 30, 2025

	Improvements and Buildings	Equipment	Land	Total
Capital Assets:				
General government	$2,018,102	75,356	1,370,453	3,463,911
Fire department	0	1,207,203	0	1,207,203
Police department	0	226,497	0	226,497
Public works	699,262	113,941	0	813,203
Park and recreations	827,742	492,179	0	1,319,921
Total capital assets	3,545,106	2,115,176	1,370,453	7,030,735

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

CITY OF CROSS PLAINS, TENNESSEE

Schedule of Cash and Cash Equivalents and Certificate of Deposits
All Funds

June 30, 2025

	Carrying Value
General Fund:	
Demand deposits	$160,714
Certificates of deposit	1,014,345
Total General Fund	1,175,059
Drug Fund:	
Demand deposits	9,294
Total Drug Fund	9,294
Fire Department Fund:	
Demand deposits	128,848
Total Fire Department Fund	128,848
Total - All funds	$1,313,201

CITY OF CROSS PLAINS, TENNESSEE

Schedule of Debt Service Requirements - General Obligation Long-Term Debt

June 30, 2025

	FIRE TRUCK		TOTAL	TOTAL
Year	Principal	Interest	Principal	Interest
2026	15,515	9,016	15,515	9,016
2027	16,243	8,288	16,243	8,288
2028	17,004	7,527	17,004	7,527
2029	17,801	6,730	17,801	6,730
2030	18,636	5,896	18,636	5,896
2031	19,509	5,022	19,509	5,022
2032	20,424	4,107	20,424	4,107
2033	21,381	3,150	21,381	3,150
2034	22,383	2,148	22,383	2,148
2035	23,432	1,098	23,432	1,098
	192,328	52,982	192,328	52,982

CITY OF CROSS PLAINS, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2025

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2025
Governmental Activities									
NOTES PAYABLE									
FIRE TRUCK	192,328	4.688%	2025	12/18/2034	$ -	$ 192,328	$ -	$ -	$ 192,328
Total Notes Payable					$ -	$ 192,328	$ -	$ -	$ 192,328

CITY OF CROSS PLAINS, TENNESSEE

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2025

Assistance Listing Number	State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2024	Grant Receipts	Other Receipts	Grant Expenditures	Receivable (Deferred) Balance June 30, 2025
State Program:								
N/A	N/A	THSO	Tennessee Department of Commerce and Insurance	0	11,230	0	11,230	0
		Total State		0	11,230	0	11,230	0

This schedule prepared on the modified basis of accounting.

COMPLIANCE AND INTERNAL CONTROL

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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*

Mayor and Board of Commissioners
City of Cross Plains, Tennessee
Cross Plains, Tennessee

I have audited 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, the financial statements of the governmental activities and each major fund of the City of Cross Plains as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Cross Plains' basic financial statements, and have issued a report thereon dated March 7, 2026.

Report on Internal Control Over Financial Reporting

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

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002, that I consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cross Plains' financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2025-002.

City of Cross Plains' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Cross Plains' response to the finding identified in my audit and described in the accompanying Schedule of Findings and Responses. The City of Cross Plains' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of This Report

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

March 7, 2026

CITY OF CROSS PLAINS, TENNESSEE

Schedule of Findings and Responses

June 30, 2025

2025-001 - Separation of Duties

Condition: The City of Cross Plains currently has one employee that works in performing the majority of the accounting functions for the City. Due to only having one employee performing the accounting transactions there is currently an inadequate segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The City has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: "We agree that the staff size will not allow the City to segregate duties to the optimum level desired. There is only one employee working in the department so it is virtually impossible to segregate duties unless more staff could be hired and due to the finances of our small City, we could not financially hire additional office help."

2025-002 - Expenditures in Excess of Appropriations in Government Funds

Condition: Actual expenditures exceeded budgeted expenditures in the General Fund.

Criteria: TCA 6-56-203 states in part: The governing body of each municipality shall adopt and operate under an annual budget ordinance. ...all moneys received and expended by a municipality shall be included in a budget ordinance. Therefore, notwithstanding any other law, no municipality may expend any moneys regardless of their source...except in accordance with a budget ordinance adopted under this section.

Cause: The City did not properly monitor expenditures.

Effect: Expenditures could exceed approved budgeted amounts, compromising the City's financial position.

Recommendation: If it appears during the fiscal year that actual expenditures will exceed budgeted amounts, the Mayor and Board of Commissioners should amend the budget or provide supplemental appropriations.

Response: We concur. In the future, expenditures will be closely monitored to ensure that actual expenditures do not exceed budgeted amounts without a corresponding budget amendment or supplemental appropriation.

CITY OF CROSS PLAINS, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2025

Finding Number	Finding Title	Status
2024 – 001	Separation of Duties	Repeated

The original finding number was 2002-001. The current finding number is 2025-001.

Management's Corrective Action Plan

Audit period: June 30, 2025

The findings from the June 30, 2025, *Schedule of Findings and Responses* are discussed below.

2025-001 Segregation of Duties (Internal Control)

Contact person: Holly Murphy

Planned Corrective Action: It is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties. The Board of Officials continues to monitor our finances and internal control.

Anticipated Completion Date: At the current time, due to our size, we do not believe we can fully segregate these duties. We will continue to improve and strengthen our internal controls, but we cannot give a definite date.

2025-002 Expenditures in Excess of Appropriations in Government Funds

Contact person: Holly Murphy

Planned Corrective Action: The City will more closely monitor financial performance to prevent overspending on budgets in future periods.

Anticipated Completion Date: June 30, 2026

Signature: _____