



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT

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August 24, 2015

Honorable Mayor and Board
City of Crossville
392 N Main Street
Crossville, TN 38555

Honorable Mayor and Board:

I have performed a limited review of the annual financial report on the City of Crossville for the fiscal year ended June 30, 2014, as audited by Mauldin & Jenkins, LLC, Certified Public Accountants. This report has been filed as part of the public records of the State of Tennessee.

I would like to bring certain applicable reporting requirements to your attention. Although current financial report revisions are not being required, responsible officials should ensure that future financial reports comply with the following reporting requirements.

The financial report included a schedule of revenues, expenditures, and changes in fund balance-budget and actual for the general fund. The schedule included a significant variance \$(5,155,305) in miscellaneous revenue. However, the financial report did not include disclosure regarding the variance in revenue in the MD&A or the nature of the miscellaneous revenues. Please refer to the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2200, for reporting guidance.

It appears that the municipality's sanitation fund does not meet the criteria necessary to be reported as a special revenue fund in accordance with Governmental Accounting Standards Board Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions* and should be closed to the general fund.

As stated in the *Codification of Governmental Accounting and Financial Reporting Standards* (2013-2014 Edition), Section 1300.105,

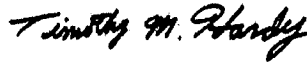
Governments should discontinue reporting a special revenue fund, and instead report the fund's remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources. Resources restricted to expenditure for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied, and use of special revenue funds is not required unless they are legally mandated.

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Future financial reports should be in compliance with Governmental Accounting Standards Board Statement No. 54. Please refer to the *Codification of Governmental Accounting and Financial Reporting Standards* (2013-2014 Edition), Sections 1800, 2200 and 2300, for reporting requirements and example guidance.

If you have any questions concerning the above, please contact this office.

Sincerely



Timothy M. Hardy, CPA, CFE
Division of Local Government Audit

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xc: Mauldin & Jenkins, LLC
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