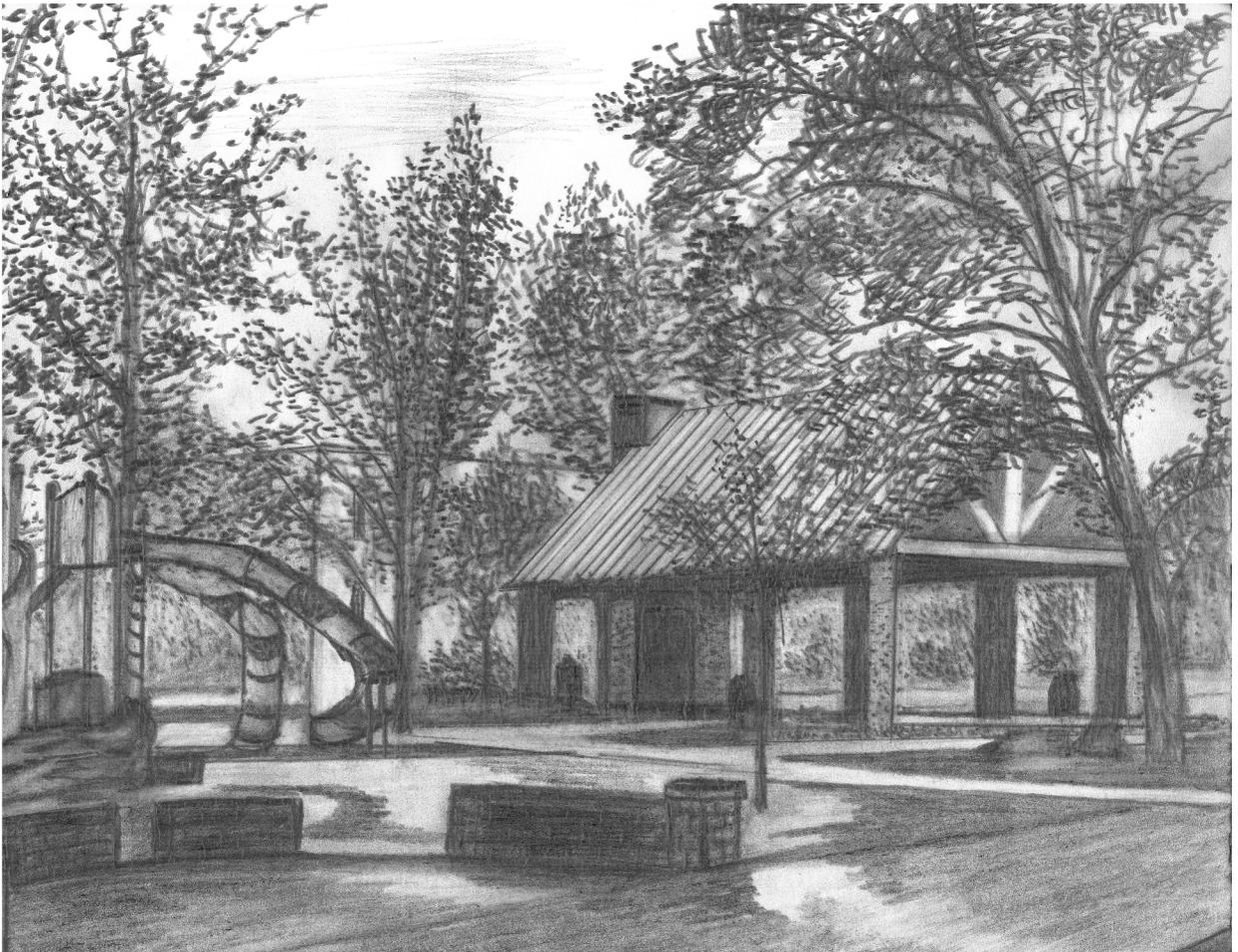


# **Comprehensive Annual Financial Report City of Cleveland, Tennessee**



**For the Year Ended  
June 30, 2016**

CITY OF CLEVELAND, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016

Prepared by:  
Department of Finance

CITY OF CLEVELAND, TENNESSEE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED JUNE 30, 2016

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## **INTRODUCTORY SECTION**

# City of Cleveland

CLEVELAND, TENNESSEE

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December 20, 2016

Honorable Mayor,  
Members of the City Council and  
Citizens of the City of Cleveland, Tennessee

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audit in accordance with generally accepted auditing standards by a firm licensed certified public accountant. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Cleveland for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the City of Cleveland. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Cleveland has established a comprehensive internal control framework that is designed both to protect the city's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Cleveland's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the City of Cleveland's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Cleveland's financial statements have been audited by Arnett, Kirksey, Kimsey, Sullivan, Lay and Hall, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cleveland, for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and

evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Cleveland's financial statements, for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Cleveland was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City of Cleveland's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are located in the Single Audit Section at the end of this Comprehensive Annual Financial Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Cleveland's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE CITY OF CLEVELAND**

The City of Cleveland, incorporated in 1903, is located in the southeastern corner of the state. Cleveland has a highly diversified economy, being the fifth largest industrial city in the state with twelve Fortune 500 manufacturers, and being a regional shopping destination and health care provider for surrounding counties. Its proximity to the mountains, whitewater rafting, and Cherokee Indian heritage is increasing the tourism component of the economy.

The City of Cleveland operates under the council-manager form of government, established by an amended Private Act Charter in 1993, following a referendum. Five council-members are elected from districts, and the mayor and two council members are elected at large. All elections are non-partisan, and the terms are for four years, with half the members elected every two years. Policy-making and legislative authority are vested in the council. The council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, hiring the city manager, and appointing the city attorney and city judge. The city manager is responsible for carrying out the policies and ordinances of the city council, overseeing the city's day-to-day operations, and appointing the heads of the various departments.

The city provides a full range of services which include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body exercises, or has the authority to exercise, oversight of the Utilities Department and the Cleveland City Schools; therefore, these

activities are included in the financial statements. However, the Cleveland Housing Authority, the Bradley/Cleveland Industrial Development Board and the Health and Educational Facilities Board have not met the established criteria for inclusion; and, accordingly, are excluded from this report.

The annual budget serves as the foundation for the City of Cleveland's financial planning and control. All departments of the city are required to submit capital requests by December 31<sup>st</sup> and operating budget requests to the chief financial officer by March 1<sup>st</sup> each year. The chief financial officer makes revenue estimates for the upcoming fiscal year. A budget work session is held in the Spring, at which time department heads and the city manager make presentations to the council. The chief financial officer and city manager provide projections for the current fiscal year's budget and the coming year's proposed operating budget for council review. In addition, the city manager presents the council with his recommendation for a six-year capital improvements program based upon the fall planning session held by the city council, city manager, and department heads. After much review and debate among the council, the budget is revised to include any recommendations of the city council. A proposed budget is submitted to the city council by the second council meeting in May. The council is required to hold public hearings on the proposed budget and to adopt a final budget and tax rate by June 30<sup>th</sup> each year, which is the close of the city's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Departmental budget officers, with approval of the department head and chief financial officer, may make transfers of appropriations within a department. However, transfers of appropriations between funds require approval of the city council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 24-46 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 47-56. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 112.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Cleveland operates.

**Local economy.** The local economy has shown significant signs of sustaining economic growth for the current year. The economic decline in previous years was not as drastic as many other locations in the state or nation because of the diverse economy and the proximity to several large industrial construction projects.

In the report titled *2016 Best-Performing Cities Where America's jobs are Created and Sustained*, published by the Milken Institute in December, the Cleveland Metropolitan Statistical Area (Cleveland MSA) ranked 22<sup>nd</sup> overall out of 201 MSA's in the Small Cities category. Cleveland ranked 8<sup>th</sup> in five-year job growth. Only the Nashville-

Davidson-Murfreesboro-Franklin MSA, in the Large Cities category, ranked higher than Cleveland among Tennessee cities with an overall rank at 7<sup>th</sup>.

A March 2016 report by Moody Analytics published a comparison of metropolitan area economic performance using multiple measures to determine the leading locations for business. Among 408 MSA's, Cleveland ranked first in 2-year employment growth and 14<sup>th</sup> in expected five-year employment growth. The report also noted the city's close proximity to Chattanooga and that Cleveland's lower cost of living makes it an appealing place to reside. "As more people move to Southeast Tennessee, the number of commuters will increase, lifting demand for housing and personal services" the report stated. The *Chattanooga Times-Free Press* reported in July that Cleveland's population growth was 6.3% from 2010 to 2015, second only to Collegedale in the Southeast Tennessee region.

Cleveland's robust job growth is further evidenced by a report in the April 20, 2016 edition of the *Chattanooga Times-Free Press*, that according the U.S. Bureau of Labor Statistics, Cleveland added more jobs in the past year than any other U.S. city.

Cleveland's strong economy is supported by the following:

- Volkswagen continues its \$900 million expansion of its manufacturing plant in nearby Hamilton County. The plant will produce the Atlas SUV and add approximately 2,000 auto assembly and 200 research and development jobs. Production of the SUV is expected to start at the end of 2016.
- Wacker Chemie completed construction of its new facility in Bradley County with a capital investment in excess of \$2.5 billion. With more than 750 highly skilled employees, the plant will produce 20,000 metric tons annually of hyperpure polysilicon a year, a key component in photovoltaics for solar energy and semiconductors for the electronics industry. In April 2016, Wacker officials announced the addition of a \$150 million pyrogenic silica facility at the site.
- Lee University continued to expand its campus south to the heart of downtown with the construction of its School of Nursing located on Parker Street. This new facility serves 220 nursing students and approximately 20 faculty members.
- Various commercial developments, totaling over \$30 million, have begun during FY2016. These include a Nissan dealership, LaQuinta and Towne Place Suites, three restaurants and numerous retail establishments.
- Residential developments totaled over \$6.2 million and included the new Buchanan Way Apartments located off APD-40. This complex included 114 units, a club house and playground.

**Long-term financial planning.** On March 10, 2009, the voters approved an increase in the local option sales tax rate from 2.25% to 2.75%, the highest rate allowed by state law. The funds generated from the additional half cent rate increase, which became effective on May 1<sup>st</sup>, would be used for capital needs of the City and the City Schools. This additional revenue has provided much needed funds to purchase equipment and provide paving in the city. It has also funded improvements to the schools including repaying debt incurred for constructing a science wing at Cleveland High School.

The City worked with the Industrial Development Board, Bradley County, and Cleveland Utilities to purchase land for a new industrial park. Spring Branch Industrial Park is 350 acres and can accommodate approximately two million square feet of manufacturing/distribution facilities.

The City and Bradley County will each provide \$2 million to match a TDOT grant of \$4 million for the construction of two local interstate connectors (LIC) in southern area of the City near the industrial park property. With the expansion of the Exit 20 Interchange on I-75 completed, the local interstate connectors and the Mayor Tom Rowland Interchange are expected to open in Spring 2017. The City believes the development of this area will produce additional tax revenues and jobs.

## **Financial Policies**

**Revenue policies.** The City will budget revenues conservatively so that the chance of a revenue shortage during the year is remote. This also will help finance contingencies and budget amendments that were unforeseen when the Budget was first adopted. The City will review annually all fees and charges to assure that they maintain their inflation-adjusted purchasing power. Since different revenue sources impact classes of taxpayers differently, the City Council recognizes that the only way to minimize these different impacts is to have a diversified revenue system. These impacts will be considered in making any needed adjustments to the various sources of revenue. The City will make every effort to avoid becoming too dependent on one source of revenue in order to minimize serious fluctuations in any year. The City will consider market rates and rates of comparable cities in the region when changing tax rates, fees, and charges. In this regard, the City will make every effort to maintain its favorable comparative position with other Tennessee cities which has contributed to our economic development success.

**Reserve fund policy.** It is the policy of the City Council to maintain a reserve in the various operating funds for the City. The reserves are maintained at a level that is sufficient for temporary financing of unforeseen emergency needs and to continue orderly operations during the months of July through December when cash inflows are less, because the majority of property tax collections occur in January and February. The percentage is calculated by taking fund balance or working capital as a percentage of expenditures or operating expenses and transfers to other funds. These reserves are reviewed annually by the city manager and chief financial officer.

These policies along with Cleveland's budgetary flexibility and strong liquidity resulted in Standard and Poor's Rating Services to raise its rating two notches, to 'AA' from 'A+' on Cleveland's general obligation bonds.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-eighth consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the last eighteen fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this CAFR on a timely basis was made possible by the dedicated service of the employees of the finance department. We would like to express our appreciation to all staff members who have assisted and contributed to this report, in addition to the City's independent certified public accountants. Credit must also be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Cleveland's finances.

Respectfully submitted,



Shawn McKay  
Assistant City Manager/Chief Financial Officer



Joe Fivas  
City Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Cleveland  
Tennessee**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

CITY OF CLEVELAND, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
CITY OFFICIALS  
June 30, 2016

Tom Rowland  
Mayor

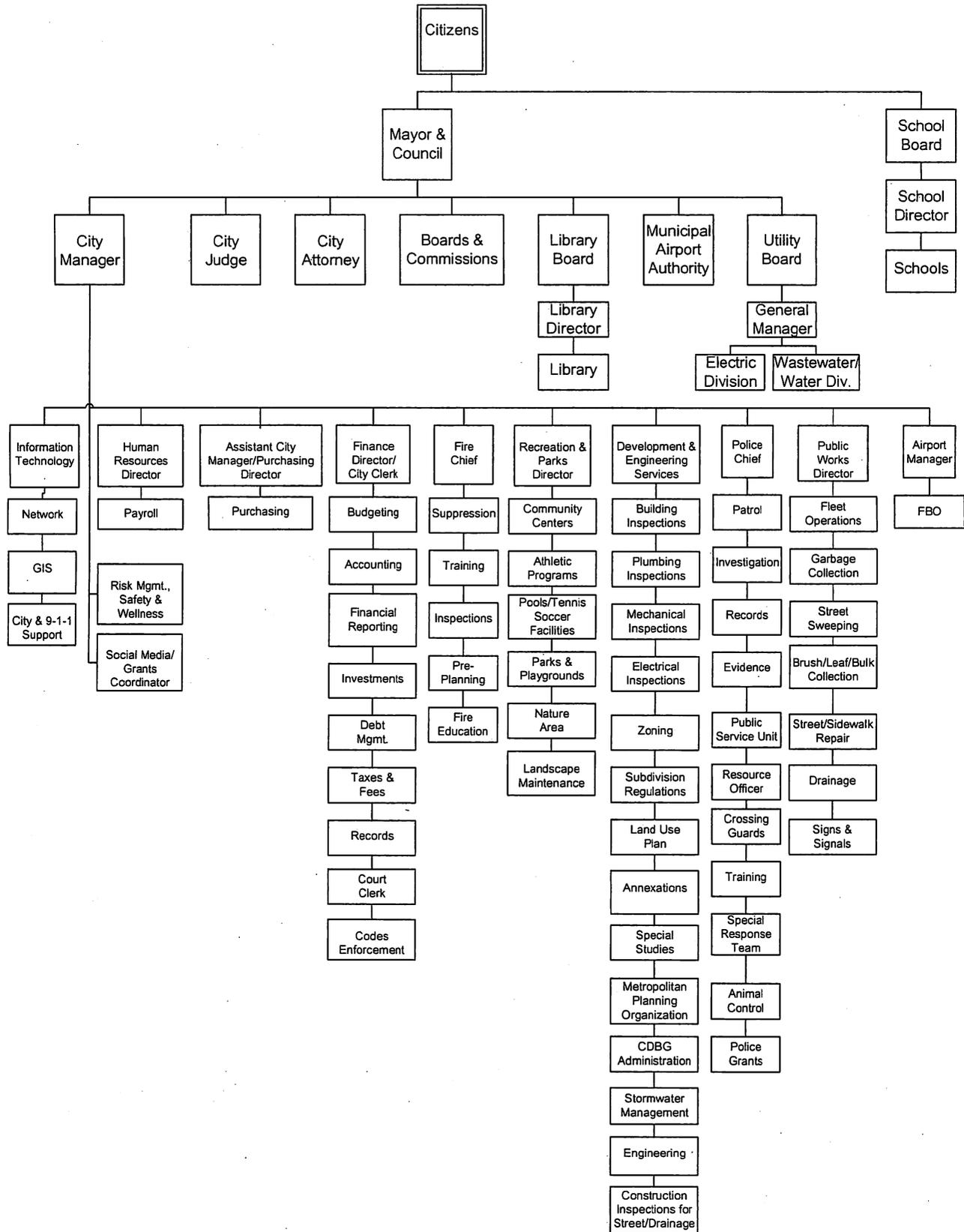
Richard Banks	Councilman
William Estes	Councilman
Dale Hughes	Councilman
Avery Johnson, Sr.	Councilman
David May, Jr.	Councilman
Charlie McKenzie	Councilman
George Poe, Jr.	Councilman/Vice Mayor

Melinda Carroll	Interim City Manager
Shawn McKay	Assistant City Manager/Chief Financial Officer

Department Heads

Mark Fidler	Jetport Manager
Mark Gibson	Chief of Police
Ron Harrison	Fire Chief
Andrew Hunt	Library Director
Jonathan Jobe	Director of Development & Engineering Services
John Kimball	City Attorney
Tommy Myers	Public Works Director
Barrett Painter	City Judge
Patti Pettitt	Parks and Recreation Director
Cathy Goodman	Interim Director of Schools
Ken Webb	General Manager, Cleveland Utilities

# Organizational Chart for the City of Cleveland, Tennessee



## **FINANCIAL SECTION**

**ARNETT, KIRKSEY, KIMSEY, SULLIVAN, LAY & HALL, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

RONALD E. ARNETT, CPA/PFS, CVA  
WILLIAM B. KIRKSEY, CPA  
BUDDY E. KIMSEY, CPA/PFS  
VICKI PIERCE SULLIVAN, CPA  
MARK A. LAY, CPA  
SCOTT D. HALL, CPA  
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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NATIONAL ASSOCIATION OF  
CERTIFIED VALUATION ANALYSTS

**INDEPENDENT AUDITORS' REPORT**

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

*Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

*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 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 entity'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 entity'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.

## *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 Cleveland, Tennessee, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and School Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in note 18 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; (GASB) Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the required supplementary information related to post-employment benefits and pension liability as reported on pages 97 through 103 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 primarily of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Cleveland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the statistical section and the other information section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of federal and state financial assistance activity is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, and the schedule of federal and state financial assistance activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of federal and state financial assistance activity, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, statistical sections and other information have 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 them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 12, 2016, on our consideration of the City of Cleveland's internal control over financial reporting and on our test 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 the 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.

*Arnett, Kirksey, Kimsey, Sullivan, Lay & Hall*  
ARNETT, KIRKSEY, KIMSEY, SULLIVAN, LAY & HALL, PLLC  
Certified Public Accountants

December 12, 2016

## Management's Discussion and Analysis

As management of the City of Cleveland, we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the City of Cleveland for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in pages i–vi of this report.

### Financial Highlights

- The assets and deferred outflows of the City of Cleveland exceeded its liabilities and deferred inflows at June 30, 2016 by \$250,441,202 (net position).
- Net position (defined as the difference in revenues and expenses) increased by \$14,909,454. The City of Cleveland's changes in net position is detailed in the chart on page eight of this report. Total revenues increased \$3,542,157 which included an increase in capital grants relating to public works projects. Expenses increased \$3,017,241 over last fiscal year due to increases in spending on public safety and education.
- The city's property tax rate remained at \$1.7655 per hundred dollars of assessment. This continues the level of services city residents have come to expect.
- The city's residential sanitation fee remained at \$6.95 per month.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$30,856,063.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,800,512. Expenditures do not include transfers to other funds, which totaled \$12,301,579 in the city's general fund.
- Long-term debt increased approximately \$6,494,173.
- As detailed in Note 18 of the financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement Nos. 72,76 and 79.

### Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of Cleveland'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 condition of the City of Cleveland is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Cleveland 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 Cleveland include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Cleveland include Cleveland Utilities Electric and Water Systems, and Stormwater Management.

The government-wide financial statements include not only the City of Cleveland itself (which is the primary government), but also the operations of the Cleveland City Schools, Cleveland Public Library and Cleveland Utilities which are not considered legally separate. However, the Cleveland Housing Authority, the Bradley/Cleveland Industrial Development Board, and the Health and Educational Facilities Board are not legal entities of the City of Cleveland, and accordingly are excluded from this report.

The government-wide financial statements can be found on pages 17-19 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 for specific activities or objectives. The City of Cleveland, 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 of Cleveland can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and 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 of Cleveland maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and school fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report beginning on page 104.

The City of Cleveland adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental funds including the general fund and school fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-56 of this report.

**Proprietary funds.** The City of Cleveland maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Cleveland uses enterprise funds to account for its Cleveland Utilities Electric and Water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Cleveland's various functions. The City of Cleveland uses an internal service fund to account for servicing its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Cleveland Utilities Electric and Water operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 57-60 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 61-96 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Cleveland's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 97-103 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds, as well as the data for the internal service fund, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 104-140 of this report.

## **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 Cleveland, assets and deferred outflows exceeded liabilities and deferred inflows by \$250,441,202 at the close of this fiscal year.

The largest portion of the City of Cleveland's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. The City of Cleveland uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Cleveland'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 Cleveland's Net Position

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
Current assets	\$61,047,702	\$63,598,159	\$34,983,796	\$39,947,245	\$96,031,498	\$103,545,404
Receivables and other noncurrent assets	87,135	16,770	3,129,151	2,839,711	3,216,286	2,856,481
Deferred charges	0	0	0	0	0	0
Capital assets	<u>187,017,275</u>	<u>193,645,718</u>	<u>185,820,266</u>	<u>192,830,978</u>	<u>372,837,541</u>	<u>386,476,696</u>
Total assets	248,152,112	257,260,647	223,933,213	235,617,934	472,085,325	492,878,581
Total deferred outflows of Resources	8,752,807	14,898,807	3,715,425	6,761,953	12,468,232	21,660,760
Long-term liabilities Outstanding	97,543,723	103,864,390	79,026,033	86,620,858	176,569,756	190,485,248
Other liabilities	<u>9,479,617</u>	<u>9,488,912</u>	<u>23,368,928</u>	<u>24,819,435</u>	<u>32,848,545</u>	<u>34,308,347</u>
Total liabilities	107,023,340	113,353,302	102,394,961	111,440,293	209,418,301	224,793,595
Total deferred inflows of Resources	37,084,351	37,269,021	2,519,157	2,035,523	39,603,508	39,304,544
Net position:						
Net Investment in capital assets	115,117,684	118,815,347	124,423,205	126,677,290	239,360,889	245,492,637
Restricted	4,230,289	3,960,956	0	0	4,230,289	3,960,956
Unrestricted	<u>(6,550,745)</u>	<u>(1,239,172)</u>	<u>(1,508,685)</u>	<u>2,226,781</u>	<u>(8,059,430)</u>	<u>987,609</u>
Total net position	<u>\$112,797,228</u>	<u>\$121,537,131</u>	<u>\$122,734,520</u>	<u>\$128,904,071</u>	<u>\$235,531,748</u>	<u>\$250,441,202</u>

1.6 percent of the City of Cleveland's net position represents resources that are subject to external restrictions on how they may be used.

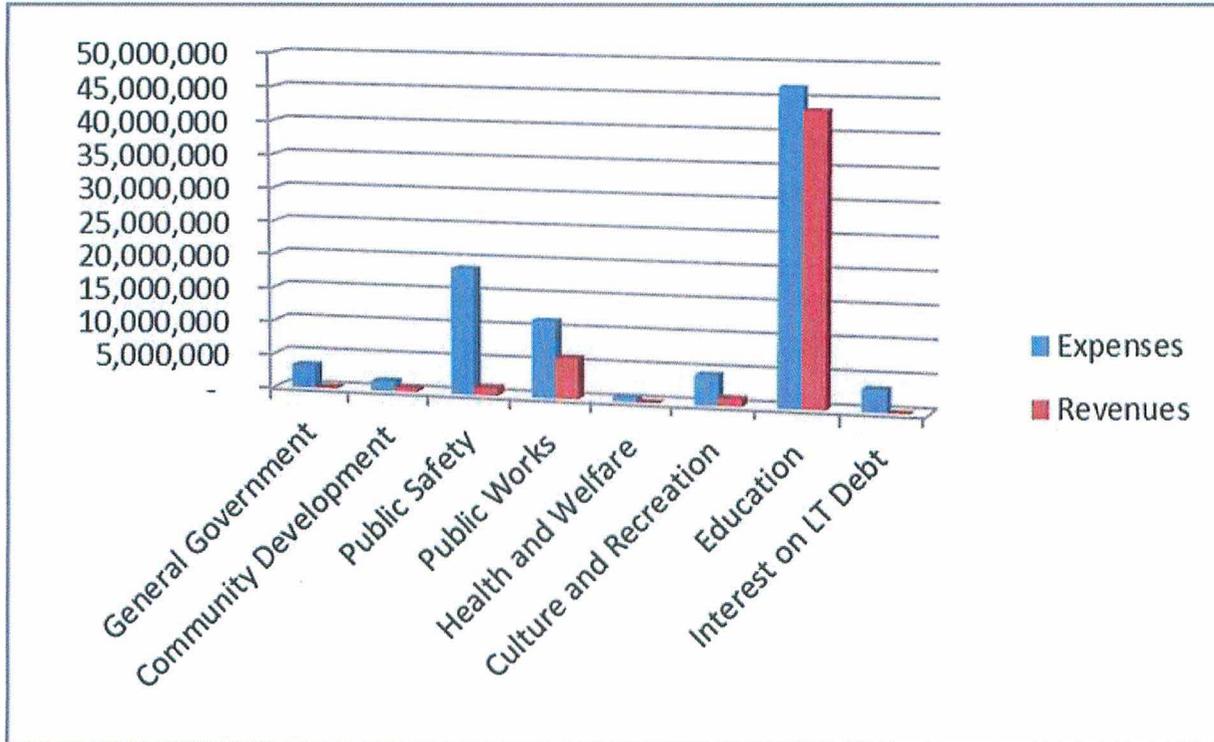
**Governmental activities.** Governmental activities increased the City of Cleveland's net position by \$8,765,267 detailed as follows:

**City of Cleveland's Changes in Net Position**

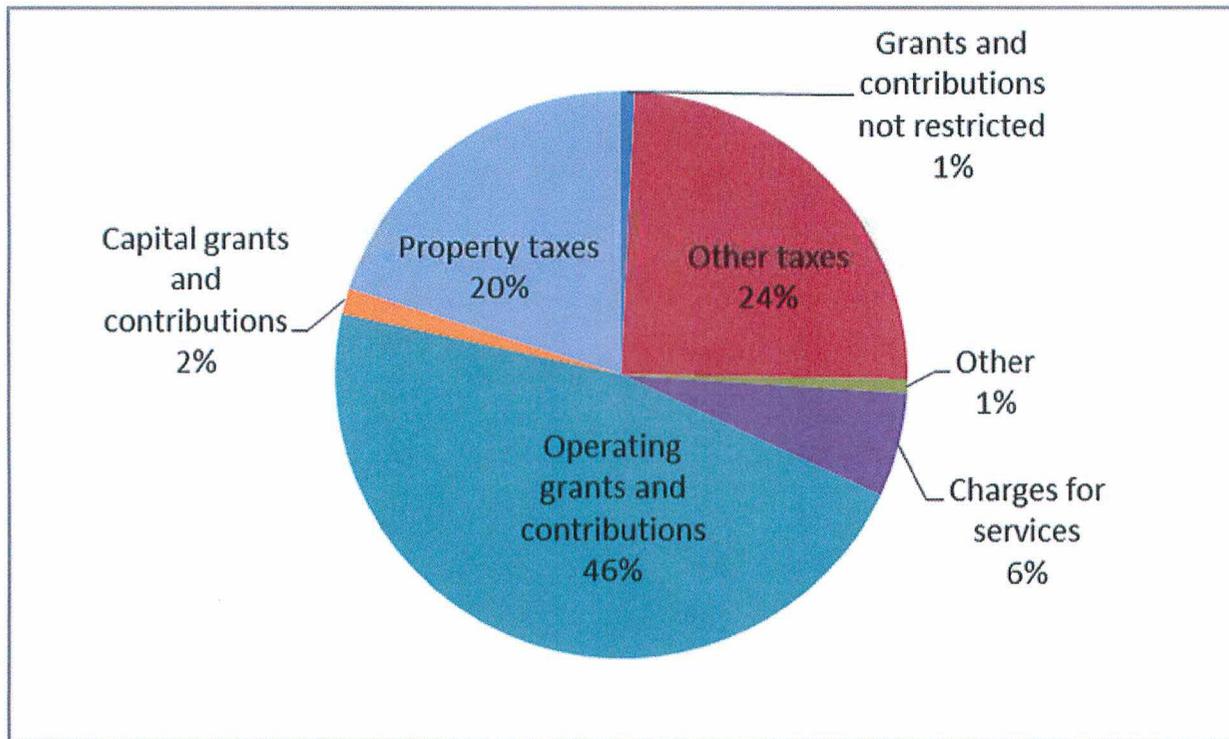
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>
Revenues:						
Program revenues:						
Charges for services	\$5,792,117	\$5,546,286	\$124,804,855	\$125,018,546	\$130,596,972	\$130,564,832
Operating grants and Contributions	45,485,420	47,705,172	47,532	55,537	45,532,952	47,760,709
Capital grants and contributions	1,459,698	4,452,957	515,643	1,494,135	1,975,341	5,947,092
General revenues:						
Property taxes	19,653,207	19,607,993	0	0	19,653,207	19,607,993
Other taxes	23,954,253	22,332,467	0	0	23,954,253	22,332,467
Grants and contributions not restricted to specific programs	775,098	394,752	0	0	775,098	394,752
Other	746,409	145,989	82,174	104,729	828,583	250,718
<b>Total revenues</b>	<b>97,866,202</b>	<b>100,185,616</b>	<b>125,450,204</b>	<b>126,672,947</b>	<b>223,316,406</b>	<b>226,858,563</b>
Expenses:						
General government	3,356,106	3,765,394	0	0	3,356,106	3,765,394
Planning and inspection	1,473,844	1,940,024	0	0	1,473,844	1,940,024
Public safety	18,688,453	19,057,323	0	0	18,688,453	19,057,323
Public works	11,340,866	11,240,255	0	0	11,340,866	11,240,255
Health and welfare	638,456	671,684	0	0	638,456	671,684
Culture and recreation	4,397,406	4,371,397	0	0	4,397,406	4,371,397
Education	46,678,450	49,400,437	0	0	46,678,450	49,400,437
Interest on long-term debt	3,356,042	3,296,175	0	0	3,356,042	3,296,175
Water and sewer	0	0	22,015,051	23,781,528	22,015,051	23,781,528
Electric	0	0	96,987,194	94,002,316	96,987,194	94,002,316
Stormwater	0	0	0	422,576	0	422,576
<b>Total expenses</b>	<b>89,929,623</b>	<b>93,742,689</b>	<b>119,002,245</b>	<b>118,206,420</b>	<b>208,931,868</b>	<b>211,949,109</b>
Increase (decrease) in net position before transfers	7,936,579	6,442,927	6,447,959	8,466,527	14,384,538	14,909,454
Transfers	2,247,105	2,322,340	(2,247,105)	(2,322,340)	0	0
<b>Increase (decrease) in net position</b>	<b>10,183,684</b>	<b>8,765,267</b>	<b>4,200,854</b>	<b>6,144,187</b>	<b>14,384,538</b>	<b>14,909,454</b>
Net position – beginning	121,339,037	112,771,864	132,937,030	122,759,884	254,276,067	235,531,748
Prior period adjustment	(18,725,493)	0	(14,403,364)	0	(33,128,857)	0
<b>Net position – ending</b>	<b>\$112,797,228</b>	<b>\$121,537,131</b>	<b>\$122,734,520</b>	<b>\$128,904,071</b>	<b>\$235,531,748</b>	<b>\$250,441,202</b>

- The city's property tax rate remained \$1.7655 per \$100 of assessed value in fiscal year 2016. Tax revenues decreased \$1,667,000 from FY2015 primarily as a result of decreased state income tax revenues.
- Operating grants and contributions increased \$2,219,752 due to a combination of increases in federal, state and local funds received for education.
- Capital grants and contributions increased \$2,993,259 primarily due to an increase in public works projects.
- Cleveland's second largest revenue source is local sales tax which increased \$503,386. In Tennessee, the first half of local sales tax goes to education based upon average daily attendance. The second half is generally distributed between cities and counties based upon whether the sale occurred in the city or the county; however, Cleveland and Bradley County's local sales tax (second half) is distributed according to a local agreement, instead of the state's situs-based formula. However, the 2010 half cent increase is outside this agreement and follows the state formula.
- Expenses increased \$3,813,066 primarily for public safety, education and community development.

### Expenses and Program Revenues – Governmental Activities



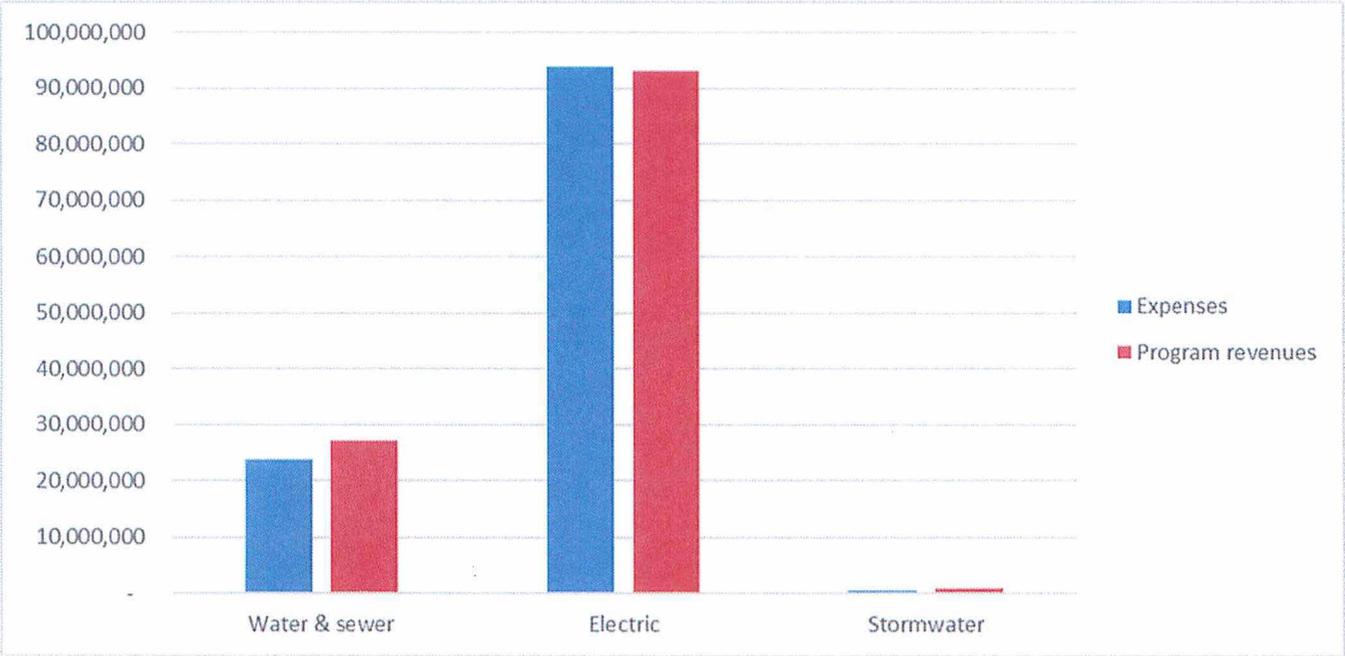
## Revenues by Source – Governmental Activities



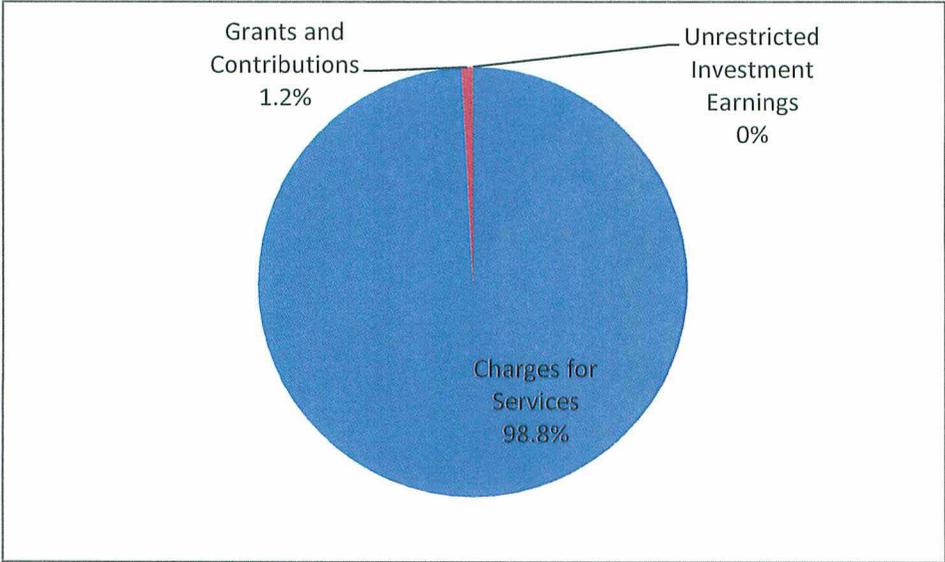
**Business-type activities.** Business-type activities increased the City of Cleveland's net position by \$6,144,187.

- Charges for services increased \$213,691. This increase is attributed to water operations of Cleveland Utilities and the City's new Stormwater fund.
- Capital grants and contributions increased \$978,492 primarily for water and sewer projects.
- Expenses for business-type activities decreased \$795,825. The most significant changes in expenses were electric power purchased.

**Expenses and Program Revenues – Business-type Activities**



**Revenues by Source – Business-type Activities**



## **Financial Analysis of the City's Funds**

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

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

As of the end of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$30,856,063, an increase of \$3,537,398. The combined fund balance is broken down as follows:

- \$715,271 is non-spendable consisting of inventories and permanent fund principal
- \$3,487,320 is restricted for limited use in law enforcement, community development, street improvements, recycling, capital outlay, education and animal control
- \$699,329 is committed by the City Council for use by Solid Waste Management
- \$15,153,991 is assigned for designated use for education, the library, debt service and capital outlay
- \$10,800,152 is unassigned.

The general fund is the chief operating fund of the City of Cleveland. At the end of the current fiscal year, unassigned fund balance was \$10,800,152. The increase in the unassigned fund balance is the result of the City issuing bonds to complete Raider Arena. Unassigned fund balance represents 35.3% of general fund expenditures. However, the unassigned fund balance only represents 26.6% when compared to general fund expenditures and transfers to other funds (e.g., debt service and schools).

The fund balance of the City of Cleveland's general fund increased \$1,122,255 during the current fiscal year. Although revenues decreased as a result of lower state income tax, city departments controlled spending. Several vacant employee positions remained unfilled. The fund balance of the School Fund increased \$1,017,339. This is due in part to increased local sales and property tax revenues.

The debt service fund has a total fund balance of \$4,360,410. The net increase in fund balance during the current year was \$598,426.

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

Unrestricted net position at the end of the year amounted to \$777,531 for the Cleveland Utilities Water Division, \$1,009,464 for Cleveland Utilities Electric Division, \$439,786 for Stormwater Management and \$392,146 for the Fleet Management Fund.

## **General Fund Budgetary Highlights**

General fund revenues were amended during the year to increase \$570,648 with state and local sales tax revenues making up most of the increase. General fund expenditures were amended to increase \$444,487 distributed among several departments. Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

Actual revenues were slightly less than the final amended budget by \$102,107. This was primarily due to lower revenues for fines and charges for services.

Differences between the final amended budget and actual expenditures were \$1,207,623. Vacancies in various departments and reductions in spending throughout all departments accounted for this.

## **Capital Asset and Debt Administration**

**Capital assets.** The City of Cleveland's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$386,476,696 (net of accumulated depreciation), which is a \$13,639,155 increase over last fiscal year. This investment in capital assets includes land, buildings, other improvements, equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- General government added \$1,152,011 in improvements including the public library.
- Public Safety added \$517,835 in police patrol units and equipment for the fire department.
- Public Works added \$3,074,195 primarily in road, sidewalk, and drainage infrastructure.
- Parks and Recreation added \$306,933 in recreation center improvements and the Greenway.
- Cleveland City Schools added \$509,843 in capital assets.

**City of Cleveland's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
Land	\$ 37,309,939	\$ 37,309,939	\$ 1,699,449	\$ 1,821,171	\$ 39,009,388	\$ 39,131,110
Buildings and Systems	75,463,351	73,839,120	177,107,934	174,008,677	252,571,285	247,847,797
Improvements other than buildings	14,082,186	13,702,529	0	0	14,082,186	13,702,529
Furniture, fixtures, equipment & vehicles	9,337,615	8,881,772	0	0	9,337,615	8,881,772
Infrastructure	41,055,330	42,373,180	0	0	41,055,330	42,373,180
Construction in Progress	9,768,854	17,539,178	7,012,883	17,001,130	16,781,737	34,540,308
<b>Total</b>	<b>\$187,017,275</b>	<b>\$193,645,718</b>	<b>\$185,820,266</b>	<b>\$192,830,978</b>	<b>\$372,837,541</b>	<b>\$386,476,696</b>

Additional information on the City of Cleveland's capital assets can be found in Note 4 on pages 70-71 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$143,774,340. Of this amount, \$54,780,840 comprises bonds backed solely by the full faith and credit of the city. The city also issues bonds secured by specified revenue sources (i.e., revenue bonds); however, in the event of default, the full faith and credit of the city are irrevocably pledged. The city had \$43,289,640 in revenue bonds outstanding at the end of the fiscal year. The city also finances capital projects through loans from bond proceeds issued by various agencies in Tennessee, including \$21,867,578 for city general projects and \$23,383,573 for Cleveland Utilities. The City also has a capital lease on lighting upgrades for the City Schools and mowing equipment for the recreation department in the amount of \$241,845.

## City of Cleveland's Outstanding Debt

(General Obligation Bonds, Revenue Bonds, Loans through Bond Proceeds issued by the Public Building Authorities of Sevier and Blount Counties, Tennessee, and other long-term notes)

	Governmental activities		Business-type Activities		Total	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
General obligation bonds	57,550,480	54,780,840	0	0	57,550,480	54,780,840
Long-term notes issued through various agencies in TN	16,897,283	21,867,578	14,925,753	23,383,573	31,825,036	45,251,151
Capital leases	488,653	241,845	0	0	488,653	241,845
Revenue bonds	0	0	47,210,000	43,289,640	47,210,000	43,289,640
Less bond discount/ Premiums	154,193	135,110	87,712	75,754	241,905	210,864
Less Deferred Charges for refunding	0	0	0	0	0	0
<b>Total</b>	<b>75,090,609</b>	<b>77,025,373</b>	<b>62,225,465</b>	<b>66,748,967</b>	<b>137,314,074</b>	<b>143,774,340</b>

During 2016, the city entered into loan agreements totaling \$2,500,000 on behalf of Cleveland Utilities. In addition, the city issued bonds for \$5,734,000 for the completion of Raider Arena and for \$1,000,000 for the continued expansion of the Cleveland Regional Jetport. Further details about the city's long-term debt are included in Note 6 on pages 71-75.

The City of Cleveland maintains an "AA" rating from Standard & Poor's and an "A2" rating from Moody's Investor Service for general obligation debt. The revenue bonds of Cleveland Utilities carry the same ratings.

State statutes do not limit the amount of general obligation debt a governmental entity may issue; however, the city has adopted a financial policy which limits long-term debt to 10 percent of its total assessed valuation. This calculation does not include revenue bonds issued for improvements in the electric and water systems. The city's legal debt margin at June 30, 2016 is \$36,057,928 and is calculated on page 173 of this report.

## **Economic Factors and Next Year's Budget and Rates**

- The June 2016 unemployment rate for Cleveland was 4.9 percent, which is down from the 6.5 percent a year ago. Bradley County was 4.7 percent, which is down from 6.3 percent from a year ago. Tennessee's average unemployment rate was 4.9 percent and the national average rate was 5.1 percent.
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- Local sales tax collections increased 5.7 percent from the previous fiscal year. This is a positive sign that a recovery in the current economy continues. State sales tax collections have shown positive signs as well, with a 6.8 percent increase.

All of these factors were considered in preparing the city's budget for the 2017 fiscal year. Management has again been conservative in estimating revenues for 2017.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Cleveland'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 may be addressed to the City of Cleveland, Office of the Assistant City Manager/Chief Financial Officer, Post Office Box 1519, Cleveland, Tennessee 37364-1519.

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## **BASIC FINANCIAL STATEMENTS**

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CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF NET POSITION  
June 30, 2016

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 25,142,588	\$ 18,682,710	\$ 43,825,298
Cash and cash equivalents - restricted	459,936	1,265	461,201
Investments	927,376	0	927,376
Accounts receivable - net	687,961	20,215,371	20,903,332
Property taxes receivable - net	20,824,419	0	20,824,419
Sales tax receivable	3,008,042	0	3,008,042
Due from other government agencies	10,561,847	0	10,561,847
Internal balances	1,524,691	(1,524,691)	0
Inventories	261,426	2,173,710	2,435,136
Prepays	199,873	398,880	598,753
Total current assets	<u>\$ 63,598,159</u>	<u>\$ 39,947,245</u>	<u>\$ 103,545,404</u>
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 1,164,571	\$ 1,164,571
Other noncurrent assets	0	1,675,140	1,675,140
Net pension asset	16,770	0	16,770
Capital assets:			
Land and construction in progress	54,849,117	18,822,301	73,671,418
Other capital assets, net of accumulated depreciation	138,796,601	174,008,677	312,805,278
Total noncurrent assets	<u>\$ 193,662,488</u>	<u>\$ 195,670,689</u>	<u>\$ 389,333,177</u>
Total Assets	<u>\$ 257,260,647</u>	<u>\$ 235,617,934</u>	<u>\$ 492,878,581</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 2,195,003	\$ 642,789	\$ 2,837,792
Deferred outflows - pensions	12,703,804	6,119,164	18,822,968
Total Deferred Outflows of Resources	<u>\$ 14,898,807</u>	<u>\$ 6,761,953</u>	<u>\$ 21,660,760</u>

	Primary Government		
	Governmental Activities	Business- type Activities	Total
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accrued liabilities	\$ 3,539,448	\$ 3,502,770	\$ 7,042,218
Accounts payable	1,429,279	12,170,594	13,599,873
Customer deposits	0	3,622,112	3,622,112
Bonds, notes and capital leases - current	4,369,759	5,523,959	9,893,718
Compensated absences payable - current	150,426	0	150,426
Total current liabilities	<u>\$ 9,488,912</u>	<u>\$ 24,819,435</u>	<u>\$ 34,308,347</u>
<b>Long-term liabilities:</b>			
Conservation advances from TVA	\$ 0	\$ 1,197,121	\$ 1,197,121
Bonds, notes and capital leases payable	72,655,614	61,258,915	133,914,529
Compensated absences payable	1,729,904	0	1,729,904
Post-employment benefits payable	18,601,222	8,952,043	27,553,265
Net pension liability	10,877,650	15,212,779	26,090,429
Total long-term liabilities	<u>\$ 103,864,390</u>	<u>\$ 86,620,858</u>	<u>\$ 190,485,248</u>
Total Liabilities	<u>\$ 113,353,302</u>	<u>\$ 111,440,293</u>	<u>\$ 224,793,595</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 25,000,767	\$ 0	\$ 25,000,767
Deferred revenue - other	53,600	0	53,600
Deferred charge on refunding	0	14,866	14,866
Deferred inflows - pensions	12,214,654	2,020,657	14,235,311
Total Deferred Inflows of Resources	<u>\$ 37,269,021</u>	<u>\$ 2,035,523</u>	<u>\$ 39,304,544</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 118,815,347	\$ 126,677,290	\$ 245,492,637
Restricted for:			
Law enforcement	103,785	0	103,785
Community development - federal grants	53,936	0	53,936
Street improvements	685,991	0	685,991
Capital outlay	2,622,161	0	2,622,161
Recycling	10,068	0	10,068
Education	11,379	0	11,379
Perpetual care:			
Nonexpendable	473,636	0	473,636
Unrestricted	(1,239,172)	2,226,781	987,609
Total Net Position	<u>\$ 121,537,131</u>	<u>\$ 128,904,071</u>	<u>\$ 250,441,202</u>

CITY OF CLEVELAND, TENNESSEE  
 STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Primary Government		
						Govern-mental Activities	Business-type Activities	Total
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 3,765,394	\$ 159,809	\$ 208,367	\$ 0	\$ (3,397,218)	\$ 0	\$ (3,397,218)	
Development and engineering	1,940,024	354,044	221,527	167,573	(1,196,880)	0	(1,196,880)	
Public safety	19,057,323	1,033,116	110,633	39,515	(17,874,059)	0	(17,874,059)	
Public works	11,240,255	3,411,524	1,175,261	4,245,869	(2,407,601)	0	(2,407,601)	
Health and welfare	671,684	36,540	0	0	(635,144)	0	(635,144)	
Culture and recreation	4,371,397	214,868	943,964	0	(3,212,565)	0	(3,212,565)	
Education	49,400,437	336,385	45,045,420	0	(4,018,632)	0	(4,018,632)	
Interest on long-term debt	3,296,175	0	0	0	(3,296,175)	0	(3,296,175)	
<b>Total governmental activities</b>	<b>\$ 93,742,689</b>	<b>\$ 5,546,286</b>	<b>\$ 47,705,172</b>	<b>\$ 4,452,957</b>	<b>\$ (36,038,274)</b>	<b>\$ 0</b>	<b>\$ (36,038,274)</b>	
<b>Business-type activities:</b>								
Water and sewer	\$ 23,781,528	\$ 27,147,284	\$ 0	\$ 1,190,101	\$ 0	\$ 4,555,857	\$ 4,555,857	
Electric	94,002,316	97,005,448	55,537	303,134	0	3,361,803	3,361,803	
Stormwater management	422,576	865,814	0	900	0	444,138	444,138	
<b>Total business-type activities</b>	<b>\$ 118,206,420</b>	<b>\$ 125,018,546</b>	<b>\$ 55,537</b>	<b>\$ 1,494,135</b>	<b>\$ 0</b>	<b>\$ 8,361,798</b>	<b>\$ 8,361,798</b>	
<b>Total primary government</b>	<b>\$ 211,949,109</b>	<b>\$ 130,564,832</b>	<b>\$ 47,760,709</b>	<b>\$ 5,947,092</b>	<b>\$ (36,038,274)</b>	<b>\$ 8,361,798</b>	<b>\$ (27,676,476)</b>	
<b>General revenues:</b>								
Property taxes					\$ 19,607,993	\$ 0	\$ 19,607,993	
Interest and penalty on taxes					194,097	0	194,097	
In lieu of taxes					285,008	0	285,008	
Local sales tax					13,138,559	0	13,138,559	
Wholesale beer tax					1,584,441	0	1,584,441	
Gross receipts tax					1,244,796	0	1,244,796	
Franchise tax					904,420	0	904,420	
State sales tax - unrestricted					3,342,791	0	3,342,791	
Other state taxes - unrestricted					1,638,355	0	1,638,355	
Grants and contributions not restricted to specific programs					394,752	0	394,752	
Unrestricted investment earnings					131,389	104,729	236,118	
Gain on sale of capital assets					14,600	0	14,600	
Transfers					2,322,340	(2,322,340)	0	
<b>Total general revenues and transfers</b>					<b>\$ 44,803,541</b>	<b>\$ (2,217,611)</b>	<b>\$ 42,585,930</b>	
<b>Change in net position</b>					<b>\$ 8,765,267</b>	<b>\$ 6,144,187</b>	<b>\$ 14,909,454</b>	
<b>Net position - beginning</b>					<b>112,771,864</b>	<b>122,759,884</b>	<b>235,531,748</b>	
<b>Net position - ending</b>					<b>\$ 121,537,131</b>	<b>\$ 128,904,071</b>	<b>\$ 250,441,202</b>	

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

CITY OF CLEVELAND, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,096,747	\$ 6,726,073	\$ 9,920,169	\$ 24,742,989
Cash and cash equivalents - restricted	0	0	459,936	459,936
Investments	0	0	927,376	927,376
Accounts receivable - net	473,885	0	207,798	681,683
Property taxes receivable - net	20,824,419	0	0	20,824,419
Sales tax receivable	2,142,094	865,948	0	3,008,042
Due from other government agencies	1,892,476	6,147,203	2,522,168	10,561,847
Due from other funds	100	0	1,524,691	1,524,791
Inventories	41,762	0	0	41,762
Prepays	0	0	199,873	199,873
<b>Total Assets</b>	<b>\$ 33,471,483</b>	<b>\$ 13,739,224</b>	<b>\$ 15,762,011</b>	<b>\$ 62,972,718</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 663,014	\$ 2,463,271	\$ 269,865	\$ 3,396,150
Accounts payable	420,028	442,393	333,463	1,195,884
Due to other funds	0	0	100	100
Unearned revenue	33,000	0	20,600	53,600
<b>Total Liabilities</b>	<b>\$ 1,116,042</b>	<b>\$ 2,905,664</b>	<b>\$ 624,028</b>	<b>\$ 4,645,734</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - current property taxes	\$ 19,190,935	\$ 5,809,834	\$ 0	\$ 25,000,769
Unavailable revenue - delinquent property taxes	1,624,652	113,119	0	1,737,771
Unavailable revenue - other	692,792	39,589	0	732,381
<b>Total Deferred Inflows of Resources</b>	<b>\$ 21,508,379</b>	<b>\$ 5,962,542</b>	<b>\$ 0</b>	<b>\$ 27,470,921</b>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Inventories	\$ 41,762	\$ 0	\$ 0	\$ 41,762
Prepaid items	0	0	199,873	199,873
Permanent fund principal	0	0	473,636	473,636
<b>Restricted for:</b>				
Law enforcement	0	0	103,785	103,785
Community development - federal grants	0	0	53,936	53,936
Street improvements	0	0	685,991	685,991
Recycling	0	0	10,068	10,068
Capital outlay	0	0	2,622,161	2,622,161
Education	0	6,231	0	6,231
Animal Control	5,148	0	0	5,148
<b>Committed to:</b>				
Solid Waste	0	0	699,329	699,329
<b>Assigned to:</b>				
Education	0	4,864,787	659,846	5,524,633
Library	0	0	461,996	461,996
Debt service	0	0	4,360,310	4,360,310
Capital outlay	0	0	4,807,052	4,807,052
Unassigned	10,800,152	0	0	10,800,152
<b>Total Fund Balances</b>	<b>\$ 10,847,062</b>	<b>\$ 4,871,018</b>	<b>\$ 15,137,983</b>	<b>\$ 30,856,063</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 33,471,483</b>	<b>\$ 13,739,224</b>	<b>\$ 15,762,011</b>	<b>\$ 62,972,718</b>

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

CITY OF CLEVELAND, TENNESSEE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2016

Total fund balances per governmental funds balance sheet	\$	30,856,063
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		192,590,434
Long-term liabilities, including bonds, notes payable, compensated absences, post-employment benefits, pension liability and interest payable are not due and payable in the current period and therefore are not reported in the funds.		(108,511,101)
Internal service funds are used by management to charge the costs of fleet management services and health insurance trust to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		1,447,428
The net difference on debt refunding is deferred and expensed over the life of the refunding debt issue.		2,195,003
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as a component of pension expense in future years.		489,150
Some of the City's 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.		2,470,154
Net position of governmental activities	<u>\$</u>	<u>121,537,131</u>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2016

Revenues:	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 33,197,149	\$ 0	\$ 3,947,591	\$ 37,144,740
Licenses and permits	490,234	0	0	490,234
Intergovernmental	5,682,539	38,126,121	13,582,576	57,391,236
Fines and forfeitures	535,319	0	30,524	565,843
Charges for services	1,562,200	184,307	2,695,565	4,442,072
Interest	28,874	12,037	96,314	137,225
Miscellaneous	171,837	181,193	509,541	862,571
Total revenues	<u>\$ 41,668,152</u>	<u>\$ 38,503,658</u>	<u>\$ 20,862,111</u>	<u>\$ 101,033,921</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 2,826,686	\$ 0	\$ 257,694	\$ 3,084,380
Development and engineering	1,592,011	0	255,157	1,847,168
Public safety	17,513,834	0	73,579	17,587,413
Public works	4,331,397	0	4,129,243	8,460,640
Health and welfare	501,236	0	0	501,236
Culture and recreation	2,689,559	0	1,338,990	4,028,549
Education	0	41,674,860	6,748,214	48,423,074
Appropriations	1,098,651	0	0	1,098,651
Capital outlay	0	320,538	14,080,986	14,401,524
<b>Debt service:</b>				
Principal retirement	77,548	191,587	3,895,098	4,164,233
Interest and fiscal charges	3,639	15,015	2,321,421	2,340,075
Total expenditures	<u>\$ 30,634,561</u>	<u>\$ 42,202,000</u>	<u>\$ 33,100,382</u>	<u>\$ 105,936,943</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 11,033,591</u>	<u>\$ (3,698,342)</u>	<u>\$ (12,238,271)</u>	<u>\$ (4,903,022)</u>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 2,390,243	\$ 5,273,600	\$ 8,087,652	\$ 15,751,495
Transfers out	(12,301,579)	(557,919)	(569,657)	(13,429,155)
Notes issued	0	0	6,040,200	6,040,200
Refunding bonds issued	0	0	13,057,880	13,057,880
Payment to refunding bond escrow agent	0	0	(12,980,000)	(12,980,000)
Total other financing sources (uses)	<u>\$ (9,911,336)</u>	<u>\$ 4,715,681</u>	<u>\$ 13,636,075</u>	<u>\$ 8,440,420</u>
Net change in fund balances	\$ 1,122,255	\$ 1,017,339	\$ 1,397,804	\$ 3,537,398
Fund balance at beginning of year	9,724,807	3,853,679	13,740,179	27,318,665
Fund balance at end of year	<u>\$ 10,847,062</u>	<u>\$ 4,871,018</u>	<u>\$ 15,137,983</u>	<u>\$ 30,856,063</u>

CITY OF CLEVELAND, TENNESSEE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016

Net change in fund balances for total governmental funds \$ 3,537,398

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 6,745,280

Governmental funds report only the proceeds from the sale of assets and do not take into effect the cost of capital assets sold. (78,022)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (770,282)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 17,144,233

Debt issued is reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the statement of net assets. (19,098,080)

Internal service funds are used by management to charge the costs of fleet management services and health insurance premiums to individual funds. The net activity of the internal service funds is reported with governmental activities. 173,614

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net change in accrued interest	\$	20,833	
Amortization of deferred outflows		(996,016)	
Amortization of bond premiums		19,082	
Increase in compensated absences		7,945	
Change in net pension asset		(70,365)	
Change in net pension liability		(2,152,805)	
Change in deferred outflows related to pensions		7,142,015	
Change in deferred inflows related to pensions		(386,479)	
Increase in post-employment benefits		(2,473,084)	
Total additional expenditures		1,111,126	

Change in net position of governmental activities \$ 8,765,267

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
<b>Taxes:</b>				
Property taxes - real estate	\$ 19,437,625	\$ 19,282,825	\$ 19,207,882	\$ (74,943)
Property taxes - utility	425,000	402,000	401,679	(321)
Interest and penalty on taxes	235,000	235,000	194,097	(40,903)
In lieu of taxes	205,000	265,000	285,008	20,008
Local sales tax	8,902,160	9,181,186	9,374,826	193,640
Wholesale beer tax	1,615,000	1,615,000	1,584,441	(30,559)
Gross receipts tax	1,207,000	1,207,000	1,244,796	37,796
Franchise taxes - gas	435,000	475,000	363,602	(111,398)
Franchise taxes - charter	465,000	510,000	540,818	30,818
Total taxes	<u>\$ 32,926,785</u>	<u>\$ 33,173,011</u>	<u>\$ 33,197,149</u>	<u>\$ 24,138</u>
<b>Licenses and permits:</b>				
Beer licenses	\$ 6,000	\$ 6,000	\$ 4,025	\$ (1,975)
Beer renewal fee	14,500	14,500	14,442	(58)
Liquor renewal license	23,500	25,000	27,495	2,495
Wine inspection fee	0	0	60	60
Building permits	200,000	225,000	208,401	(16,599)
Electrical permits	7,350	7,350	8,120	770
Electricians' licenses	17,500	17,500	17,985	485
Mechanical permits	14,000	17,000	17,138	138
Mechanical licenses	6,800	6,800	8,100	1,300
Plumbing permits	40,000	40,000	44,358	4,358
Plumbing licenses	10,500	10,500	9,757	(743)
Natural gas permits	0	0	3,502	3,502
Street cut permits	80,875	80,875	75,199	(5,676)
Land disturbance permit	7,500	7,500	6,909	(591)
Rezoning fee	4,000	4,000	1,500	(2,500)
Pud rezoning fee	650	650	1,450	800
Zoning appeal fee	2,000	2,000	1,500	(500)
Zoning letter fee	1,250	1,250	875	(375)
Minor encroachment fee	300	300	700	400
Certificate of appropriateness	800	800	500	(300)
Recreation permits and maintenance fee	6,500	6,500	8,060	1,560
Plat review fee	2,500	2,500	2,575	75
Plans review fee	17,000	17,000	16,513	(487)
Certificate of occupancy	6,500	6,500	8,975	2,475
Alley or street abandonment fee	500	500	150	(350)
Wrecker permit fees	225	225	1,900	1,675
Taxicab driver fees	0	0	45	45
Total licenses and permits	<u>\$ 470,750</u>	<u>\$ 500,250</u>	<u>\$ 490,234</u>	<u>\$ (10,016)</u>
<b>Intergovernmental revenues:</b>				
Federal grant - protective vest	\$ 0	\$ 2,677	\$ 6,033	\$ 3,356
TEMA - Storm damage	0	21,176	21,176	0
Police training supplement	55,200	55,200	48,000	(7,200)
Fire training supplement	52,800	52,800	51,600	(1,200)
Federal - high visibility enforcement	0	5,000	5,000	0
State sales tax	3,165,276	3,297,000	3,342,791	45,791

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State income tax	\$ 900,000	\$ 950,000	\$ 1,133,555	\$ 183,555
State beer tax	21,000	21,000	20,159	(841)
State mixed drink tax	130,000	130,000	134,413	4,413
State gas inspection tax	87,500	87,500	83,993	(3,507)
State highway maintenance tax	194,500	194,500	151,179	(43,321)
TVA - In lieu of taxes	485,000	485,000	485,242	242
Excise tax	120,000	185,000	199,398	14,398
Total intergovernmental revenues	<u>\$ 5,211,276</u>	<u>\$ 5,486,853</u>	<u>\$ 5,682,539</u>	<u>\$ 195,686</u>
Fines and forfeitures:				
Traffic tickets	\$ 575,000	\$ 575,000	\$ 368,876	\$ (206,124)
Parking tickets	30,000	30,000	18,295	(11,705)
Animal Control tickets	600	600	450	(150)
Code enforcement fines	2,000	2,000	2,640	640
Court clerk fees	3,500	3,500	2,811	(689)
Drug fines	16,000	16,000	9,431	(6,569)
Sessions court	46,500	46,500	29,070	(17,430)
Circuit court	15,000	15,000	8,310	(6,690)
Officers - sessions court	75,000	75,000	74,526	(474)
Officers - circuit court	6,000	6,000	5,345	(655)
State refunds	500	500	4,965	4,465
Sex offender registry	8,500	8,500	10,600	2,100
Total fines and forfeitures	<u>\$ 778,600</u>	<u>\$ 778,600</u>	<u>\$ 535,319</u>	<u>\$ (243,281)</u>
Charges for services:				
Police protection	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Fire inspection fees	1,750	1,750	1,220	(530)
Police accidents report	0	0	8,844	8,844
Police department contracted services	0	40,250	50,453	10,203
Contracted services E911	0	100,000	113,787	13,787
Airport maintenance	0	14,300	7,067	(7,233)
Storm water fees	5,000	0	0	0
Animal Control - boarding fees	27,500	27,500	36,540	9,040
Waterville lease	60,000	36,000	36,000	0
Tinsley pool gate	20,000	20,000	20,851	851
Tinsley pool concessions	7,000	7,000	4,840	(2,160)
Tinsley pool rental	3,500	3,500	2,260	(1,240)
Tinsley Park tournament	4,000	4,000	0	(4,000)
Tinsley Park concessions	27,500	27,500	25,942	(1,558)
Tinsley Park rental	3,750	3,750	3,240	(510)
Cleveland Community Center	10,500	10,500	16,189	5,689
Northeast Recreation	6,500	6,500	21,780	15,280
NE Panther account	1,000	1,000	859	(141)
NE program fee	6,500	6,500	6,199	(301)
Park and recreation miscellaneous	2,500	2,500	4,687	2,187
Jetport-jet fuel	846,000	614,100	506,101	(107,999)
Jetport-Avgas	193,900	193,900	132,207	(61,693)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
Jetport-ground/land lease	\$ 57,500	\$ 78,300	\$ 72,939	\$ (5,361)
Jetport-T/hangar rent	100,800	100,800	80,871	(19,929)
Jetport-terminal bldg rental	7,500	5,000	3,155	(1,845)
Jetport-tie downs	2,500	4,500	6,296	1,796
Jetport-community hangars	1,500	8,100	7,925	(175)
GPU service fee	0	700	620	(80)
Jetport-video adv	15,000	10,000	5,000	(5,000)
Jetport-ramp fees	16,000	11,000	9,572	(1,428)
Jetport-special events	20,500	5,000	0	(5,000)
SRO-schools	270,000	270,000	326,756	56,756
Total charges for services	<u>\$ 1,768,200</u>	<u>\$ 1,663,950</u>	<u>\$ 1,562,200</u>	<u>\$ (101,750)</u>
Interest				
Interest - checking	\$ 7,500	\$ 7,500	\$ 28,317	\$ 20,817
Interest - payroll	0	0	557	557
Total interest	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 28,874</u>	<u>\$ 21,374</u>
Miscellaneous revenues:				
Sale of land	\$ 0	\$ 25,370	\$ 25,370	\$ 0
Sale of scrap metal	0	0	1,987	1,987
Health insurance refund	0	0	1,370	1,370
Donations - Memorial tree fund	0	14,465	14,890	425
Old timers banquet	1,500	1,500	2,480	980
Sign and decal reimbursement	3,000	3,000	1,035	(1,965)
Donations - Fire Department	0	600	600	0
Donations - Police Department	0	0	1,000	1,000
Donations - Parks and Recreation	0	0	300	300
TML safety grant matching	0	4,000	1,967	(2,033)
TML Package Bonus	5,000	5,000	5,000	0
TML Driver Safety Grant	0	10,000	1,220	(8,780)
Miscellaneous insurance refund	0	1,700	6,264	4,564
Animal Control donations	0	0	70	70
Animal Control - pet adoptions	0	4,204	4,832	628
Donations - fire safety	0	200	200	0
Canine donations - Vests	0	5,265	5,456	191
Donations - Greenway vandalism	0	0	100	100
TML reimbursement police vehicles	0	21,624	26,153	4,529
Fire misc/reports	0	0	260	260
TML reimbursement for property damage	0	23,009	23,009	0
TML work comp salary reimbursement	0	9,158	12,433	3,275
Donations-Terminal Bldg	0	4,000	19,000	15,000
Sundry income	10,000	10,000	2,616	(7,384)
Sundry income - clerk and master	17,000	17,000	13,725	(3,275)
Temporary collection account	0	0	500	500
Total miscellaneous revenues	<u>\$ 36,500</u>	<u>\$ 160,095</u>	<u>\$ 171,837</u>	<u>\$ 11,742</u>
Total revenues	<u>\$ 41,199,611</u>	<u>\$ 41,770,259</u>	<u>\$ 41,668,152</u>	<u>\$ (102,107)</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 68,036	\$ 76,500	\$ 77,020	\$ (520)
Salaries - city council	62,400	62,400	63,161	(761)
Salaries - judicial	36,020	36,020	36,364	(344)
Part time wages	1,350	1,350	0	1,350
Service awards	700	700	0	700
Longevity	2,200	3,550	3,375	175
Sold vacations	1,350	2,850	2,832	18
Christmas bonus	445	445	325	120
Dental insurance	7,087	6,000	4,859	1,141
Social security	13,040	13,857	12,160	1,697
Health insurance	72,450	75,350	87,252	(11,902)
Retirement	28,328	29,520	27,684	1,836
Life and disability insurance	5,150	5,150	1,059	4,091
Vision insurance	995	1,222	1,122	100
Election	15,000	0	0	0
Postage	500	100	148	(48)
Printing	1,500	1,500	885	615
Subscriptions and memberships	5,200	5,200	1,647	3,553
Advertising	3,000	3,000	1,697	1,303
Telephone and pager	16,000	19,000	19,017	(17)
Contracted services-reporters	24,000	20,000	21,875	(1,875)
Administrative officer services	16,000	61,788	64,193	(2,405)
Headhunter - Mercer Group	0	24,000	22,266	1,734
Equipment repair and replacement	1,600	1,600	2,600	(1,000)
Contract maintenance services	4,500	4,500	3,568	932
Emergency repairs - city buildings	15,000	0	0	0
Travel and training	12,000	9,075	5,216	3,859
Council work sessions	4,000	4,000	2,890	1,110
Complimentary meals	2,000	2,000	770	1,230
Office expenditures and paper	4,000	4,000	2,211	1,789
Janitorial	500	500	0	500
Insurance - general liability	1,200	1,532	1,532	0
Insurance - worker's compensation	1,200	298	129	169
Rent - parking lots	1,800	0	0	0
Service pins - all departments	900	909	908	1
Employee Christmas dinner	2,200	500	500	0
Employee picnic	12,000	13,700	12,597	1,103
Miscellaneous	500	500	821	(321)
Museum - Cleveland exhibit	0	2,925	2,925	0
Office machinery and equipment	7,700	7,700	5,825	1,875
Council room equipment and supplies	1,500	1,500	332	1,168
Total legislative and judicial	<u>\$ 453,351</u>	<u>\$ 504,741</u>	<u>\$ 491,765</u>	<u>\$ 12,976</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance:				
Salaries	\$ 781,200	\$ 1,108,365	\$ 1,024,689	\$ 83,676
Overtime wages	15,000	30,000	35,673	(5,673)
Part time wages	21,000	21,000	14,955	6,045
Service awards	850	750	175	575
Longevity	11,600	21,013	21,013	0
Sold vacations	10,000	34,950	18,036	16,914
Christmas bonus	1,500	1,950	1,942	8
College pay	2,300	2,300	1,965	335
Dental insurance	6,500	6,500	8,701	(2,201)
Social security	64,500	82,200	80,284	1,916
Health insurance	135,000	141,200	160,705	(19,505)
Retirement	140,200	182,900	173,668	9,232
Life and disability insurance	8,800	12,000	10,784	1,216
Vision insurance	1,900	2,450	2,350	100
Employee assistance program	9,500	9,500	8,876	624
Education reimbursement	1,430	1,430	0	1,430
Flex spending program	12,000	13,200	16,692	(3,492)
Laundry and dry cleaning	6,000	6,000	2,953	3,047
Pre employment	0	1,700	1,410	290
Postage	27,500	19,000	15,904	3,096
Postage machine lease	700	700	656	44
GPS service	300	300	330	(30)
Printing	10,000	10,300	10,524	(224)
Printing - property taxes	11,000	8,100	8,027	73
Citizens Newsletter	7,500	0	0	0
Subscriptions and memberships	6,000	6,000	5,382	618
Class compensation consultants	0	11,100	10,300	800
Advertising	10,500	10,500	7,378	3,122
Utilities	30,000	30,000	22,378	7,622
Telephone	29,000	23,442	32,392	(8,950)
Contracted services - computer systems	308,000	6,200	10,458	(4,258)
Drug and alcohol tests	3,500	3,500	2,357	1,143
Legal fees	105,000	81,000	78,169	2,831
Audit fees	49,000	49,000	49,000	0
Reappraisal fee	51,500	51,500	40,961	10,539
Legal fees - Liquor by the Drink	0	15,000	14,326	674
Appraisal fee	1,500	700	0	700
Actuarial services	10,500	10,500	7,500	3,000
Legal fees - Policy and Appeals	0	25,000	24,392	608
Vehicle	3,000	3,000	1,847	1,153
Small equipment repairs	2,650	2,650	1,336	1,314
Copier maintenance	2,200	10,500	9,582	918
Building maintenance	42,500	40,243	26,562	13,681
Maintenance - Little Building	1,300	1,300	511	789
Car allowance	16,800	16,800	17,150	(350)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Training and travel	\$ 22,500	\$ 21,100	\$ 21,464	\$ (364)
Departmental work sessions	2,000	2,000	5,481	(3,481)
Credit card fees	20,000	20,000	34,926	(14,926)
Pest control	1,000	1,000	1,064	(64)
Office expenditures	31,000	32,400	36,329	(3,929)
First aid safety supplies	100	100	86	14
Janitorial supplies	2,000	2,000	1,603	397
Gasoline and oil	2,500	2,500	2,805	(305)
Insurance - buildings and contents	5,300	5,441	5,441	0
Insurance - vehicles	450	545	545	0
Insurance - general liability	6,500	7,320	7,320	0
Insurance - worker's compensation	3,050	3,616	3,786	(170)
Insurance - professional liability	61,200	61,835	61,835	0
Insurance - employee bonds	1,275	1,150	50	1,100
Contracted services - security	1,500	1,625	1,730	(105)
Employee appreciation day	14,000	14,000	12,187	1,813
Miscellaneous	500	500	4,801	(4,301)
Bad debt	30,000	30,000	22,317	7,683
Equipment	1,500	1,500	1,500	0
Total administration and finance	<u>\$ 2,165,605</u>	<u>\$ 2,324,375</u>	<u>\$ 2,207,563</u>	<u>\$ 116,812</u>
Safety program:				
Salaries	\$ 57,660	\$ 68,800	\$ 69,181	\$ (381)
Part-time employees	0	3,390	3,610	(220)
Longevity	1,350	2,025	2,025	0
Sold vacation	1,110	2,300	1,059	1,241
Christmas bonus	150	150	108	42
College pay	280	280	280	0
Dental insurance	320	320	308	12
Social security	4,410	5,854	5,647	207
Health insurance	6,620	6,620	4,672	1,948
Retirement	9,580	11,440	11,737	(297)
Life and disability insurance	640	640	635	5
Vision insurance	100	100	96	4
Clothing allowance	350	350	350	0
Hazard Comm-MSDS	200	400	398	2
Telephone	3,000	2,742	2,121	621
Equipment maintenance	9,400	8,800	8,563	237
Building maintenance	5,000	2,000	1,177	823
Training and travel	1,500	3,000	3,035	(35)
Janitorial contract	6,000	1,925	1,925	0
Office supplies	100	250	221	29
Wellness center operations	3,530	3,530	3,173	357
Safety supplies	100	100	100	0
Gasoline and oil	200	200	134	66

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Safety program - (Continued)				
TML driver safety grant	\$ 10,000	\$ 10,000	\$ 1,220	\$ 8,780
TML safety grant	4,000	4,000	3,934	66
Insurance - vehicles	350	332	332	0
Insurance - general liability	400	429	430	(1)
Miscellaneous	500	845	887	(42)
Total safety program	<u>\$ 126,850</u>	<u>\$ 140,822</u>	<u>\$ 127,358</u>	<u>\$ 13,464</u>
Total general government	<u>\$ 2,745,806</u>	<u>\$ 2,969,938</u>	<u>\$ 2,826,686</u>	<u>\$ 143,252</u>
Development and engineering:				
Development and engineering operations:				
Salaries	\$ 755,000	\$ 786,300	\$ 750,691	\$ 35,609
Overtime wages	2,100	600	10	590
Part time wages	9,000	8,200	4,064	4,136
Service awards	900	775	775	0
Longevity	6,200	10,300	10,250	50
Sold vacations	14,400	11,900	8,968	2,932
Christmas bonus	1,500	1,700	1,516	184
College pay	700	700	625	75
Dental insurance	9,700	10,900	9,601	1,299
Social security	59,500	60,900	54,686	6,214
Health insurance	155,000	159,600	171,306	(11,706)
Retirement	127,800	136,500	124,978	11,522
Life and disability insurance	9,700	9,700	8,452	1,248
Vision insurance	2,600	2,600	2,218	382
Education reimbursement	8,400	900	0	900
Worker's compensation claims	400	1,000	1,000	0
Laundry and dry cleaning	2,800	1,300	971	329
Postage	4,000	2,600	2,597	3
Scanner/copier lease	4,700	4,700	3,512	1,188
GPS services	2,500	2,200	1,372	828
Printing and artwork	2,000	75	2	73
Subscriptions and memberships	5,500	4,400	4,371	29
Advertising	1,700	200	158	42
Utilities	12,200	12,700	13,015	(315)
Telephone	24,000	24,650	23,069	1,581
Engineering services	18,000	13,100	13,055	45
Survey	7,000	2,600	2,585	15
Vehicle maintenance	12,000	9,130	9,126	4
Office equipment maintenance	5,000	5,400	5,325	75
Building maintenance	5,000	12,025	11,982	43
Car allowance	4,200	4,200	4,200	0
Travel and training	14,000	14,420	14,444	(24)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Development and engineering - (Continued)				
Development and engineering operations - (Continued)				
Complimentary meals	\$ 1,200	\$ 2,000	\$ 1,863	\$ 137
Credit card fees	4,800	5,870	5,863	7
Code violations	10,100	2,300	2,246	54
Contracted services - pest control	300	600	428	172
Camera supplies	750	750	750	0
Office supplies	15,000	18,500	18,456	44
OSHA first aid kits	300	300	72	228
Janitorial contract	0	800	745	55
Janitorial supplies	1,200	900	395	505
Uniforms	6,500	5,880	4,298	1,582
Gasoline and oil	11,000	7,500	6,053	1,447
Insurance - buildings and contents	1,400	1,194	1,193	1
Insurance - vehicles and equipment	2,400	1,183	1,183	0
Insurance - general liability	3,900	4,621	4,621	0
Insurance - worker's compensation	9,100	11,880	11,806	74
Insurance - employee bonds	100	0	0	0
Planning commission	3,500	3,500	2,739	761
Board of zoning appeals	900	900	416	484
Historic zoning commission	700	1,300	776	524
Miscellaneous	500	5,100	539	4,561
Office equipment	6,000	6,600	6,513	87
Total development and engineering	\$ 1,367,150	\$ 1,397,953	\$ 1,329,879	\$ 68,074
Codes Enforcement Division:				
Salaries	\$ 0	\$ 140,984	\$ 147,850	(6,866)
Overtime wages	0	900	961	(61)
Service awards	0	200	200	0
Longevity pay	0	2,575	2,575	0
Vacation pay	0	580	578	2
Christmas bonus	0	325	433	(108)
Dental insurance	0	1,800	1,775	25
Social security tax	0	10,961	10,626	335
Health insurance	0	40,600	44,574	(3,974)
Retirement	0	23,750	23,096	654
Life and disability insurance	0	1,500	1,395	105
Vision insurance	0	550	535	15
Postage	0	1,000	863	137
GPS services	0	1,300	1,173	127
Printing	0	800	448	352
Advertising	0	372	371	1
Telephone	0	6,350	6,260	90
Vehicle maintenance	0	9,000	10,414	(1,414)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Development and engineering - (Continued)				
Codes Enforcement Division - (Continued)				
Travel and training	\$ 0	\$ 1,500	\$ 1,160	\$ 340
Office supplies	0	900	1,547	(647)
Uniforms	0	1,400	1,400	0
Educational supplies	0	753	110	643
Gasoline	0	3,500	2,925	575
Insurance - vehicles	0	758	758	0
Miscellaneous	0	600	105	495
Total codes enforcement division	<u>\$ 0</u>	<u>\$ 252,958</u>	<u>\$ 262,132</u>	<u>\$ (9,174)</u>
Total development and engineering	<u>\$ 1,367,150</u>	<u>\$ 1,650,911</u>	<u>\$ 1,592,011</u>	<u>\$ 58,900</u>
Public safety:				
Police department:				
Salaries	\$ 4,476,932	\$ 4,499,504	\$ 4,499,503	\$ 1
Overtime wages	275,000	341,034	341,033	1
Part-time wages	15,360	17,860	16,616	1,244
Accumulated holiday pay	3,025	3,025	2,897	128
Salaries - school patrol	89,500	73,500	72,588	912
Supplemental pay	1,200	1,210	1,209	1
State grant - in service training	55,200	55,200	48,990	6,210
Overtime - contracted services	0	40,250	39,485	765
Service awards	1,275	1,375	1,375	0
Longevity	52,250	76,700	76,675	25
Sold vacations	48,000	60,500	59,617	883
Christmas bonus	12,575	12,350	12,344	6
College pay	3,990	3,555	3,555	0
Sick pay incentive	0	50	50	0
Dental insurance	56,488	55,908	55,177	731
Social security	391,831	403,421	380,074	23,347
Health insurance	942,160	981,281	955,934	25,347
Retirement	974,056	989,804	960,585	29,219
Life and disability insurance	58,239	59,739	49,282	10,457
Vision insurance	14,785	14,610	13,436	1,174
Unemployment compensation	1,500	1,500	11	1,489
Education reimbursement	8,580	8,580	7,174	1,406
Worker's compensation claims	10,000	7,725	6,493	1,232
Laundry and dry cleaning	24,000	22,000	18,390	3,610
Employee physicals	15,000	13,470	7,658	5,812
Pre-employment tests	4,000	4,000	2,598	1,402
Uniforms - school patrol	5,000	5,125	4,941	184
Postage	2,500	2,000	1,412	588
GPS service	32,400	33,516	33,516	0
800 MHZ radio	21,500	20,384	8,756	11,628

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Lease - radio tower	\$ 5,000	\$ 5,000	\$ 2,558	\$ 2,442
Contracted services - vehicles	5,600	5,600	5,275	325
Communications - replacement	10,300	4,742	1,180	3,562
Printing	5,000	4,250	3,427	823
Subscriptions and memberships	8,500	8,500	1,388	7,112
Accreditation	15,000	11,500	10,873	627
Advertising	500	7,595	7,594	1
Utilities	104,750	84,555	84,673	(118)
Telephone	154,000	143,000	133,311	9,689
NCIC computer line	2,300	2,300	2,240	60
Consultant's service - Wallace	76,665	14,878	14,877	1
Vehicle maintenance	300,000	344,600	342,628	1,972
Small equipment repair	3,000	0	0	0
Copier maintenance	2,500	3,500	2,957	543
Building maintenance	45,000	40,000	34,692	5,308
Travel and training	60,000	59,500	57,519	1,981
Recruiting	8,500	8,500	8,419	81
Mutual aid meals	1,500	2,500	2,456	44
Bradley Co. equipment maintenance	1,950	1,950	0	1,950
Janitorial contract	31,500	30,000	29,940	60
Police supplies	6,000	6,000	5,502	498
Batteries	2,000	2,000	877	1,123
Tapes - video and audio	1,000	1,000	745	255
Crime scene unit supplies	6,500	3,000	264	2,736
SRT supplies	11,500	9,000	6,830	2,170
Office expenditures and paper	28,000	26,700	25,878	822
Protective vests	12,000	18,277	15,712	2,565
OSHA safety supplies	1,000	1,000	534	466
Janitorial supplies	3,500	3,500	2,207	1,293
Uniforms	60,000	59,339	51,684	7,655
Ammunition	44,000	44,000	38,745	5,255
Firing range	4,000	4,000	3,728	272
Code Enforcement educational supplies	1,000	0	0	0
Gasoline and oil	300,000	170,900	159,380	11,520
Canine fees	2,500	9,265	6,603	2,662
Insurance - buildings and contents	12,100	13,058	13,058	0
Insurance - vehicles and equipment	61,350	68,321	68,321	0
Insurance - general liability	78,750	60,112	60,112	0
Insurance - worker's compensation	176,600	179,650	179,649	1
Insurance - employee bonds	500	500	450	50
Computer software support	3,000	1,000	0	1,000
Miscellaneous	500	1,600	946	654

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Volunteer services	\$ 3,500	\$ 3,500	\$ 2,612	\$ 888
Investigative funds	1,500	1,500	0	1,500
Mainstreet Cleveland Block Party	2,500	2,500	2,500	0
Sex offender registry	0	17,321	9,094	8,227
National night out	500	0	0	0
Bike program - donations	0	500	272	228
Greenway vandalism reward	0	900	900	0
Distributed antenna system	23,588	0	0	0
Guns/taser replacements	31,000	31,000	29,274	1,726
Small equipment	2,500	2,500	1,700	800
Hwy safety grant equipment	0	5,000	5,000	0
Firearms simulator	0	60,000	56,336	3,664
Office equipment	1,500	1,500	1,279	221
Computer equipment	2,500	1,261	1,262	(1)
Total police department	<u>\$ 9,322,799</u>	<u>\$ 9,401,350</u>	<u>\$ 9,178,835</u>	<u>\$ 222,515</u>
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department:				
Salaries	\$ 4,525,744	\$ 4,438,344	\$ 4,419,207	\$ 19,137
Overtime wages	233,500	299,500	288,289	11,211
Fire runs	4,000	4,000	793	3,207
Supplemental pay	69,600	71,000	70,984	16
State grant - in service training	52,800	52,800	51,600	1,200
Service awards	2,150	2,150	2,000	150
Longevity	57,400	90,250	87,525	2,725
Sold vacations	76,000	63,850	51,205	12,645
Christmas bonus	13,611	10,411	9,853	558
Dental insurance	61,790	61,790	59,677	2,113
Social security	389,584	385,084	357,417	27,667
Health insurance	1,034,080	1,061,480	1,031,342	30,138
Retirement	999,641	1,001,641	965,900	35,741
Life and disability insurance	56,460	56,460	51,317	5,143
Vision insurance	15,915	15,915	15,185	730
Education reimbursement	7,500	12,000	8,433	3,567
Worker's compensation claims	6,500	6,500	5,448	1,052
Laundry and dry cleaning	18,400	18,900	18,895	5
Immunization and physicals	42,500	42,500	42,008	492
Recruit testing	0	114	382	(268)
Postage	500	500	263	237

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Radio maintenance fee	\$ 5,000	\$ 5,000	\$ 4,435	\$ 565
Radio and repeater maintenance	4,200	4,200	3,900	300
Communications replacement	3,000	3,000	1,680	1,320
Printing	500	500	496	4
Subscriptions and memberships	3,200	4,044	3,962	82
License/certification renewal	2,400	2,400	2,380	20
Advertising	0	156	155	1
Utilities	110,000	105,688	98,292	7,396
Telephone	71,000	62,400	46,114	16,286
Apparatus equipment testing	3,900	6,400	5,370	1,030
Vehicle maintenance	125,000	135,691	118,962	16,729
Small equipment repair	3,000	3,600	3,553	47
Copier maintenance	2,500	2,500	2,265	235
Extrication repair/test	6,000	4,000	1,145	2,855
Building maintenance	50,000	52,000	51,976	24
Travel and training	16,000	17,500	17,134	366
Training/education material	5,000	5,750	5,208	542
Mutual aid meals	2,500	2,500	2,051	449
Towels and cloths	800	800	326	474
Batteries	1,000	1,000	986	14
Office supplies	6,500	8,986	6,703	2,283
Arson supplies	1,500	1,500	912	588
Safety	4,500	2,500	2,036	464
Medical supplies/equipment	6,000	2,000	1,969	31
Janitorial supplies	16,000	16,000	15,145	855
Bedding	2,000	6,000	5,950	50
Uniforms	20,000	25,000	23,598	1,402
Operating costs	6,500	6,500	4,970	1,530
Gasoline	77,200	46,600	32,361	14,239
Appliance repair	5,500	5,500	4,223	1,277
PPE equipment gear	17,000	14,000	10,895	3,105
Extinguisher refills	2,000	2,000	921	1,079
Hazmat supplies	5,000	5,000	4,316	684
Insurance - building and contents	9,600	10,347	10,347	0
Insurance - vehicles and equipment	31,900	34,531	34,531	0
Insurance - general liability	52,100	57,371	57,371	0
Insurance - worker's compensation	114,200	130,419	130,419	0
Miscellaneous	500	500	0	500
Public information	500	500	473	27
City funded - Honor Guard	2,000	2,000	1,616	384
Fire prevention program	3,700	3,700	2,965	735
Truck equipment	10,000	0	0	0

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Donation expenditures	\$ 0	\$ 1,361	\$ 0	\$ 1,361
Hazmat Equipment 2005 Hsg	0	10,000	8,805	1,195
ISO firefighting equipment	20,000	23,250	17,318	5,932
Office equipment	500	390	375	15
Breathing apparatus equipment	10,000	10,000	9,032	968
Furniture	1,000	1,110	1,109	1
Small equipment	1,600	37,600	34,972	2,628
Radio equipment	4,000	4,000	3,554	446
Total fire department	<u>\$ 8,513,975</u>	<u>\$ 8,582,983</u>	<u>\$ 8,334,999</u>	<u>\$ 247,984</u>
Total public safety	<u>\$ 17,836,774</u>	<u>\$ 17,984,333</u>	<u>\$ 17,513,834</u>	<u>\$ 470,499</u>
Public works:				
Operations division:				
Salaries	\$ 824,900	\$ 789,600	\$ 767,465	\$ 22,135
Overtime wages	11,200	12,500	12,451	49
Seasonal leaf employees	10,000	17,800	17,760	40
Part time wages	6,800	8,900	8,997	(97)
Supplemental pay	700	700	606	94
Service awards	1,200	1,200	850	350
Longevity	15,800	25,700	25,650	50
Sold vacations	11,000	11,000	9,102	1,898
Christmas bonus	2,300	2,300	2,057	243
College pay	200	200	125	75
Dental insurance	11,400	11,400	10,012	1,388
Social security	68,000	68,000	59,218	8,782
Health insurance	180,900	186,800	161,567	25,233
Retirement	146,500	130,300	128,884	1,416
Life and disability insurance	11,500	11,500	9,810	1,690
Vision insurance	3,000	3,000	2,535	465
Worker's compensation claims	2,000	2,000	3,000	(1,000)
Laundry and dry cleaning	600	600	0	600
Pre-employment drug testing	200	700	449	251
Safety shoes	2,900	2,900	2,660	240
Postage	200	200	75	125
800 MHZ radio	3,000	3,000	3,000	0
GPS services	4,800	4,800	4,666	134
Printing	200	200	0	200
Subscriptions and memberships	400	400	259	141
Advertising	300	500	474	26
Utilities	33,800	36,800	33,098	3,702
Telephone	28,500	28,500	27,810	690
Surveys	3,000	500	480	20
Building maintenance	11,000	25,300	23,396	1,904

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Travel and training	\$ 2,000	\$ 1,900	\$ 522	\$ 1,378
Departmental work sessions	0	700	557	143
Pest control	1,000	1,000	909	91
Office expenditures and paper	5,800	5,300	3,904	1,396
Operating supplies	5,000	6,500	5,980	520
Safety supplies	4,000	4,000	4,011	(11)
Janitorial supplies	1,500	2,000	1,439	561
Uniforms	10,200	9,200	8,989	211
Gasoline and oil	135,000	58,048	57,893	155
Repairs and parts	200,000	247,500	256,965	(9,465)
Sign shop supplies	4,500	4,000	3,687	313
Sign parts and supplies	50,000	43,600	43,506	94
Major safety markings	80,000	59,100	59,049	51
Thermoplastic contract	30,000	28,100	28,021	79
Paving and materials	325,000	375,550	357,056	18,494
Insurance - building and contents	5,200	2,048	2,047	1
Insurance - vehicle and equipment	9,700	11,056	11,056	0
Insurance - general liability	15,100	15,958	15,958	0
Insurance - worker's compensation	36,600	38,979	38,978	1
Miscellaneous	500	500	384	116
Incentive program	4,000	2,500	2,468	32
Small equipment	3,000	2,600	2,532	68
Small equipment - signs	1,800	0	0	0
Total operations division	<u>\$ 2,326,200</u>	<u>\$ 2,307,439</u>	<u>\$ 2,222,367</u>	<u>\$ 85,072</u>
Street lighting and signals:				
Street lighting	\$ 831,000	\$ 775,000	\$ 683,907	\$ 91,093
Traffic light utility service	30,000	30,000	17,351	12,649
Pole attachments	4,900	4,900	4,415	485
ITS maintenance services	8,000	12,700	12,636	64
Traffic light repair maintenance	622,000	617,300	558,691	58,609
Traffic signal supplies	3,000	3,000	3,000	0
Small equipment	4,000	8,900	8,703	197
Total street lighting and signals	<u>\$ 1,502,900</u>	<u>\$ 1,451,800</u>	<u>\$ 1,288,703</u>	<u>\$ 163,097</u>
Cleveland Regional Jetport Operations:				
Salaries	\$ 73,400	\$ 73,400	\$ 74,143	\$ (743)
Part-time salaries	0	3,200	2,187	1,013
Contracted services - FBO	92,000	133,000	131,267	1,733
Sold vacations	1,500	1,500	0	1,500
Christmas bonus	200	200	108	92
Social security tax	5,900	6,500	6,108	392
Health insurance	0	0	14	(14)
Retirement	12,600	13,400	12,973	427
Life and disability insurance	900	900	841	59

CITY OF CLEVELAND, TENNESSEE  
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Cleveland Regional Jetport Operations - (Continued)				
Worker's compensation claims	\$ 500	\$ 500	\$ 0	\$ 500
Laundry and dry cleaning	600	600	14	586
Clothing allowance	400	400	350	50
Postage	300	300	98	202
Printing	500	500	0	500
Advertising	5,000	5,000	2,927	2,073
Subscriptions and memberships	1,000	1,500	1,466	34
Utilities	45,000	45,000	46,133	(1,133)
Telephone	15,300	15,300	9,433	5,867
Contracted services - security	1,000	1,000	0	1,000
Building maintenance	6,000	7,500	5,078	2,422
Ground maintenance	8,000	10,650	9,709	941
Car allowance	4,200	4,200	4,200	0
Travel and training	3,000	3,000	513	2,487
Department work session meals	2,000	500	23	477
Credit card fees	12,000	12,000	11,447	553
Lease agreement	30,000	15,000	15,000	0
Fuel truck leases (2)	12,000	12,000	12,000	0
Contracted services-mowing	0	500	0	500
Office supplies	1,200	1,200	379	821
Operations	1,500	700	73	627
Janitorial services	2,000	1,000	0	1,000
Gasoline	3,000	1,800	787	1,013
Repairs and parts	5,000	8,000	7,731	269
Avgas and jetfuel	900,000	668,100	453,506	214,594
Insurance - building and contents	9,800	9,629	9,628	1
Insurance - vehicles and equipment	0	332	332	0
Insurance - general liability	3,500	1,216	1,216	0
Miscellaneous	500	500	643	(143)
Small equipment	1,400	1,400	0	1,400
Total Cleveland regional jetport	<u>\$ 1,261,200</u>	<u>\$ 1,061,427</u>	<u>\$ 820,327</u>	<u>\$ 241,100</u>
Total public works	<u>\$ 5,090,300</u>	<u>\$ 4,820,666</u>	<u>\$ 4,331,397</u>	<u>\$ 489,269</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 221,400	\$ 220,342	\$ 219,051	\$ 1,291
Overtime wages	17,500	16,550	15,724	826
Part time wages	2,000	1,377	1,376	1
Service awards	200	150	150	0
Longevity	4,150	6,225	6,225	0
Sold vacations	825	951	950	1
Christmas bonus	650	650	650	0

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Dental insurance	\$ 2,625	\$ 2,359	\$ 2,359	\$ 0
Social security	18,874	18,899	18,363	536
Health insurance	51,300	50,042	37,585	12,457
Retirement	42,375	38,475	37,097	1,378
Life and disability insurance	2,725	2,400	2,392	8
Vision insurance	760	660	654	6
Education reimbursement	1,430	0	0	0
Worker's compensation claims	1,500	1,500	0	1,500
Laundry and dry cleaning	3,900	1,900	1,689	211
Employee physicals	250	375	356	19
Protective immunizations	300	2,700	2,666	34
Postage	200	200	122	78
GPS services	2,100	2,100	2,096	4
Contracted services - vehicles	500	500	0	500
Communications replacement	500	500	99	401
Printing	1,500	1,500	921	579
Subscriptions and memberships	1,100	1,100	170	930
Advertising	300	245	0	245
Utilities and pager	13,000	9,750	8,395	1,355
Telephone	14,000	14,000	13,358	642
Donated spay and neuter	0	8,733	3,761	4,972
Restricted spay & neuter	0	26,897	21,749	5,148
Adoption and veterinary fees	0	28,865	28,864	1
Sick/veterinary	15,000	15,110	15,210	(100)
Vehicle maintenance	14,000	12,700	12,699	1
Copier maintenance	600	600	360	240
Building maintenance	11,000	6,676	3,942	2,734
Training and travel	1,500	1,500	1,300	200
Credit card fees	1,500	1,500	670	830
Landfill	900	900	716	184
Janitorial contract	6,720	6,720	6,035	685
Office supplies and printing	2,500	1,700	1,113	587
OSHA safety supplies	500	500	74	426
Janitorial supplies	6,700	6,836	6,835	1
Uniforms and safety shoes	4,000	4,850	3,646	1,204
Ammunition	250	250	0	250
Gasoline and oil	15,000	6,500	5,889	611
Euthanasia and supplies	1,500	800	0	800
Pet food	4,500	4,500	4,181	319
Insurance - building and contents	500	474	474	0
Insurance - vehicles and equipment	1,450	1,608	1,608	0

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Insurance - general liability	\$ 1,850	\$ 1,703	\$ 1,703	\$ 0
Insurance - worker's compensation	6,350	6,848	6,847	1
Miscellaneous	500	500	0	500
Equipment	1,100	1,113	1,112	1
Total animal control	<u>\$ 503,884</u>	<u>\$ 543,833</u>	<u>\$ 501,236</u>	<u>\$ 42,597</u>
Total health and welfare	<u>\$ 503,884</u>	<u>\$ 543,833</u>	<u>\$ 501,236</u>	<u>\$ 42,597</u>
Culture and recreation:				
College Hill Recreation Center:				
Salaries	\$ 127,300	\$ 127,300	\$ 130,065	\$ (2,765)
Overtime wages	5,000	5,000	6,760	(1,760)
Part time wages	35,000	32,000	29,763	2,237
Longevity	1,850	2,850	2,775	75
Sold vacations	2,000	2,000	1,555	445
Christmas bonus	600	600	433	167
Dental insurance	1,300	1,300	1,458	(158)
Social security	13,200	13,200	12,775	425
Health insurance	24,300	25,500	28,361	(2,861)
Retirement	22,800	22,800	22,930	(130)
Life and disability insurance	1,500	1,500	1,460	40
Vision insurance	400	400	384	16
Unemployment compensation	0	800	755	45
Education reimbursement	1,400	0	0	0
Worker's compensation claims	200	200	379	(179)
Utilities	57,800	57,800	57,123	677
Telephone	6,500	11,200	9,939	1,261
Building maintenance	17,000	17,000	19,681	(2,681)
Training and travel	1,500	2,500	2,193	307
Team competition and trips	2,600	1,600	503	1,097
Office expenditures and paper	1,800	1,800	1,330	470
Janitorial supplies	3,500	3,500	2,774	726
Gate and concession supplies	3,500	3,500	4,840	(1,340)
Gasoline	400	400	108	292
AED maintenance	0	1,548	1,548	0
Pool	8,000	8,000	9,579	(1,579)
Athletic supplies	2,000	2,000	2,141	(141)
Program development	8,000	8,000	6,501	1,499
Insurance - building and contents	6,300	6,001	6,001	0
Insurance - general liability	2,700	4,779	4,779	0
Insurance - worker's compensation	5,100	6,291	6,329	(38)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
College Hill Recreation Center - (Continued)				
Dance uniforms	\$ 0	\$ 1,855	\$ 1,908	\$ (53)
Cheerleading program	550	2,072	2,050	22
Other programs	6,000	6,000	6,851	(851)
Miscellaneous	500	500	278	222
BCCSA activities	16,000	16,000	15,000	1,000
Youth achievement program	5,300	5,300	2,932	2,368
AED 2	3,000	0	0	0
Small equipment	4,500	21,200	21,100	100
Total College Hill Recreation Center	\$ 399,400	\$ 424,296	\$ 425,341	\$ (1,045)
Parks and recreation:				
Salaries	\$ 415,600	\$ 415,600	\$ 410,559	\$ 5,041
Overtime wages	4,500	4,500	5,555	(1,055)
Part time wages	10,000	6,000	4,977	1,023
Service awards	450	200	200	0
Longevity	5,900	8,700	9,011	(311)
Sold vacation	3,600	4,600	5,262	(662)
Christmas bonus	1,500	1,000	975	25
College pay	125	125	125	0
Dental insurance	5,500	5,500	5,092	408
Social security	33,700	33,700	30,839	2,861
Health insurance	101,900	105,200	112,304	(7,104)
Retirement	71,600	71,600	68,701	2,899
Life and disability insurance	6,500	6,500	4,436	2,064
Vision insurance	1,500	1,500	1,291	209
Worker's compensation claims	1,000	3,000	4,000	(1,000)
Laundry and dry cleaning	800	800	773	27
Postage	200	200	131	69
GPS services	6,600	6,600	6,063	537
Membership	2,500	2,500	970	1,530
Advertising	300	300	553	(253)
Utilities	11,800	8,800	10,794	(1,994)
Telephone	11,800	10,728	11,326	(598)
Vehicle maintenance	40,000	47,462	55,478	(8,016)
Equipment and repairs	4,500	4,500	3,226	1,274
Grounds maintenance	24,000	22,500	23,269	(769)
Playground mulch	15,000	19,000	18,932	68
Fletcher building	12,000	21,000	29,284	(8,284)
Greenway utilities	40,000	35,000	34,473	527
Greenway maintenance	10,000	14,076	17,689	(3,613)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Car allowance	\$ 4,200	\$ 4,200	\$ 4,200	\$ 0
Training and travel	8,000	8,000	7,354	646
Office expenditures	1,500	1,500	815	685
Uniforms	5,000	5,000	3,781	1,219
Gasoline and oil	40,000	21,200	20,862	338
Insurance - building and contents	5,000	6,997	6,997	0
Insurance - vehicles and equipment	2,000	2,076	2,076	0
Insurance - general liability	5,800	11,533	11,533	0
Insurance - worker's compensation	6,600	9,125	9,225	(100)
Miscellaneous	500	500	1,006	(506)
Old timers banquet	2,500	2,500	2,706	(206)
Small equipment	2,500	2,500	2,638	(138)
Equipment lease - replacement	37,390	0	0	0
Total parks and recreation	<u>\$ 963,865</u>	<u>\$ 936,322</u>	<u>\$ 949,481</u>	<u>\$ (13,159)</u>
Landscaping maintenance:				
Salaries	\$ 318,500	\$ 280,000	\$ 265,253	\$ 14,747
Overtime wages	1,000	2,500	2,393	107
Service awards	0	250	250	0
Longevity	5,600	6,900	6,825	75
Sold vacations	1,900	1,900	1,792	108
Christmas bonus	1,000	1,000	975	25
Dental insurance	4,200	4,200	3,721	479
Social security	25,100	23,550	19,746	3,804
Health Insurance	80,500	83,100	76,657	6,443
Retirement	55,500	51,500	41,490	10,010
Life and disability insurance	5,000	5,000	3,061	1,939
Vision insurance	1,200	1,200	1,070	130
Worker's compensation claims	1,000	1,000	2,202	(1,202)
Pre-employment testing	100	200	1,038	(838)
Postage	100	100	30	70
Printing	400	400	0	400
Subscriptions and memberships	1,500	1,500	555	945
Advertising	200	200	541	(341)
Utilities	3,500	5,500	4,505	995
Telephone	6,000	6,000	4,723	1,277
Vehicle maintenance	56,000	56,000	57,557	(1,557)
Equipment repairs	1,800	1,800	1,745	55
Travel and training	5,000	5,000	4,946	54
Work sessions	200	200	697	(497)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Landscaping maintenance - (Continued)				
Other contracted services	\$ 1,200	\$ 1,200	\$ 1,200	\$ 0
Lee University Monument	800	800	0	800
Office expenditures	500	500	533	(33)
Botanical supplies	16,000	20,000	22,078	(2,078)
Uniforms	5,000	5,000	4,468	532
Trees	7,500	7,700	7,826	(126)
Donations - memorial tree fund	0	22,762	16,350	6,412
Gasoline and oil	31,000	16,000	11,148	4,852
Insurance - vehicle and equipment	6,300	4,062	4,062	0
Insurance - general liability	3,800	8,468	8,468	0
Insurance - worker's compensation	9,000	13,023	13,120	(97)
Miscellaneous	500	500	1,217	(717)
Principal retirement - mowers	43,691	0	0	0
Interest retirement - mowers	120	0	0	0
Equipment lease - mowers	6,000	0	0	0
Small equipment	1,000	1,000	913	87
Total landscaping maintenance	<u>\$ 707,711</u>	<u>\$ 640,015</u>	<u>\$ 593,155</u>	<u>\$ 46,860</u>
Cleveland Community Center:				
Salaries	\$ 130,800	\$ 136,000	\$ 139,079	\$ (3,079)
Part time wages	35,000	30,700	24,489	6,211
Overtime wages	1,000	4,500	9,555	(5,055)
Service awards	250	250	250	0
Longevity	3,200	6,400	6,375	25
Sold vacations	2,000	3,100	3,020	80
Christmas bonus	500	500	433	67
Dental insurance	1,600	1,600	1,704	(104)
Social security	13,300	13,300	12,877	423
Health insurance	30,300	31,500	30,420	1,080
Retirement	23,000	24,200	22,144	2,056
Life and disability insurance	2,100	2,100	1,480	620
Vision insurance	500	500	512	(12)
Worker's compensation claims	350	350	0	350
Utilities	40,000	36,500	34,241	2,259
Telephone	5,500	7,700	7,534	166
Vehicle maintenance	500	500	7	493
Building maintenance	12,000	17,000	16,301	699
Travel and training	1,500	1,500	1,188	312
Team trips and competition	2,500	2,500	133	2,367
Office expenditures and paper	1,500	1,500	2,243	(743)
Janitorial contract	3,500	3,500	4,010	(510)

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cleveland Community Center - (Continued)				
Pool	\$ 7,500	\$ 7,500	\$ 3,236	\$ 4,264
Athletic supplies	2,000	2,000	1,110	890
Ceramic supplies	8,000	3,000	3,682	(682)
Insurance - building and contents	3,600	4,036	4,036	0
Insurance - general liability	2,700	4,288	4,288	0
Insurance - worker's compensation	3,200	2,888	2,936	(48)
Contracted services - floor maintenance	2,000	2,000	2,000	0
Contracted services - security	1,600	1,300	1,277	23
Miscellaneous	500	500	303	197
Swim team	2,000	2,000	2,000	0
Junior pro basketball	3,000	4,500	4,893	(393)
Cardinal account	3,700	3,700	2,149	1,551
HVAC unit	1,500	0	0	0
Small equipment	6,200	6,200	5,529	671
Total Cleveland Community Center	<u>\$ 358,400</u>	<u>\$ 369,612</u>	<u>\$ 355,434</u>	<u>\$ 14,178</u>
Tinsley Park:				
Salaries	\$ 161,000	\$ 161,000	\$ 172,279	\$ (11,279)
Overtime	3,500	3,500	20,353	(16,853)
Social security	11,800	12,600	13,930	(1,330)
Utilities	52,500	52,500	62,781	(10,281)
Telephone	2,000	2,000	1,009	991
Maintenance and repairs	15,000	19,500	25,184	(5,684)
Lifeguard training	2,000	2,000	3,793	(1,793)
Janitorial supplies	5,000	6,000	6,911	(911)
Tournament	6,000	2,200	2,416	(216)
Pool	17,000	12,500	13,866	(1,366)
Concession supplies	22,000	14,400	23,422	(9,022)
Insurance - building and contents	3,150	3,440	3,440	0
Insurance - general liability	1,700	3,729	3,729	0
Insurance - worker's compensation	3,000	4,131	4,153	(22)
AED 2	3,000	0	0	0
Equipment	3,000	8,800	8,882	(82)
Total Tinsley Park	<u>\$ 311,650</u>	<u>\$ 308,300</u>	<u>\$ 366,148</u>	<u>\$ (57,848)</u>
Total culture and recreation	<u>\$ 2,741,026</u>	<u>\$ 2,678,545</u>	<u>\$ 2,689,559</u>	<u>\$ (11,014)</u>
Appropriations:				
Jointly funded	\$ 9,321	\$ 4,321	\$ 0	\$ 4,321
Regional Museum	42,300	42,300	42,300	0

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Appropriations - (Continued)				
MTAS benchmarking	\$ 4,000	\$ 4,000	\$ 3,500	\$ 500
Municipal League dues	9,200	9,200	9,102	98
Economic development	45,000	45,000	45,000	0
Southeast Tennessee Development	8,000	8,000	8,257	(257)
Mainstreet Cleveland	25,000	25,000	25,000	0
Cemetery Association	10,000	10,000	10,000	0
Court's Community Services	59,400	59,400	54,319	5,081
Keep America Beautiful	28,200	28,200	28,200	0
Juvenile Court match	1,100	1,100	1,100	0
United Way supporters	1,000	1,000	1,000	0
Sethra-Transit	135,000	140,000	140,000	0
Communications Center	450,000	450,000	450,000	0
Emergency Management	87,300	87,300	84,842	2,458
Mainstreet projects	4,000	4,000	4,000	0
SETDD legal fees	1,000	1,000	0	1,000
Veterans Affairs Office	22,600	22,600	22,600	0
Behavioral Research	2,000	2,000	2,000	0
HVAC at Museum Center	12,000	12,000	12,000	0
Life Bridges (20%)	6,200	6,200	6,200	0
Community Services Agency	94,400	94,400	94,400	0
Aqua Tigers equipment	2,000	2,000	2,000	0
Boys and Girls Club	14,000	14,000	13,095	905
Bradley Cleveland football	3,500	3,500	3,500	0
Cleveland Youth Softball	4,000	4,000	4,000	0
Soccer Association	5,000	5,000	5,000	0
Soccer Association - land	5,000	5,000	5,000	0
Vocational School	22,236	22,236	22,236	0
Total appropriations	<u>\$ 1,112,757</u>	<u>\$ 1,112,757</u>	<u>\$ 1,098,651</u>	<u>\$ 14,106</u>
Debt Service:				
Principal retirement	\$ 0	\$ 71,761	\$ 77,548	\$ (5,787)
Interest and fiscal charges	0	9,440	3,639	5,801
Total debt service	<u>\$ 0</u>	<u>\$ 81,201</u>	<u>\$ 81,187</u>	<u>\$ 14</u>
Total expenditures	<u>\$ 31,397,697</u>	<u>\$ 31,842,184</u>	<u>\$ 30,634,561</u>	<u>\$ 1,207,623</u>
Excess of revenues over expenditures	<u>\$ 9,801,914</u>	<u>\$ 9,928,075</u>	<u>\$ 11,033,591</u>	<u>\$ 1,105,516</u>

CITY OF CLEVELAND, TENNESSEE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ 2,514,518	\$ 2,390,243	\$ 2,390,243	\$ 0
Transfers out	(12,264,500)	(12,301,579)	(12,301,579)	0
Total other financing sources(uses)	\$ (9,749,982)	\$ (9,911,336)	\$ (9,911,336)	\$ 0
Net change in fund balances	\$ 51,932	\$ 16,739	\$ 1,122,255	\$ 1,105,516
Fund balance at beginning of year	9,724,807	9,724,807	9,724,807	0
Fund balance at end of year	\$ 9,776,739	\$ 9,741,546	\$ 10,847,062	\$ 1,105,516

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 3,347	\$ 73,340	\$ 73,340	\$ 0
Total federal government	\$ 3,347	\$ 73,340	\$ 73,340	\$ 0
State of Tennessee:				
Basic education program	\$ 23,641,000	\$ 24,106,000	\$ 24,069,210	\$ (36,790)
School food service	27,275	30,812	30,812	0
Driver education	8,000	8,000	6,534	(1,466)
Other state education funds	325,000	341,910	367,381	25,471
Career ladder program	224,648	124,648	120,539	(4,109)
Career ladder extended contract	164,793	0	0	0
Other state grants	1,013,604	1,013,604	1,013,604	0
State mixed drink tax	101,990	101,990	108,959	6,969
State income tax	22,553	35,378	79,694	44,316
On-behalf contributions for opeb	0	0	177,175	177,175
Total State of Tennessee	\$ 25,528,863	\$ 25,762,342	\$ 25,973,908	\$ 211,566
Bradley County:				
Property taxes - current	\$ 5,704,134	\$ 5,931,465	\$ 5,917,996	\$ (13,469)
Property taxes - prior	182,061	182,061	122,324	(59,737)
Cir clerk/clerk & master	116,000	116,000	115,155	(845)
Interest and penalty	31,369	31,369	25,052	(6,317)
In lieu of taxes - Local Utilities	3,805	3,805	2,940	(865)
In lieu of taxes - Other Utilities	101,717	202,717	246,134	43,417
Marriage license	2,825	2,825	2,901	76
Bank excise tax	18,201	18,201	33,755	15,554
Interstate telecommunications tax	2,126	2,126	3,347	1,221
Local sales tax	4,449,870	4,706,405	5,609,269	902,864
Total Bradley County	\$ 10,612,108	\$ 11,196,974	\$ 12,078,873	\$ 881,899
Total Intergovernmental	\$ 36,144,318	\$ 37,032,656	\$ 38,126,121	\$ 1,093,465
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 89,975	\$ (11,960)
Community service fees	118,480	128,480	91,748	(36,732)
Criminal background fee	4,800	4,800	2,584	(2,216)
Total charges for services	\$ 225,215	\$ 235,215	\$ 184,307	\$ (50,908)

## CITY OF CLEVELAND, TENNESSEE

## SCHOOL FUND

(Continued)

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Interest	\$ 6,250	\$ 6,250	\$ 12,037	\$ 5,787
Miscellaneous:				
Miscellaneous refunds	\$ 98,841	\$ 98,841	\$ 74,544	\$ (24,297)
Sale of equipment	6,900	6,900	4,563	(2,337)
Damages recovered	1,800	1,800	2,658	858
Contributions	147,560	73,348	90,368	17,020
Other	27,461	27,461	9,060	(18,401)
Total miscellaneous	\$ 282,562	\$ 208,350	\$ 181,193	\$ (27,157)
Total revenues	\$ 36,658,345	\$ 37,482,471	\$ 38,503,658	\$ 1,021,187
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 14,561,460	\$ 14,825,602	\$ 14,807,017	\$ 18,585
Career ladder program	129,000	69,500	69,745	(245)
Career ladder extended contract	141,211	0	0	0
Homebound teachers	57,627	58,431	57,215	1,216
Assistants	1,084,005	1,099,624	1,049,998	49,626
Other salaries and wages	194,769	195,273	201,971	(6,698)
Certified substitute teachers	147,375	147,375	169,036	(21,661)
Non-certified substitute teachers	101,905	91,905	60,032	31,873
Social security	1,003,620	979,186	934,214	44,972
State retirement	1,526,154	1,549,989	1,481,282	68,707
Life insurance	15,607	15,607	30,710	(15,103)
Medical insurance	2,250,108	2,326,234	2,273,181	53,053
Unemployment compensation	8,000	8,000	3,958	4,042
Employer medicare liability	234,718	228,358	221,233	7,125
Other fringe benefits	144,000	144,000	138,241	5,759
Maintenance and repair	16,650	16,650	12,877	3,773
Other contracted services	420,017	420,017	422,815	(2,798)
Instructional supplies	231,642	247,657	244,365	3,292
Textbooks	154,996	154,996	109,016	45,980
Other supplies and materials	27,500	27,500	33,227	(5,727)
Other charges	9,100	9,100	74	9,026
Regular instruction equipment	251,172	393,165	396,178	(3,013)
Total regular instruction	\$ 22,710,636	\$ 23,008,169	\$ 22,716,385	\$ 291,784
Special education:				
Teachers	\$ 1,672,638	\$ 1,677,420	\$ 1,659,419	\$ 18,001
Career ladder program	19,000	12,000	12,000	0
Homebound teachers	1,000	6,000	4,041	1,959
Assistants	361,197	336,479	338,144	(1,665)
Speech pathologist	255,288	262,762	274,214	(11,452)
Certified substitute teachers	9,000	17,278	23,405	(6,127)

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Non-certified substitute teachers	\$ 8,000	\$ 9,000	\$ 11,075	\$ (2,075)
Social security	142,786	145,108	136,109	8,999
State retirement	236,123	239,907	222,105	17,802
Life insurance	1,956	1,956	1,946	10
Medical insurance	308,472	306,472	295,489	10,983
Employer medicare liability	33,394	33,936	31,983	1,953
Contracts with private agencies	22,102	22,102	24,375	(2,273)
Maintenance and other repair services	1,700	1,700	595	1,105
Instructional supplies	24,500	24,500	14,342	10,158
Other supplies and materials	7,233	7,233	7,849	(616)
Special education equipment	4,600	4,600	6,526	(1,926)
Total special education	<u>\$ 3,108,989</u>	<u>\$ 3,108,453</u>	<u>\$ 3,063,617</u>	<u>\$ 44,836</u>
Vocational education:				
Teachers	\$ 853,957	\$ 954,027	\$ 959,425	\$ (5,398)
Certified substitute teachers	4,000	4,000	5,390	(1,390)
Non-certified substitute teachers	2,500	2,500	1,623	877
Social security	52,947	53,901	54,391	(490)
State retirement	77,198	86,211	86,477	(266)
Life insurance	639	639	639	0
Medical insurance	146,832	161,403	161,337	66
Employer medicare liability	12,383	12,606	12,741	(135)
Maintenance and repair services	8,500	8,500	13,299	(4,799)
Tuition	375	375	0	375
Other contracted services	4,500	4,500	288	4,212
Instructional supplies	33,200	33,200	40,797	(7,597)
Other supplies and materials	2,300	2,300	29,076	(26,776)
Vocational instruction equipment	66,667	66,667	25,556	41,111
Total vocational education	<u>\$ 1,265,998</u>	<u>\$ 1,390,829</u>	<u>\$ 1,391,039</u>	<u>\$ (210)</u>
Students:				
Attendance:				
Supervisor	\$ 43,826	\$ 44,470	\$ 44,470	\$ 0
Other salaries & wages	42,644	43,271	43,271	0
Social security	5,361	5,440	5,292	148
State retirement	11,049	11,212	11,212	0
Life insurance	120	120	120	0
Medical insurance	6,748	6,748	6,748	0
Employer medicare liability	1,254	1,272	1,238	34
Other contracted services	9,000	9,000	9,000	0
Total attendance	<u>\$ 120,002</u>	<u>\$ 121,533</u>	<u>\$ 121,351</u>	<u>\$ 182</u>

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Supervisor/Director	\$ 0	\$ 72,235	\$ 72,235	\$ 0
Medical personnel	99,635	202,104	219,304	(17,200)
Other salaries and wages	99,468	28,696	28,696	0
Social security	12,344	19,126	19,003	123
State retirement	15,704	24,995	32,671	(7,676)
Life insurance	94	94	94	0
Medical insurance	21,660	24,434	24,434	0
Employer medicare liability	2,887	4,473	4,444	29
Travel	2,400	2,400	0	2,400
Drugs and medical supplies	2,000	2,000	1,212	788
Other supplies and materials	3,174	3,174	2,413	761
Health Equipment	0	4,485	4,485	0
Total health services	<u>\$ 259,366</u>	<u>\$ 388,216</u>	<u>\$ 408,991</u>	<u>\$ (20,775)</u>
Other student support:				
Career ladder program	\$ 9,000	\$ 7,000	\$ 7,000	\$ 0
Guidance personnel	662,526	716,269	716,202	67
Psychological personnel	76,933	78,064	78,064	0
Social workers	94,098	51,482	51,397	85
Attendants	116,795	116,795	120,809	(4,014)
Other salaries and wages	121,714	123,504	123,504	0
Social security	66,729	67,601	64,857	2,744
State retirement	99,689	101,143	97,607	3,536
Life insurance	867	867	867	0
Medical insurance	81,815	89,231	85,019	4,212
Employer medicare liability	15,675	15,879	15,168	711
Contracts w/ government agencies	0	5,000	5,000	0
Evaluation and testing	90,870	90,870	109,415	(18,545)
Maintenance and repair services	100	100	0	100
Other contracted services	292,170	333,384	351,041	(17,657)
Other supplies and materials	6,815	10,253	8,243	2,010
Total other student support	<u>\$ 1,735,796</u>	<u>\$ 1,807,442</u>	<u>\$ 1,834,193</u>	<u>\$ (26,751)</u>
Total students	<u>\$ 2,115,164</u>	<u>\$ 2,317,191</u>	<u>\$ 2,364,535</u>	<u>\$ (47,344)</u>

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 392,617	\$ 490,519	\$ 489,432	\$ 1,087
Career ladder program	20,500	6,500	6,500	0
Librarians	481,926	488,994	490,757	(1,763)
Materials supervisor	44,861	45,521	41,872	3,649
Secretaries	127,237	129,109	129,653	(544)
Other salaries and wages	201,482	207,073	207,229	(156)
Social security	77,811	78,942	79,369	(427)
State retirement	139,600	141,613	147,970	(6,357)
Life insurance	1,183	1,183	1,111	72
Medical insurance	182,172	180,104	180,044	60
Employer medicare liability	18,198	18,463	18,584	(121)
Dues and subscriptions	4,000	4,000	2,383	1,617
Travel	36,000	36,000	22,117	13,883
Other contracted services	8,500	8,500	6,360	2,140
Library books	36,200	36,200	32,684	3,516
Other supplies and materials	22,116	22,116	13,387	8,729
In-service staff development	75,995	77,495	57,567	19,928
Other equipment	3,500	3,500	7,185	(3,685)
Total regular instruction program	<u>\$ 1,873,898</u>	<u>\$ 1,975,832</u>	<u>\$ 1,934,204</u>	<u>\$ 41,628</u>
Special education:				
Supervisor	\$ 92,809	\$ 94,174	\$ 94,174	\$ 0
Career ladder program	1,000	1,000	1,000	0
Social security	5,816	5,901	5,835	66
State retirement	8,480	8,604	8,604	0
Life insurance	29	29	29	0
Medical insurance	5,840	5,840	5,839	1
Employer medicare liability	1,350	1,369	1,364	5
Consultants	500	500	60	440
Travel	1,500	1,500	2,843	(1,343)
Total special education	<u>\$ 117,324</u>	<u>\$ 118,917</u>	<u>\$ 119,748</u>	<u>\$ (831)</u>
Vocational education:				
Supervisor	\$ 79,545	\$ 82,959	\$ 82,959	\$ 0
Career ladder program	3,000	0	0	0
Secretaries	27,637	28,043	28,043	0
Social security	6,831	6,930	6,615	315
State retirement	12,055	12,229	12,161	68

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Life insurance	\$ 72	\$ 72	\$ 72	\$ 0
Medical insurance	11,826	11,826	11,718	108
Employer medicare liability	1,598	1,620	1,547	73
Travel	2,500	2,500	5,396	(2,896)
Total vocational education	<u>\$ 145,064</u>	<u>\$ 146,179</u>	<u>\$ 148,511</u>	<u>\$ (2,332)</u>
Total instructional staff	<u>\$ 2,136,286</u>	<u>\$ 2,240,928</u>	<u>\$ 2,202,463</u>	<u>\$ 38,465</u>
General administration:				
Board of education:				
Board and committee members' fees	\$ 52,800	\$ 52,800	\$ 52,800	\$ 0
Social security	3,274	3,274	3,274	0
Employer medicare	765	765	765	0
Other fringe benefits	740	740	771	(31)
Audit services	13,250	13,500	13,500	0
Dues and membership	15,342	15,342	16,880	(1,538)
Legal services	10,000	10,000	15,108	(5,108)
Liability insurance	55,979	60,002	60,002	0
Premiums on corporate surety bonds	13,570	14,546	14,546	0
Trustee's commission	118,520	118,520	128,662	(10,142)
Worker's compensation insurance	195,875	199,441	199,441	0
Criminal investigation	8,000	8,000	7,432	568
Refund for criminal investigation	2,000	2,000	1,444	556
Other charges	32,000	32,000	46,287	(14,287)
Total board of education	<u>\$ 522,115</u>	<u>\$ 530,930</u>	<u>\$ 560,912</u>	<u>\$ (29,982)</u>
Office of superintendent:				
Administrative officer	\$ 138,210	\$ 144,504	\$ 144,504	\$ 0
Assistants	94,121	95,505	55,711	39,794
Career ladder program	1,000	0	0	0
Secretaries	84,604	85,848	79,530	6,318
Other salaries and wages	7,200	4,200	4,200	0
Social security	19,972	16,260	15,235	1,025
State retirement	35,805	33,520	31,697	1,823
Life insurance	195	195	195	0
Medical insurance	33,987	22,987	21,840	1,147
Employer medicare liability	4,671	4,138	3,934	204
Other fringe benefits	4,116	4,116	2,457	1,659
Communication	80,000	80,000	88,054	(8,054)

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
General administration - (Continued):				
Office of the superintendent - (Continued):				
Dues and memberships	\$ 3,433	\$ 3,433	\$ 4,506	\$ (1,073)
Postal charges	6,500	6,500	4,074	2,426
Travel	5,000	5,000	5,645	(645)
Other contracted services	22,600	22,600	23,236	(636)
Office supplies	16,500	16,500	15,515	985
Other charges	16,900	16,900	20,659	(3,759)
Administrative equipment	5,000	5,000	7,842	(2,842)
Total office of superintendent	<u>\$ 579,814</u>	<u>\$ 567,206</u>	<u>\$ 528,834</u>	<u>\$ 38,372</u>
Total general administration	<u>\$ 1,101,929</u>	<u>\$ 1,098,136</u>	<u>\$ 1,089,746</u>	<u>\$ 8,390</u>
Office of the Principal:				
Principals	\$ 702,359	\$ 713,877	\$ 713,877	\$ 0
Career ladder program	10,000	7,000	7,000	0
Assistant principals	647,965	667,147	667,147	0
Secretaries	346,282	344,674	343,348	1,326
Clerical personnel	28,188	28,602	28,602	0
Social security	106,316	107,888	102,619	5,269
State retirement	185,210	187,919	181,564	6,355
Life insurance	1,386	1,386	1,386	0
Medical insurance	213,624	204,675	203,545	1,130
Employer medicare liability	24,864	25,232	24,000	1,232
Dues and memberships	2,370	2,370	2,004	366
Maintenance and repair services	2,925	2,925	2,698	227
Postal charges	6,425	6,425	5,058	1,367
Travel	5,100	5,100	737	4,363
Other contracted services	14,568	14,568	15,142	(574)
Office supplies	10,520	10,520	5,200	5,320
Other charges	625	625	1,270	(645)
Administrative equipment	13,870	13,870	12,226	1,644
Total office of the principal	<u>\$ 2,322,597</u>	<u>\$ 2,344,803</u>	<u>\$ 2,317,423</u>	<u>\$ 27,380</u>
Business administration:				
Bookkeepers	\$ 215,846	\$ 219,020	\$ 217,984	\$ 1,036
Social security	11,374	11,571	9,847	1,724
State retirement	30,491	28,419	28,419	0
Life insurance	163	163	163	0
Medical insurance	24,076	18,262	18,262	0
Employer medicare liability	3,130	3,176	2,954	222
Data processing services	22,441	22,441	23,061	(620)
Travel	1,000	1,000	486	514
Total business administration	<u>\$ 308,521</u>	<u>\$ 304,052</u>	<u>\$ 301,176</u>	<u>\$ 2,876</u>

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 24,426	\$ 24,785	\$ 24,785	\$ 0
Other salaries and wages	42,211	42,832	42,832	0
Social security	4,132	2,811	1,472	1,339
State retirement	7,876	4,991	4,119	872
Life insurance	84	84	84	0
Medical insurance	5,974	5,974	5,872	102
Employer medicare liability	966	980	926	54
Janitorial services	799,012	799,012	787,876	11,136
Operating lease payments	52,951	52,951	0	52,951
Rentals	12,000	12,000	12,030	(30)
Other contracted services	216,870	216,870	54,189	162,681
Electricity	991,621	991,621	1,025,254	(33,633)
Natural gas	110,349	110,349	74,967	35,382
Water and sewer	139,873	139,873	169,891	(30,018)
Other supplies and materials	25,000	25,000	16,111	8,889
Boiler insurance	10,856	11,637	11,637	0
Building and contents insurance	197,790	212,005	215,220	(3,215)
Total operation of plant	<u>\$ 2,641,991</u>	<u>\$ 2,653,775</u>	<u>\$ 2,447,265</u>	<u>\$ 206,510</u>
Maintenance of plant:				
Supervisor	\$ 62,391	\$ 63,309	\$ 67,197	\$ (3,888)
Maintenance personnel	421,718	379,773	375,381	4,392
Other salaries and wages	35,000	35,000	6,525	28,475
Social security	31,882	32,314	25,248	7,066
State retirement	80,459	81,618	71,066	10,552
Life insurance	592	592	592	0
Medical insurance	100,644	90,816	90,789	27
Employer medicare liability	7,527	7,628	5,905	1,723
Maintenance and repair services - building	90,140	90,140	42,595	47,545
Maintenance and repair services - equipment	2,000	2,000	3,687	(1,687)
Other contracted services	101,000	101,000	184,400	(83,400)
Equipment and machinery parts	5,200	5,200	17,438	(12,238)
Other supplies and materials	190,000	190,000	118,042	71,958
Other charges	5,000	5,000	4,239	761
Administration Equipment	0	14,972	16,472	(1,500)
Maintenance equipment	2,500	2,500	56,113	(53,613)
Total maintenance of plant	<u>\$ 1,136,053</u>	<u>\$ 1,101,862</u>	<u>\$ 1,085,689</u>	<u>\$ (16,173)</u>
Total operation and maintenance	<u>\$ 3,778,044</u>	<u>\$ 3,755,637</u>	<u>\$ 3,532,954</u>	<u>\$ 222,683</u>
Transportation:				
Supervisor	\$ 37,884	\$ 40,219	\$ 39,748	\$ 471
Mechanics	74,938	110,062	112,441	(2,379)

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
Bus drivers	\$ 482,007	\$ 512,357	\$ 523,742	\$ (11,385)
Social security	36,879	40,349	41,449	(1,100)
State retirement	18,751	22,305	22,622	(317)
Life insurance	94	94	94	0
Medical insurance	23,389	30,686	30,686	0
Employer medicare	8,625	9,436	9,694	(258)
Contracts with parents	1,000	1,000	687	313
Medical and dental services	3,500	3,500	4,179	(679)
Travel	1,100	1,100	0	1,100
Other contracted services	22,500	22,500	52,574	(30,074)
Diesel fuel	181,788	181,788	84,397	97,391
Gasoline	20,000	20,000	12,953	7,047
Lubricants	2,000	2,000	10,881	(8,881)
Tires and tubes	17,290	17,290	17,988	(698)
Vehicle parts	79,440	79,440	62,000	17,440
Other supplies and materials	2,000	2,000	20,650	(18,650)
Vehicle and equipment insurance	61,067	65,456	65,456	0
Other charges	15,550	15,550	7,096	8,454
Total transportation	<u>\$ 1,089,802</u>	<u>\$ 1,177,132</u>	<u>\$ 1,119,337</u>	<u>\$ 57,795</u>
Food service:				
Other salaries and wages	\$ 62,983	\$ 63,909	\$ 63,909	\$ 0
Social security	3,905	3,962	3,591	371
State retirement	5,593	5,675	5,778	(103)
Life insurance	47	47	47	0
Medical insurance	6,056	8,380	8,380	0
Employer medicare liability	913	927	840	87
Total food service	<u>\$ 79,497</u>	<u>\$ 82,900</u>	<u>\$ 82,545</u>	<u>\$ 355</u>
Community services:				
Supervisor	\$ 61,334	\$ 62,236	\$ 51,863	\$ 10,373
Other salaries and wages	162,228	162,228	166,018	(3,790)
Social security	13,861	13,916	13,115	801
State retirement	5,446	5,527	4,884	643
Life insurance	34	34	34	0
Medical insurance	11,336	11,336	10,555	781
Employer medicare liability	3,242	3,255	3,087	168
Travel	4,141	4,141	823	3,318
Other contracted services	20,000	14,350	19,950	(5,600)
Food supplies	30,000	30,000	12,237	17,763
Other supplies and materials	19,509	25,459	18,887	6,572
Refunds	350	350	50	300

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 2,000	\$ 1,700	\$ 1,358	\$ 342
Total community services	\$ 333,481	\$ 334,532	\$ 302,861	\$ 31,671
Early Childhood Education:				
Contracts with other public agencies	\$ 1,013,604	\$ 1,013,604	\$ 1,013,604	\$ 0
Total early childhood education	\$ 1,013,604	\$ 1,013,604	\$ 1,013,604	\$ 0
Other Programs				
On-behalf payments of opeb	\$ 0	\$ 0	\$ 177,175	\$ (177,175)
Total other programs	\$ 0	\$ 0	\$ 177,175	\$ (177,175)
Total education	\$ 41,364,548	\$ 42,176,366	\$ 41,674,860	\$ 501,506
Capital Outlay				
Architects	\$ 0	\$ 75,000	\$ 72,780	\$ 2,220
Building Improvements	0	350,000	247,758	102,242
Total capital outlay	\$ 0	\$ 425,000	\$ 320,538	\$ 104,462
Debt Service				
Principal on bonds	\$ 242,328	\$ 242,328	\$ 191,587	\$ 50,741
Interest on bonds	143,369	143,369	15,015	128,354
Other debt service	194,700	194,700	0	194,700
Total debt service	\$ 580,397	\$ 580,397	\$ 206,602	\$ 373,795
Total expenditures	\$ 41,944,945	\$ 43,181,763	\$ 42,202,000	\$ 979,763
Excess (deficiency) of revenues over expenditures	\$ (5,286,600)	\$ (5,699,292)	\$ (3,698,342)	\$ 2,000,950
Other Financing Sources (Uses)				
Transfers in	\$ 5,133,000	\$ 5,286,600	\$ 5,273,600	\$ (13,000)
Transfers out	0	0	(557,919)	(557,919)
Total other financing sources(uses)	\$ 5,133,000	\$ 5,286,600	\$ 4,715,681	\$ (570,919)
Net change in fund balances	\$ 0	\$ (412,692)	\$ 1,017,339	\$ 1,430,031
Fund balance at beginning of year	3,853,679	3,853,679	3,853,679	0
Fund balance at end of year	\$ 3,853,679	\$ 3,440,987	\$ 4,871,018	\$ 1,430,031

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 9,065,813	\$ 9,238,939	\$ 377,958	\$ 18,682,710	\$ 399,599
Cash and cash equivalents - restricted	878	387	0	1,265	0
Accounts receivable - net	4,559,580	15,518,039	137,752	20,215,371	6,278
Inventories	280,606	1,893,104	0	2,173,710	219,664
Prepays	30,602	368,278	0	398,880	0
Total current assets	<u>\$ 13,937,479</u>	<u>\$ 27,018,747</u>	<u>\$ 515,710</u>	<u>\$ 41,471,936</u>	<u>\$ 625,541</u>
Noncurrent assets:					
Receivable - conservation loans	\$ 0	\$ 1,164,571	\$ 0	\$ 1,164,571	\$ 0
Other assets	0	1,675,140	0	1,675,140	0
Capital assets:					
Land and construction in progress	17,207,977	1,545,193	69,131	18,822,301	108,291
Other capital assets, net of depreciation	103,937,021	70,042,841	28,815	174,008,677	946,990
Total noncurrent assets	<u>\$ 121,144,998</u>	<u>\$ 74,427,745</u>	<u>\$ 97,946</u>	<u>\$ 195,670,689</u>	<u>\$ 1,055,281</u>
Total assets	<u>\$ 135,082,477</u>	<u>\$ 101,446,492</u>	<u>\$ 613,656</u>	<u>\$ 237,142,625</u>	<u>\$ 1,680,822</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	\$ 626,324	\$ 16,465	\$ 0	\$ 642,789	\$ 0
Deferred outflows - pensions	2,744,956	3,342,633	31,575	6,119,164	0
Total deferred outflows of resources	<u>\$ 3,371,280</u>	<u>\$ 3,359,098</u>	<u>\$ 31,575</u>	<u>\$ 6,761,953</u>	<u>\$ 0</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 831,603	\$ 11,337,498	\$ 1,493	\$ 12,170,594	\$ 233,395
Customer deposits	0	3,622,112	0	3,622,112	0
Due to other funds	0	112,333	0	112,333	0
Current maturities of long-term debt	4,326,547	1,197,412	0	5,523,959	0
Other current liabilities	2,146,710	1,346,686	9,374	3,502,770	0
Total current liabilities	<u>\$ 7,304,860</u>	<u>\$ 17,616,041</u>	<u>\$ 10,867</u>	<u>\$ 24,931,768</u>	<u>\$ 233,395</u>
Noncurrent liabilities:					
Post-employment benefits payable	\$ 4,983,868	\$ 3,939,799	\$ 28,376	\$ 8,952,043	\$ 0
Pension benefits payable	6,782,932	8,373,490	56,357	15,212,779	0
Conservation advances from TVA	0	1,197,121	0	1,197,121	0
Due to other funds	0	1,412,358	0	1,412,358	0
Notes payable	16,621,707	5,342,547	0	21,964,254	0
Revenue bonds payable net of discount	30,235,745	9,058,916	0	39,294,661	0
Total noncurrent liabilities	<u>\$ 58,624,252</u>	<u>\$ 29,324,231</u>	<u>\$ 84,733</u>	<u>\$ 88,033,216</u>	<u>\$ 0</u>
Total liabilities	<u>\$ 65,929,112</u>	<u>\$ 46,940,272</u>	<u>\$ 95,600</u>	<u>\$ 112,964,984</u>	<u>\$ 233,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred charge on refunding	\$ 14,070	\$ 796	\$ 0	\$ 14,866	\$ 0
Deferred inflows - pensions	1,158,915	849,843	11,899	2,020,657	0
Total deferred inflows of resources	<u>\$ 1,172,985</u>	<u>\$ 850,639</u>	<u>\$ 11,899</u>	<u>\$ 2,035,523</u>	<u>\$ 0</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 70,574,129	\$ 56,005,215	\$ 97,946	\$ 126,677,290	\$ 1,055,281
Unrestricted	777,531	1,009,464	439,786	2,226,781	392,146
Total net position	<u>\$ 71,351,660</u>	<u>\$ 57,014,679</u>	<u>\$ 537,732</u>	<u>\$ 128,904,071</u>	<u>\$ 1,447,427</u>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
Operating Revenues:					
Charges for services	\$ 24,922,174	\$ 95,477,701	\$ 865,814	\$ 121,265,689	\$ 4,749,796
Other operating revenues	2,225,110	1,527,747	0	3,752,857	100
<b>Total operating revenues</b>	<b>\$ 27,147,284</b>	<b>\$ 97,005,448</b>	<b>\$ 865,814</b>	<b>\$ 125,018,546</b>	<b>\$ 4,749,896</b>
Operating Expenses:					
Power purchased	\$ 0	\$ 77,822,947	\$ 0	\$ 77,822,947	\$ 0
Operation expenses	13,969,159	7,412,062	415,099	21,796,320	4,567,085
Maintenance expense	2,644,222	3,304,556	0	5,948,778	0
Depreciation and amortization	5,604,575	4,701,178	7,477	10,313,230	33,798
<b>Total operating expenses</b>	<b>\$ 22,217,956</b>	<b>\$ 93,240,743</b>	<b>\$ 422,576</b>	<b>\$ 115,881,275</b>	<b>\$ 4,600,883</b>
<b>Operating income (loss)</b>	<b>\$ 4,929,328</b>	<b>\$ 3,764,705</b>	<b>\$ 443,238</b>	<b>\$ 9,137,271</b>	<b>\$ 149,013</b>
Non Operating Revenues (Expenses):					
Interest income	\$ 49,174	\$ 55,228	\$ 327	\$ 104,729	\$ 232
Interest expense	(1,554,694)	(458,439)	0	(2,013,133)	0
Plant cost recovered through contributions	0	(303,134)	0	(303,134)	0
Other income (expense)	(8,878)	55,537	0	46,659	4,871
<b>Total nonoperating revenues (expenses)</b>	<b>\$ (1,514,398)</b>	<b>\$ (650,808)</b>	<b>\$ 327</b>	<b>\$ (2,164,879)</b>	<b>\$ 5,103</b>
Income before contributions and transfers	\$ 3,414,930	\$ 3,113,897	\$ 443,565	\$ 6,972,392	\$ 154,116
Capital contributions	1,190,101	303,134	900	1,494,135	19,498
Transfers in	0	0	85,636	85,636	0
Transfers out	(418,588)	(1,971,655)	(17,733)	(2,407,976)	0
<b>Change in net position</b>	<b>\$ 4,186,443</b>	<b>\$ 1,445,376</b>	<b>\$ 512,368</b>	<b>\$ 6,144,187</b>	<b>\$ 173,614</b>
Total net position - beginning	67,165,217	55,569,303	25,364	122,759,884	1,273,813
<b>Total net position - ending</b>	<b>\$ 71,351,660</b>	<b>\$ 57,014,679</b>	<b>\$ 537,732</b>	<b>\$ 128,904,071</b>	<b>\$ 1,447,427</b>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total	
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 25,779,953	\$ 97,280,834	\$ 728,062	\$ 123,788,849	\$ 100,015
Receipts from interfund charges	0	0		0	4,671,952
Payments to suppliers	(10,775,744)	(80,222,394)	(215,682)	(91,213,820)	(4,062,973)
Payments to employees for services	(4,900,830)	(7,833,373)	(123,493)	(12,857,696)	(315,872)
Net cash provided by (used in) operating activities	<u>\$ 10,103,379</u>	<u>\$ 9,225,067</u>	<u>\$ 388,887</u>	<u>\$ 19,717,333</u>	<u>\$ 393,122</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in	\$ 0	\$ 0	\$ 85,636	\$ 85,636	\$ 0
Transfers out	(418,588)	(1,971,655)	(17,733)	(2,407,976)	0
Net cash provided by (used in) financing activities	<u>\$ (418,588)</u>	<u>\$ (1,971,655)</u>	<u>\$ 67,903</u>	<u>\$ (2,322,340)</u>	<u>\$ 0</u>
<b>Cash flows from capital and related financing activities:</b>					
Additions to plants	\$ (13,023,074)	\$ (4,755,700)	\$ (80,059)	\$ (17,858,833)	\$ (20,348)
Proceeds received for contributions in aid of construction	1,190,101	303,134	900	1,494,135	19,498
Proceeds from sale of assets	0	0	0	0	4,871
Other adjustments	0	148,907	0	148,907	0
Removal cost	29,581	(315,375)	0	(285,794)	0
Salvage	2,000	148,504	0	150,504	0
Proceeds from issuance of debt	14,185,693	2,606,621	0	16,792,314	0
Payment of principal on long-term debt	(10,115,604)	(2,139,250)	0	(12,254,854)	0
Payment of interest on long-term debt	(1,537,248)	(461,414)	0	(1,998,662)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (9,268,551)</u>	<u>\$ (4,464,573)</u>	<u>\$ (79,159)</u>	<u>\$ (13,812,283)</u>	<u>\$ 4,021</u>
<b>Cash flows from investing activities:</b>					
Interest received	\$ 49,173	\$ 55,228	\$ 327	\$ 104,728	\$ 232
Other non-operating revenue (expense)	(8,878)	55,536	0	46,658	0
Net cash provided by investing activities	<u>\$ 40,295</u>	<u>\$ 110,764</u>	<u>\$ 327</u>	<u>\$ 151,386</u>	<u>\$ 232</u>
Net increase (decrease) in cash and cash equivalents	\$ 456,535	\$ 2,899,603	\$ 377,958	\$ 3,734,096	\$ 397,375
Cash and cash equivalents, beginning of year	8,610,156	6,339,723	0	14,949,879	2,224
Cash and cash equivalents, end of year	<u>\$ 9,066,691</u>	<u>\$ 9,239,326</u>	<u>\$ 377,958</u>	<u>\$ 18,683,975</u>	<u>\$ 399,599</u>

CITY OF CLEVELAND, TENNESSEE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Enterprise Funds				Internal Service Funds		
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Stormwater Management Fund	Total			
	Reconciliation of operating income to net cash provided by operating activities:						
	Operating income (loss)	\$ 4,929,328	\$ 3,764,705	\$ 443,238		\$ 9,137,271	\$ 149,013
Adjustments to reconcile net operating revenues to net cash provided by operating activities:							
Depreciation	5,762,561	4,786,702	7,477	10,556,740	33,798		
Changes in operating assets and liabilities							
Accounts receivable	(1,367,331)	(130,989)	(137,752)	(1,636,072)	22,070		
Allowance for doubtful accounts	0	(10,143)	0	(10,143)	0		
Inventories	(12,703)	(6,851)	0	(19,554)	(22,524)		
Receivable from customers for conservation loans	0	227,136	0	227,136	0		
Prepays	427,554	97,529	0	525,083	0		
Other assets	0	81,637	0	81,637	0		
Accounts payable	(221,616)	653,328	10,867	442,579	210,765		
Customer deposits	0	179,239	0	179,239	0		
Other current liabilities	181,319	117,700	0	299,019	0		
Pension benefits payable	(351,790)	(890,733)	36,681	(1,205,842)	0		
Post-employment benefits payable	756,057	597,670	28,376	1,382,103	0		
Conservation loans	0	(241,863)	0	(241,863)	0		
Net cash provided by operating activities	\$ 10,103,379	\$ 9,225,067	\$ 388,887	\$ 19,717,333	\$ 393,122		

## **NOTES**

CITY OF CLEVELAND, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cleveland, Tennessee was incorporated in 1903 under the provisions of Chapter 307 of The Acts of 1903. The City operates under the Council-Manager form of government as authorized under Chapter 78 of the Private Acts of 1993 and amended by Chapter 165 of the Private Acts of 1994 as it relates to the operation of the school system. The City provides the following services as authorized by its charter: health, public safety, welfare and general government services.

The following is a summary of significant policies:

A. Reporting Entity

The financial statements of the City of Cleveland include those of separately administered organizations that have a significant operational or financial relationship with the City.

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements as part of the primary government:

Cleveland Board of Education

The Board of Education consists of seven members. Members are elected to four-year terms. The Council levies taxes for the Board's operations and issues debt for its capital projects. The financial position and results of operations of the Board of Education are reported in the School Fund, School Federal Projects Fund, and School Food Services Fund as governmental fund types, and included as part of the primary government due to the fact that it is not considered to be legally separate.

Cleveland Board of Public Utilities

The Board of Public Utilities consists of five members appointed by the City Council. The City Council has authority over the Board, prescribes the rules and regulations to which the Board must comply, and must approve their budget and proposed changes in rates. The financial position and results of operations of the Board of Public Utilities are presented in the Cleveland Utilities Water Division and Cleveland Utilities Electric Division in the enterprise fund section. The activities of the Board of Public Utilities are includable as part of the primary government due to the fact that it is not considered to be legally separate.

Cleveland Public Library Board

The Board of Cleveland Public Library consists of seven members appointed by the City Council and the County Commission. The Board is fiscally dependent upon the City because the City Council approves the Library's budget and issues debt for its capital projects. The financial position and results of operations of the Cleveland Public Library Board are reported in the Library Fund as a governmental fund type and includable as part of the primary government due to the fact that it is not considered to be legally separate.

B. Government-wide and Fund Financial Statements

Government-wide Statements - The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenue, including all taxes, are presented as general revenue.

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

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

The City reports the following major governmental funds:

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

School Fund. This fund is used to account for the revenues and expenditures of the City of Cleveland public school system. Funding for the school system is provided by federal and state grants as well as state and county taxes.

The City reports the following major enterprise funds:

Cleveland Utilities Water Division. This fund is used to account for the provision of water and wastewater services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing and collection and some service areas outside the corporate boundaries.

Cleveland Utilities Electric Division. This fund is used to account for the provision of electric service to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, financing, billing and collection and some service areas outside the corporate boundaries.

Stormwater Management Fund - This fund is used to account for fees collected for stormwater maintenance to residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operation, maintenance, financing, billing and collection.

B. Government-wide and Fund Financial Statements - (Cont.)

Additionally, the government reports the following fund type:

Internal Service Funds. The City has two internal service funds. The Fleet Management Fund is used to account for the maintenance of all vehicles owned by the City of Cleveland and various other government agencies. The Health Insurance Trust Fund was established to pay employee medical benefits under a partially self-insured plan.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water, wastewater and electric functions. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Measurement focus, Basis of Accounting

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds and internal service fund are charges to customers for sales and services. Cleveland Utilities - Water Division also recognizes as operating revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The effect of interfund activity has been eliminated from the government-wide financial statements.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and certificates of deposit with original maturities of three months or less, primarily with local financial institutions.

E. Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the City's own legally issued bonds or notes.

The City's investments in certificates of deposit are reported at cost. Investments in the State Local Government Investment Pool are reported at amortized cost using a Stable Net Asset Value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer.

F. 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 to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The reserve method is used to estimate the allowance for electric and water service receivables.

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1, for all real and personal property located in the City. City property tax revenues are recognized when levied to the extent they result in current receivables. Taxes not collected as of March 1 of the following year are considered delinquent and are subject to lien on April 1 of the succeeding year.

G. Inventories and Prepaid Items

Inventories are valued at cost, using the first-in, first-out method. The costs of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Restricted Assets

Certain proceeds of the Cleveland Utilities - Water Division revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. They are represented mostly by cash and certificates of deposit. 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.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Infrastructure - Roads	50
Infrastructure - Drainage	20
Infrastructure - Detention Ponds	40
Buildings	20-50
Vehicles	5
Equipment	5-10
Other Improvements	25

<u>Cleveland Utilities</u>			
<u>Electric Division</u>		<u>Water Division</u>	
<u>Class</u>	<u>Years</u>	<u>Class</u>	<u>Years</u>
Structures, transmission and distribution systems	33-50	Structures, transmission and distribution systems	25-50
Equipment	10-20	Equipment	10-20
Transportation equipment	5	Transportation equipment	5

Cleveland Utilities uses a composite straight-line rate expressed as a percentage of average depreciable plant. The 2015 rates for the Electric Division and Water Divisions were 3.7% and 2.8% respectively. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its costs, together with the cost of removal less salvage, is charged to the reserve for depreciation. Replacements of property (exclusive of minor items of property) for Cleveland Utilities are charged to utility plant accounts.

Cleveland Utilities Electric and Water Divisions charge a portion of depreciation on certain transportation equipment to other expense classifications based on relative usage. Depreciation charged to other accounts was \$85,524, and \$157,986 for Cleveland Utilities Electric Division and Water Division respectively. The following schedule reconciles this allocation of depreciation expense:

	<u>Reconciliation</u>
Depreciation and amortization per statement of revenues, expenses and changes in net position	\$ 10,305,753
Depreciation charged to clearing account	<u>243,510</u>
Depreciation and amortization per statement of cash flows	<u>\$ 10,549,263</u>

J. 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two

J. Deferred outflow/inflows of resources - (Cont.)

items that qualifies for reporting in this category. The first one is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding (loss) results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to pension contributions made after the measurement date of the pension liability. These amounts will be recognized as a reduction (increase) in the following measurement period. 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 periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet and also the government-wide statement of net position as deferred revenue. This is comprised of current property taxes (2016 levy) at the government-wide level. The governmental funds report unavailable revenue from property taxes, sales tax and other state taxes and are recognized as an inflow of resources in the period that they become available. The second item is the deferred charge on refunding (gain) resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item relates to pension liability and differences between actual and expected experience and earnings on pension plans.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the CSA and TCRS plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CSA and TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the various plans. Investments are reported at fair value.

M. Net Position and Fund Equity

In the government-wide financial statements equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other

M. Net Position and Fund Equity - (Cont.)

borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2016, outstanding bond proceeds totaled \$1,265.

Restricted net position - Consists of amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other amounts that do not meet the definition of restricted or invested in capital assets, net of related debt.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications consist of the following:

Nonspendable Fund Balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances by the City Council, the City's highest level of decision-making authority.

Assigned Fund Balance - includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The City Council is the authorized body to make assignments. The Council has by resolution authorized the finance director to assign fund balance.

Unassigned Fund Balance - the residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

N. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The City holds budget hearings in mid March of each year with all department heads submitting requests. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is presented in conjunction with the operating budget.
2. At a later date, the City Manager makes a formal presentation to the Council for the finalized budget.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont.)

N. Budgets and Budgetary Accounting - (Cont.)

3. Prior to July 1, the budget and property tax rate are due for passage by ordinance.
4. The Finance Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
5. Formal legally adopted budgets are employed as a management control device during the year for all funds except for Cleveland Utilities - Electric and Water Divisions. Budgeted amounts reflected in the accompanying final budget and actual comparison are as originally adopted and amended by the City Council.
6. All appropriations which are not expended lapse at year end.
7. During the year, supplementary appropriations were necessary. The effect of the amendments were to increase budgeted revenues by \$13,393,004, and increase budgeted expenditures by \$15,244,774. The increase in revenues is primarily from federal grants and tax revenue received by the City. The increase in budgeted expenditures is a result of the additional funding.

O. Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2016, and December 12, 2016 which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. All of the City's deposits and investments were covered by federal depository insurance or by the bank collateral pool administered by the Treasurer of the State of Tennessee.

Municipalities are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loans associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the City's own legally issued bonds or notes. Municipalities are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the State Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

As of June 30, 2016, the City had investments in certificates of deposit and the State Treasurer's Investment Pool. The certificates of deposit are reported at cost. The investment in the State Treasurer's Investment Pool are reported at amortized cost.

	Cost	Investment Maturities	
		Less than One Year	One to Five Years
Certificates of Deposit	<u>\$ 316,840</u>	<u>\$ 205,698</u>	<u>\$ 111,142</u>
State Treasurer's investment pool	<u>\$ 610,536</u>	<u>Weighted Average Maturity (days)</u> 4 to 117	

Note 2 - DEPOSITS AND INVESTMENTS - (Cont.)

Interest rate risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the amount invested in long-term investments and bidding the amount of interest earned on checking accounts with area banks. Presently, the City earns 0.15% percent interest rate on deposits in accounts. During fiscal year ended June 30, 2016, a total of \$236,118, was earned in interest income.

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. The City does not have an investment policy that would further limit its investment choices. As of June 30, 2016, the City's investment in the State Treasurer's Investment Pool was unrated.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount that may be invested with one issuer.

Custodial credit risk - Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy that limits custodial credit risk for investments.

Note 3 - RECEIVABLES

Receivables as of year end for the government's individual major funds, nonmajor, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Receivables	Inter-govern- mental	Taxes	Customer Accounts	Other	Allowance for Uncollectibles	Net Receivables
General	\$ 1,892,476	\$ 23,391,763	\$ 0	\$ 473,885	\$ (425,250)	\$ 25,332,874
School	6,245,183	865,948	0	0	(97,980)	7,013,151
Water	0	0	4,559,580	0	0	4,559,580
Electric	0	0	15,675,934	0	(157,895)	15,518,039
Storm water	0	0	137,752	0	0	137,752
Nonmajor	2,522,168	0	6,278	207,798	0	2,736,244
Totals	<u>\$ 10,659,827</u>	<u>\$ 24,257,711</u>	<u>\$ 20,379,544</u>	<u>\$ 681,683</u>	<u>\$ (681,125)</u>	<u>\$ 55,297,640</u>

Cleveland Utilities Electric and Water Divisions recognize revenues based on billings to customers on monthly meter-reading cycles and also an accrual for the estimate of unbilled revenue for service provided from the date of each meter reading to the end of the month.

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 37,309,939	\$ 0	\$ 0	\$ 37,309,939
Construction in progress	9,768,854	7,773,324	(3,000)	17,539,178
Total capital assets not being depreciated	<u>\$ 47,078,793</u>	<u>\$ 7,773,324</u>	<u>\$ (3,000)</u>	<u>\$ 54,849,117</u>
Capital assets, being depreciated:				
Buildings	\$ 108,744,044	\$ 642,002	\$ 0	\$ 109,386,046
Improvements other than buildings	19,504,636	186,951	0	19,691,587
Infrastructure	61,962,781	2,760,883	0	64,723,664
Furniture, fixtures, equipment and vehicles	33,430,440	1,933,789	(1,126,152)	34,238,077
Total capital assets being depreciated	<u>\$ 223,641,901</u>	<u>\$ 5,523,625</u>	<u>\$ (1,126,152)</u>	<u>\$ 228,039,374</u>
Less accumulated depreciation for				
Buildings	(33,280,693)	(2,266,233)	0	(35,546,926)
Improvements other than buildings	(5,422,450)	(566,608)	0	(5,989,058)
Infrastructure	(20,907,451)	(1,443,033)	0	(22,350,484)
Furniture, fixtures, equipment and vehicles	(24,118,189)	(2,286,245)	1,048,129	(25,356,305)
Total accumulated depreciation	<u>\$ (83,728,783)</u>	<u>\$ (6,562,119)</u>	<u>\$ 1,048,129</u>	<u>\$ (89,242,773)</u>
Total capital assets being depreciated, net	<u>\$ 139,913,118</u>	<u>\$ (1,038,494)</u>	<u>\$ (78,023)</u>	<u>\$ 138,796,601</u>
Governmental activities capital assets, net	<u>\$ 186,991,911</u>	<u>\$ 6,734,830</u>	<u>\$ (81,023)</u>	<u>\$ 193,645,718</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 1,699,449	\$ 121,722	\$ 0	\$ 1,821,171
Construction work-in-progress	7,012,883	9,988,247	0	17,001,130
Total capital assets not being depreciated	<u>\$ 8,712,332</u>	<u>\$ 10,109,969</u>	<u>\$ 0</u>	<u>\$ 18,822,301</u>
Capital assets being depreciated:				
Plant in service	\$ 329,175,731	\$ 7,434,807	\$ (1,912,814)	\$ 334,697,724
Equipment	71,596	10,928	0	82,524
Total capital assets being depreciated	<u>\$ 329,247,327</u>	<u>\$ 7,445,735</u>	<u>\$ (1,912,814)</u>	<u>\$ 334,780,248</u>
Less accumulated depreciation for				
Plant in service	\$ (152,067,797)	\$ (10,536,526)	\$ 1,886,461	\$ (160,717,862)
Equipment	(46,232)	(7,477)	0	(53,709)
Total accumulated depreciation	<u>\$ (152,114,029)</u>	<u>\$ (10,544,003)</u>	<u>\$ 1,886,461</u>	<u>\$ (160,771,571)</u>
Total capital assets being depreciated, net	<u>\$ 177,133,298</u>	<u>\$ (3,098,268)</u>	<u>\$ (26,353)</u>	<u>\$ 174,008,677</u>
Business-type activities capital assets	<u>\$ 185,845,630</u>	<u>\$ 7,011,701</u>	<u>\$ (26,353)</u>	<u>\$ 192,830,978</u>

Note 4 - CAPITAL ASSETS - (Cont.)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 153,681
Development and engineering	39,283
Public safety	965,762
Public works	2,085,490
Health and welfare	10,734
Culture and recreation	834,629
Education	2,438,742
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>33,798</u>
Total depreciation expense - governmental activities	<u>\$ 6,562,119</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Spring Branch Industrial Park Fund	Cleveland Utilities - Electric	<u>\$ 1,524,691</u>
		<u>\$ 1,524,691</u>

Of the total interfund receivable/payable balances, \$112,333, is expected to be repaid within one year. Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The following is a schedule of transfers in and transfers out:

	<u>Transfers in:</u>				<u>Totals</u>
	<u>General Fund</u>	<u>School Fund</u>	<u>Stormwater Management Fund</u>	<u>Nonmajor Governmental</u>	
Transfers out:					
General fund	\$ 0	\$ 5,273,600	\$ 0	\$ 7,027,979	\$ 12,301,579
School fund	0	0	0	557,919	557,919
Cleveland Utilities - Electric	1,971,655	0	0	0	1,971,655
Cleveland Utilities - Water	418,588	0	0	0	418,588
Stormwater Management	0	0	0	17,733	17,733
Nonmajor Governmental	0	0	85,636	484,021	569,657
	<u>\$ 2,390,243</u>	<u>\$ 5,273,600</u>	<u>\$ 85,636</u>	<u>\$ 8,087,652</u>	<u>\$ 15,837,131</u>

Note 6 - LONG-TERM DEBT

Capital Leases

On February 17, 2015, the City entered into a five-year lease-purchase agreement for mowing equipment. The terms of the agreement require total lease payments of \$142,181 plus interest of \$7,319. The lease payments are being made through the General fund.

On August 10, 2010, the City entered into a nine-year lease purchase agreement for energy efficient lighting equipment. The terms of the lease require total lease payments of \$393,451, plus interest of \$83,105. The lease payments are being made through the School fund.

Note 6 - LONG-TERM DEBT - (Cont.)

Capital Leases - (Cont.)

The assets acquired through the capital leases are as follows:

Equipment	\$ 535,632
Less: Accumulated depreciation	<u>(244,119)</u>
Total book value	<u><u>\$ 291,513</u></u>

Future payments on capital leases are as follows:

Fiscal Year	Principal	Interest	Requirements
<u>Ending June 30,</u>			
2017	\$ 81,253	\$ 9,072	\$ 90,325
2018	84,389	5,937	90,326
2019	50,272	2,678	52,950
2020	25,931	545	26,476
2021	0	0	0
2022-2026	0	0	0
	<u><u>\$ 241,845</u></u>	<u><u>\$ 18,232</u></u>	<u><u>\$ 260,077</u></u>

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have also been issued to refund older issues of general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with increasing amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities - refunding	2.51- 4.50%	<u><u>\$ 54,780,840</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
<u>Ending June 30,</u>			<u>Requirements</u>
2016	\$ 2,963,360	\$ 1,721,164	\$ 4,684,524
2017	3,059,480	1,636,644	4,696,124
2018	3,149,000	1,548,651	4,697,651
2019	3,299,000	1,455,739	4,754,739
2020	3,433,000	1,355,569	4,788,569
2021-2025	20,036,000	5,152,002	25,188,002
2026-2030	18,366,000	1,847,394	20,213,394
2031-2035	475,000	45,687	520,687
	<u><u>\$ 54,780,840</u></u>	<u><u>\$ 14,762,850</u></u>	<u><u>\$ 69,543,690</u></u>

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

The revenue bonds are collateralized as to payment of principal and interest by a pledge of sufficient revenues, after deduction of all current operating expenses, to meet principal and interest payments when due. In the event of a deficiency of revenues, the full faith, credit and resources of the City of Cleveland are irrevocably pledged for the prompt payment of principal and interest when due.

Note 6 - LONG-TERM DEBT - (Cont.)

Revenue Bonds - (Cont.)

Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Cleveland Utilities - Water Division	1.00-5.75%	\$ 33,349,357
Cleveland Utilities - Electric Division	1.00-5.75%	9,940,283

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2016, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2017	\$ 4,104,640	\$ 1,498,173	\$ 5,602,813
2018	4,060,000	1,372,179	5,432,179
2019	3,505,000	1,244,726	4,749,726
2020	3,545,000	1,133,887	4,678,887
2021	3,645,000	1,009,544	4,654,544
2022-2026	14,945,000	3,154,004	18,099,004
2027-2031	7,370,000	951,447	8,321,447
2032-2036	2,115,000	201,588	2,316,588
	<u>\$ 43,289,640</u>	<u>\$ 10,565,548</u>	<u>\$ 53,855,188</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2016, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2017	\$ 1,325,146	\$ 753,985	\$ 2,079,131
2018	1,427,577	716,029	2,143,606
2019	1,460,577	675,400	2,135,977
2020	1,495,578	633,527	2,129,105
2021	1,533,577	590,351	2,123,928
2022-2026	8,302,440	2,252,788	10,555,228
2027-2031	5,051,472	752,310	5,803,782
2032-2036	2,506,000	170,312	2,676,312
	<u>\$ 23,102,367</u>	<u>\$ 6,544,702</u>	<u>\$ 29,647,069</u>

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2016, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2017	\$ 1,419,319	\$ 646,483	\$ 2,065,802
2018	1,430,754	612,281	2,043,035
2019	1,442,337	577,875	2,020,212
2020	1,454,023	543,296	1,997,319
2021	1,465,821	508,552	1,974,373
2022-2026	7,515,344	2,014,848	9,530,192
2027-2031	7,817,918	1,117,168	8,935,086
2032-2036	6,136,038	267,270	6,403,308
	<u>\$ 28,681,554</u>	<u>\$ 6,287,773</u>	<u>\$ 34,969,327</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 57,550,480	\$ 13,057,880	\$ (15,827,520)	\$ 54,780,840	\$ 2,963,360
Notes payable	16,897,283	6,040,200	(1,069,905)	21,867,578	1,325,146
Capital leases	488,653	0	(246,808)	241,845	81,253
Compensated absences	1,888,275	1,409,133	(1,417,078)	1,880,330	150,426
Postemployment benefits	16,128,138	3,649,567	(1,176,483)	18,601,222	0
Less bond discount/premium	154,193	0	(19,083)	135,110	0
<b>Total</b>	<b>\$ 93,107,022</b>	<b>\$ 24,156,780</b>	<b>\$ (19,756,877)</b>	<b>\$ 97,506,925</b>	<b>\$ 4,520,185</b>

As of June 30, 2016, a balance of \$1,234,789, is available in loan proceeds to be drawn down on notes.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Revenue bonds	\$ 47,210,000	\$ 7,484,640	\$ (11,405,000)	\$ 43,289,640	\$ 4,104,640
Notes payable	11,869,991	2,731,485	(763,250)	13,838,226	766,250
State revolving loan fund	3,055,762	6,576,189	(86,604)	9,545,347	653,069
Conservation advances	1,708,131	352,627	(385,691)	1,675,067	288,481
Postemployment benefits	7,569,939	1,794,736	(565,638)	8,799,037	0
Less bond discount/premiums	87,712	0	(11,958)	75,754	0
<b>Total</b>	<b>\$ 71,501,535</b>	<b>\$ 18,939,677</b>	<b>\$ (13,218,141)</b>	<b>\$ 77,223,071</b>	<b>\$ 5,812,440</b>

As of June 30, 2016, a balance of \$5,297,981, is available in loan proceeds to be drawn down on notes.

On January 6, 2015, the City of Cleveland on behalf of the Water Division of Cleveland Utilities entered into a revolving fund loan agreement, with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority. The loan is being issued for the purpose of making improvements to the water system. The CG4 15-349 loan is for \$2,500,000, in the form of a loan for \$2,325,000, and principal forgiveness of \$175,000. The loan is to be paid back over a 20 year period with a fixed interest rate of 1.34%. As of June 30, 2016, the Division has drawn down all proceeds.

On July 3, 2015, the City of Cleveland issued bonds in the principal amount of \$8,470,520, to currently refund the balance of the Series 2005 bonds in the principal amount of \$8,420,000. The 2015 series bonds are at a fixed rate of 2.80%, and will mature June 1, 2024. The City currently refunded the 2005 bonds to reduce its total payments by \$603,194, and obtain an economic gain (difference between the present value of the debt service and payments on the old and new debt) of \$544,506.

On August 31, 2015, the City of Cleveland entered into an agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$5,734,200, for the purpose of making improvements to the School System. The variable loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years.

On February 25, 2016, the City of Cleveland entered into an agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$1,000,000, for the purpose of making improvements to the Jetport. The variable rate loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years. At June 30, 2016, on \$306,000, of the loan proceeds had been drawn down.

On May 27, 2016, the City of Cleveland issued bonds in the principal amount of \$4,587,360, to currently refund the balance of the Series 2007A bonds in the principal amount of \$4,560,000. The 2016A series bonds are at a fixed rate of 3.14%, and will mature June 1, 2036. The City currently refunded the 2005 bonds to reduce its total payments by \$513,390, and obtain an economic gain (difference between the present value of the debt service and payments on the old and new debt) of \$396,577.

Note 6 - LONG-TERM DEBT - (Cont.)

On May 27, 2016, the City of Cleveland on behalf of the Water Division of Cleveland Utilities issued bonds in the principal amount of \$7,484,640, to currently refund the balance of the Series 2007B bonds in the amount of \$7,440,000. The 2016B Series bonds have a fixed rate of 3.14%, and will mature June 1, 2036. The Board currently refunded the 2007B Series bonds to reduce its total debt service payments over 20 years by \$1,230,764, and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$813,490.

Compensated absences, postemployment benefit obligations and pension benefit obligations are generally liquidated by the general fund, school fund, school federal projects fund, school food service fund, library fund, state street aid fund, and solid waste management fund.

Note 7 - RESTRICTED ASSETS

Cleveland Utilities' restricted assets are represented by cash, certificates of deposit, and unexpended bond proceeds and are presented as required under the terms of bond indentures and resolutions.

Note 8 - JOINT VENTURES

The City of Cleveland together with Bradley County and the City of Charleston, have created the Bradley County 911 Emergency Communications District to combine Emergency 911 services that were operated separately by each government. The District board consists of ten ex-officio members including: the County Mayor, the City of Cleveland Mayor, the City of Charleston Police Chief, the County Sheriff, the Cleveland Police Chief, the Cleveland Fire Chief, the Director of Emergency Medical Services, the Director of the Emergency Management Agency, Cleveland City Manager and Bradley County Fire Chief, along with three persons appointed by the County Mayor with the approval of the County Commission and the City of Cleveland Council. The City has constructed a building and purchased equipment for the District at a total cost of \$1,311,046. The City is financing this endeavor through loans from bond proceeds issued by the Public Building Authority of Sevier County, Tennessee. The City is receiving impact payments from the District equal to the debt service requirements. Separate financial statements are issued for the District and may be obtained by writing to the Bradley County 911 Emergency Communications District, Guthrie Drive, Cleveland, Tennessee 37312.

Note 9 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds, notes payable, compensated absences, post-employment benefits, pension liability and interest payable are not due and payable in the current period and therefore are not reported in the funds." The details of this \$108,511,101, are as follows:

Bonds payable	\$ 54,780,840
Notes payable	21,867,578
Capital leases	241,845
Compensated absences	1,880,330
Postemployment benefits	18,601,222
Net Pension Asset	(16,770)
Net Pension Liability	10,877,650
Interest payable	143,296
Premium on bonds payable	<u>135,110</u>
Net adjustment	<u>\$ 108,511,101</u>

Note 9 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - (Cont.)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$6,745,280, difference are as follows:

Capital outlay	\$ 13,273,601
Depreciation expense	<u>(6,528,321)</u>
Net adjustment	<u>\$ 6,745,280</u>

Another element of that reconciliation states that "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position." The details of this \$17,144,233, difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 15,827,520
Notes Payable	1,069,905
Capital leases payable	<u>246,808</u>
Net adjustment	<u>\$ 17,144,233</u>

Note 10 - COMMITMENTS AND CONTINGENCIES

Cleveland Utilities Board is a party to a contract with TVA dated August 17, 1976, under which the Electric Division purchases its entire requirements for electric power and energy from TVA for resale. The contract may be terminated by either TVA or the Board at any time upon not less than five years' written notice.

The Cleveland Utilities Board is a party to a contract with the Hiwassee Utilities Commission (HUC) dated June 22, 2006 under which the Water Division agrees to purchase an annual quantity of water equal to an average of 5,335,000 gallons of water per day.

The Cleveland Utilities Board is a party to a contract with the Hiwassee Utilities Commission (HUC) dated January 21, 1982, under which HUC agrees to contract with the Water Division for operating the water filter plant owned by HUC in Charleston, Tennessee. Cleveland Utilities provides all necessary functions of the day-to-day operation of the plant. Cleveland Utilities is reimbursed for all costs incurred in operating the plant plus additional amounts for overhead as called for in the contract. Cleveland Utilities is not responsible for property insurance on the HUC facilities.

On September 16, 2005, Cleveland Utilities received a Commissioner's Order from the Tennessee Department of Environment and Conservation. The order deals with the violations of Cleveland Utilities' NPDES Permit related to overflows in the sewer collection system. Cleveland Utilities reported the violations listed in the order to TDEC. The Board authorized the utility to engage the services of legal counsel to appeal the order. The appeal was filed September 21, 2005, and on January 25, 2006, an "agreed order" was signed by all parties. The agreed order outlines certain requirements to be undertaken by the utility to address the violations as they are listed in the order. In conjunction with the Commissioner's Order received in 2005, Cleveland Utilities submitted a Capacity, Maintenance, Operations and Management (CMOM) plan to the Tennessee Department of Environment and Conservation (TDEC) for approval. This document details how Cleveland Utilities will ensure capacity within the wastewater collection system, perform routine and preventative maintenance, what daily operations are performed by Cleveland Utilities personnel and how the data is being managed. On September 23, 2011, Cleveland Utilities received approval of the CMOM program. Cleveland Utilities developed the Strategic Commitment to Protect the Environment (SCOPE-10) program. This program will manage the CMOM program while also overseeing wastewater rehabilitation of the collection system. Cleveland Utilities has revised the CMOM document and received approval of the new CMOM on July 18, 2012.

Note 11 - LITIGATION

The City generally follows the practice of recording liabilities from claims and legal actions only when they become fixed or determinable in amount. The City of Cleveland and Cleveland Utilities Electric and Water Divisions are involved in certain legal matters, the outcome of which is not presently determinable. It is the opinion of management, based in part on the advice of legal counsel, that these matters will not have a material adverse effect on the results of operations or the financial position of the City and Cleveland Utilities.

Note 12 - TENNESSEE VALLEY AUTHORITY (TVA) CONSERVATION PROGRAMS

Cleveland Utilities - Electric Division is a fiscal intermediary for TVA conservation programs. Under these programs, the Division obtains advances from TVA to administer loans to qualified customers approved by TVA. The repayment of the customer loans is based on monthly amortization schedules ranging from three to ten years. The TVA advances are repaid monthly as payments are received on outstanding customer loans. Amounts billed monthly to customers but not yet received are included in Accounts Receivable - other. All other amounts are reported as long-term. TVA assumes all credit risks under these programs. Effective June 30, 1997, TVA sold its loans to First American National Bank which was acquired by Regions Bank during the year ended June 30, 2000. This sale changes the parties to the arrangement described above but does not change the Board's role as a fiscal intermediary.

Note 13 - RISK MANAGEMENT

It is the policy of the City to purchase commercial insurance for the risks of losses to which it is exposed. The City has commercial insurance coverage for property, employee theft, and major equipment. The City is also a member of the Tennessee Municipal League Risk Management Pool and receives coverage for worker's compensation claims and general liability. The City pays an annual premium to the Tennessee Municipal League (TML) for its insurance coverage. The creation of the TML Risk Management Pool provides for it to be self-sustaining through member premiums. Settled claims from losses have not exceeded insurance coverage in any of the past three fiscal years.

Beginning August 1, 2015, liabilities for employee medical benefits are partially self-insured for Cleveland Utilities and various departments of the City, other than the Board of Education which is continuing coverage through commercial policies. Plan costs include medical claims, prescription drug claims, stop loss insurance coverage, and fixed medical cost premiums. The total estimated liability as of June 30, 2016 is \$520,697. The liability has been calculated based upon subsequent claim payments. Changes in claims liability for the current year are summarized below.

	Cleveland Utilities	Health Insurance Trust	Total
Claims liability at 6/30/15	\$ 0	\$ 0	\$ 0
Current year claims and estimate changes	1,987,291	2,978,940	4,966,231
Claims paid	<u>(1,679,984)</u>	<u>(2,765,550)</u>	<u>(4,445,534)</u>
Claims liability at 6/30/16	<u>\$ 307,307</u>	<u>\$ 213,390</u>	<u>\$ 520,697</u>

Note 14 - DEFERRED COMPENSATION PLAN

During fiscal year ended June 30, 1998, the City of Cleveland implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement rescinds GASB No. 2, Financial Reporting of Deferred Compensation Plans Adopted under the Provision of Internal Revenue Code Section 457. The effect of the new statement is to eliminate the requirement for statement presentation and note disclosure for plans that are held in trust and meet the requirements of Section 457(g).

Note 15 - ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Note 16 - RETIREMENT COMMITMENTS

THE TCRS PENSION PLAN

*Plan Description.* Certain employees of the City of Cleveland 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 TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://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 are 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 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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	382
Inactive employees entitled to but not yet receiving benefits	342
Active employees	681
	<u>1,405</u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City of Cleveland makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2016, employer contributions were 5,424,330 based on a rate of 20.12 percent of covered payroll for public safety employees and 16.62 percent of covered payroll for all other employees under the plan. By law, employer contributions are required to be paid. The TCRS may intercept Cleveland 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

Cleveland City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

THE TCRS PENSION PLAN - (Cont.)

*Actuarial assumptions.* The total pension liability as of the June 30, 2015 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, 2015 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 weighing 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 Cleveland 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

THE TCRS PENSION PLAN - (Cont.)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 6/30/14	\$ 118,978,527	\$ 106,218,961	\$ 12,759,566
Changes for the year:			
Service cost	2,274,025	0	2,274,025
Interest	8,925,860	0	8,925,860
Difference between expected and actual experience	717,782	0	717,782
Contributions - employer	0	5,321,904	(5,321,904)
Contributions - employees	0	186	(186)
Net Investment income	0	3,287,610	(3,287,610)
Benefit payments	(4,482,162)	(4,482,162)	0
Administrative expenses	0	(34,427)	34,427
Net changes	<u>\$ 7,435,505</u>	<u>\$ 4,093,111</u>	<u>\$ 3,342,394</u>
Balance at 6/30/15	<u>\$ 126,414,032</u>	<u>\$ 110,312,072</u>	<u>\$ 16,101,960</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of Cleveland City calculated using the discount rate of 7.5 percent, as well as what the net pension liability 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%)
Cleveland City's net pension liability	\$ 33,109,080	\$ 16,101,960	\$ 1,907,166

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

*Pension expense.* For the year ended June 30, 2016, Cleveland City recognized pension expense of \$2,609,956.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, the City of Cleveland 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	\$ 598,152	\$ 169,962
Net difference between projected and actual earnings on pension plan investments	3,767,214	4,939,453
Contributions subsequent to the measurement date of June 30, 2015	<u>5,424,330</u>	<u>0</u>
Total	<u>\$ 9,789,696</u>	<u>\$ 5,109,415</u>

THE TCRS PENSION PLAN - (Cont.)

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015," will be recognized as a reduction to net pension liability 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:	
2017	\$ (627,542)
2018	(627,542)
2019	(627,542)
2020	1,018,943
2021	119,630
Thereafter	0

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

Payable to Pension Plan

At June 30, 2016, the City of Cleveland reported a payable of \$352,225, for the outstanding amount of contributions to the TCRS pension plan required at the year ended June 30, 2016.

CLEVELAND UTILITIES - CSA PENSION PLAN

*Plan description.* All employees of the Cleveland Utilities - Electric Division hired prior to October 15, 1993, participate in a cost-sharing multiple-employer pension plan administered by the Central Service Association (the "CSA Plan"). The CSA Plan provides retirement benefits to plan members. Section 5.1 & 5.2 of the Pension Plan for employees of Central Service Association ("CSA") assigns the authority to establish and amend benefit provisions to the CSA Board of Directors. The Board will serve as the "Plan Sponsor," in regard to employees participating in the plan (active and retired) and CSA shall continue to serve as the "Plan Administrator." CSA issues a publicly available financial report that includes financial statements and required supplementary information for the CSA plan. That report may be obtained by writing Central Service Association, P.O. Box 3480 Tupelo, MS 38803-3480 or by calling (662) 842-5962.

On October 1, 2005, Cleveland Utilities-Electric Division withdrew from the CSA Non-governmental plan in a spin off whereby assets and liabilities were transferred into the Central Service Association Pension Plan for Governmental Employees, a new tax-qualified multiple employer defined benefit pension plan that is maintained as a governmental plan (as defined under section 414(d) of the Internal Revenue Code). The CSA Governmental Plan is substantially the same as the CSA Non-governmental plan with certain exceptions, including, but not limited to, (1) the CSA Governmental Plan will not be subject to any PBGC requirements, (2) benefits under the CSA Governmental Plan will not be insured by the PBGC, and (3) the CSA Governmental Plan will not be subject to the additional deficit reduction contribution funding requirements of Code Section 412(1).

*Benefits provided.* 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 a 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. No disability benefits are payable under the plan. There is no provision for Cost-of-Living Adjustments (COLAs).

CLEVELAND UTILITIES - CSA PENSION PLAN - (Cont.)

*Employees covered by benefit term.* At the measurement date of October 1, 2015, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	7
Active employees	23
	<u>99</u>

*Contributions.* Contributions for employees are based on an actuarially determined amount. The contribution requirements of the Board are established and may be amended by the CSA Board of Directors. The employer's actuarially determined contribution (ADC) is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as amortized portion of any unfunded liability.

Net Pension Liability

Cleveland Utilities net pension liability was measured as of October 1, 2015, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of October 1, 2015, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Discount rate	7.00%
Salary scale	3.00%
Mortality	RP-2000 Generational with Scale AA
Assumed retirement age	50% at the earlier of 30 years of service, or age 60 with 5 years of service, and 50% at age 65
Cost-of-living increases	N/A
Date of participation freeze	10/14/1993

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the Plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future payments of current active and inactive employees. 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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 10/01/14	\$ 31,781,357	\$ 22,945,375	\$ 8,835,982
Changes for the year:			
Service cost	95,366		95,366
Interest	2,159,798		2,159,798
Difference between expected and actual experience	567,883		567,883
Contributions - employer		1,698,192	(1,698,192)
Net Investment income		192,571	(192,571)
Benefit payments	(2,044,920)	(2,044,920)	0
Administrative expenses		(99)	99
Net changes	<u>\$ 778,127</u>	<u>\$ (154,256)</u>	<u>\$ 932,383</u>
Balance at 10/01/15	<u>\$ 32,559,484</u>	<u>\$ 22,791,119</u>	<u>\$ 9,768,365</u>

CLEVELAND UTILITIES - CSA PENSION PLAN - (Cont.)

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the CSA plan calculated using the discount rate of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
CSA plan net pension liability	\$ 12,926,635	\$ 9,768,365	\$ 6,889,572

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

*Pension expense.* For the year ended June 30, 2016, Cleveland Utilities recognized pension expense of \$967,396.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, Cleveland Utilities 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	\$ 486,757	\$ 266,581
Net difference between projected and actual earnings on pension plan investments	1,121,173	32,458
Contributions subsequent to the measurement date of October 1, 2015	<u>1,274,882</u>	<u>0</u>
Total	<u>\$ 2,882,812</u>	<u>\$ 299,039</u>

The amount shown above for "Contributions subsequent to the measurement date of October 1, 2015," will be recognized as a reduction to net pension liability 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:

2017	\$ 306,170
2018	306,170
2019	306,170
2020	316,989
2021	36,696
Thereafter	36,696

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

Payable to Pension Plan

At June 30, 2016, no contributions were payable to the plan.

## TEACHERS LEGACY PENSION PLAN OF TCRS

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Cleveland City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 all employer pension plans in 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](http://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. Members of the Teacher Legacy Pension Plan 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. A reduced early retirement benefit is available at age 55 and vested. Members are vested 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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agency (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Cleveland City Schools for the year ended June 30, 2016 to the Teacher Legacy Pension Plan were \$1,859,723, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:

*Pension liability.* At June 30, 2016, The Cleveland City Schools reported a liability of \$220,104, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Cleveland City Schools' proportion of the net pension liability was based on Cleveland City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, Cleveland City Schools' proportion was 0.537318 percent. The proportion measured as of June 30, 2014 was 0.536236 percent.

*Negative Pension expense.* For the year ended June 30, 2016, Cleveland City Schools recognized a negative pension expense of \$171,485.

TEACHERS LEGACY PENSION PLAN OF TCRS - (Cont.)

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2016, Cleveland City Schools 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	\$ 176,643	\$ 3,425,951
Net difference between projected and actual earnings on pension plan investments	3,974,388	5,395,448
Changes in proportion of Net Pension Liability (Asset)	71,689	0
Contributions subsequent to the measurement date of June 30, 2015	<u>1,859,723</u>	<u>0</u>
Total	<u>\$ 6,082,443</u>	<u>\$ 8,821,399</u>

Cleveland City Schools employer contributions of \$1,859,723, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability in the year ended June 30, 2017. Other 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:

2017	\$ (1,440,410)
2018	(1,440,410)
2019	(1,440,410)
2020	358,073
2021	(635,524)
Thereafter	0

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

*Actuarial assumptions.* The total pension liability as of the June 30, 2015 the 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, 2015 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

TEACHERS LEGACY PENSION PLAN OF TCRS - (Cont.)

weighing 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 all LEAs 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.

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents Cleveland City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Cleveland City Schools' proportionate share of 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%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 15,005,946	\$ 220,104	\$ (12,020,830)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2016, no payments were payable to the plan.

TEACHERS RETIREMENT PLAN OF TCRS

*Plan description.* Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Cleveland City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in 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](http://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. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's 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. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required contributions are not remitted. Employer contributions for the year ended June 30, 2016 to the Teacher Retirement Plan were \$66,662, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

*Pension asset.* At June 30, 2016, The Cleveland City Schools reported an asset of \$16,770, for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial value as of that date. Cleveland City Schools' proportion of the net pension liability was based on Cleveland City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, Cleveland City Schools' proportion was 0.416856 percent.

*Pension expense.* For the year ended June 30, 2016, Cleveland City Schools recognized pension expense of \$21,977.

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2016, Cleveland City Schools 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	\$ 0	\$ 5,458
Net difference between projected and actual earnings on pension plan investments	1,356	0
Contributions subsequent to the measurement date of June 30, 2015	<u>66,662</u>	<u>0</u>
Total	<u>\$ 68,018</u>	<u>\$ 5,458</u>

Cleveland City Schools employer contributions of \$66,662, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability in the year ended June 30, 2017. Other 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:

2017	\$ (116)
2018	(116)
2019	(116)
2020	(116)
2021	(455)
Thereafter	(3,184)

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

*Actuarial assumptions.* The total pension liability as of the June 30, 2015 the 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, 2015 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

TEACHERS RETIREMENT PLAN OF TCRS - (Cont.)

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

weighing 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 all LEAs 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.

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents Cleveland City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Cleveland City Schools' proportionate share of 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%)
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ 2,974	\$ (16,770)	\$ (31,250)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2016, no payments were payable to the plan.

CITY EMPLOYEES OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES

PLAN DESCRIPTION

The City provides postretirement medical, dental and life insurance benefits to employees who retire from the City with 30 years of service, public safety employees 25 years or age 55 with 10 years of service. Medical benefits are provided using a point of service (POS) single-employer plan through Blue Cross. Dental benefits are provided using a preferred provider organization (PPO) through Blue Cross/Blue Shield. Lincoln National provides life insurance benefits. The following schedule applies to employees with over 10 years of service. If the retiree has family coverage the City will pay half the difference between the cost of the family plan and the cost of the individual plan. No separate report is issued for this plan.

<u>Years of Service At Retirement</u>	<u>% Paid by Participant Non Police Non Fire</u>	<u>Years of Service At Retirement</u>	<u>% Paid by Participant Police &amp; Fire</u>
<15	100.00%	<15	100.00%
15	50.00%	15	50.00%
16	46.67%	16	45.00%
17	43.33%	17	40.00%
18	40.00%	18	35.00%
19	36.67%	19	30.00%
20	33.33%	20	25.00%
21	30.00%	21	20.00%
22	26.67%	22	15.00%
23	23.33%	23	10.00%
24	20.00%	24	5.00%
25	16.67%	25+	0.00%
26	13.33%		
27	10.00%		
28	6.67%		
29	3.33%		
30+	0.00%		

FUNDING POLICY AND ANNUAL OPEB COST

The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of government accounting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for the current year are as follows:

Annual Required Contribution (ARC)	\$ 2,703,150
Interest on net OPEB obligation	469,774
Adjustment to annual required contribution	<u>(587,321)</u>
Annual OPEB cost (expense)	\$ 2,585,603
Contributions made	<u>(698,235)</u>
Increase in net OPEB obligation	\$ 1,887,368
Net OPEB obligation - June 30, 2015	<u>11,744,354</u>
Net OPEB obligation - June 30, 2016	<u>\$ 13,631,722</u>

CITY EMPLOYEES OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES - (Cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 2,335,316	23.07%	\$ 9,987,431
6/30/2015	2,448,747	24.58%	11,744,354
6/30/2016	2,585,603	27.00%	13,631,722

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 28,431,428
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 28,431,428</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 15,037,613
UAAL as a percentage of covered payroll	189.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% funding interest rate and no post retirement benefit increases. A 3% inflation rate is being assumed by the plan. The 2015 medical cost trend rate used was 9% with an ultimate medical cost trend rate of 5% projected to be reached in 2019. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN

PLAN DESCRIPTION

Cleveland Utilities provides postemployment medical, hospitalization, and dental benefits to employees who retire from the Utility with 30 years of service, or age 55 with 15 years of service through a single-employer plan. As of August 1, 2006, employees with a hire date prior to July 1, 2005, are non-contributory. For those participants with a date of hire on or after July 1, 2005, benefit participants pay according to the following schedule:

<u>Years of Service At Retirement</u>	<u>Percentage of Premium Paid by Participant</u>
<15	100.00%
15	50.00%
16	46.67%
17	43.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

As of August 1, 2006, participants with a date of hire prior to July 1, 2005, Cleveland Utilities will pay 50% of the spouse only premium. For those participants with a date of hire on or after July 1, 2005, Cleveland Utilities will pay 50% of the spouse only premium based on the schedule shown above for the retiree. There is no provision to provide surviving spouse benefits. No separate report is issued for this plan.

Monthly premiums effective August 1, 2013, are as follows:

	<u>Medical</u>	<u>Dental</u>
Pre-65 Retiree	\$ 435.89	\$ 24.66
Pre-65 Retiree and Spouse	1,135.87	63.82
Post-65 Retiree	292.00	24.66
Post-65 Retiree and Spouse	584.00	63.82

FUNDING POLICY AND ANNUAL OPEB COST

The Utilities' annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of governmental auditing standards. The ARC represents a level of funding that, if paid on an ongoing basis, is

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN - (Cont.)

projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Utilities' annual OPEB cost for the current year are as follows:

Annual Required Contribution (ARC)	\$ 2,012,253
Interest on net OPEB obligation	302,799
Adjustment to annual required contribution	<u>(380,993)</u>
Annual OPEB cost (expense)	\$ 1,934,059
Contributions made	<u>(580,331)</u>
Increase in net OPEB obligation	\$ 1,353,728
Net OPEB obligation - June 30, 2015	<u>7,569,939</u>
Net OPEB obligation - June 30, 2016	<u><u>\$ 8,923,667</u></u>

The Utilities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year <u>Ending</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 1,716,464	27.07%	\$ 6,340,841
6/30/2015	1,794,736	31.52%	7,569,939
6/30/2016	1,934,059	30.00%	8,923,667

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 24,685,737
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 24,685,737</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 11,279,478
UAAL as a percentage of covered payroll	218.9%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% funding interest rate and no post retirement benefit increases. A 3% inflation rate is being assumed by the plan. The 2015 medical cost trend rate used was 9% with an ultimate medical cost trend rate of 5% projected to be reached in 2019. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

CLEVELAND CITY SCHOOLS SYSTEM

The Cleveland City Schools participate in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. Higher education employees hired on or after July 1, 2015, are not eligible to continue coverage at retirement in the Employee Group Plan.

SPECIAL FUNDING SITUATION

The State is legally responsible for contributions to the Teacher Group Plan that covers the retirees of other governmental entities. The State provides a subsidy for retired higher education and local education agency (LEA) teachers in the plan. The State is not the sole employer for the LEA employees since some of these agencies provide additional direct subsidies and all provide implicit subsidies. However, the state is the sole contributor for the vast majority of higher education teachers that participate in the Medicare Supplement Plan and, therefore, is acting as the employer.

FUNDING POLICY

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs of the plan are allocated to plan participants. Retired employees who have not reached the age of 65 pay the same base premium as active employees in the plan adjusted for years of service. Retirees with 30 years of service are subsidized 80 percent; 20 but less than 30 years, 70 percent; and less than 20 years, 60 percent. Retired employees who are 65 years of age or older have flat rate premium subsidies based on years of service. Retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25.

Annual Required Contribution (ARC)	\$ 1,093,000
Interest on net OPEB obligation	164,392
Adjustment to annual required contribution	<u>(165,052)</u>
Annual OPEB cost (expense)	\$ 1,092,340
Contributions made	<u>(478,248)</u>
Increase in net OPEB obligation	\$ 614,092
Net OPEB obligation - June 30, 2015	4,383,783
Net OPEB obligation - June 30, 2016	<u><u>\$ 4,997,875</u></u>

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year <u>Ending</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 703,973	64.14%	\$ 4,107,795
6/30/2015	729,233	62.15%	4,383,783
6/30/2016	1,092,340	43.78%	4,997,875

Note 17 - POSTEMPLOYMENT BENEFITS - (Cont.)

CLEVELAND CITY SCHOOLS SYSTEM - (Cont.)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 8,797,000
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,797,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 27,823,137
UAAL as a percentage of covered payroll	31.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially. The rate will decrease to 6% in fiscal year 2016, and will reduce by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. All rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of 3 percent.

Note 18 - ACCOUNTING CHANGES

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

Note 19- SUBSEQUENT EVENTS

As of June 30, 2016, Cleveland Utilities had received approval from the State of Tennessee on the organization of an OPEB Trust. This trust was approved with First Tennessee Bank being the corporate trustee. As of September 29, 2016, Cleveland Utilities funded the trust with an initial payment of \$333,079.66. Future funding will take place annually.

On March 29, 2016, the Board received approval for a \$3,725,500, loan from the Tennessee State Revolving Loan Fund, "TSRF" to finance the installation of approximately 27,150 linear feet of 24-inch diameter waterline along Old Charleston Road, beginning at the intersection of Tasso Road heading north to North Lee Highway; continuing along North Lee Highway to the intersection of Lauderdale Highway where the waterline will turn east toward Dry Valley Road, and ending at the Hiwassee Utilities Commission Water Treatment Plant. This loan is for a 20-year period at a fixed rate of 1.11 percent. As of June 30, 2016, no funds have been borrowed. Once projects begin, funds will be requested through the agreement as needed.

On September 30, 2016, The City of Cleveland entered into an agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$7,700,000, for the purpose of making public improvements to various departments. The loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years. The first 5 years are fixed at 2.35%.

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES  
SCHEDULE OF POSTEMPLOYMENT BENEFITS  
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/15	\$0	\$28,431	\$28,431	0.00%	\$15,038	189.06%
07/01/13	\$0	\$25,050	\$25,050	0.00%	\$15,125	165.62%
07/01/11	\$0	\$19,584	\$19,584	0.00%	\$15,380	127.33%

CLEVELAND UTILITIES  
SCHEDULE OF POSTEMPLOYMENT BENEFITS  
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/15	\$0	\$24,686	\$24,686	0.00%	\$11,279	218.87%
07/01/13	\$0	\$21,867	\$21,867	0.00%	\$10,665	205.04%
07/01/11	\$0	\$18,691	\$18,691	0.00%	\$10,123	184.64%

CLEVELAND CITY SCHOOLS  
SCHEDULE OF POSTEMPLOYMENT BENEFITS  
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/15	\$0	\$8,797	\$8,797	0.00%	\$28,523	30.84%
07/01/13	\$0	\$5,863	\$5,863	0.00%	\$27,823	21.07%
07/01/11	\$0	\$8,625	\$8,625	0.00%	\$25,299	34.10%

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN CLEVELAND CITY'S NET PENSION LIABILITY AND RELATED  
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS  
LAST FISCAL YEAR ENDING JUNE 30,

	2014	2015
Total Pension Liability		
Service cost	\$ 2,222,760	\$ 2,274,025
Interest	8,465,079	8,925,860
Changes in benefit terms	0	0
Differences between actual & expected experience	(254,944)	717,782
Change of assumptions	0	0
Benefit payments, including refunds of employee contributions	(4,198,654)	(4,482,162)
Net change in total pension liability	\$ 6,234,241	\$ 7,435,505
Total pension liability - beginning	112,744,286	118,978,527
Total pension liability - ending (a)	\$ 118,978,527	\$ 126,414,032
 Plan Fiduciary Net Position		
Contributions - employer	\$ 5,089,188	\$ 5,321,904
Contributions - employee	165	186
Net investment income	15,038,653	3,287,610
Benefit payable, including refunds of employee contributions	(4,198,654)	(4,482,162)
Administrative expense	(29,562)	(34,427)
Net change in plan fiduciary net position	\$ 15,899,790	\$ 4,093,111
Plan fiduciary net position - beginning	90,319,171	106,218,961
Plan fiduciary net position - ending (b)	\$ 106,218,961	\$ 110,312,072
 Net Pension Liability - ending (a) - (b)	\$ 12,759,566	\$ 16,101,960
 Plan fiduciary net position as a percentage of total pension liability	89.28%	87.26%
 Covered-employee payroll	\$ 28,771,684	\$ 30,014,667
 Net pension liability as a percentage of covered-employee payroll	44.35%	53.65%

Note - 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 CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CLEVELAND CITY'S CONTRIBUTIONS  
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS  
LAST FISCAL YEAR ENDING JUNE 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 5,089,188	\$ 5,207,352	\$ 5,424,330
Contributions in relation to the actuarially determined contribution	<u>5,089,188</u>	<u>5,207,352</u>	<u>5,424,330</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 28,771,684	\$ 29,910,084	\$ 30,620,707
Contribution as a percentage covered-employee payroll	17.69%	17.41%	17.71%

Note - 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.

Notes to Schedule

*Valuation date:* Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	10 years
Asset Valuation	10-year smoothed within a 20 percent corridor to market value
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 investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN CLEVELAND CITY'S NET PENSION LIABILITY AND RELATED  
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF CSA  
LAST FISCAL YEAR ENDING OCTOBER 1,

	2014	2015
Total Pension Liability		
Service cost	\$ 92,532	\$ 95,366
Interest	2,165,875	2,159,798
Changes in benefit terms	0	0
Differences between actual & expected experience	(355,441)	567,883
Change of assumptions	0	0
Benefit payments, including refunds of employee contributions	(1,940,294)	(2,044,920)
Net change in total pension liability	\$ (37,328)	\$ 778,127
Total pension liability - beginning	31,818,685	31,781,357
Total pension liability - ending (a)	\$ 31,781,357	\$ 32,559,484
 Plan Fiduciary Net Position		
Contributions - employer	\$ 1,507,800	\$ 1,698,192
Contributions - employee	0	0
Net investment income	1,565,864	192,571
Benefit payable, including refunds of employee contributions	(1,940,294)	(2,044,920)
Administrative expense	(1,829)	(99)
Net change in plan fiduciary net position	\$ 1,131,541	\$ (154,256)
Plan fiduciary net position - beginning	21,813,834	22,945,375
Plan fiduciary net position - ending (b)	\$ 22,945,375	\$ 22,791,119
 Net Pension Liability - ending (a) - (b)	\$ 8,835,982	\$ 9,768,365
 Plan fiduciary net position as a percentage of total pension liability	72.20%	70.00%
 Covered-employee payroll	\$ 2,004,844	\$ 2,104,682
 Net pension liability as a percentage of covered-employee payroll	440.73%	464.13%

Note - 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 CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CLEVELAND CITY'S CONTRIBUTIONS  
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF CSA  
LAST FISCAL YEAR ENDING OCTOBER 1,

	2014	2015
Actuarially determined contribution	\$ 1,503,917	\$ 1,557,313
Contributions in relation to the actuarially determined contribution	1,507,800	1,698,192
Contribution deficiency (excess)	\$ (3,883)	\$ (140,879)
Covered-employee payroll	\$ 2,061,188	\$ 2,104,682
Contribution as a percentage covered-employee payroll	73.15%	80.69%

Note - 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.

*Methods and assumptions used to determine contribution rates:*

Measurement date	October 1, 2015
Discount rate	7.00%
Mortality	RP-2000 Fully Generational with Scale AA
Salary scale	3.00%
Assumed retirement age	50% at the earlier of 30 years of service, or age 60 with 5 years of service, and 50% at age 65
Cost of living increases	N/A
Date of participation freeze	10/14/1993

CITY OF CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CLEVELAND CITY SCHOOLS'  
PROPORTIONATE SHARE OF THE NET PENSION ASSET  
TEACHER LEGACY PENSION PLAN OF TCRS  
FISCAL YEAR ENDING JUNE 30,\*

	<u>2015</u>	<u>2016</u>
Cleveland City Schools' proportion of the net pension liability (asset)	0.536236%	0.537318%
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ (87,136)	\$ 220,104
Cleveland City Schools' covered-employee payroll	\$ 21,047,222	\$ 20,114,516
Cleveland City Schools' proportionate share of the net pension asset as a percentage of its covered-employee payroll	-0.414002%	1.094254%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%

\*The amounts presented were determined as of June 30 of the prior fiscal year.

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.

SCHEDULE OF CLEVELAND CITY SCHOOLS' CONTRIBUTIONS  
TEACHER LEGACY PENSION PLAN OF TCRS  
FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution (ADC)	\$ 1,868,991	\$ 1,816,962	\$ 1,859,723
Contributions in relation to the actuarially determined contribution	<u>1,868,991</u>	<u>1,816,962</u>	<u>1,859,723</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Cleveland City Schools' covered-employee payroll	\$ 21,047,222	\$ 20,099,139	\$ 20,503,281
Contribution as a percentage covered-employee payroll	8.88%	9.04%	9.07%

Note - 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 CLEVELAND, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CLEVELAND CITY SCHOOLS' PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)  
TEACHER RETIREMENT PLAN OF TCRS  
FISCAL YEAR ENDED JUNE 30,\*

	2016
Cleveland City Schools' proportion of the net pension liability (asset)	0.416856%
Cleveland City Schools' proportionate share of the net pension liability (asset)	\$ (16,770)
Cleveland City Schools' covered-employee payroll	\$ 866,121
Cleveland City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.94%
Plan fiduciary net position as a percentage fo the total pension liability	127.46%

\*The amounts presented were determined as of June 30 of the prior fiscal year.

Note - 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.

SCHEDULE OF CLEVELAND CITY SCHOOLS' CONTRIBUTIONS  
TEACHER RETIREMENT PLAN OF TCRS  
FISCAL YEAR ENDING JUNE 30

	2015	2016
Actuarially Determined Contribution (ADC)	\$ 21,653	\$ 66,662
Contributions in relation to the actuarially determined contribution	34,645	66,662
Contribution deficiency (excess)	\$ (12,992)	\$ 0
Cleveland City Schools' covered-employee payroll	\$ 866,121	\$ 1,666,556
Contribution as a percentage covered-employee payroll	4.00%	4.00%

Note - 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

Special revenue funds are used to account for the proceeds of specific revenues that are legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other uses.

**State Street Aid Fund:** This fund accounts for maintenance of all non-State streets in the City. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuels tax.

**Solid Waste Management Fund:** This fund accounts for the revenues and expenditures of the City of Cleveland's Solid Waste Management program.

**School Federal Projects Fund:** This fund accounts for federal project funds received from the Federal government and for the disbursement of those funds for federal programs of the City of Cleveland.

**School Food Services Fund:** This fund is used to account for the revenues and expenditures of the City of Cleveland public school cafeterias.

**Library Fund:** This fund is used to account for revenues and expenditures of the City's public library.

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

**Metropolitan Transportation Planning Organization Fund:** This fund will serve Cleveland and the urbanized portions of Bradley County by transportation planning and the implementation of transportation projects.

**Community Development Block Grant:** This fund is used to account for a grant received from the United States Department of Housing and Urban Development.

**E-Ticketing:** This fund is used to assist the Cleveland Police Department's transition to e-ticketing to recoup the cost of an electronic citation program.

**Recycling Grant:** This fund is used to account for the "Clean and Green Cleveland" program. It is funded by the TDOT Department of Beautifications' Special Litter Project.

### Debt Service

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

## **Capital Projects**

The Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Capital Improvement Program Fund:** This fund serves as a planning tool for the city's capital improvement needs and accounts for projected revenues and expenditures needed to meet those needs.

**Greenway Fund:** This fund is used to account for a grant from the State of Tennessee Department of Transportation, as well as City and County contributions, to be used for construction of the City/County Greenway Project.

**Fletcher Park Trust Fund:** This fund is used to account for funds bequeathed to the City of Cleveland by Leonard G. and Agnes W. Fletcher for the development of the Fletcher Park.

**Sales Tax Capital Projects Fund:** This fund is used to account for the proceeds from a .5 cent increase in the sales tax rate approved in a March 2009 referendum. The ordinance approving the referendum provided that all of the tax increase is used for capital projects for the City and City Schools.

**Spring Branch Industrial Park Fund:** This fund accounts for the purchase and for the development of an industrial park located off of Exit 20.

## **Permanent Fund**

**Meiler Estate Animal Shelter Trust Fund:** This fund is used to account for funds bequeathed to the City of Cleveland Animal Control by John and Elizabeth Jean Meiler.

CITY OF CLEVELAND, TENNESSEE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2016

	Special Revenue			
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 498,711	\$ 521,638	\$ 137,131	\$ 685,748
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	0	0
Accounts receivable	0	205,983	0	0
Due from other government agencies	206,533	0	83,521	0
Due from other funds	0	0	0	0
Prepays	0	0	0	0
<b>Total Assets</b>	<b>\$ 705,244</b>	<b>\$ 727,621</b>	<b>\$ 220,652</b>	<b>\$ 685,748</b>
<b>LIABILITIES</b>				
Liabilities:				
Accrued liabilities	\$ 19,253	\$ 27,863	\$ 220,652	\$ 0
Accounts payable	0	429	0	5,302
Due to other funds	0	0	0	0
Unearned revenue	0	0	0	20,600
<b>Total Liabilities</b>	<b>\$ 19,253</b>	<b>\$ 28,292</b>	<b>\$ 220,652</b>	<b>\$ 25,902</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	\$ 0	\$ 0	\$ 0	\$ 0
Permanent fund principal	0	0	0	0
Restricted for:				
Law enforcement	0	0	0	0
Community development - federal grants	0	0	0	0
Street improvements	685,991	0	0	0
Recycling	0	0	0	0
Capital outlay	0	0	0	0
Committed to:				
Solid Waste	0	699,329	0	0
Assigned to:				
Education	0	0	0	659,846
Library	0	0	0	0
Debt service	0	0	0	0
Capital outlay	0	0	0	0
<b>Total Fund Balances</b>	<b>\$ 685,991</b>	<b>\$ 699,329</b>	<b>\$ 0</b>	<b>\$ 659,846</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 705,244</b>	<b>\$ 727,621</b>	<b>\$ 220,652</b>	<b>\$ 685,748</b>

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	E-Ticketing Grant Fund
\$ 289,661	\$ 83,050	\$ 33	\$ 48,886	\$ 18,865
0	0	0	0	0
316,840	0	0	0	0
0	0	0	0	0
0	1,935	101,749	7,676	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 606,501</u>	<u>\$ 84,985</u>	<u>\$ 101,782</u>	<u>\$ 56,562</u>	<u>\$ 18,865</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6,117	65	0	2,626	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 6,117</u>	<u>\$ 65</u>	<u>\$ 0</u>	<u>\$ 2,626</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
13,700	0	0	0	0
0	84,920	0	0	18,865
0	0	0	53,936	0
0	0	0	0	0
0	0	0	0	0
124,688	0	101,782	0	0
0	0	0	0	0
0	0	0	0	0
461,996	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 600,384</u>	<u>\$ 84,920</u>	<u>\$ 101,782</u>	<u>\$ 53,936</u>	<u>\$ 18,865</u>
<u>\$ 606,501</u>	<u>\$ 84,985</u>	<u>\$ 101,782</u>	<u>\$ 56,562</u>	<u>\$ 18,865</u>

CITY OF CLEVELAND, TENNESSEE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)

June 30, 2016

	Special Revenue	Debt Service	Capital Projects	
	Recycling Grant Fund	Debt Service Fund	Capital Improvement Program Fund	Greenway Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,875	\$ 4,362,407	\$ 1,455,713	\$ 11,640
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	610,536	0
Accounts receivable	0	0	0	0
Due from other government agencies	9,426	0	1,501,898	0
Due from other funds	0	0	0	0
Prepays	0	0	199,873	0
<b>Total Assets</b>	<b>\$ 16,301</b>	<b>\$ 4,362,407</b>	<b>\$ 3,768,020</b>	<b>\$ 11,640</b>
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
Accrued liabilities	\$ 0	\$ 2,097	\$ 0	\$ 0
Accounts payable	6,233	0	272,841	455
Due to other funds	0	0	0	0
Unearned revenue	0	0	0	0
<b>Total Liabilities</b>	<b>\$ 6,233</b>	<b>\$ 2,097</b>	<b>\$ 272,841</b>	<b>\$ 455</b>
<b>FUND BALANCES:</b>				
<b>Nonspendable:</b>				
Prepaid items	\$ 0	\$ 0	\$ 199,873	\$ 0
Permanent fund principal	0	0	0	0
<b>Restricted for:</b>				
Law enforcement	0	0	0	0
Community development - federal grants	0	0	0	0
Street improvements	0	0	0	0
Recycling	10,068	0	0	0
Capital outlay	0	0	0	11,185
<b>Committed to:</b>				
Solid Waste	0	0	0	0
<b>Assigned to:</b>				
Education	0	0	0	0
Library	0	0	0	0
Debt service	0	4,360,310	0	0
Capital outlay	0	0	3,295,306	0
<b>Total Fund Balances</b>	<b>\$ 10,068</b>	<b>\$ 4,360,310</b>	<b>\$ 3,495,179</b>	<b>\$ 11,185</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,301</b>	<b>\$ 4,362,407</b>	<b>\$ 3,768,020</b>	<b>\$ 11,640</b>

Fletcher Park Trust Fund	Capital Projects		Permanent Fund	Total Nonmajor Governmental Funds
	Sales Tax Capital Projects Fund	Spring Branch Industrial Park Fund	Meiler Estate Animal Shelter Trust Fund	
\$ 5,403	\$ 1,787,026	\$ 72	\$ 7,310	\$ 9,920,169
0	0	0	459,936	459,936
0	0	0	0	927,376
0	0	1,815	0	207,798
0	609,430	0	0	2,522,168
0	0	1,524,691	0	1,524,691
0	0	0	0	199,873
<u>\$ 5,403</u>	<u>\$ 2,396,456</u>	<u>\$ 1,526,578</u>	<u>\$ 467,246</u>	<u>\$ 15,762,011</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 269,865
0	13,000	26,395	0	333,463
0	0	100	0	100
0	0	0	0	20,600
<u>\$ 0</u>	<u>\$ 13,000</u>	<u>\$ 26,495</u>	<u>\$ 0</u>	<u>\$ 624,028</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 199,873
0	0	0	459,936	473,636
0	0	0	0	103,785
0	0	0	0	53,936
0	0	0	0	685,991
0	0	0	0	10,068
1,050	2,383,456	0	0	2,622,161
0	0	0	0	699,329
0	0	0	0	659,846
0	0	0	0	461,996
0	0	0	0	4,360,310
4,353	0	1,500,083	7,310	4,807,052
<u>\$ 5,403</u>	<u>\$ 2,383,456</u>	<u>\$ 1,500,083</u>	<u>\$ 467,246</u>	<u>\$ 15,137,983</u>
<u>\$ 5,403</u>	<u>\$ 2,396,456</u>	<u>\$ 1,526,578</u>	<u>\$ 467,246</u>	<u>\$ 15,762,011</u>

CITY OF CLEVELAND, TENNESSEE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended June 30, 2016

	Special Revenue			
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	1,135,085	0	3,583,075	3,169,029
Fines and forfeitures	0	0	0	0
Charges for services	0	2,479,526	0	152,078
Interest	1,278	1,749	0	175
Miscellaneous	0	0	0	0
<b>Total revenues</b>	<b>\$ 1,136,363</b>	<b>\$ 2,481,275</b>	<b>\$ 3,583,075</b>	<b>\$ 3,321,282</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	646,317	3,460,379	0	0
Culture and recreation	0	0	0	0
Education	0	0	3,583,075	3,165,139
Capital Outlay	53,423	0	0	0
Debt Service	0	0	0	0
<b>Total expenditures</b>	<b>\$ 699,740</b>	<b>\$ 3,460,379</b>	<b>\$ 3,583,075</b>	<b>\$ 3,165,139</b>
Excess (deficiency) of revenues over expenditures	\$ 436,623	\$ (979,104)	\$ 0	\$ 156,143
<b>Other financing sources (uses):</b>				
Transfers in	\$ 0	\$ 1,074,100	\$ 0	\$ 0
Transfers out	(347,200)	(10,000)	0	0
Notes issued	0	0	0	0
Refunding bonds issued	0	0	0	0
Payment to refunding bond escrow agent	0	0	0	0
<b>Total other financing sources sources (uses)</b>	<b>\$ (347,200)</b>	<b>\$ 1,064,100</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net change in fund balances</b>	<b>\$ 89,423</b>	<b>\$ 84,996</b>	<b>\$ 0</b>	<b>\$ 156,143</b>
<b>Fund balances at beginning of year</b>	<b>596,568</b>	<b>614,333</b>	<b>0</b>	<b>503,703</b>
<b>Fund balances at end of year</b>	<b>\$ 685,991</b>	<b>\$ 699,329</b>	<b>\$ 0</b>	<b>\$ 659,846</b>

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	2015 Byrne Memorial Justice Assistance Grant	E-Ticketing Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
630,673	0	208,367	389,100	39,515	0
0	15,179	0	0	0	15,345
63,961	0	0	0	0	0
1,300	229	0	0	0	0
296,330	30,000	0	0	0	0
<u>\$ 992,264</u>	<u>\$ 45,408</u>	<u>\$ 208,367</u>	<u>\$ 389,100</u>	<u>\$ 39,515</u>	<u>\$ 15,345</u>
\$ 0	\$ 0	\$ 257,694	\$ 0	\$ 0	\$ 0
0	0	0	255,157	0	0
0	34,064	0	0	39,515	0
0	0	0	0	0	0
1,338,990	0	0	0	0	0
0	0	0	0	0	0
269,669	0	0	167,573	0	0
0	0	0	0	0	0
<u>\$ 1,608,659</u>	<u>\$ 34,064</u>	<u>\$ 257,694</u>	<u>\$ 422,730</u>	<u>\$ 39,515</u>	<u>\$ 0</u>
<u>\$ (616,395)</u>	<u>\$ 11,344</u>	<u>\$ (49,327)</u>	<u>\$ (33,630)</u>	<u>\$ 0</u>	<u>\$ 15,345</u>
\$ 626,700	\$ 0	\$ 57,000	\$ 25,000	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 626,700</u>	<u>\$ 0</u>	<u>\$ 57,000</u>	<u>\$ 25,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 10,305	\$ 11,344	\$ 7,673	\$ (8,630)	\$ 0	\$ 15,345
590,079	73,576	94,109	62,566	0	3,520
<u>\$ 600,384</u>	<u>\$ 84,920</u>	<u>\$ 101,782</u>	<u>\$ 53,936</u>	<u>\$ 0</u>	<u>\$ 18,865</u>

CITY OF CLEVELAND, TENNESSEE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 For the Fiscal Year Ended June 30, 2016

	Special Revenue	Debt Service	Capital Projects	
	Recycling Grant Fund	Debt Service Fund	Capital Improvement Program Fund	Greenway Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	17,962	163,902	4,245,868	0
Fines and forfeitures	0	0	0	0
Charges for services	0	0	0	0
Interest	0	14,321	5,204	25
Miscellaneous	0	91,661	86,023	5,527
Total revenues	<u>\$ 17,962</u>	<u>\$ 269,884</u>	<u>\$ 4,337,095</u>	<u>\$ 5,552</u>
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	22,547	0	0	0
Culture and recreation	0	0	0	0
Education	0	0	0	0
Capital Outlay	0	0	9,710,299	3,387
Debt Service	0	5,741,711	40,200	0
Total expenditures	<u>\$ 22,547</u>	<u>\$ 5,741,711</u>	<u>\$ 9,750,499</u>	<u>\$ 3,387</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,585)</u>	<u>\$ (5,471,827)</u>	<u>\$ (5,413,404)</u>	<u>\$ 2,165</u>
Other financing sources (uses):				
Transfers in	\$ 10,000	\$ 5,992,273	\$ 302,579	\$ 0
Transfers out	0	0	(85,636)	0
Notes issued	0	0	6,040,200	0
Refunding bonds issued	0	13,057,880	0	0
Payment to refunding bond escrow agent	0	(12,980,000)	0	0
Total other financing sources (uses)	<u>\$ 10,000</u>	<u>\$ 6,070,153</u>	<u>\$ 6,257,143</u>	<u>\$ 0</u>
Net change in fund balances	\$ 5,415	\$ 598,326	\$ 843,739	\$ 2,165
Fund balances at beginning of year	<u>4,653</u>	<u>3,761,984</u>	<u>2,651,440</u>	<u>9,020</u>
Fund balances at end of year	<u>\$ 10,068</u>	<u>\$ 4,360,310</u>	<u>\$ 3,495,179</u>	<u>\$ 11,185</u>

Capital Projects			Permanent Fund	
Fletcher Park Trust Fund	Sales Tax Capital Projects Fund	Spring Branch Industrial Park Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 0	\$ 3,947,591	\$ 0	\$ 0	\$ 3,947,591
0	0	0	0	13,582,576
0	0	0	0	30,524
0	0	0	0	2,695,565
0	51,865	18,952	1,216	96,314
0	0	0	0	509,541
<u>\$ 0</u>	<u>\$ 3,999,456</u>	<u>\$ 18,952</u>	<u>\$ 1,216</u>	<u>\$ 20,862,111</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 257,694
0	0	0	0	255,157
0	0	0	0	73,579
0	0	0	0	4,129,243
0	0	0	0	1,338,990
0	0	0	0	6,748,214
0	3,768,417	108,218	0	14,080,986
0	434,608	0	0	6,216,519
<u>\$ 0</u>	<u>\$ 4,203,025</u>	<u>\$ 108,218</u>	<u>\$ 0</u>	<u>\$ 33,100,382</u>
<u>\$ 0</u>	<u>\$ (203,569)</u>	<u>\$ (89,266)</u>	<u>\$ 1,216</u>	<u>\$ (12,238,271)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,087,652
0	0	(126,821)	0	(569,657)
0	0	0	0	6,040,200
0	0	0	0	13,057,880
0	0	0	0	(12,980,000)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (126,821)</u>	<u>\$ 0</u>	<u>\$ 13,636,075</u>
\$ 0	\$ (203,569)	\$ (216,087)	\$ 1,216	\$ 1,397,804
5,403	2,587,025	1,716,170	466,030	13,740,179
<u>\$ 5,403</u>	<u>\$ 2,383,456</u>	<u>\$ 1,500,083</u>	<u>\$ 467,246</u>	<u>\$ 15,137,983</u>

CITY OF CLEVELAND, TENNESSEE  
STATE STREET AID FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,090,000	\$ 1,140,000	\$ 1,135,085	\$ (4,915)
Interest	500	500	1,278	778
Total revenues	<u>\$ 1,090,500</u>	<u>\$ 1,140,500</u>	<u>\$ 1,136,363</u>	<u>\$ (4,137)</u>
Expenditures:				
Current:				
Public works:				
Salaries	\$ 419,600	\$ 401,359	\$ 398,501	\$ 2,858
Overtime wages	6,700	6,700	4,099	2,601
Service awards	0	200	150	50
Longevity	8,700	15,000	14,844	156
Sold vacations	4,300	13,820	4,706	9,114
Christmas bonus	1,200	1,100	1,083	17
Sick pay incentive	0	50	50	0
Dental insurance	5,100	5,100	4,045	1,055
Social security	33,900	33,900	29,842	4,058
Health insurance	78,200	82,800	77,236	5,564
Retirement	73,500	71,450	64,049	7,401
Life and disability insurance	4,600	4,600	4,154	446
Vision insurance	1,300	1,300	1,014	286
Unemployment compensation	0	1,000	932	68
Worker's compensation insurance	18,100	19,339	19,338	1
Worker's compensation claims	500	1,000	541	459
Pre-employment testing	200	900	438	462
Safety shoes	1,700	1,700	1,427	273
Sidewalk supplies	20,000	20,000	19,868	132
Capital Outlay:				
20th Street and Barney Lane	0	100,000	35,367	64,633
Keith Street median	0	23,800	18,056	5,744
Total expenditures	<u>\$ 677,600</u>	<u>\$ 805,118</u>	<u>\$ 699,740</u>	<u>\$ 105,378</u>
Excess of revenues over expenditures	<u>\$ 412,900</u>	<u>\$ 335,382</u>	<u>\$ 436,623</u>	<u>\$ 101,241</u>
Other financing sources (uses):				
Transfers out	<u>\$ (347,200)</u>	<u>\$ (347,200)</u>	<u>\$ (347,200)</u>	<u>\$ 0</u>
Total other financing sources (uses)	<u>\$ (347,200)</u>	<u>\$ (347,200)</u>	<u>\$ (347,200)</u>	<u>\$ 0</u>
Net change in fund balance	\$ 65,700	\$ (11,818)	\$ 89,423	\$ 101,241
Fund balance at beginning of year	<u>596,568</u>	<u>596,568</u>	<u>596,568</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 662,268</u></u>	<u><u>\$ 584,750</u></u>	<u><u>\$ 685,991</u></u>	<u><u>\$ 101,241</u></u>

CITY OF CLEVELAND, TENNESSEE  
SOLID WASTE MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services:				
Commercial garbage	\$ 1,010,000	\$ 1,030,000	\$ 1,039,747	\$ 9,747
Residential garbage	1,420,000	1,430,000	1,439,779	9,779
Interest	700	700	1,749	1,049
<b>Total revenues</b>	<b>\$ 2,430,700</b>	<b>\$ 2,460,700</b>	<b>\$ 2,481,275</b>	<b>\$ 20,575</b>
<b>Expenditures:</b>				
Current:				
Public works:				
Salaries	\$ 552,200	\$ 514,678	\$ 506,803	\$ 7,875
Overtime wages	16,200	16,200	13,127	3,073
Service awards	700	500	450	50
Supplement pay	400	700	606	94
Longevity	12,500	17,700	17,650	50
Sold vacation	3,700	4,800	5,789	(989)
Christmas bonus	1,600	1,500	1,299	201
Dental insurance	6,200	5,890	5,680	210
Social security	45,100	42,875	39,783	3,092
Health insurance	93,100	96,700	98,362	(1,662)
Retirement	97,900	95,250	90,280	4,970
Life and disability insurance	5,300	4,800	4,570	230
Vision insurance	1,900	1,800	1,647	153
Worker's compensation claims	2,000	1,000	759	241
Safety shoes	2,000	2,000	1,722	278
Postage	100	100	0	100
GPS services	3,300	3,300	3,315	(15)
Printing	200	200	0	200
Subscriptions and memberships	100	100	75	25
Advertising	200	200	0	200
Training and travel	400	400	185	215
Tire disposal	2,500	1,000	0	1,000
Landfill	336,000	333,183	254,848	78,335
Residential account	979,000	981,000	979,941	1,059
Commercial account	960,000	960,000	936,903	23,097
Commercial recycling	83,400	83,400	77,718	5,682
Office expenditures	1,800	3,300	2,676	624
Operating supplies	2,000	3,000	2,422	578
Safety supplies	800	800	779	21
Janitorial supplies	600	600	576	24
Uniforms	4,500	4,500	4,024	476
Gasoline and oil	80,000	77,000	42,806	34,194
Repairs and parts	145,000	145,000	148,932	(3,932)
Fence at Summit Alleyway	0	1,500	1,500	0
Insurance - property	400	3,773	3,772	1

CITY OF CLEVELAND, TENNESSEE  
SOLID WASTE MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Insurance - vehicle	\$ 7,400	\$ 8,206	\$ 8,206	\$ 0
Insurance - general liability	11,500	11,846	11,846	0
Insurance - workers compensation	23,500	25,077	25,077	0
Miscellaneous	500	500	310	190
Bradley County recycling	10,000	10,000	10,000	0
Office furniture and equipment	800	800	500	300
Loader at Hill Street	0	155,500	155,441	59
Total expenditures	<u>\$ 3,494,800</u>	<u>\$ 3,620,678</u>	<u>\$ 3,460,379</u>	<u>\$ 160,299</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,064,100)</u>	<u>\$ (1,159,978)</u>	<u>\$ (979,104)</u>	<u>\$ 180,874</u>
Other financing sources:				
Transfers in	\$ 1,074,100	\$ 1,074,100	\$ 1,074,100	\$ 0
Transfers out	(10,000)	(10,000)	(10,000)	0
Total other financing sources	<u>\$ 1,064,100</u>	<u>\$ 1,064,100</u>	<u>\$ 1,064,100</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ (95,878)	\$ 84,996	\$ 180,874
Fund balance at beginning of year	<u>614,333</u>	<u>614,333</u>	<u>614,333</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 614,333</u></u>	<u><u>\$ 518,455</u></u>	<u><u>\$ 699,329</u></u>	<u><u>\$ 180,874</u></u>

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FEDERAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 4,292,207	\$ 4,306,247	\$ 3,583,075	\$ (723,172)
Total revenues	<u>\$ 4,292,207</u>	<u>\$ 4,306,247</u>	<u>\$ 3,583,075</u>	<u>\$ (723,172)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,486,165	\$ 1,495,763	\$ 1,369,489	\$ 126,274
Special education	944,968	934,916	846,319	88,597
Vocational education	86,530	97,576	97,576	0
Support services	1,774,544	1,777,992	1,269,691	508,301
Total expenditures	<u>\$ 4,292,207</u>	<u>\$ 4,306,247</u>	<u>\$ 3,583,075</u>	<u>\$ 723,172</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE  
SCHOOL FOOD SERVICES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 2,973,700	\$ 3,186,894	\$ 3,169,029	\$ (17,865)
Charges for services	186,500	186,500	152,078	(34,422)
Interest	200	200	175	(25)
Total revenues	<u>\$ 3,160,400</u>	<u>\$ 3,373,594</u>	<u>\$ 3,321,282</u>	<u>\$ (52,312)</u>
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 62,750	\$ 62,750	\$ 63,259	\$ (509)
Cafeteria personnel	952,500	999,500	1,002,706	(3,206)
In-service training	2,000	2,000	970	1,030
Social security	55,500	65,250	61,853	3,397
State retirement	122,500	122,500	121,406	1,094
Life insurance	5,000	3,300	3,258	42
Medical insurance	231,250	203,750	203,636	114
Unemployment compensation	500	500	198	302
Employer medicare liability	13,250	15,250	14,465	785
Other fringe benefits	31,000	32,000	32,059	(59)
Communication	1,400	1,400	1,191	209
Dues and membership	1,500	1,500	914	586
Maintenance and repair services	21,750	37,500	32,523	4,977
Transportation	3,500	3,500	3,450	50
Travel	3,500	4,000	3,954	46
Other contracted services	8,000	39,750	31,308	8,442
Food supplies	1,323,000	1,393,000	1,277,523	115,477
Office supplies	5,250	6,000	5,381	619
Uniforms	1,000	1,000	530	470
Utilities	0	0	(127)	127
In-service staff development	1,300	1,300	127	1,173
Food commodities	147,000	167,294	160,019	7,275
Other supplies and materials	146,000	152,000	136,664	15,336
Applicant investigation	950	1,350	1,253	97
Food service equipment	20,000	57,200	6,619	50,581
Total expenditures	<u>\$ 3,160,400</u>	<u>\$ 3,373,594</u>	<u>\$ 3,165,139</u>	<u>\$ 208,455</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 156,143	\$ 156,143
Fund balance at beginning of year	<u>503,703</u>	<u>503,703</u>	<u>503,703</u>	<u>0</u>
Fund balance at end of year	<u>\$ 503,703</u>	<u>\$ 503,703</u>	<u>\$ 659,846</u>	<u>\$ 156,143</u>

CITY OF CLEVELAND, TENNESSEE  
LIBRARY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State technology grant	\$ 0	\$ 3,931	\$ 3,931	\$ 0
Bradley County	626,700	626,700	626,742	42
Charges for services	64,000	62,000	63,961	1,961
Interest	0	2,000	1,300	(700)
Miscellaneous:				
Private grant	0	5,500	5,500	0
Gifts	70,000	490,000	290,830	(199,170)
Total revenues	<u>\$ 760,700</u>	<u>\$ 1,190,131</u>	<u>\$ 992,264</u>	<u>\$ (197,867)</u>
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 718,700	\$ 716,800	\$ 700,923	\$ 15,877
Employee benefits	236,600	243,900	234,403	9,497
Supplies	67,100	66,300	67,295	(995)
Books	156,400	151,900	162,094	(10,194)
Utilities	84,000	84,000	79,199	4,801
Equipment repair/replacement	15,300	14,200	23,311	(9,111)
Building maintenance	16,100	14,600	21,255	(6,655)
Insurance	21,700	23,100	23,094	6
Gift and memorial expenditures	70,000	70,000	18,444	51,556
Grant expenditures	0	9,431	8,972	.459
Capital Outlay:				
Building addition	0	250,000	238,778	11,222
Building landscaping	0	170,000	26,945	143,055
Furniture	1,500	2,600	3,946	(1,346)
Total expenditures	<u>\$ 1,387,400</u>	<u>\$ 1,816,831</u>	<u>\$ 1,608,659</u>	<u>\$ 208,172</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (626,700)</u>	<u>\$ (626,700)</u>	<u>\$ (616,395)</u>	<u>\$ 10,305</u>
Other financing sources:				
Transfers in	<u>\$ 626,700</u>	<u>\$ 626,700</u>	<u>\$ 626,700</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 626,700</u>	<u>\$ 626,700</u>	<u>\$ 626,700</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ 0	\$ 10,305	\$ 10,305
Fund balance at beginning of year	<u>590,079</u>	<u>590,079</u>	<u>590,079</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 590,079</u></u>	<u><u>\$ 590,079</u></u>	<u><u>\$ 600,384</u></u>	<u><u>\$ 10,305</u></u>

CITY OF CLEVELAND, TENNESSEE  
 DRUG ENFORCEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 15,179	\$ 179
Interest	100	100	229	129
Miscellaneous	0	30,000	30,000	0
Total revenues	<u>\$ 15,100</u>	<u>\$ 45,100</u>	<u>\$ 45,408</u>	<u>\$ 308</u>
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 2,500	\$ 8,640	\$ 7,785	\$ 855
Investigative funds	10,000	3,860	0	3,860
Equipment maintenance	4,000	3,000	0	3,000
Vehicles	0	30,000	13,593	16,407
Equipment	1,100	2,100	2,076	24
Canine purchase	20,000	20,000	10,610	9,390
Total expenditures	<u>\$ 37,600</u>	<u>\$ 67,600</u>	<u>\$ 34,064</u>	<u>\$ 33,536</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (22,500)</u>	<u>\$ (22,500)</u>	<u>\$ 11,344</u>	<u>\$ 33,844</u>
Fund balance at beginning of year	<u>73,576</u>	<u>73,576</u>	<u>73,576</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 51,076</u></u>	<u><u>\$ 51,076</u></u>	<u><u>\$ 84,920</u></u>	<u><u>\$ 33,844</u></u>

CITY OF CLEVELAND, TENNESSEE  
 METROPOLITAN TRANSPORTATION PLANNING ORGANIZATION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 200,000	\$ 200,000	\$ 208,367	\$ 8,367
Total revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 208,367</u>	<u>\$ 8,367</u>
Expenditures:				
Current:				
General government:				
Salaries	\$ 50,900	\$ 50,900	\$ 53,000	\$ (2,100)
Consultant services	150,000	150,000	176,017	(26,017)
Benefits	17,700	17,700	17,912	(212)
Postage and shipping	1,000	1,000	124	876
Printing and publications	4,500	3,500	2,869	631
Telephone	1,800	1,800	813	987
Travel and meeting	3,000	4,000	3,875	125
Supplies	5,600	5,600	1,588	4,012
Capital purchase	4,500	4,500	1,496	3,004
Total expenditures	<u>\$ 239,000</u>	<u>\$ 239,000</u>	<u>\$ 257,694</u>	<u>\$ (18,694)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (39,000)</u>	<u>\$ (39,000)</u>	<u>\$ (49,327)</u>	<u>\$ (10,327)</u>
Other financing sources:				
Transfers in	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 0</u>
Net change in fund balance	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 7,673</u>	<u>\$ (10,327)</u>
Fund balance at beginning of year	<u>94,109</u>	<u>94,109</u>	<u>94,109</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 112,109</u></u>	<u><u>\$ 112,109</u></u>	<u><u>\$ 101,782</u></u>	<u><u>\$ (10,327)</u></u>

CITY OF CLEVELAND, TENNESSEE  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Community Development Block Grant-2014	\$ 0	\$ 203,337	\$ 2,917	\$ (200,420)
Community Development Block Grant-2015	345,924	345,924	286,213	(59,711)
THDA Emergency Shelter Grant 2015	86,773	99,970	99,970	0
<b>Total revenues</b>	<b>\$ 432,697</b>	<b>\$ 649,231</b>	<b>\$ 389,100</b>	<b>\$ (260,131)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Community development:</b>				
<b>Administration:</b>				
Salaries	\$ 57,900	\$ 57,900	\$ 59,940	\$ (2,040)
Longevity	500	750	750	0
Christmas bonus	100	109	108	1
Dental insurance	600	600	580	20
Social security	4,500	4,500	4,273	227
Health insurance	11,300	11,650	14,079	(2,429)
Retirement	9,700	9,700	10,105	(405)
Life insurance and disability	700	700	665	35
Vision insurance	200	200	164	36
Printing	600	600	332	268
Advertising	700	700	473	227
Telephone	1,500	1,500	998	502
Travel and training	1,500	1,500	106	1,394
Office supplies	1,200	2,016	20	1,996
Gasoline	1,000	1,000	248	752
Miscellaneous	2,000	925	83	842
<b>Codes Enforcement:</b>				
Salaries	39,800	39,800	34,327	5,473
Overtime	0	400	63	337
Service awards	100	0	0	0
Longevity	500	0	0	0
Christmas bonus	100	109	108	1
Dental insurance	300	300	308	(8)
Social security tax	3,100	3,100	2,689	411
Health insurance	6,100	6,450	6,546	(96)
Retirement	6,800	6,800	4,448	2,352
Life insurance	500	500	359	141
Vision insurance	100	100	96	4
Printing	400	400	300	100
Advertising	100	100	0	100
Telephone	1,400	1,400	1,289	111
Legal services	300	300	0	300
Vehicle maintenance	1,500	1,500	267	1,233
Travel and training	500	500	0	500
Office supplies	300	300	252	48
Clothing allowance	400	400	300	100

CITY OF CLEVELAND, TENNESSEE  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Community development - (Continued):				
Codes Enforcement - (Continued):				
Gasoline	\$ 1,500	\$ 1,500	\$ 916	\$ 584
Insurance - vehicles	500	500	332	168
Miscellaneous	400	591	0	591
Emergency shelter:				
Shelter operations	82,868	109,610	109,610	0
Administrative costs	3,905	4,498	23	4,475
Capital outlay:				
Projects to be determined	212,224	0	0	0
Shepard Field parking lot	0	1,127	1,126	1
Blythe Ave Neighborhood Park	0	170,834	2,917	167,917
Blythe Bower Fields	0	30,000	0	30,000
Blythe energy efficiency improvements	0	50,000	0	50,000
Victory Cove infrastructure	0	150,000	150,000	0
SCCC Bleachers	0	13,600	13,530	70
Total Expenditures	<u>\$ 457,697</u>	<u>\$ 689,069</u>	<u>\$ 422,730</u>	<u>\$ 266,339</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (25,000)</u>	<u>\$ (39,838)</u>	<u>\$ (33,630)</u>	<u>\$ 6,208</u>
Other financing sources:				
Transfers in	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ 0	\$ (14,838)	\$ (8,630)	\$ 6,208
Fund balance at beginning of year	<u>62,566</u>	<u>62,566</u>	<u>62,566</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 62,566</u></u>	<u><u>\$ 47,728</u></u>	<u><u>\$ 53,936</u></u>	<u><u>\$ 6,208</u></u>

CITY OF CLEVELAND, TENNESSEE  
 2015 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 39,515	\$ 39,515	\$ 0
Total revenues	<u>\$ 0</u>	<u>\$ 39,515</u>	<u>\$ 39,515</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public safety:				
Bradley County disparate	\$ 0	\$ 13,726	\$ 13,726	\$ 0
Bomb canine	0	25,789	25,789	0
Total expenditures	<u>\$ 0</u>	<u>\$ 39,515</u>	<u>\$ 39,515</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE  
E-TICKETING GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures				
Citation fee	\$ 0	\$ 14,800	\$ 15,345	\$ 545
Total revenues	\$ 0	\$ 14,800	\$ 15,345	\$ 545
Expenditures:				
Current:				
Public safety:				
Technical fees and materials	\$ 0	\$ 14,520	\$ 0	\$ 14,520
Technical supplies - Court Clerk	0	3,730	0	3,730
Total expenditures	\$ 0	\$ 18,250	\$ 0	\$ 18,250
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (3,450)	\$ 15,345	\$ 18,795
Fund balance at beginning of year	3,520	3,520	3,520	0
Fund balance at end of year	\$ 3,520	\$ 70	\$ 18,865	\$ 18,795

CITY OF CLEVELAND, TENNESSEE  
 RECYCLING GRANT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Recycling Grant	\$ 14,000	\$ 14,000	\$ 17,962	\$ 3,962
Total revenues	\$ 14,000	\$ 14,000	\$ 17,962	\$ 3,962
Expenditures:				
Current:				
Public works:				
Litter grant expenditures	\$ 24,000	\$ 24,000	\$ 22,547	\$ 1,453
Total expenditures	\$ 24,000	\$ 24,000	\$ 22,547	\$ 1,453
Excess (deficiency) of revenues over expenditures	\$ (10,000)	\$ (10,000)	\$ (4,585)	\$ 5,415
Other financing sources:				
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total other financing sources	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Net change in fund balance	\$ 0	\$ 0	\$ 5,415	\$ 5,415
Fund balance at beginning of year	4,653	4,653	4,653	0
Fund balance at end of year	\$ 4,653	\$ 4,653	\$ 10,068	\$ 5,415

CITY OF CLEVELAND, TENNESSEE  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,900	\$ 146,900	\$ 163,902	\$ 17,002
Interest	5,000	6,000	14,321	8,321
Miscellaneous:				
Other	87,550	165,266	91,661	(73,605)
Total revenues	<u>\$ 239,450</u>	<u>\$ 318,166</u>	<u>\$ 269,884</u>	<u>\$ (48,282)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 3,791,600	\$ 3,791,600	\$ 3,562,520	\$ 229,080
Interest and fiscal charges	2,593,300	2,551,970	2,179,191	372,779
Total expenditures	<u>\$ 6,384,900</u>	<u>\$ 6,343,570</u>	<u>\$ 5,741,711</u>	<u>\$ 601,859</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,145,450)</u>	<u>\$ (6,025,404)</u>	<u>\$ (5,471,827)</u>	<u>\$ 553,577</u>
Other financing sources (uses):				
Transfers in	\$ 6,145,452	\$ 6,009,452	\$ 5,992,273	\$ (17,179)
Refunding bonds issued	0	13,007,360	13,057,880	50,520
Payment to refunding bond escrow agent	0	(12,980,000)	(12,980,000)	0
Total other financing sources	<u>\$ 6,145,452</u>	<u>\$ 6,036,812</u>	<u>\$ 6,070,153</u>	<u>\$ (17,179)</u>
Net change in fund balance	\$ 2	\$ 11,408	\$ 598,326	\$ 536,398
Fund balance at beginning of year	<u>3,761,984</u>	<u>3,761,984</u>	<u>3,761,984</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 3,761,986</u></u>	<u><u>\$ 3,773,392</u></u>	<u><u>\$ 4,360,310</u></u>	<u><u>\$ 536,398</u></u>

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL IMPROVEMENT PROGRAM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Intergovernmental</b>				
Federal grant - 25th St/Georgetown	\$ 0	\$ 477,832	\$ 2,326	\$ (475,506)
Federal grant - 20th St/Tasso	0	216,400	240	(216,160)
Federal grant - Central Avenue	665,600	665,600	65,140	(600,460)
Federal grant - Stuart Road	599,573	858,034	859,417	1,383
Federal grant - 17th and 20th	1,107,100	1,107,100	50,848	(1,056,252)
Federal grant - Ocoee Greenway	390,400	390,400	24,375	(366,025)
Federal grant - Adkisson Drive	643,328	643,328	0	(643,328)
Federal grant - Roadscapes phase II	0	0	12,636	12,636
Federal grant - Roadscapes phase IV	0	117,850	0	(117,850)
Federal grant - Jetport T-Hangar const.	313,156	780,864	741,839	(39,025)
Federal grant - Jetport runway ext constr.	1,378,000	1,378,000	0	(1,378,000)
State grant - Modal Access	0	937,890	23,750	(914,140)
State grant - Retaining wall	0	80,000	0	(80,000)
State grant - Jetport runway extension	0	11,761	1,275	(10,486)
State grant - Jetport Southside Corporate	0	192,621	147,016	(45,605)
State grant - Jetport taxilane addition	0	154,909	8,069	(146,840)
State grant - Jetport gas line grant	0	113,311	47,873	(65,438)
State grant - Jetport environmental monitor	0	65,613	27,614	(37,999)
State grant - Jetport Apron design	0	583,643	540,401	(43,242)
State grant - Jetport runway design	0	152,000	83,136	(68,864)
State grant - LIC	0	1,410,867	403,049	(1,007,818)
Bradley County - LIC	0	665,879	206,864	(459,015)
Bradley County - Spring Branch	0	1,000,000	1,000,000	0
Interest	1,000	2,500	5,204	2,704
<b>Miscellaneous:</b>				
Cleveland Youth Football	0	16,961	16,961	0
Sale of Jetport plans	0	0	175	175
Sale of Stuart Road plans	0	0	400	400
Sale of recreation equipment	0	22,110	21,634	(476)
Sale of Public Works equipment	0	40,401	38,526	(1,875)
Sale of Administration and Finance equip	0	2,530	2,530	0
Donations - Cherokee Girls	0	0	5,000	5,000
Donation - Estate of Anna Ellis	0	730	730	0
Sundry income	0	42,819	67	(42,752)
<b>Total revenues</b>	<b>\$ 5,098,157</b>	<b>\$ 12,131,953</b>	<b>\$ 4,337,095</b>	<b>\$ (7,794,858)</b>
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
<b>Legislative and judicial:</b>				
Elevator at Municipal Building	\$ 0	\$ 63,630	\$ 64,346	\$ (716)
Veterans Home	0	1,003,741	5,841	997,900
Contingency	0	0	70	(70)
<b>Administration and finance:</b>				
IT Vehicle	0	23,645	23,645	0
Telephone system	0	9,750	9,750	0
Miscellaneous equipment	0	2,530	0	2,530

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL IMPROVEMENT PROGRAM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Planning and inspection:				
Roof and building improvements	\$ 0	\$ 80,000	\$ 33,751	\$ 46,249
City-wide computer information systems:				
Software maintenance	155,500	193,177	200,454	(7,277)
Travel and training	10,000	5,000	1,492	3,508
Police department:				
E-Ticketing equipment	0	72,437	71,600	837
Weapon replacement - annually	0	32,000	28,888	3,112
Bullet proof glass - PSC lobby	0	23,588	23,588	0
Public works - street department:				
Vehicle replacement	0	15,401	15,401	0
Exit 25 Retaining wall	0	100,000	20,000	80,000
Public Works equipment	0	25,000	0	25,000
LGIP - Mouse Creek bridge	0	1,071	1,071	0
LIC North on APD 40	0	2,817,368	829,175	1,988,193
Roadscapes grant match II	0	5,000	37,883	(32,883)
Roadscapes grant match III	0	147,300	0	147,300
LIC South Stone Lake Road	0	163	163	0
Dalton Pike	0	41,500	0	41,500
Durkee Road project	0	592,324	(1,090)	593,414
25th Street and Georgetown	0	481,092	834	480,258
20th Street and Tasso Road	0	251,360	0	251,360
Multi Modal Access	0	961,640	0	961,640
Central Avenue project	665,600	665,600	33,060	632,540
Stuart Road project	599,573	858,034	858,034	0
17th and 20t Street project	1,107,100	1,107,100	50,074	1,057,026
Ocoee Greenway connector	390,400	390,400	24,225	366,175
Adkisson Road project	643,328	476,053	2,080	473,973
Public works - State Street Aid				
ITS - Apd 40	0	4,411	4,411	0
25th Street & Peerless	0	98,776	0	98,776
Cleveland Regional Jetport:				
Land options/purchase	0	2,653	140	2,513
Jetport runway extension study	0	12,380	1,275	11,105
Southside Corporate area	0	202,496	154,754	47,742
Environmental monitoring	0	69,066	29,067	39,999
Phase II construction	0	0	34	(34)
Jetport/taxilane addition	0	163,062	8,494	154,568
Gas line	0	113,311	114,031	(720)
T-hangars 2 construction	981,181	1,730,319	967,880	762,439
Lighting	0	12,321	0	12,321
Snow removal blade	0	16,000	10,391	5,609
Apron design	0	645,438	620,964	24,474
Runway extension design	0	160,000	87,512	72,488
Runway extension construction	1,700,000	1,540,000	0	1,540,000
Animal Control:				
Capital needs	0	17,530	16,350	1,180

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL IMPROVEMENT PROGRAM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Parks and recreation:				
Vehicle replacement	\$ 0	\$ 15,760	\$ 15,760	\$ 0
Greenway cameras	0	80,000	72,983	7,017
Mosby Pool replacement	0	100,001	0	100,001
Tennis courts at Tinsley Park	0	80,000	35,977	44,023
Recreation equipment	0	10,099	8,781	1,318
Donations PR Improvement equipment	0	3,476	3,130	346
Cleveland Youth Football	0	31,328	31,328	0
Education:				
Cleveland High gym	5,700,000	5,700,000	5,141,562	558,438
New elementary - architect fees	0	75,000	51,140	23,860
Debt service:				
Interest and fiscal charges	40,200	40,200	40,200	0
Total expenditures	<u>\$ 11,992,882</u>	<u>\$ 21,369,531</u>	<u>\$ 9,750,499</u>	<u>\$ 11,619,032</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,894,725)</u>	<u>\$ (9,237,578)</u>	<u>\$ (5,413,404)</u>	<u>\$ 3,824,174</u>
Other financing sources (uses):				
Transfers in	\$ 165,500	\$ 322,579	\$ 302,579	\$ (20,000)
Transfers out	0	(85,636)	(85,636)	0
Notes issued	6,734,200	6,835,065	6,040,200	(794,865)
Total other financing sources (uses)	<u>\$ 6,899,700</u>	<u>\$ 7,072,008</u>	<u>\$ 6,257,143</u>	<u>\$ (814,865)</u>
Net change in fund balance	\$ 4,975	\$ (2,165,570)	\$ 843,739	\$ 3,009,309
Fund balance at beginning of year	<u>2,651,440</u>	<u>2,651,440</u>	<u>2,651,440</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,656,415</u></u>	<u><u>\$ 485,870</u></u>	<u><u>\$ 3,495,179</u></u>	<u><u>\$ 3,009,309</u></u>

CITY OF CLEVELAND, TENNESSEE  
GREENWAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 0	\$ 25	\$ 25
Miscellaneous	0	3,100	5,527	2,427
Total revenues	<u>\$ 0</u>	<u>\$ 3,100</u>	<u>\$ 5,552</u>	<u>\$ 2,452</u>
Expenditures:				
Capital outlay:				
Greenway benches and banners	\$ 0	\$ 7,662	\$ 3,387	\$ 4,275
Total expenditures	<u>\$ 0</u>	<u>\$ 7,662</u>	<u>\$ 3,387</u>	<u>\$ 4,275</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (4,562)	\$ 2,165	\$ 6,727
Fund balance at beginning of year	<u>0</u>	<u>9,020</u>	<u>9,020</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 4,458</u></u>	<u><u>\$ 11,185</u></u>	<u><u>\$ 6,727</u></u>

CITY OF CLEVELAND, TENNESSEE  
 FLETCHER PARK TRUST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital Outlay:				
Fletcher Park expenditures	\$ 0	\$ 5,403	\$ 0	\$ 5,403
Total expenditures	\$ 0	\$ 5,403	\$ 0	\$ 5,403
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (5,403)	\$ 0	\$ 5,403
Fund balance at beginning of year	0	5,403	5,403	0
Fund balance at end of year	\$ 0	\$ 0	\$ 5,403	\$ 5,403

CITY OF CLEVELAND, TENNESSEE  
 SALES TAX CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
Local 1/2 sales tax	\$ 2,657,100	\$ 2,710,781	\$ 2,750,241	\$ 39,460
School 1/2 cent sales tax	925,000	925,000	1,007,654	82,654
Lawsuit - City's share	170,064	170,064	113,383	(56,681)
Lawsuit - School's share	114,468	114,468	76,313	(38,155)
Interest	18,800	18,800	51,865	33,065
<b>Total revenues</b>	<b>\$ 3,885,432</b>	<b>\$ 3,939,113</b>	<b>\$ 3,999,456</b>	<b>\$ 60,343</b>
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
Inspector vehicles	\$ 24,000	\$ 29,966	\$ 29,966	\$ 0
Traffic study new elementary school	0	15,000	8,500	6,500
EDC planning document	20,000	20,000	0	20,000
Council's Sound System	0	7,000	7,441	(441)
Electronic Document Management	5,000	11,900	11,350	550
Computer systems - Hardware	134,000	56,802	29,633	27,169
Computer systems - Legislative & Judicial	0	10,000	4,693	5,307
Computer systems - Admin & Finance	0	10,000	10,027	(27)
Computer systems - Develop & Eng	0	5,000	3,097	1,903
Computer systems - Police	0	35,557	35,556	1
Computer systems - Fire	0	10,000	0	10,000
Computer systems - Public Works	0	10,000	2,222	7,778
Computer systems - Animal Control	0	400	389	11
Computer systems - Parks and Recreation	0	8,623	2,493	6,130
Computer systems - Stock	0	5,000	0	5,000
Computer systems - Codes Enforcement	0	420	420	0
GIS program	78,000	93,000	93,958	(958)
License fees	53,000	54,176	52,972	1,204
GIS flyover	5,000	20,000	720	19,280
GIS Rover	5,000	10,000	0	10,000
Police vehicles	285,000	300,227	310,175	(9,948)
Animal Control vehicle	30,000	30,000	0	30,000
Fire apparatus replacement program	294,500	294,500	0	294,500
Street paving	1,000,000	1,421,931	1,427,454	(5,523)
Paul Huff Parkway extension	0	196,100	196,083	17
Drainage projects	120,000	110,695	14,099	96,596
Sidewalk projects	50,000	38,846	19,225	19,621
MPO - 20th and Tasso	0	16,510	300	16,210
MPO - Central Ave 3R Project	52,510	152,000	37,493	114,507
MPO - 20th St sidewalk project	0	97,000	0	97,000
MPO - 17th Street 3R project	130,500	153,000	13,486	139,514
MPO - Stuart Rd 3R project	0	216,125	216,141	(16)
MPO - Greenway Ocoee Connector	0	64,802	25,212	39,590
MPO - Adkisson	144,832	42,422	520	41,902
MPO - Georgetown Rd @ 25th Street	0	113,250	10,198	103,052
MPO - Planning and overrun	0	27,783	0	27,783

CITY OF CLEVELAND, TENNESSEE  
 SALES TAX CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Sidewalk project - Ocoee Crossing	\$ 0	\$ 76,888	\$ 76,849	\$ 39
Public works equipment replacement	150,000	152,082	119,456	32,626
Multi-Modal Access Grant	0	23,082	25,000	(1,918)
Smart Communities grant	0	66,178	36,276	29,902
LIC North - City's share	0	177,855	0	177,855
Poole building - Taylor Springs	0	1,300	1,275	25
Roadscapes Phase III	29,600	29,600	0	29,600
Relocate Greenway Dr @ Raider Dr.	70,000	70,000	0	70,000
Kile Lane @ Veterans Home	150,000	150,000	0	150,000
Sidewalks @ 20th/Georgetown	0	20,000	6,585	13,415
LIC North acquisition	0	55,000	0	55,000
Vehicle replacement	70,000	45,000	45,000	0
Tinsley master plan	0	25,000	24,236	764
Greenway restrooms @ headquarters	0	6,323	6,323	0
Greenway-Willow/Inman survey	0	20,000	0	20,000
Willow Street south extension	0	73,978	1,297	72,681
Mosby gym repair	0	15,000	0	15,000
City-wide master plan	0	60,000	9,000	51,000
Greenway parking lot @ Keith St.	0	81,328	81,328	0
Boom mower	0	118,000	117,165	835
School capital projects	489,800	922,426	654,804	267,622
Debt service:				
QSCB principal	260,000	260,000	259,578	422
QSCB interest	63,100	63,100	63,024	76
QSCB fiscal charges	4,200	4,200	4,160	40
Arnold School Renovation - principal	73,000	73,000	73,000	0
Arnold School Renovation - interest	34,900	34,900	34,846	54
Total expenditures	<u>\$ 3,825,942</u>	<u>\$ 6,312,275</u>	<u>\$ 4,203,025</u>	<u>\$ 2,109,250</u>
Excess (deficiency) of revenues over expenditures	\$ 59,490	\$ (2,373,162)	\$ (203,569)	\$ 2,169,593
Fund balance at beginning of year	<u>2,587,025</u>	<u>2,587,025</u>	<u>2,587,025</u>	<u>0</u>
Fund balance at end of year	<u>\$ 2,646,515</u>	<u>\$ 213,863</u>	<u>\$ 2,383,456</u>	<u>\$ 2,169,593</u>

CITY OF CLEVELAND, TENNESSEE  
 SPRING BRANCH INDUSTRIAL PARK FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 12,000	\$ 18,952	\$ 6,952
Total revenues	\$ 0	\$ 12,000	\$ 18,952	\$ 6,952
Expenditures:				
Capital outlay:				
Development costs	\$ 0	\$ 499,554	\$ 108,218	\$ 391,336
Total expenditures	\$ 0	\$ 499,554	\$ 108,218	\$ 391,336
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (487,554)	\$ (89,266)	\$ 398,288
Other financing sources (uses):				
Transfers out	\$ (180,000)	\$ (144,000)	\$ (126,821)	\$ 17,179
Notes issued	0	439,925	0	(439,925)
Total other financing sources (uses)	\$ (180,000)	\$ 295,925	\$ (126,821)	\$ (422,746)
Net change in fund balance	\$ (180,000)	\$ (191,629)	\$ (216,087)	\$ (24,458)
Fund balance at beginning of year	1,716,170	1,716,170	1,716,170	0
Fund balance at end of year	\$ 1,536,170	\$ 1,524,541	\$ 1,500,083	\$ (24,458)

CITY OF CLEVELAND, TENNESSEE  
 MEILER ESTATE ANIMAL SHELTER TRUST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 1,000	\$ 1,216	\$ 216
Total revenues	\$ 0	\$ 1,000	\$ 1,216	\$ 216
Excess of revenues over expenditures	\$ 0	\$ 1,000	\$ 1,216	\$ 216
Fund balance at beginning of year	466,030	466,030	466,030	0
Fund balance at end of year	\$ 466,030	\$ 467,030	\$ 467,246	\$ 216

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## **INTERNAL SERVICE FUND**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Fleet Management Fund:** This fund is used to account for the maintenance of all vehicles owned by the City of Cleveland. The City also maintains vehicles for other governmental agencies.

**Health Insurance Trust Fund:** This fund is used to account for the medical claims and administrative costs of the city employees.

CITY OF CLEVELAND, TENNESSEE  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2016

	<u>Fleet Management Fund</u>	<u>Health Insurance Trust Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,627	\$ 396,972	\$ 399,599
Accounts receivable - net	6,278	0	6,278
Inventories	219,664	0	219,664
Total current assets	<u>\$ 228,569</u>	<u>\$ 396,972</u>	<u>\$ 625,541</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	\$ 108,291	\$ 0	\$ 108,291
Other capital assets, net of depreciation	946,990	0	946,990
Total noncurrent assets	<u>\$ 1,055,281</u>	<u>\$ 0</u>	<u>\$ 1,055,281</u>
Total assets	<u>\$ 1,283,850</u>	<u>\$ 396,972</u>	<u>\$ 1,680,822</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>\$ 20,005</u>	<u>\$ 213,390</u>	<u>\$ 233,395</u>
Total liabilities	<u>\$ 20,005</u>	<u>\$ 213,390</u>	<u>\$ 233,395</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,055,281	\$ 0	\$ 1,055,281
Unrestricted	<u>208,564</u>	<u>183,582</u>	<u>392,146</u>
Total net position	<u><u>\$ 1,263,845</u></u>	<u><u>\$ 183,582</u></u>	<u><u>\$ 1,447,427</u></u>

CITY OF CLEVELAND, TENNESSEE  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2016

	Fleet Management Fund	Health Insurance Trust Fund	Total Internal Service Funds
Operating Revenues:			
Charges for services	\$ 1,034,778	\$ 3,715,018	\$ 4,749,796
Other operating revenue	100	0	100
Total operating revenues	\$ 1,034,878	\$ 3,715,018	\$ 4,749,896
Operating Expenses:			
Operating expenses	\$ 1,035,492	\$ 3,531,593	\$ 4,567,085
Depreciation and amortization	33,798	0	33,798
Total operating expenses	\$ 1,069,290	\$ 3,531,593	\$ 4,600,883
Operating income (loss)	\$ (34,412)	\$ 183,425	\$ 149,013
Non Operating Revenues (Expenses):			
Interest income	\$ 75	\$ 157	\$ 232
Gain on sale of assets	4,871	0	4,871
Total non operating revenues (expenses)	\$ 4,946	\$ 157	\$ 5,103
Income (loss) before contributions and transfers	\$ (29,466)	\$ 183,582	\$ 154,116
Capital contributions	19,498	0	19,498
Change in net position	\$ (9,968)	\$ 183,582	\$ 173,614
Total net position - beginning	1,273,813	0	1,273,813
Total net position - ending	\$ 1,263,845	\$ 183,582	\$ 1,447,427

CITY OF CLEVELAND, TENNESSEE  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2016

	Fleet Management Fund	Health Insurance Trust Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers	\$ 100,015	\$ 0	\$ 100,015
Receipts from interfund charges	956,934	3,715,018	4,671,952
Payments to suppliers	(744,770)	(3,318,203)	(4,062,973)
Payments to employees for services	(315,872)	0	(315,872)
Net cash provided by (used in) operating activities	<u>\$ (3,693)</u>	<u>\$ 396,815</u>	<u>\$ 393,122</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	\$ (20,348)	\$ 0	\$ (20,348)
Proceeds from contributed capital	19,498	0	19,498
Proceeds from sale of assets	4,871	0	4,871
Net cash provided by (used in) capital and related financing activities	<u>\$ 4,021</u>	<u>\$ 0</u>	<u>\$ 4,021</u>
Cash flows from investing activities:			
Interest received	\$ 75	\$ 157	\$ 232
Net cash provided by investing activities	<u>\$ 75</u>	<u>\$ 157</u>	<u>\$ 232</u>
Net increase (decrease) in cash and cash equivalents	\$ 403	\$ 396,972	\$ 397,375
Cash and cash equivalents, beginning of year	2,224	0	2,224
Cash and cash equivalents, end of year	<u>\$ 2,627</u>	<u>\$ 396,972</u>	<u>\$ 399,599</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (34,412)	\$ 183,425	\$ 149,013
Adjustments to reconcile net operating revenues to net cash provided by operating activities:			
Depreciation	33,798	0	33,798
Changes in operating assets and liabilities			
Accounts receivable	22,070	0	22,070
Inventories	(22,524)	0	(22,524)
Accounts payable	(2,625)	213,390	210,765
Net cash provided by operating activities	<u>\$ (3,693)</u>	<u>\$ 396,815</u>	<u>\$ 393,122</u>

CITY OF CLEVELAND, TENNESSEE  
FLEET MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>Operating Revenues:</b>				
Charges for services	\$ 313,500	\$ 323,500	\$ 324,401	\$ 901
Charges for contracted services	58,500	117,000	152,362	35,362
Sale of gasoline	45,000	45,000	44,139	(861)
Sale of parts	450,000	510,000	513,876	3,876
Other operating revenue	0	100	100	0
Total operating revenues	<u>\$ 867,000</u>	<u>\$ 995,600</u>	<u>\$ 1,034,878</u>	<u>\$ 39,278</u>
<b>Operating Expenses:</b>				
<b>General and administrative:</b>				
Cost of goods sold	\$ 346,154	\$ 392,307	\$ 396,286	\$ (3,979)
Salaries	332,300	299,600	299,456	144
Overtime	5,400	5,600	4,929	671
Service awards	300	0	0	0
Longevity	3,800	5,100	5,025	75
Sold vacation	2,200	5,900	5,812	88
Christmas bonus	800	700	650	50
Dental insurance	3,400	3,000	2,935	65
Social security	26,400	23,200	23,144	56
Health insurance	46,100	54,400	50,513	3,887
Retirement	57,400	52,000	51,909	91
Life and disability insurance	4,400	3,300	3,264	36
Vision insurance	0	800	727	73
Worker's compensation claims	500	0	0	0
Postage	500	500	229	271
Printing	200	200	0	200
Advertising	200	200	35	165
Membership dues	2,600	4,800	4,803	(3)
Utilities	23,100	19,300	17,898	1,402
Telephone	9,600	12,600	12,538	62
Vehicle maintenance	8,000	10,800	10,785	15
Contracted services - vehicle maintenance	90,000	94,000	94,645	(645)
Building maintenance	8,500	2,500	2,452	48
Central fuel maintenance and supplies	10,000	6,000	5,938	62
Travel and training	1,000	700	631	69
Pest control	300	0	0	0
Office expense	3,500	3,800	4,106	(306)
Waste disposal services	4,000	1,200	330	870
Janitorial supplies	4,400	4,100	4,080	20
Uniforms	3,800	2,134	2,090	44
Gasoline and oil	6,800	2,600	2,530	70
Insurance - building and contents	2,300	2,663	2,662	1
Insurance - vehicles	1,400	1,055	1,055	0
Insurance - general liability	2,100	2,125	2,125	0

CITY OF CLEVELAND, TENNESSEE  
FLEET MANAGEMENT FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Expenses (Continued):				
Insurance - worker's compensation	\$ 10,200	\$ 10,484	\$ 10,483	\$ 1
Depreciation	31,400	31,800	33,798	(1,998)
Computer software maintenance	10,700	9,700	9,625	75
Miscellaneous	500	500	115	385
Equipment and tools	2,500	1,300	1,237	63
Computer equipment	1,200	500	450	50
Total operating expenses	<u>\$ 1,067,954</u>	<u>\$ 1,071,468</u>	<u>\$ 1,069,290</u>	<u>\$ 2,178</u>
Operating income (loss)	<u>\$ (200,954)</u>	<u>\$ (75,868)</u>	<u>\$ (34,412)</u>	<u>\$ 41,456</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 0	\$ 0	\$ 75	\$ 75
Gain on sale of assets	0	4,871	4,871	0
Total non operating revenues (expenses)	<u>\$ 0</u>	<u>\$ 4,871</u>	<u>\$ 4,946</u>	<u>\$ 75</u>
Income (loss) before contributions and transfers	\$ (200,954)	\$ (70,997)	\$ (29,466)	\$ 41,531
Capital contributions	<u>0</u>	<u>0</u>	<u>19,498</u>	<u>0</u>
Change in net position	<u>\$ (200,954)</u>	<u>\$ (70,997)</u>	<u>\$ (9,968)</u>	<u>\$ 41,531</u>
Total net position - beginning	<u>1,273,813</u>	<u>1,273,813</u>	<u>1,273,813</u>	<u>0</u>
Total net position - ending	<u><u>\$ 1,072,859</u></u>	<u><u>\$ 1,202,816</u></u>	<u><u>\$ 1,263,845</u></u>	<u><u>\$ 41,531</u></u>

CITY OF CLEVELAND, TENNESSEE  
HEALTH INSURANCE TRUST FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 0	\$ 3,462,105	\$ 3,715,018	\$ 252,913
Total operating revenues	<u>\$ 0</u>	<u>\$ 3,462,105</u>	<u>\$ 3,715,018</u>	<u>\$ 252,913</u>
Operating Expenses:				
General and administrative:				
Health insurance claims	\$ 0	\$ 2,820,534	\$ 2,978,940	\$ (158,406)
Administrative services	0	619,300	552,653	66,647
Total operating expenses	<u>\$ 0</u>	<u>\$ 3,439,834</u>	<u>\$ 3,531,593</u>	<u>\$ (91,759)</u>
Operating income	<u>\$ 0</u>	<u>\$ 22,271</u>	<u>\$ 183,425</u>	<u>\$ 161,154</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 0	\$ 0	\$ 157	\$ 157
Total non operating revenues (expenses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 157</u>	<u>\$ 157</u>
Change in net position	\$ 0	\$ 22,271	\$ 183,582	\$ 161,311
Total net position - beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total net position - ending	<u><u>\$ 0</u></u>	<u><u>\$ 22,271</u></u>	<u><u>\$ 183,582</u></u>	<u><u>\$ 161,311</u></u>

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## **CAPITAL ASSETS**

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULE BY SOURCE(1)  
 June 30, 2016 and 2015

	2016	2015
Governmental funds capital assets:		
Land	\$ 37,201,648	\$ 37,201,648
Buildings	108,178,908	107,536,906
Public improvements other than buildings	19,617,371	19,430,420
Infrastructure	64,723,664	61,962,781
Furniture, fixtures, equipment and vehicles	34,052,925	33,226,847
Total governmental funds capital assets	\$ 263,774,516	\$ 259,358,602
 Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 263,774,516	\$ 259,358,602

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY(1)

June 30, 2016

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
<b>General Government:</b>						
Administration and finance	\$ 1,371,481	\$ 1,800	\$ 401,564	\$ 252,349	\$ 0	\$ 715,768
General government	797,252	180,600	185,251	370,027	0	61,374
Community development	627,629	56,361	271,086	1,805	0	298,377
Library	9,332,190	302,000	5,384,957	75,740	0	3,569,493
<b>Total General Government</b>	<b>\$ 12,128,552</b>	<b>\$ 540,761</b>	<b>\$ 6,242,858</b>	<b>\$ 699,921</b>	<b>\$ 0</b>	<b>\$ 4,645,012</b>
<b>Public Safety:</b>						
Police	\$ 11,265,449	\$ 290,097	\$ 5,179,696	\$ 56,867	\$ 0	\$ 5,738,789
Fire	9,183,043	461,500	3,078,947	186,001	0	5,456,595
911 Center	867,618	0	867,618	0	0	0
<b>Total Public Safety</b>	<b>\$ 21,316,110</b>	<b>\$ 751,597</b>	<b>\$ 9,126,261</b>	<b>\$ 242,868</b>	<b>\$ 0</b>	<b>\$ 11,195,384</b>
<b>Public Works:</b>						
Street Department	\$ 4,790,962	\$ 249,715	\$ 318,738	\$ 90,681	\$ 0	\$ 4,131,828
Engineering	456,425	45,385	146,579	35,130	0	229,331
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Airport	25,000	25,000	0	0	0	0
Jetport	40,756,703	26,899,869	2,923,231	10,214,749	0	718,854
Primary Roads	10,006,509	67,965	0	0	9,938,544	0
Secondary Roads	45,720,046	378,887	0	0	45,341,159	0
Drainage	4,974,127	12,147	0	0	4,961,980	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	1,441,636	0	0	0	1,441,636	0
Bridges	196,992	0	0	0	196,992	0
<b>Total Public Works</b>	<b>\$ 112,074,811</b>	<b>\$ 28,513,026</b>	<b>\$ 3,413,548</b>	<b>\$ 10,344,560</b>	<b>\$ 64,723,664</b>	<b>\$ 5,080,013</b>
<b>Parks and Recreation:</b>						
Recreation Office	\$ 1,663,959	\$ 0	\$ 0	\$ 70,585	\$ 0	\$ 1,593,374
Tinsley Park	2,062,604	211,980	165,860	1,585,033	0	99,731
Waterville Golf Course	2,284,931	256,816	521,641	1,268,122	0	238,352
College Hill Center	1,300,105	76,890	231,658	847,773	0	143,784
Cleveland Community Center	824,099	47,000	421,768	248,964	0	106,367
Johnston Park	425,000	175,000	0	250,000	0	0
Deer Park	265,740	90,000	0	175,740	0	0
Arnold Mini Park	14,565	0	0	14,565	0	0
Mayfield Mini Park	14,000	0	0	14,000	0	0
Blythe Mini Park	20,044	9,874	0	10,170	0	0
Bower Mini Park	61,975	0	14,800	47,175	0	0
Stuart Mini Park	9,531	0	0	9,531	0	0
E.L. Ross Craigmile Park	9,880	0	0	9,880	0	0
East Cleveland Neighborhood	83,698	10,000	3,577	70,121	0	0
Greenway Project	2,875,101	0	304,839	2,426,934	0	143,328
Fletcher Park	663,076	64,373	118,973	479,730	0	0
1st Street Square Park	535,363	174,595	0	360,768	0	0
Soccer Complex	394,492	50,000	3,930	340,562	0	0
<b>Total Parks and Recreation</b>	<b>\$ 13,508,163</b>	<b>\$ 1,166,528</b>	<b>\$ 1,787,046</b>	<b>\$ 8,229,653</b>	<b>\$ 0</b>	<b>\$ 2,324,936</b>

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY(1)  
 June 30, 2016

(Continued)

<u>Function and Activity</u>	<u>Total Capital Assets</u>	<u>Land</u>	<u>Buildings</u>	<u>Other Improve- ments</u>	<u>Infrastructure</u>	<u>Equipment</u>
<b>Miscellaneous Properties:</b>						
Central and Church parking lot	\$ 101,000	\$ 101,000	\$ 0	\$ 0	\$ 0	\$ 0
Fourth Street parking lot	45,500	45,500	0	0	0	0
Worth and Central parking lot	45,000	45,000	0	0	0	0
Inman Street parking lot	32,500	32,500	0	0	0	0
Second - Central parking lot	53,000	53,000	0	0	0	0
Blythe Day Care	35,136	15,000	11,336	8,800	0	0
Animal Control	338,402	0	95,301	73,147	0	169,954
Kaufman - Second Street parking lot	33,000	27,500	0	5,500	0	0
Hargis - First Street parking lot	33,000	27,500	0	5,500	0	0
Urban renewal lots	87,330	87,330	0	0	0	0
Hill Street building	1,074	0	1,074	0	0	0
Seventh and Church Street parking lot	21,202	13,780	0	7,422	0	0
<b>Total Miscellaneous Properties</b>	<b>\$ 826,144</b>	<b>\$ 448,110</b>	<b>\$ 107,711</b>	<b>\$ 100,369</b>	<b>\$ 0</b>	<b>\$ 169,954</b>
<b>Cleveland City Schools:</b>						
School Property	\$ 102,662,497	\$ 5,781,626	\$ 87,501,484	\$ 0	\$ 0	\$ 9,379,387
Food Service	1,258,239	0	0	0	0	1,258,239
<b>Total City Schools</b>	<b>\$ 103,920,736</b>	<b>\$ 5,781,626</b>	<b>\$ 87,501,484</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,637,626</b>
<b>Total Capital Assets</b>	<b>\$ 263,774,516</b>	<b>\$ 37,201,648</b>	<b>\$ 108,178,908</b>	<b>\$ 19,617,371</b>	<b>\$ 64,723,664</b>	<b>\$ 34,052,925</b>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY(1)

For the Fiscal Year Ended June 30, 2016

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>General Government:</b>				
Administration and finance	\$ 1,183,198	\$ 189,282	\$ 999	\$ 1,371,481
General government	785,034	12,805	587	797,252
Community development	617,884	34,089	24,344	627,629
Library	8,441,733	915,835	25,378	9,332,190
<b>Total General Government</b>	<b>\$ 11,027,849</b>	<b>\$ 1,152,011</b>	<b>\$ 51,308</b>	<b>\$ 12,128,552</b>
<b>Public Safety:</b>				
Police	\$ 10,991,212	\$ 474,567	\$ 200,330	\$ 11,265,449
Fire	9,415,156	43,268	275,381	9,183,043
911 Center	867,618	0	0	867,618
<b>Total Public Safety</b>	<b>\$ 21,273,986</b>	<b>\$ 517,835</b>	<b>\$ 475,711</b>	<b>\$ 21,316,110</b>
<b>Public Works:</b>				
Street Department	\$ 4,656,813	\$ 289,546	\$ 155,397	\$ 4,790,962
Engineering	464,273	0	7,848	456,425
Old City Landfill	92,500	0	0	92,500
Airport	56,100	0	31,100	25,000
Jetport	40,732,937	23,766	0	40,756,703
Primary Roads	8,613,398	1,393,111	0	10,006,509
Secondary Roads	44,352,274	1,367,772	0	45,720,046
Drainage	4,974,127	0	0	4,974,127
Detention Ponds	3,613,911	0	0	3,613,911
Sidewalks	1,441,636	0	0	1,441,636
Bridges	196,992	0	0	196,992
<b>Total Public Works</b>	<b>\$ 109,194,961</b>	<b>\$ 3,074,195</b>	<b>\$ 194,345</b>	<b>\$ 112,074,811</b>
<b>Parks and Recreation:</b>				
Recreation Office	\$ 1,415,027	\$ 250,322	\$ 1,390	\$ 1,663,959
Tinsley Park	2,054,993	13,198	5,587	2,062,604
Waterville Golf Course	2,284,931	0	0	2,284,931
College Hill Center	1,262,575	37,530	0	1,300,105
Cleveland Community Center	824,577	3,384	3,862	824,099
Johnston Park	425,000	0	0	425,000
Deer Park	265,740	0	0	265,740
Arnold Mini Park	14,565	0	0	14,565
Mayfield Mini Park	14,000	0	0	14,000
Blythe Mini Park	20,044	0	0	20,044
Bower Mini Park	61,975	0	0	61,975
Stuart Mini Park	9,531	0	0	9,531
E.L. Ross Craigmile Park	9,880	0	0	9,880
East Cleveland Neighborhood	83,698	0	0	83,698
Greenway Project	2,872,602	2,499	0	2,875,101
Fletcher Park	663,076	0	0	663,076
1st Street Square Park	535,363	0	0	535,363
Soccer Complex	394,492	0	0	394,492
<b>Total Parks and Recreation</b>	<b>\$ 13,212,069</b>	<b>\$ 306,933</b>	<b>\$ 10,839</b>	<b>\$ 13,508,163</b>

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS (Continued)  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY(1)  
 For the Fiscal Year Ended June 30, 2016

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Miscellaneous Properties:				
Central and Church parking lot	\$ 101,000	\$ 0	\$ 0	\$ 101,000
Fourth Street parking lot	45,500	0	0	45,500
Worth and Central parking lot	45,000	0	0	45,000
Inman Street parking lot	32,500	0	0	32,500
Second - Central parking lot	53,000	0	0	53,000
Blythe Day Care	35,136	0	0	35,136
Animal Control	334,802	3,600	0	338,402
Kaufman - Second Street parking lot	33,000	0	0	33,000
Hargis - First Street parking lot	33,000	0	0	33,000
Urban renewal lots	87,330	0	0	87,330
Hill Street building	1,074	0	0	1,074
Seventh and Church Street parking lot	21,202	0	0	21,202
Total Miscellaneous Properties	<u>\$ 822,544</u>	<u>\$ 3,600</u>	<u>\$ 0</u>	<u>\$ 826,144</u>
Cleveland City Schools:				
School Property	\$ 102,576,521	\$ 502,276	\$ 416,300	\$ 102,662,497
Food Service	1,250,672	7,567	0	1,258,239
Total City Schools	<u>\$ 103,827,193</u>	<u>\$ 509,843</u>	<u>\$ 416,300</u>	<u>\$ 103,920,736</u>
Total Capital Assets	<u><u>\$ 259,358,602</u></u>	<u><u>\$ 5,564,417</u></u>	<u><u>\$ 1,148,503</u></u>	<u><u>\$ 263,774,516</u></u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statements of net assets.

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## STATISTICAL SECTION

This part of the City of Cleveland, Tennessee’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	146
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government’s most significant local revenue sources, the property tax and the local sales tax.	156
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	168
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	175
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	179

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF CLEVELAND, TENNESSEE  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 54,639,891	\$ 58,694,649	\$ 59,721,184	\$ 57,893,731
Restricted	459,740	459,740	459,740	473,440
Unrestricted	<u>22,488,017</u>	<u>16,590,395</u>	<u>15,821,883</u>	<u>17,372,612</u>
Total governmental activities net assets	<u>\$ 77,587,648</u>	<u>\$ 75,744,784</u>	<u>\$ 76,002,807</u>	<u>\$ 75,739,783</u>
Business-type activities				
Net investment in capital assets	\$ 98,773,538	\$ 100,513,728	\$ 112,581,181	\$ 120,603,787
Unrestricted	<u>14,329,076</u>	<u>22,347,483</u>	<u>15,355,800</u>	<u>12,830,051</u>
Total business-type activities	<u>\$ 113,102,614</u>	<u>\$ 122,861,211</u>	<u>\$ 127,936,981</u>	<u>\$ 133,433,838</u>
Primary government				
Net investment in capital assets	\$ 153,413,429	\$ 159,208,377	\$ 172,302,365	\$ 178,497,518
Restricted	459,740	459,740	459,740	473,440
Unrestricted	<u>36,817,093</u>	<u>38,937,878</u>	<u>31,177,683</u>	<u>30,202,663</u>
Total primary government net assets	<u>\$ 190,690,262</u>	<u>\$ 198,605,995</u>	<u>\$ 203,939,788</u>	<u>\$ 209,173,621</u>

Source: Official record of Office of City Clerk.

2011	2012	2013	2014	2015	2016
\$ 66,391,099	\$ 66,979,125	\$ 68,705,499	\$ 108,313,394	\$ 115,117,684	\$ 118,815,347
2,926,017	6,449,583	4,903,327	3,627,607	4,230,289	3,960,956
12,436,686	14,134,054	13,058,791	9,398,036	(6,550,745)	(1,239,172)
<u>\$ 81,753,802</u>	<u>\$ 87,562,762</u>	<u>\$ 86,667,617</u>	<u>\$ 121,339,037</u>	<u>\$ 112,797,228</u>	<u>\$ 121,537,131</u>
\$ 132,342,820	\$ 143,097,174	\$ 161,335,056	\$ 124,523,849	\$ 124,243,205	\$ 126,677,290
13,179,002	10,789,348	3,654,232	8,413,181	(1,508,685)	2,226,781
<u>\$ 145,521,822</u>	<u>\$ 153,886,522</u>	<u>\$ 164,989,288</u>	<u>\$ 132,937,030</u>	<u>\$ 122,734,520</u>	<u>\$ 128,904,071</u>
\$ 198,733,919	\$ 210,076,299	\$ 230,040,555	\$ 232,837,243	\$ 239,360,889	\$ 245,492,637
2,926,017	6,449,583	4,903,327	3,627,607	4,230,289	3,960,956
25,615,688	24,923,402	16,713,023	17,811,217	(8,059,430)	987,609
<u>\$ 227,275,624</u>	<u>\$ 241,449,284</u>	<u>\$ 251,656,905</u>	<u>\$ 254,276,067</u>	<u>\$ 235,531,748</u>	<u>\$ 250,441,202</u>

CITY OF CLEVELAND, TENNESSEE  
CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2007	2008	2009
<b>EXPENSES</b>			
Governmental activities:			
General government	\$ 2,674,062	\$ 3,045,455	\$ 3,125,773
Development and Engineering	882,244	1,071,399	1,052,676
Public safety	15,897,312	18,599,983	19,173,722
Public works	9,080,972	9,076,371	9,442,505
Health and welfare	607,956	659,474	665,951
Culture and recreation	3,451,275	4,387,539	3,807,169
Education	39,363,223	39,878,902	41,239,156
Interest on long-term debt	2,637,740	3,152,029	2,923,763
Total governmental activities	<u>\$ 74,594,784</u>	<u>\$ 79,871,152</u>	<u>\$ 81,430,715</u>
Business-type activities:			
Water and sewer	\$ 18,626,226	\$ 20,426,089	\$ 20,856,642
Electric	75,438,689	79,179,669	91,699,799
Stormwater management	0	0	0
Brush Chipping	221,463	176,191	144,655
Airport	0	206,011	52,591
Total business-type activities expenses	<u>\$ 94,286,378</u>	<u>\$ 99,987,960</u>	<u>\$ 112,753,687</u>
Total primary government expenses	<u>\$ 168,881,162</u>	<u>\$ 179,859,112</u>	<u>\$ 194,184,402</u>
<b>PROGRAM REVENUES</b>			
Governmental activities:			
Charges for services	\$ 7,540,322	\$ 7,837,356	\$ 7,644,180
Operating grants and contributions	31,719,118	34,905,174	35,612,093
Capital grants and contributions	5,605,567	2,767,768	1,914,789
Total governmental activities program revenues	<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 19,411,182	\$ 20,208,450	\$ 20,724,856
Electric	77,279,666	80,786,137	94,209,090
Stormwater management	0	0	0
Brush Chipping	234,142	187,296	130,710
Airport	0	12,781	17,484
Operating grants and contributions	90,324	40,523	270,000
Capital grants and contributions	2,282,693	8,879,491	3,685,707
Total business-type activities program revenues	<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>
Total primary government program revenues	<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>
Net (Expense) Revenue			
Governmental activities	\$ (29,729,777)	\$ (34,360,854)	\$ (36,259,653)
Business-type activities	5,011,629	10,126,718	6,284,160
Total primary government net expense	<u>\$ (24,718,148)</u>	<u>\$ (24,234,136)</u>	<u>\$ (29,975,493)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>			
Governmental activities:			
Property taxes	\$ 15,480,244	\$ 15,497,594	\$ 15,848,544
Interest and penalty on taxes	150,071	156,498	131,485
In lieu of taxes	30,136	19,208	22,112
Local sales tax	8,018,692	7,929,077	8,389,829
Wholesale beer tax	1,162,392	1,206,434	1,239,216
Gross receipts tax	857,958	883,959	939,795
Franchise tax	1,041,053	992,888	929,622
State sales tax	2,702,704	2,685,932	2,454,675
Other state taxes	1,800,451	2,116,359	2,513,984
Grants and contributions not restricted	633,364	738,101	455,312
Unrestricted investment earnings	1,203,574	527,603	80,157
Gain on sale of capital assets	0	0	1,893,766
Transfers	1,688,551	1,526,951	1,619,179
Total governmental activities	<u>\$ 34,769,190</u>	<u>\$ 34,280,604</u>	<u>\$ 36,517,676</u>
Business-type activities:			
Unrestricted investment earnings	\$ 781,396	\$ 595,448	\$ 410,789
Transfers	(1,688,551)	(1,526,951)	(1,619,179)
Total business-type activities	<u>\$ (907,155)</u>	<u>\$ (931,503)</u>	<u>\$ (1,208,390)</u>
Total primary government	<u>\$ 33,862,035</u>	<u>\$ 33,349,101</u>	<u>\$ 35,309,286</u>
<b>CHANGE IN NET POSITION</b>			
Governmental activities	\$ 5,039,413	\$ (80,250)	\$ 258,023
Business-type activities	4,104,474	9,195,215	5,075,770
Total primary government	<u>\$ 9,143,887</u>	<u>\$ 9,114,965</u>	<u>\$ 5,333,793</u>

Source: Official record of Office of City Clerk.

2010	2011	2012	2013	2014	2015	2016
\$ 4,294,917	\$ 3,396,302	\$ 3,463,066	\$ 6,338,456	\$ 3,285,177	\$ 3,356,106	\$ 3,765,394
867,709	1,373,602	1,481,745	1,140,908	1,498,726	1,473,844	1,940,024
18,190,814	18,488,592	18,523,073	18,702,183	19,610,293	18,688,453	19,057,323
9,913,297	9,725,715	10,047,079	9,539,339	10,767,515	11,340,866	11,240,255
680,086	699,095	725,353	829,343	740,903	638,456	671,684
4,014,995	3,864,303	4,638,754	4,734,464	5,150,586	4,397,406	4,371,397
42,725,119	46,137,209	46,792,601	46,972,946	49,017,773	46,678,450	49,400,437
2,298,214	2,814,385	2,822,451	2,878,690	2,999,643	3,356,042	3,296,175
<u>\$ 82,985,151</u>	<u>\$ 86,499,203</u>	<u>\$ 88,494,122</u>	<u>\$ 91,136,329</u>	<u>\$ 93,070,616</u>	<u>\$ 89,929,623</u>	<u>\$ 93,742,689</u>
\$ 20,890,587	\$ 21,254,266	\$ 21,547,173	\$ 22,183,642	\$ 22,606,739	\$ 22,015,051	\$ 23,781,528
83,803,232	92,666,017	91,125,591	93,526,162	95,535,206	96,987,194	94,002,316
0	0	0	0	0	0	422,576
159,000	0	0	0	0	0	0
263,379	62,617	51,203	573,288	0	0	0
<u>\$ 105,116,198</u>	<u>\$ 113,982,900</u>	<u>\$ 112,723,967</u>	<u>\$ 116,283,092</u>	<u>\$ 118,141,945</u>	<u>\$ 119,002,245</u>	<u>\$ 118,206,420</u>
<u>\$ 188,101,349</u>	<u>\$ 200,482,103</u>	<u>\$ 201,218,089</u>	<u>\$ 207,419,421</u>	<u>\$ 211,212,561</u>	<u>\$ 208,931,868</u>	<u>\$ 211,949,109</u>
\$ 7,331,254	\$ 7,618,007	\$ 7,308,364	\$ 6,394,007	\$ 5,719,960	\$ 5,792,117	\$ 5,546,286
37,462,812	42,206,859	42,136,892	42,650,493	42,755,489	45,485,420	47,705,172
2,302,461	5,806,175	2,823,302	1,622,538	2,805,953	1,459,698	4,452,957
<u>\$ 47,096,527</u>	<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>	<u>\$ 52,737,235</u>	<u>\$ 57,704,415</u>
\$ 20,356,004	\$ 21,846,514	\$ 23,391,403	\$ 23,006,832	\$ 24,232,749	\$ 25,710,183	\$ 27,147,284
86,785,472	96,353,160	94,456,322	96,146,039	98,249,509	99,094,672	97,005,448
0	0	0	0	0	0	865,814
0	0	0	0	0	0	0
16,775	11,645	15,719	123,841	0	0	0
3,549	5,569	174,663	45,097	48,977	47,532	55,537
4,882,848	9,401,737	4,800,720	9,622,580	961,210	515,643	1,494,135
<u>\$ 112,044,648</u>	<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>	<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>	<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>
<u>\$ 159,141,175</u>	<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>	<u>\$ 178,105,265</u>	<u>\$ 184,272,633</u>
\$ (35,888,624)	\$ (30,868,162)	\$ (36,225,564)	\$ (40,469,291)	\$ (41,789,214)	\$ (37,192,388)	\$ (36,038,274)
6,928,450	13,635,725	10,114,860	12,661,297	5,350,500	6,365,785	8,361,798
<u>\$ (28,960,174)</u>	<u>\$ (17,232,437)</u>	<u>\$ (26,110,704)</u>	<u>\$ (27,807,994)</u>	<u>\$ (36,438,714)</u>	<u>\$ (30,826,603)</u>	<u>\$ (27,676,476)</u>
\$ 16,465,931	\$ 16,629,270	\$ 16,497,090	\$ 16,598,001	\$ 19,016,017	\$ 19,653,207	\$ 19,607,993
194,301	275,607	270,429	232,829	215,627	217,448	194,097
90,822	77,898	281,289	247,400	501,661	239,618	285,008
9,840,465	10,173,414	11,726,645	11,842,883	11,976,829	12,516,655	13,138,559
1,245,869	1,303,212	1,490,010	1,514,062	1,555,503	1,588,040	1,584,441
913,170	962,609	1,103,755	1,139,178	956,672	1,176,363	1,244,796
953,496	843,753	790,234	874,574	933,173	989,949	904,420
2,397,165	2,505,215	2,803,138	2,857,391	2,953,870	3,130,831	3,342,791
1,298,234	1,685,668	2,046,650	1,955,994	1,742,735	4,095,349	1,638,355
536,334	605,104	708,181	566,435	407,799	775,098	394,752
27,007	50,070	58,173	79,556	79,985	96,088	131,389
(59,455)	(22,362)	4,085	49,317	42,835	650,321	14,600
1,722,261	1,792,723	1,893,518	1,616,526	2,198,373	2,247,105	2,322,340
<u>\$ 35,625,600</u>	<u>\$ 36,882,181</u>	<u>\$ 39,673,197</u>	<u>\$ 39,574,146</u>	<u>\$ 42,581,079</u>	<u>\$ 47,376,072</u>	<u>\$ 44,803,541</u>
\$ 290,668	\$ 244,982	\$ 143,358	\$ 55,945	\$ 65,171	\$ 82,174	\$ 104,729
(1,722,261)	(1,792,723)	(1,893,518)	(1,616,526)	(2,198,373)	(2,247,105)	(2,322,340)
<u>\$ (1,431,593)</u>	<u>\$ (1,547,741)</u>	<u>\$ (1,750,160)</u>	<u>\$ (1,560,581)</u>	<u>\$ (2,133,202)</u>	<u>\$ (2,164,931)</u>	<u>\$ (2,217,611)</u>
<u>\$ 34,194,007</u>	<u>\$ 35,334,440</u>	<u>\$ 37,923,037</u>	<u>\$ 38,013,565</u>	<u>\$ 40,447,877</u>	<u>\$ 45,211,141</u>	<u>\$ 42,585,930</u>
\$ (263,024)	\$ 6,014,019	\$ 3,447,633	\$ (895,145)	\$ 791,865	\$ 10,183,684	\$ 8,765,267
5,496,857	12,087,984	8,364,700	11,100,716	3,217,298	4,200,854	6,144,187
<u>\$ 5,233,833</u>	<u>\$ 18,102,003</u>	<u>\$ 11,812,333</u>	<u>\$ 10,205,571</u>	<u>\$ 4,009,163</u>	<u>\$ 14,384,538</u>	<u>\$ 14,909,454</u>

CITY OF CLEVELAND, TENNESSEE  
PROGRAM REVENUE BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
*(accrual basis of accounting)*

Function/Program	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:				
General government	\$ 94,478	\$ 135,035	\$ 92,145	\$ 379,084
Development and Engineering	942,799	925,752	554,623	656,137
Public safety	3,280,867	3,593,229	3,500,312	3,780,466
Public works	3,394,983	5,130,737	4,609,105	3,556,569
Health and welfare	272,474	327,852	358,574	376,131
Culture and recreation	1,124,039	1,497,747	1,533,839	1,349,080
Education	<u>35,755,367</u>	<u>33,899,946</u>	<u>34,522,464</u>	<u>36,999,060</u>
Subtotal governmental activities	<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>	<u>\$ 47,096,527</u>
Business-type activities				
Water and sewer	\$ 21,784,199	\$ 21,065,966	\$ 23,133,452	\$ 21,801,228
Electric	77,279,666	80,826,660	94,209,090	86,785,871
Stormwater management	0	0	0	0
Brush Chipping	234,142	187,296	130,710	0
Airport	<u>0</u>	<u>8,034,756</u>	<u>1,564,595</u>	<u>3,457,549</u>
Subtotal business-type activities	<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>	<u>\$ 112,044,648</u>
Total primary government	<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>	<u>\$ 159,141,175</u>

Source: Official record of Office of City Clerk.

2011	2012	2013	2014	2015	2016
\$ 234,666	\$ 116,736	\$ 134,104	\$ 122,688	\$ 167,161	\$ 368,176
1,472,042	1,548,127	1,509,789	993,896	624,031	743,144
3,488,411	3,516,915	2,526,039	1,094,936	1,212,259	1,183,264
5,889,898	5,431,881	4,909,092	6,529,526	6,087,104	8,832,654
356,526	353,828	428,573	226,117	47,810	36,540
948,610	1,041,708	933,323	1,139,580	1,178,229	1,158,832
<u>43,240,888</u>	<u>40,259,363</u>	<u>40,226,118</u>	<u>41,174,659</u>	<u>43,450,641</u>	<u>45,381,805</u>
<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>	<u>\$ 52,767,235</u>	<u>\$ 57,704,415</u>
\$ 22,650,899	\$ 24,677,843	\$ 23,149,324	\$ 25,045,728	\$ 26,043,419	\$ 28,337,385
96,353,979	94,477,235	96,521,141	98,446,717	99,324,611	97,364,119
0	0	0	0	0	866,714
0	0	0	0	0	0
<u>8,613,747</u>	<u>3,683,749</u>	<u>9,273,924</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>	<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>	<u>\$ 125,368,030</u>	<u>\$ 126,568,218</u>
<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>	<u>\$ 178,135,265</u>	<u>\$ 184,272,633</u>

CITY OF CLEVELAND, TENNESSEE  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

*(modified accrual basis of accounting)*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Unreserved	<u>8,642,201</u>	<u>8,670,275</u>	<u>8,771,673</u>	<u>9,115,200</u>
Total general fund	<u>\$ 8,642,201</u>	<u>\$ 8,670,275</u>	<u>\$ 8,771,673</u>	<u>\$ 9,115,200</u>
<b>All Other Governmental Funds:</b>				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Reserved	978,663	982,489	1,651,821	2,322,595
Unreserved, reported in:				
Special revenue funds	3,910,827	3,803,130	2,868,027	3,542,121
Debt service funds	3,146,620	2,692,706	2,849,584	3,246,244
Capital projects funds	5,871,288	2,086,748	1,957,547	3,133,624
Permanent funds	<u>28,697</u>	<u>20,122</u>	<u>6,647</u>	<u>521</u>
Total all other governmental funds	<u>\$ 13,936,095</u>	<u>\$ 9,585,195</u>	<u>\$ 9,333,626</u>	<u>\$ 12,245,105</u>

Source: Official record of Office of City Clerk.

Note: GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" was effective and implemented for the fiscal year ended June 30, 2011. Restricted Fund Balances were reported as Reserved Fund Balances in prior fiscal periods. Committed, Assigned and Unassigned Fund Balances were reported Unreserved Fund Balances in prior periods.

2011	2012	2013	2014	2015	2016
\$ 4,067	\$ 4,193	\$ 4,079	\$ 47,629	\$ 53,174	\$ 41,762
0	0	0	0	26,897	5,148
0	0	0	10,666,100	5,878,509	0
10,152,078	11,955,804	12,388,007	2,098,326	3,766,227	10,800,152
0	0	0	0	0	0
<u>\$ 10,156,145</u>	<u>\$ 11,959,997</u>	<u>\$ 12,392,086</u>	<u>\$ 12,812,055</u>	<u>\$ 9,724,807</u>	<u>\$ 10,847,062</u>
\$ 473,636	\$ 473,636	\$ 473,636	\$ 473,636	\$ 473,636	\$ 673,509
2,452,381	3,068,100	3,101,853	3,153,971	3,710,430	3,482,172
812,939	869,249	728,768	494,210	614,333	699,329
7,165,754	9,287,308	10,357,450	8,854,163	12,795,459	15,153,991
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 10,904,710</u>	<u>\$ 13,698,293</u>	<u>\$ 14,661,707</u>	<u>\$ 12,975,980</u>	<u>\$ 17,593,858</u>	<u>\$ 20,009,001</u>

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)

	2007	2008	2009	2010
<b>REVENUES</b>				
Taxes	\$ 26,692,073	\$ 26,427,496	\$ 27,162,225	\$ 29,323,204
Licenses and permits	540,832	568,441	341,384	377,132
Intergovernmental	41,769,671	41,534,518	41,359,146	43,498,396
Fines and forfeitures	1,179,606	990,387	884,237	958,249
Charges for services	5,851,999	6,162,803	6,317,883	6,010,112
Interest	1,203,574	527,698	80,159	27,007
Miscellaneous	969,776	2,066,056	3,134,650	1,236,941
<b>Total Revenues</b>	<b>\$ 78,207,531</b>	<b>\$ 78,277,399</b>	<b>\$ 79,279,684</b>	<b>\$ 81,431,041</b>
<b>EXPENDITURES</b>				
General government	\$ 2,266,987	\$ 2,260,515	\$ 2,386,824	\$ 2,429,060
Development and Engineering	770,395	854,944	876,634	783,855
Public safety	14,622,596	16,066,722	17,004,076	15,793,335
Public works	7,710,740	7,679,981	8,107,529	8,075,972
Health and welfare	483,957	497,414	493,166	506,882
Culture and recreation	2,883,687	3,314,547	3,052,883	3,188,748
Education	35,296,056	38,597,871	38,826,465	40,237,280
Appropriations	1,061,885	1,088,089	1,083,718	1,072,554
Capital outlay	24,865,184	9,730,177	7,979,274	7,708,385
Debt service:				
Interest	1,495,000	1,816,428	2,015,129	1,939,428
Principal	2,592,796	3,148,679	3,191,643	2,896,597
<b>Total Expenditures</b>	<b>\$ 94,049,283</b>	<b>\$ 85,055,367</b>	<b>\$ 85,017,341</b>	<b>\$ 84,632,096</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (15,841,752)</b>	<b>\$ (6,777,968)</b>	<b>\$ (5,737,657)</b>	<b>\$ (3,201,055)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 15,587,872	\$ 14,898,717	\$ 13,963,115	\$ 13,766,312
Transfers out	(13,899,321)	(13,371,766)	(12,343,936)	(12,044,051)
Notes issued	9,163,205	951,300	3,761,400	4,160,000
Bonds issued	6,100,000	0	0	0
Capital leases issued	0	0	0	0
Refunding bonds issued	0	0	25,525,000	24,960,000
Premium on bonds issued	0	0	19,831	265,800
Payment to refunding bond escrow agent	0	0	(25,337,924)	(24,652,000)
<b>Total other financing sources (uses)</b>	<b>\$ 16,951,756</b>	<b>\$ 2,478,251</b>	<b>\$ 5,587,486</b>	<b>\$ 6,456,061</b>
<b>Net change in fund balances</b>	<b>\$ 1,110,004</b>	<b>\$ (4,299,717)</b>	<b>\$ (150,171)</b>	<b>\$ 3,255,006</b>
Debt service as a percent of noncapital expenditures	5.78%	6.59%	6.76%	6.29%

Source: Official record of Office of City Clerk.

2011	2012	2013	2014	2015	2016
\$ 30,419,645	\$ 31,817,105	\$ 34,059,819	\$ 35,733,289	\$ 36,910,848	\$ 37,144,740
584,538	427,088	432,178	353,841	492,000	490,234
51,877,725	49,795,300	49,121,532	50,130,677	53,062,532	57,391,236
872,680	716,361	548,657	537,317	665,896	565,843
6,160,788	6,164,915	5,412,247	4,832,380	4,617,463	4,442,072
50,905	58,173	79,614	82,638	96,088	137,225
833,158	689,868	748,627	698,215	2,202,082	862,571
<u>\$ 90,799,439</u>	<u>\$ 89,668,810</u>	<u>\$ 90,402,674</u>	<u>\$ 92,368,357</u>	<u>\$ 98,046,909</u>	<u>\$ 101,033,921</u>
\$ 2,376,498	\$ 2,243,393	\$ 2,286,876	\$ 2,436,907	\$ 2,602,422	\$ 3,084,380
760,472	828,940	926,915	1,346,723	1,421,401	1,847,168
16,638,957	16,334,062	16,364,461	16,616,921	16,976,679	17,587,413
8,412,481	8,242,610	7,917,343	8,689,791	8,676,635	8,460,640
533,470	548,043	654,628	566,625	483,389	501,236
3,254,143	3,352,727	3,864,417	4,077,475	4,164,402	4,028,549
43,728,161	43,685,843	44,673,856	46,062,827	46,715,950	48,423,074
1,070,897	1,070,066	1,074,137	1,185,501	1,091,983	1,098,651
11,792,319	8,380,283	12,573,516	8,762,567	10,348,141	14,401,524
2,282,667	2,477,857	2,691,153	2,699,740	4,040,333	4,164,233
2,748,022	2,771,273	2,856,470	3,337,925	2,384,230	2,340,075
<u>\$ 93,598,087</u>	<u>\$ 89,935,097</u>	<u>\$ 95,883,772</u>	<u>\$ 95,783,002</u>	<u>\$ 98,905,565</u>	<u>\$ 105,936,943</u>
<u>\$ (2,798,648)</u>	<u>\$ (266,287)</u>	<u>\$ (5,481,098)</u>	<u>\$ (3,414,645)</u>	<u>\$ (858,656)</u>	<u>\$ (4,903,022)</u>
\$ 14,513,077	\$ 14,792,877	\$ 14,716,372	\$ 15,329,355	\$ 21,688,975	\$ 15,751,495
(12,720,354)	(12,899,360)	(13,099,846)	(13,130,982)	(19,441,870)	(13,429,155)
312,203	2,615,335	5,260,075	4,600,000	0	6,040,200
0	0	0	0	0	0
394,272	354,870	0	127,220	142,181	0
0	0	0	25,306,480	0	13,057,880
0	0	0	0	0	0
0	0	0	(25,173,537)	0	(12,980,000)
<u>\$ 2,499,198</u>	<u>\$ 4,863,722</u>	<u>\$ 6,876,601</u>	<u>\$ 7,058,536</u>	<u>\$ 2,389,286</u>	<u>\$ 8,440,420</u>
<u>\$ (299,450)</u>	<u>\$ 4,597,435</u>	<u>\$ 1,395,503</u>	<u>\$ 3,643,891</u>	<u>\$ 1,530,630</u>	<u>\$ 3,537,398</u>
6.18%	6.28%	6.43%	6.88%	7.27%	7.02%

CITY OF CLEVELAND, TENNESSEE  
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
*(modified accrual basis of accounting)*

Schedule 6

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
2007	\$ 15,431,771	\$ 150,071	\$ 30,136	\$ 8,018,692	\$ 1,162,392	\$ 857,958	\$ 1,041,053	\$ 26,692,073
2008	15,239,432	156,498	19,208	7,929,077	1,206,434	883,959	992,888	26,427,496
2009	15,510,166	131,485	22,112	8,389,829	1,239,216	939,795	929,622	27,162,225
2010	16,099,996	194,301	90,822	9,840,465	1,245,869	898,254	953,497	29,323,204
2011	16,783,152	275,607	77,898	10,173,414	1,303,212	962,609	843,753	30,419,645
2012	16,701,263	270,429	281,289	11,180,125	1,490,010	1,103,755	790,234	31,817,105
2013	16,628,885	232,828	247,400	13,422,892	1,514,062	1,139,178	874,574	34,059,819
2014	19,024,749	215,627	501,661	12,545,904	1,555,503	956,672	933,173	35,733,289
2015	19,613,707	217,448	239,618	13,085,724	1,588,040	1,176,363	989,948	36,910,848
2016	19,609,561	194,097	285,008	13,322,417	1,584,441	1,244,796	904,420	37,144,740
Change 2007-2016	27.1%	29.3%	845.7%	66.1%	36.3%	45.1%	-13.1%	39.2%

Source: Official record of Office of City Clerk.

Note: The City sales tax rate was increased by a referendum of city voters in March 2009 and became effective May 1, 2009.

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CITY OF CLEVELAND, TENNESSEE  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF REAL TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Industrial Property	Personal Property
2007	\$ 340,457,413	\$ 411,504,084	\$ 160,482,176
2008	348,565,598	423,629,888	145,922,372
2009	356,217,401	435,670,644	146,945,263
2010	407,963,297	504,682,708	168,029,054
2011	408,183,737	512,067,105	170,815,182
2012	413,982,981	509,365,475	162,580,268
2013	410,787,511	522,433,859	168,476,998
2014	400,535,764	488,849,475	164,659,894
2015	404,345,830	510,647,222	171,538,179
2016	412,602,974	507,098,128	166,516,773

Source: Bradley County Assessor of Property.

- (1) The State of Tennessee, Division of Property Assessment has conducted a comprehensive reappraisal for tax year 2005, which is reflected in the FY 2006 financial statements. In tax year 2009, the State conducted a comprehensive reappraisal which is reflected in the FY 2010 financial statements. In tax year 2013, the State conducted a comprehensive reappraisal which is reflected in the FY 2014 financial statements. Public utility assessments increased in tax year 1999. A statewide court ruling awarded reduction in the assessment ratio from 55% to 40% for specific utilities. After several years of appeals BellSouth assessments were also reduced.
  
- (2) Property in Bradley County is reassessed once every four years on average. The county assesses property at approximately 40 percent of actual value for commercial and industrial property and 25 percent for residential property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value.

Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 25,365,823	\$ 937,809,496	\$ 1.65	\$ 2,987,247,780	31.4 %
22,151,480	940,269,338	1.65	2,993,641,564	31.4
22,742,171	961,575,479	1.65	3,059,197,507	31.4
24,313,598	1,104,988,657	1.4904	3,512,813,977	31.5
23,460,241	1,114,526,265	1.4904	3,539,367,529	31.5
22,703,062	1,108,631,786	1.4904	3,526,518,432	31.4
23,526,358	1,125,224,726	1.4904	3,568,066,432	31.5
22,049,469	1,076,094,602	1.7655	3,426,781,400	31.4
22,909,126	1,109,440,357	1.7655	3,521,535,271	31.5
22,751,495	1,108,969,370	1.7655	3,528,569,562	31.4

CITY OF CLEVELAND, TENNESSEE  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS

Fiscal Year	City	Overlapping Rates - Bradley County				
	Direct Rate	General Fund	Public Library	Pike Road	County Schools	City Schools
2007	\$ 1.65	\$ 0.5147	\$ 0.0312	\$ 0.1427	\$ 0.6495	\$ 0.3014
2008	1.65	0.5147	0.0312	0.1427	0.6503	0.3006
2009	1.65	0.4570	0.0277	0.1263	0.5740	0.2695
2010	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695
2011	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695
2012	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695
2013	1.4904	0.5269	0.0282	0.1287	0.5734	0.2859
2014	1.7655	0.5404	0.0289	0.1320	0.5878	0.2935
2015	1.7655	0.5349	0.0277	0.1276	0.5624	0.2985
2016	1.7655	0.5339	0.0250	0.1244	0.5539	0.2941

Source: Bradley County Assessor of Property and Office of the City Clerk.

Note: The City's basic property tax rate may be increased only by a majority vote of the Cleveland City Council.

\*Overlapping rates are those of local and county governments that apply to property owners within the City of Cleveland. The combined tax rate is charged to all Cleveland property owners.

Overlapping Rates - Bradley County - Continued						Total
Debt	Capital	Education	Community	Total		Direct
Service	Projects	Capital	Development	Bradley		and
		Projects		County		Overlapping
						Rate
\$ 0.2760	\$ 0.1000	\$ 0.0019	\$ -	\$ 2.0174	\$	3.6674
0.2786	0.1000	0.0019	-	2.0200		3.6700
0.2355	-	0.0017	0.1003	1.7920		3.4420
0.2355	-	0.0017	0.1003	1.7920		3.2824
0.2355	-	0.0017	0.1003	1.7920		3.2824
0.2355	-	0.0017	0.1003	1.7920		3.2824
0.2297	-	0.0017	0.0509	1.8254		3.3158
0.2356	-	0.0017	0.0522	1.8721		3.6376
0.2674	-	0.0016	0.0520	1.8721		3.6376
0.2414	0.0414	-	0.0580	1.8721		3.6376

CITY OF CLEVELAND, TENNESSEE  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO

Schedule 9

<u>Taxpayer</u>	2015			2006		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Ocoee Health Corporation	\$ 35,716,816	1	3.29%	\$ 21,703,045	3	2.38%
Life Care Centers of America	22,356,016	2	2.06	12,875,960	6	1.41
Mars Snackfoods	20,594,667	3	1.90	26,235,856	2	2.88
Merck & Co., Inc.	18,945,222	4	1.74	10,840,588	7	1.19
Duracell Company	18,169,421	5	1.67	20,852,967	4	2.29
Whirlpool	15,396,069	6	1.42	28,880,602	1	3.17
Walmart	9,759,003	7	0.90	8,844,524	9	0.97
Peyton's Southeastern	8,128,605	8	0.75	15,781,348	5	1.73
Southeastern Container	7,585,506	9	0.70	-	-	-
Johnston Coca-Cola	7,236,402	10	0.67	7,188,267	10	0.79
Bellsouth	-	-	-	10,487,347	8	1.15
Totals	<u>\$ 163,887,727</u>		<u>15.10%</u>	<u>\$ 163,690,504</u>		<u>17.96%</u>

Source: Bradley County Assessor of Property and Office of the City Clerk.

CITY OF CLEVELAND, TENNESSEE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Schedule 10

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 15,473,857	\$ 14,486,289	93.6 %	969,885	\$ 15,456,174	99.9 %
2008	15,514,444	14,406,638	92.9	1,077,031	15,483,669	99.8
2009	15,869,700	14,659,032	92.4	1,168,466	15,827,498	99.7
2010	16,491,558	14,982,438	90.8	1,463,018	16,445,456	99.7
2011	16,608,494	15,383,696	92.6	1,183,187	16,566,883	99.7
2012	16,294,716	15,299,096	93.9	922,845	16,221,941	99.6
2013	16,699,031	15,612,473	93.5	960,782	16,573,255	99.2
2014	18,859,181	17,898,630	94.9	788,999	18,687,629	99.1
2015	19,550,308	18,561,193	95.3	603,844	19,165,037	98.0
2016	19,557,553	18,745,766	95.8	0	18,745,766	95.8

Source: Official records of Office of City Clerk.

CITY OF CLEVELAND, TENNESSEE  
 LOCAL TAXABLE SALES BY CATEGORY  
 LAST TEN CALENDAR YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Apparel Stores	\$ 24,118,354	\$ 24,557,551	\$ 23,889,508	\$ 23,196,641
General Merchandise Stores	194,129,215	198,812,878	217,069,065	211,669,093
Food Stores	80,846,489	81,744,415	85,451,136	83,313,624
Eating and Drinking Places	107,408,150	110,229,805	114,031,347	113,360,467
Furniture Stores	29,458,464	25,419,561	29,137,587	20,378,691
Building Materials	92,086,623	86,587,221	77,945,342	64,311,183
MV Dealers and Service Stations	49,518,509	54,702,390	57,305,039	58,349,439
Other Retail	56,400,083	54,205,683	53,159,542	54,525,312
All Other Outlets	<u>128,462,703</u>	<u>125,169,940</u>	<u>128,726,025</u>	<u>114,423,011</u>
Total	<u>\$ 762,428,590</u>	<u>\$ 761,429,444</u>	<u>\$ 786,714,591</u>	<u>\$ 743,527,461</u>
City direct sales tax rate	2.25%	2.25%	2.25%	2.25%/2.75%

Source: Tennessee Department of Revenue, Research Division.

Note: Figures subject to revision due to amended taxpayer returns.

The City sales tax rate was increased by a referendum of city voters in March 2009 and became effective May 1, 2009. Bradley County had a subsequent referendum in May 2009 which became effective July 1, 2009.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 22,968,582	\$ 23,696,309	\$ 24,874,164	\$ 25,648,895	\$ 26,695,892	\$ 28,868,016
212,408,304	218,850,296	220,486,064	220,277,745	222,347,406	233,711,647
81,734,875	89,648,300	93,245,397	95,135,145	106,471,779	112,096,356
115,354,893	125,492,706	136,648,212	138,642,092	147,161,813	158,677,432
18,206,730	24,584,741	17,588,750	17,814,109	17,743,880	16,312,162
64,449,914	72,925,808	78,397,949	76,136,640	72,538,049	60,732,654
63,719,429	69,025,064	71,337,280	74,355,981	83,823,948	96,437,981
56,470,758	59,093,623	61,405,593	63,159,468	65,775,334	69,919,188
<u>114,343,520</u>	<u>126,459,065</u>	<u>139,311,618</u>	<u>141,967,597</u>	<u>152,692,339</u>	<u>164,536,138</u>
<u>\$ 749,657,005</u>	<u>\$ 809,775,912</u>	<u>\$ 843,295,027</u>	<u>\$ 853,137,672</u>	<u>\$ 895,250,440</u>	<u>\$ 941,291,574</u>
2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

CITY OF CLEVELAND, TENNESSEE  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City of Cleveland and Bradley County Rate</u>
2007	2.25 %
2008	2.25
2009	2.25/2.75
2010	2.75
2011	2.75
2012	2.75
2013	2.75
2014	2.75
2015	2.75
2016	2.75

Source: Official records of Office of City Clerk.

Note: The maximum local sales tax rate allowed by Tennessee State law is 2.75%.

The City sales tax rate was increased by a referendum of city voters in March 2009 and became effective May 1, 2009. Bradley County had a subsequent referendum in May 2009 which became effective July 1, 2009.

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CITY OF CLEVELAND, TENNESSEE  
 LOCAL SALES TAX REVENUE BY INDUSTRY  
 FISCAL YEARS 2007 AND 2016

	Fiscal Year 2007			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	851	58.21 %	\$ 14,431,429	83.62 %
2 Services	351	24.01	1,166,432	6.76
3 Manufacturing	95	6.50	558,403	3.24
4 Wholesale Trade	84	5.73	703,577	4.06
5 Construction	13	0.89	29,546	0.17
6 Finance Insurance Real Estate	20	1.37	15,251	0.09
7 Transportation and Utilities	6	0.41	91,274	0.53
8 Agriculture	8	0.55	6,170	0.04
Other, Non Classified	34	2.33	256,849	1.49
<b>Total</b>	<b>1,462</b>	<b>100.00 %</b>	<b>\$ 17,258,931</b>	<b>100.00 %</b>

Source: Tennessee Department of Revenue, Research Division.

Notes:

1. Figures subject to revision due to amended taxpayer returns.
2. Figures represent local sales tax collected by merchants during the period, not disbursements from the Department of Revenue. Thus, amounts presented above do not match to amounts reflected within the financial report.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in the Transportation and Utilities sector.
4. Does not include Cleveland's share of county clerk or out-of-state taxpayer amounts.

Fiscal Year 2016			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
803	58.66 %	\$ 21,980,950	82.98 %
298	21.77	2,023,725	7.64
80	5.84	598,366	2.26
70	5.11	1,068,083	4.03
12	0.88	28,061	0.11
27	1.97	98,747	0.37
23	1.68	181,256	0.68
6	0.44	7,788	0.03
50	3.65	502,141	1.90
<u>1,369</u>	<u>100.00 %</u>	<u>\$ 26,489,117</u>	<u>100.00 %</u>

CITY OF CLEVELAND, TENNESSEE  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			
	General Obligation Bonds	General Obligation Refunding Bonds	Notes	Capital Leases
2007	\$ 6,850,000	\$ 15,248,852	\$ 44,045,000	\$ 0
2008	6,370,000	14,275,685	44,664,872	0
2009	5,885,000	13,313,207	48,095,182	0
2010	5,735,000	36,888,110	27,456,503	0
2011	5,580,000	35,194,326	27,361,943	375,238
2012	5,420,000	33,505,542	29,393,873	692,527
2013	5,250,000	31,737,203	33,953,841	653,351
2014	5,075,000	55,369,755	17,975,620	587,468
2015	4,825,000	52,879,673	16,897,282	488,654
2016	0	54,915,950	21,867,578	241,845

Source: Official record of Office of City Clerk.

Source: Percentage of Personal Income and Per Capita data from Schedule 19.

Business-type Activities

Revenue Bonds	Notes	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 30,483,212	\$ 24,565,000	\$ 121,192,064	2.68 %	\$ 3,082
28,867,336	33,845,000	128,022,893	2.64	3,221
27,018,821	32,030,000	126,342,210	2.65	3,139
56,064,782	606,994	126,751,389	2.74	3,071
61,674,516	792,000	130,978,023	2.82	3,140
57,968,972	877,265	127,858,179	3.15	3,017
54,251,865	4,903,981	130,750,241	3.15	3,057
51,254,670	5,384,687	135,647,200	3.39	3,141
47,297,712	14,925,753	137,314,074	3.35	3,180
43,399,301	23,383,573	143,808,247	3.05	3,273

CITY OF CLEVELAND, TENNESSEE  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Schedule 15

Fiscal Year	General Obligation Bonds Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
2007	\$ 22,098,852	\$ 2,987,247,780	38,627	0.7 %	\$ 572
2008	20,645,685	2,993,641,564	39,333	0.7	525
2009	19,198,207	3,059,197,507	39,753	0.6	483
2010	42,623,110	3,512,813,977	40,261	1.2	1,059
2011	40,774,326	3,539,367,529	41,285	1.2	988
2012	38,925,542	3,526,518,432	41,723	1.1	933
2013	36,987,203	3,568,066,432	42,386	1.0	873
2014	60,444,755	3,426,781,400	42,774	1.8	1,413
2015	57,704,673	3,521,535,271	43,182	1.6	1,336
2016	54,915,950	3,528,569,562	43,898	1.6	1,251

Source: Official records of Office of City Clerk.

Note - Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CLEVELAND, TENNESSEE  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 June 30, 2016

Schedule 16

	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable to the City</u>	<u>City's Share of Debt</u>
City of Cleveland direct debt	\$ 77,025,373	100.00%	\$ 75,090,609
Bradley County, Tennessee	<u>60,758,823</u>	54.33%	<u>33,010,269</u>
Total direct and overlapping debt	<u>\$ 137,784,196</u>		<u>\$ 108,100,878</u>

Source: Official records of Office of City Clerk and Bradley County Assessor of Property.

Note - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Cleveland. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF CLEVELAND, TENNESSEE  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 93,780,950	\$ 93,473,439	\$ 98,074,388	\$ 110,539,912
Total net debt applicable to limit	<u>63,538,380</u>	<u>63,127,166</u>	<u>64,921,560</u>	<u>67,053,472</u>
Legal debt margin	<u>\$ 30,242,570</u>	<u>\$ 30,346,273</u>	<u>\$ 33,152,828</u>	<u>\$ 43,486,440</u>
Total net debt applicable to limit as a percentage of debt limit	67.75%	67.53%	66.20%	60.66%

Note - Under Tennessee State law, the City's outstanding general obligation debt is not limited. However, the City has established a financial policy limit of no more than 10 percent of assessed property value.

Source: Official record of Office of City Clerk.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 111,465,762	\$ 109,359,910	\$ 112,073,394	\$ 107,609,460	\$ 108,653,123	\$ 108,621,788
<u>65,804,739</u>	<u>66,667,364</u>	<u>69,103,328</u>	<u>75,438,027</u>	<u>71,174,432</u>	<u>72,563,860</u>
<u>\$ 45,661,023</u>	<u>\$ 42,692,546</u>	<u>\$ 42,970,066</u>	<u>\$ 32,171,433</u>	<u>\$ 37,478,691</u>	<u>\$ 36,057,928</u>
59.04%	60.96%	61.66%	70.10%	65.51%	66.80%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Total assessed value		<u>\$ 1,086,217,875</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 108,621,788
Debt applicable to limit:		
Total bonded debt	\$ 143,597,383	
Less: Revenue bonds	66,673,213	
Amount available for repayment of general obligation bonds	<u>4,360,310</u>	
Total debt applicable to limit		<u>72,563,860</u>
Legal debt margin		<u>\$ 36,057,928</u>

CITY OF CLEVELAND, TENNESSEE  
 REVENUE BOND COVERAGE  
 WATER AND WASTEWATER BONDS  
 LAST TEN FISCAL YEARS

Fiscal Year	Gross (1) Revenue	Direct Operating (2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
2007	\$ 19,411,182	\$ 12,603,637	\$ 6,807,545	\$ 2,560,000	\$ 1,971,336	\$ 4,531,336	1.50
2008	20,208,450	13,823,995	6,384,455	2,615,000	2,136,772	4,751,772	1.34
2009	20,994,856	14,279,638	6,715,218	3,275,000	1,930,027	5,205,027	1.29
2010	20,359,154	14,338,730	6,020,424	3,535,000	1,939,915	5,474,915	1.10
2011	21,846,514	14,496,608	7,349,906	2,605,000	1,942,720	4,547,720	1.62
2012	23,545,153	14,742,103	8,803,050	2,928,418	1,888,023	4,816,441	1.83
2013	23,149,324	15,292,780	7,856,544	3,121,629	1,681,401	4,803,030	1.64
2014	25,045,728	15,695,140	9,350,588	3,182,356	1,700,224	4,882,580	1.92
2015	26,043,419	15,044,789	10,998,630	3,345,599	1,534,811	4,880,410	1.92
2016	28,337,385	16,622,259	11,715,126	3,555,604	1,554,694	5,110,298	1.92

Source: From official records of Office of City Clerk.

- (1) All revenues except interest income and gain on sale of assets
- (2) All expenses except depreciation, amortization and interest
- (3) Interest expense for year as reflected in audit report

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CITY OF CLEVELAND, TENNESSEE  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age
2006	38,627	\$ 3,091,703	\$ 27,809	37
2007	39,333	3,246,309	28,745	37
2008	39,753	3,382,926	29,595	37
2009	40,261	3,353,827	29,141	37
2010	41,285	3,473,120	29,949	37
2011	41,723	3,688,881	31,620	38
2012	42,386	4,031,075	34,246	38
2013	42,774	4,123,064	34,783	38
2014	43,182	4,601,591	38,441	34
2015	43,898	4,392,733	36,344	35

Sources: Population and educational attainment data from U.S. Census.  
 Median age calculated by Cleveland Community Development Department from U.S. Census data.  
 Personal income and Per Capita income from U.S. Bureau of Economic Analysis.  
 Unemployment data from U.S. Bureau of Labor Statistics.  
 School enrollment from Cleveland City Schools.  
 Personal income, per capita income, median age and unemployment rate data are for Bradley County.

<u>Percent High School graduate or higher</u>	<u>Percent Bachelor's degree or higher</u>	<u>School Enrollment</u>	<u>Annual Average Adjusted Unemployment Rate (%)</u>
76 %	22 %	4,503	6.7 %
76	22	4,632	7.0
76	22	4,849	6.4
76	22	4,869	9.9
82	25	4,965	9.3
83	24	5,009	9.0
83	24	5,423	7.7
84	24	5,440	7.5
85	23	5,575	6.5
85	23	5,302	4.8

CITY OF CLEVELAND, TENNESSEE  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO

Employer	2016		
	Employees	Rank	Percentage of Total Labor Force Bradley County
Whirlpool/Maytag	1,417	1	2.38 %
Bradley County Schools	1,200	2	2.02
SkyRidge Medical Center	1,157	3	1.95
Amazon	1,143	4	1.92
City Government	1,004	5	1.69
Peyton's Southeastern	950	6	1.60
Lee University	815	7	1.37
Jackson Furniture Industries	800	8	1.35
Wal-Mart	640	9	1.08
Bradley County Government	620	10	1.04
Mars Chocolate	N/A	N/A	N/A
Procter & Gamble Co. (Duracell)	N/A	N/A	N/A
Total	<u>9,746</u>		<u>16.40 %</u>

Source: Cleveland/Bradley Chamber of Commerce and Tennessee Department of Labor & Workforce Development

This schedule should include the ten largest employers, unless fewer are required to reach 50% of total employment.

2007		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,075	1	4.26 %
1,000	5	2.05
1,100	3	2.26
N/A	N/A	N/A
1,162	2	2.39
1,000	4	2.05
N/A	N/A	N/A
900	6	1.85
780	8	1.60
630	9	1.29
800	7	1.64
525	10	1.08
<u>9,972</u>		<u>20.47 %</u>

CITY OF CLEVELAND, TENNESSEE  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Schedule 21

Full-time Equivalent Employees as of June 30

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	16	16	16	16	15	14	14	14	14	23
Community development	10	10	10	8	8	8	8	14	14	15
Cleveland Regional Jetport	0	0	0	0	0	0	0	1	1	1
Police										
Officers	90	92	92	88	94	95	85	91	91	92
Civilians	12	12	12	11	12	12	11	12	12	12
Fire										
Firefighters and officers	88	91	97	94	94	94	89	91	91	91
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	26	26	26	25	26	26	20	21	21	21
Engineering	7	7	7	7	7	5	4	0	0	0
Landscaping maintenance	8	8	8	10	0	0	0	0	0	0
Solid waste management	13	13	13	14	14	14	13	13	13	13
Stormwater management fund	2	2	2	2	2	2	2	2	2	3
State street aid	11	11	11	11	11	11	10	11	11	11
Fleet management	8	8	8	8	8	8	8	7	7	6
Brush chipping	1	1	1	0	0	0	0	0	0	0
Parks and recreation										
Administration and maintenance	8	9	9	9	9	9	9	9	9	10
Landscaping maintenance	0	0	0	0	7	7	7	7	7	9
College Hill Recreation Center	3	3	3	3	3	3	3	3	3	4
Cleveland Community Center	4	4	4	4	4	4	4	4	4	4
Waterville Golf Course	6	6	6	6	6	6	6	6	6	0
Animal control										
Administration and operations	7	8	8	8	8	8	8	8	6	6
Community development block grant	2	2	2	2	2	2	2	2	2	2
<b>Subtotal</b>	<b>324</b>	<b>331</b>	<b>337</b>	<b>328</b>	<b>332</b>	<b>330</b>	<b>305</b>	<b>318</b>	<b>316</b>	<b>325</b>
Cleveland Utilities										
Electric division	108	114	115	91	89	88	84	83	82	76
Water/wastewater division	86	86	85	109	102	98	98	103	100	108
City schools										
Certificated staff	364	370	379	383	387	397	407	423	432	434
Non-certificated personnel	253	258	263	268	270	274	277	283	290	294
Library	10	10	10	10	10	11	11	11	11	11
<b>Total</b>	<b>1,145</b>	<b>1,169</b>	<b>1,189</b>	<b>1,189</b>	<b>1,190</b>	<b>1,198</b>	<b>1,182</b>	<b>1,221</b>	<b>1,231</b>	<b>1,248</b>

Source: City Finance Department.

Note - A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave) except City School certified staff.

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CITY OF CLEVELAND, TENNESSEE  
 OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government				
Building permits issued	437	393	247	286
Value of construction permitted	\$83,346,627	\$107,879,191	\$39,596,442	\$41,805,750
Police				
Parking violations	1,716	1,082	1,349	1,659
Traffic violations	11,472	8,437	6,244	7,617
Fire				
Emergency responses (city only)	1,313	1,456	1,932	2,497
Fires extinguished (city only)	140	178	135	150
Fire inspections	2,522	2,973	2,755	2,713
Public works				
Street resurfacing (tonnage)	12,334	6,362	0	3,773
Utility cut permits (number excavations)	422	329	321	290
Drainage pipe installed (linear ft.)	4,953	7,119	5,995	3,166
Tons of brush chipped	1,978	1,080	4,353	5,507
Parks and recreation				
Softball league participants	1,350	1,500	1,814	1,820
Basketball league participants	350	184	212	220
Football league participants	n/a	n/a	90	258
Soccer league participants	850	875	920	950
Rounds of golf played	14,700	12,400	10,000	9,600
Library				
Volumes in collection	135,000	144,202	149,970	149,867
Circulation	348,159	356,498	356,050	361,590
Attendants	245,146	251,246	254,440	261,118
City Schools				
Average Daily Membership				
High School	1,203	1,274	1,246	1,224
Middle School	1,053	1,035	1,207	1,117
Elementary Schools	2,248	2,241	2,315	2,380
Ungraded - Special Education	61	82	81	81
ACT composite scores	21	21	22	20
Percent of High School graduates	83	82	89	88
Electric				
Class of Service number of Customers				
Residential	24,541	24,672	24,539	24,720
Small lighting and power	3,426	3,627	3,616	3,652
Large lighting and power	620	647	619	624
Street and outdoor lighting	119	113	115	110
Kilowatt-hours purchased	1,146,736,443	1,136,162,043	1,095,830,882	1,112,981,850
Kilowatt-hours sold	1,107,755,437	1,102,780,890	1,060,994,420	1,078,380,377
Line losses and kilowatt-hours unaccounted for	38,981,006	33,381,153	34,836,462	34,601,473
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.40%	2.94%	3.18%	3.11%

2011	2012	2013	2014	2015	2016
217	360	350	379	403	289
\$43,490,568	\$63,587,030	\$59,121,927	\$37,240,586	\$65,893,431	\$70,217,886
1,669	1,130	974	1,309	1,631	975
8,771	5,603	4,060	4,410	5,766	4,744
2,969	2,939	2,429	2,872	2,665	2,909
245	136	169	242	126	173
3,162	2,454	2,208	2,055	2,263	1,634
8,669	9,967	18,898	12,107	9,176	17,795
293	228	229	226	244	185
5,054	3,901	5,919	4,690	6,936	6,706
8,523	6,446	8,282	8,644	12,117	8,633
1,155	1,440	1,500	1,455	1,650	450
200	216	230	204	202	220
150	74	80	70	65	150
950	950	1,000	850	1,045	2,067
3,500	4,000	5,000	8,289	3,236	0
152,407	156,934	161,836	164,078	168,061	174,614
389,603	421,792	409,206	401,430	402,064	404,869
269,262	307,291	270,860	277,185	241,778	225,411
1,254	1,297	1,339	1,398	1,448	1,451
1,124	1,147	1,200	1,231	1,227	1,269
2,514	2,567	2,884	2,811	2,850	2,582
81	81	81	81	81	103
21	20	20	20	19	20
81	82	86	84	86	90
25,003	25,170	25,420	25,806	26,190	26,487
3,669	3,706	3,720	3,789	3,809	3,829
647	609	608	613	624	621
108	188	189	188	185	181
1,118,790,042	1,090,315,133	1,103,372,115	1,124,822,813	1,124,645,838	1,092,690,922
1,095,719,182	1,051,139,979	1,072,904,012	1,092,325,754	1,093,701,541	1,059,898,637
23,070,860	39,175,154	30,468,103	32,497,059	30,944,297	32,792,285
2.06%	3.59%	2.76%	2.89%	2.75%	3.00%

CITY OF CLEVELAND, TENNESSEE  
 OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Water</b>				
Class of Service number of Customers				
Residential	25,898	26,322	26,286	26,465
Commercial & Industrial	3,054	3,056	3,017	3,034
Gallons purchased	1,255,708,159	1,411,079,914	1,648,632,220	1,827,886,130
Gallons pumped	2,791,321,111	2,526,119,809	2,107,995,107	1,664,898,520
Gallons sold	3,016,467,750	3,040,388,250	2,861,916,000	2,668,847,250
Line losses and gallons unaccounted for	1,030,561,520	896,811,473	894,711,327	823,937,400
Percentage of losses and unaccounted for gallons to total provided	25.46%	22.78%	23.82%	23.59%
Average daily water consumption (gallons)	8,264,295	8,329,831	7,840,866	7,311,910
<b>Wastewater</b>				
Class of Service number of Customers				
Residential	14,356	14,663	14,629	14,792
Commercial & Industrial	2,482	2,534	2,502	2,517
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	2,824,970,000	3,098,910,000	3,482,470,000	3,955,870,000

Sources: Various city departments.

2011	2012	2013	2014	2015	2016
26,096	26,327	26,496	26,811	27,200	27,514
3,611	3,639	3,671	3,707	3,728	3,708
1,860,475,140	1,845,875,000	1,759,640,000	1,717,178,040	1,737,814,650	1,781,982,285
1,785,496,000	1,874,042,670	1,789,485,000	1,965,420,000	1,919,504,751	1,985,954,794
2,937,399,663	2,959,307,166	2,814,193,000	2,706,972,750	2,733,381,750	2,838,000,000
708,571,477	760,610,504	709,217,000	902,184,898	923,937,651	929,937,079
19.43%	20.45%	19.98%	24.50%	25.26%	24.68%
8,047,670	7,904,814	7,710,118	7,416,364	7,488,717	7,775,343
14,989	15,156	15,267	15,469	15,785	15,981
2,543	2,553	2,592	2,626	2,655	2,637
21,600	21,600	21,600	21,600	21,600	21,600
3,499,120,000	3,615,480,000	3,995,860,000	3,684,650,000	3,285,830,000	4,005,970,000

CITY OF CLEVELAND, TENNESSEE  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Schedule 23

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	0	0	0	0	0	0	0	0	0	0
Patrol units	103	88	85	85	95	112	120	118	120	120
<b>Fire</b>										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks (pumpers, ladders & tankers)	15	16	16	16	14	14	14	14	14	14
<b>Public works</b>										
Street (miles)	323	323	323	323	346	347	348	348	349	352
Street lights	6,047	6,020	6,307	5,714	5,734	5,844	5,801	5,882	6,099	6,098
Traffic signals	542	566	582	595	599	604	613	619	646	656
Pedestrians signals	54	56	64	70	70	70	72	80	80	80
Knucklebooms	6	6	5	6	6	6	6	8	9	9
<b>Parks and recreation</b>										
Acreage	289	289	289	289	289	289	289	289	289	289
Playgrounds	8	8	8	8	8	8	8	8	8	8
Softball fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	15	16	16	16	16	16	16	16	16	16
Tennis courts	12	8	8	8	8	8	8	8	8	8
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	0	0
<b>Schools</b>										
Elementary schools	6	6	6	6	6	6	6	6	6	6
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
<b>Library</b>										
Bookmobiles	1	1	1	1	1	1	1	1	1	1
<b>Electric</b>										
Electric lines (miles)	518	522	525	528	528	534	537	539	540	543
Substations	15	15	15	15	15	15	15	15	15	15
<b>Water</b>										
Water mains (miles)	710	728	736	738	741	743	750	760	767	754
Fire hydrants	2,343	2,416	2,492	2,510	2,565	2,571	2,575	2,627	2,657	2,700
Storage capacity (thousands of gal)	14,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300
<b>Wastewater</b>										
Sanitary sewers (miles)	329	334	347	355	355	356	359	359	360	364
Treatment capacity (thousands of gal)	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600

Sources: Various city departments and City of Cleveland Utilities Electric, Water and Sewer Divisions.

Notes: No capital asset indicators are available for the general government function.

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**OTHER**

## INSURANCE IN FORCE

## ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2016

Type of Coverage and Name of Company	Policy Number	Policy Period	Details of Coverage	Liability Limits	Annual Premium
Property Building and Contents, Boiler and Machinery, Commercial Crime, Inland Marine. TML Risk Management Pool	TMP-8187	9/1/2015 to 8/31/2016	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 61,400,487	\$ 89,378
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2015 to 6/30/2016	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 400,200
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2015 to 6/30/2016	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 455,894
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	TNRMT	7/1/2015 to 7/1/2016	Property Equipment Liability	Various	\$ 363,646
Worker's Compensation Tennessee Risk Management Trust	TNRMT	7/1/2015 to 7/1/2016	Job related injuries, employees	\$ 1,000,000	\$ 231,500

CITY OF CLEVELAND, TENNESSEE  
INSURANCE IN FORCE  
CLEVELAND UTILITIES  
For the Fiscal Year Ended June 30, 2016

Table 2

Cleveland Utilities - Water and Electric Division

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Distributors Self Insurance Fund	Worker's compensation	Statutory
Distributors Self Insurance Fund	Employer's liability	\$ 1,000,000
Affiliated FM	Real property	\$ 139,024,335
Hartford	Machinery and equipment breakdown	\$ 10,000,000
Affiliated FM	Flood and earthquake	\$ 10,000,000
Chubb	General liability (excess)	\$ 2,250,000 (1)
Distributors Insurance Co.	General liability (primary)	\$ 750,000 (1)
Chubb	Auto liability and physical damage	\$ 1,000,000
Chubb	Public official and employees	\$ 5,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 1,000,000
Crum & Foster	Umbrella liability	\$ 15,000,000
Lloyd's	Cyber and privacy protection	\$ 2,000,000
ACE	Pollution	\$ 6,000,000

(1) The general liability insurance policies with Chubb and Distributors Insurance Co. are limited to \$750,000 and \$250,000, respectively, per occurrence.

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN PROPERTY TAXES RECEIVABLE  
 For the Year Ended June 30, 2016

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2015</u>	<u>Levies</u>	<u>Collections &amp; Adjustments</u>	<u>Balance 6/30/2016</u>
2015	\$ 0	\$ 19,557,553	\$ 18,745,766	\$ 811,787
2014	989,115	0	603,844	385,271
2013	291,024	0	119,472	171,552
2012	170,104	0	44,328	125,776
2011	102,716	0	29,941	72,775
2010	85,396	0	43,785	41,611
2009	47,329	0	1,227	46,102
2008	42,571	0	369	42,202
2007	30,952	0	177	30,775
2006	17,683	0	0	17,683
2005	6,128	0	6,128	0
	<u>\$ 1,783,018</u>	<u>\$ 19,557,553</u>	<u>\$ 19,595,037</u>	<u>\$ 1,745,534</u>

Note - Property taxes receivable also include the 2016 levy reported as deferred revenue in the amount of \$19,190,935.

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN GENERAL  
 OBLIGATION BONDS PAYABLE  
 For the Year Ended June 30, 2016

Table 4

	Interest Rates	Balance 07/01/15	General Obligation		Balance 06/30/16
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-5.00%	\$ 8,420,000	\$ 0	\$ 8,420,000	\$ 0
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	4,825,000	0	4,825,000	0
General Improvement Refunding Bonds					
Series 2009C					
Maturing 2031	2.00-4.50%	13,985,000	0	250,000	13,735,000
General Improvement Refunding Bonds					
Series 2009D					
Maturing 2022	2.00-4.00%	6,470,000	0	740,000	5,730,000
General Improvement Refunding Bonds					
Series 2014A					
Maturing 2030	2.51%	21,206,480	0	0	21,206,480
General Improvement Refunding Bonds					
Series 2014B					
Maturing 2018	2.51%	2,644,000	0	977,000	1,667,000
General Improvement Refunding Bonds					
Series 2015					
Maturing 2024	2.80%	0	8,470,520	615,520	7,855,000
General Improvement Refunding Bonds					
Series 2016A					
Maturing 2036	3.14%	0	4,587,360	0	4,587,360
Total General Obligation Bonds		<u>\$ 57,550,480</u>	<u>\$ 13,057,880</u>	<u>\$ 15,827,520</u>	<u>\$ 54,780,840</u>

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN REVENUE BONDS PAYABLE  
 For the Year Ended June 30, 2016

Table 5

	Balance 7/1/2015	Revenue		Balance 6/30/2016
		New Bonds Issued	Bonds Retired	
Water, sewer & electric revenue and tax bonds, maturing through 2037				
Due June 2037 - 4.00% to 5.00%	\$ 7,630,000	\$ 0	\$ 7,630,000	\$ 0
Due June 2028 - 2.00% to 4.375%	15,855,000	0	1,805,000	14,050,000
Due June 2028 - 2.50% to 4.25%	8,740,000	0	600,000	8,140,000
Due June 2031 - 1.00% to 5.75%	7,115,000	0	415,000	6,700,000
Due September 2028 - 3.45% fixed	7,870,000	0	955,000	6,915,000
Due June 2036 - 3.14% fixed	0	7,484,640	0	7,484,640
	0	7,484,640	0	7,484,640
 Total Revenue Bonds	 \$ 47,210,000	 \$ 7,484,640	 \$ 11,405,000	 \$ 43,289,640
	\$ 47,210,000	\$ 7,484,640	\$ 11,405,000	\$ 43,289,640

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN NOTES PAYABLE  
 For the Year Ended June 30, 2016

Table 6

	Maturity Date	Interest Rate	Balance 06/30/15	Additions	Retirements	Balance 06/30/16
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2031	2.11%	\$ 553,066	\$ 0	\$ 30,298	\$ 522,768
Water Division:						
Note payable to the State of Tennessee revolving loan fund - ARRA	2031	2.11%	110,614	0	6,060	104,554
Water Division:						
Note payable to the TN Municipal Bond Fund Series 2012	2032	Variable	3,187,500	0	187,500	3,000,000
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2034	1.15%	231,691	13,877	0	245,568
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2034	1.15%	1,647,565	2,750,138	0	4,397,703
Water/Electric Division:						
Note payable to the TN Municipal Bond Fund Series 2014	2034	Variable	6,056,250	0	318,750	5,737,500
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2035	1.50%	512,826	1,487,174	50,246	1,949,754
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2036	1.34%	0	2,325,000	0	2,325,000
Water/Electric Division:						
Note payable to the TN Municipal Bond Fund Series 2015	2032	Variable	2,626,241	2,731,485	257,000	5,100,726
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2008 TMBF	2028	Variable	1,378,000	0	78,000	1,300,000
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2032	Fixed for 5 years	1,502,000	0	73,000	1,429,000

CITY OF CLEVELAND, TENNESSEE  
 CHANGES IN NOTES PAYABLE  
 For the Year Ended June 30, 2016

Table 6  
 (Continued)

	Maturity Date	Interest Rate	Balance 06/30/15	Additions	Retirements	Balance 06/30/16
Public Improvement Loans:						
Note payable to the Public Building Authority, Clarksville, TN Series 2012						
	2027	Variable	\$ 749,135	\$ 0	\$ 57,000	\$ 692,135
Public Improvement Loans:						
Note payable to the Public Building Authority, Clarksville, TN Series 2012						
	2028	Variable	4,948,075	0	324,000	4,624,075
Airport Improvement Loans:						
Note payable to the Public Building Authority, Clarksville, TN Series 2012						
	2027	Variable	1,274,000	0	85,000	1,189,000
Airport Improvement Loans:						
Note payable to the Public Building Authority, Clarksville, TN Series 2014						
	2034	2.64%	4,140,000	0	171,000	3,969,000
Airport Improvement Loans:						
Note payable to the Public Building Authority, Clarksville, TN Series 2015						
	2036	Variable	0	306,000	0	306,000
School Construction Loan:						
Note payable to the Public Building Authority, Clarksville, TN Series 2015						
	2035	Variable	0	5,734,200	0	5,734,200
School Construction Loan:						
Qualified School Construction Loan (QSCB) Series 2009						
	2027	1.1515%	2,883,745	0	259,577	2,624,168
School Energy Loan:						
Tennessee Energy Efficient School Initiative Program (EESI) Loan						
	2016	3.00%	22,328	0	22,328	0
Totals			<u>\$ 31,823,036</u>	<u>\$ 15,347,874</u>	<u>\$ 1,919,759</u>	<u>\$ 45,251,151</u>

CITY OF CLEVELAND, TENNESSEE  
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED  
 June 30, 2016

Table 7

Tax Year	Original Amount Filed	Unpaid Balance	Percentage Collected
2006	\$ 305,663	\$ 17,683	94.2 %
2007	452,759	30,775	93.2
2008	501,311	42,202	91.6
2009	614,201	46,102	92.5
2010	501,912	41,611	91.7
2011	371,448	72,775	80.4
2012	396,806	125,776	68.3
2013	335,054	171,552	48.8
2014	427,004	385,271	9.8

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CITY OF CLEVELAND, TENNESSEE  
 BOND PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS  
 June 30, 2016

Fiscal Year	2009C Series		2009D Series		2014A Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 30,000	\$ 574,656	\$ 870,000	\$ 206,800	\$	\$ 532,282
2018	30,000	573,756	890,000	180,700	275,480	532,283
2019	25,000	572,781	910,000	151,775	979,000	525,368
2020	25,000	571,906	990,000	119,925	1,004,000	500,795
2021	25,000	570,969	1,040,000	82,800	1,033,000	475,595
2022	25,000	569,969	1,030,000	41,200	1,050,000	449,667
2023	1,100,000	568,969			1,088,000	423,311
2024	1,050,000	524,969			1,286,000	396,003
2025	300,000	482,969			2,305,000	363,724
2026	3,400,000	470,969			2,295,000	305,869
2027	3,125,000	334,969			2,370,000	248,264
2028	350,000	206,063			2,550,000	188,777
2029	100,000	190,750			2,565,000	124,772
2030	100,000	186,500			2,406,000	60,391
2031	4,050,000	182,250				
2032						
2033						
2034						
2035						
2036						
<b>Total</b>	<b>\$ 13,735,000</b>	<b>\$ 6,582,445</b>	<b>\$ 5,730,000</b>	<b>\$ 783,200</b>	<b>\$ 21,206,480</b>	<b>\$ 5,127,101</b>

Table 8

2014B		2015		2016A		Total	
Series		Series		Series		Principal	Interest
Principal	Interest	Principal	Interest	Principal	Interest		
\$ 973,000	\$ 41,842	\$ 806,000	\$ 219,940	\$ 284,360	\$ 145,644	\$ 2,963,360	\$ 1,721,164
694,000	17,419	876,000	197,372	294,000	135,114	3,059,480	1,636,644
		931,000	172,844	304,000	125,883	3,149,000	1,548,651
		966,000	146,776	314,000	116,337	3,299,000	1,455,739
		1,006,000	119,728	329,000	106,477	3,433,000	1,355,569
		1,056,000	91,560	343,000	96,147	3,504,000	1,248,543
		1,081,000	61,992	358,000	85,377	3,627,000	1,139,649
		1,133,000	31,724	363,000	74,135	3,832,000	1,026,831
				383,000	62,737	2,988,000	909,430
				390,000	50,711	6,085,000	827,549
				415,000	38,465	5,910,000	621,698
				80,000	25,434	2,980,000	420,274
				85,000	22,922	2,750,000	338,444
				85,000	20,253	2,591,000	267,144
				85,000	17,584	4,135,000	199,834
				90,000	14,915	90,000	14,915
				90,000	12,089	90,000	12,089
				95,000	9,263	95,000	9,263
				100,000	6,280	100,000	6,280
				100,000	3,140	100,000	3,140
<u>\$ 1,667,000</u>	<u>\$ 59,261</u>	<u>\$ 7,855,000</u>	<u>\$ 1,041,936</u>	<u>\$ 4,587,360</u>	<u>\$ 1,168,907</u>	<u>\$ 54,780,840</u>	<u>\$ 14,762,850</u>

CITY OF CLEVELAND, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES  
 June 30, 2016

Fiscal Year	Note Payable - Public Building Authority of Clarksville TN 2008 TMBF Series		Note Payable - Public Building Authority of Clarksville, TN 2012 Series (2)		Note Payable - Public Building Authority of Clarksville, TN 2012 Series		Note Payable - Public Building Authority of Clarksville, TN 2012 Series (3)		Note Payable - Public Building Authority of Clarksville, TN 2012 (Jetport) Series	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$ 82,000	\$ 65,000	\$ 59,000	\$ 31,720	\$ 75,000	\$ 33,153	\$ 337,000	\$ 202,560	\$ 88,000
2018	86,000	60,900	61,000	29,360	77,000	31,413	351,000	189,080	92,000	44,040
2019	90,000	56,600	64,000	26,920	78,000	29,626	365,000	175,040	95,000	40,360
2020	94,000	52,100	66,000	24,360	80,000	27,817	379,000	160,440	99,000	36,560
2021	99,000	47,400	69,000	21,720	82,000	25,961	394,000	145,280	103,000	32,600
2022	104,000	42,450	72,000	18,960	84,000	24,058	410,000	129,520	107,000	28,480
2023	109,000	37,250	74,000	16,080	86,000	22,110	426,000	113,120	112,000	24,200
2024	115,000	31,800	77,000	13,120	88,000	20,114	443,000	96,080	116,000	19,720
2025	121,000	26,050	80,000	10,040	90,000	18,073	461,000	78,360	121,000	15,080
2026	127,000	20,000	84,000	6,840	92,000	15,985	480,000	59,920	125,000	10,240
2027	133,000	13,650	87,000	3,480	94,000	13,850	499,000	40,720	131,000	5,240
2028	140,000	7,000			96,000	11,670	519,000	20,760		
2029					98,000	9,442				
2030					101,000	7,169				
2031					103,000	4,825				
2032					105,000	2,436				
2033										
2034										
2035										
2036										
	<u>\$ 1,300,000</u>	<u>\$ 460,200</u>	<u>\$ 793,000</u>	<u>\$ 202,600</u>	<u>\$ 1,429,000</u>	<u>\$ 297,702</u>	<u>\$ 5,064,000</u>	<u>\$ 1,410,880</u>	<u>\$ 1,189,000</u>	<u>\$ 304,080</u>

- (1) Variable rates of 4% have been assumed on loans through Blount Counties and Clarksville, TN.
- (2) \$100,865 of loan proceeds have not been drawn down at June 30, 2016.
- (3) \$439,925 of loan proceeds have not been drawn down at June 30, 2016.
- (4) \$694,000 of loan proceeds have not been drawn down at June 30, 2016.

Table 9

Note Payable - Public Building Authority of Clarksville, TN 2014 (Jetport) Series		2009 QSCB Series		Note Payable - Public Building Authority of Clarksville, TN 2015 (Jetport) Series (4)		Note Payable - Public Building Authority of Clarksville, TN 2015 (Schools) Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (1)
\$ 175,000	\$ 104,782	\$ 237,946	\$ 67,184	\$	\$ 30,000	\$ 271,200	\$ 172,026	\$ 1,325,146	\$ 753,985
180,000	100,162	259,577	67,184	46,000	30,000	275,000	163,890	1,427,577	716,029
185,000	95,410	259,577	67,184	46,000	28,620	278,000	155,640	1,460,577	675,400
189,000	90,526	259,578	67,184	47,000	27,240	282,000	147,300	1,495,578	633,527
194,000	85,536	259,577	67,184	48,000	25,830	285,000	138,840	1,533,577	590,351
199,000	80,414	259,577	67,184	49,000	24,390	288,000	130,290	1,572,577	545,746
205,000	75,160	259,577	67,184	49,000	22,920	291,000	121,650	1,611,577	499,674
210,000	69,748	259,578	67,184	50,000	21,450	295,000	112,920	1,653,578	452,136
216,000	64,204	259,578	67,184	51,000	19,950	298,000	104,070	1,697,578	403,011
221,000	58,502	285,130	67,184	52,000	18,420	301,000	95,130	1,767,130	352,221
227,000	52,668	24,472	6,292	52,000	16,860	305,000	86,100	1,552,472	238,860
233,000	46,676			53,000	15,300	308,000	76,950	1,349,000	178,356
239,000	40,524			54,000	13,710	312,000	67,710	703,000	131,386
246,000	34,214			55,000	12,090	315,000	58,350	717,000	111,823
252,000	27,720			56,000	10,440	319,000	48,900	730,000	91,885
259,000	21,068			57,000	8,760	322,000	39,330	743,000	71,594
266,000	14,230			58,000	7,050	326,000	29,670	650,000	50,950
273,000	7,208			58,000	5,310	330,000	19,890	661,000	32,408
				59,000	3,570	333,000	9,990	392,000	13,560
				60,000	1,800			60,000	1,800
<u>\$ 3,969,000</u>	<u>\$ 1,068,752</u>	<u>\$ 2,624,167</u>	<u>\$ 678,132</u>	<u>\$ 1,000,000</u>	<u>\$ 343,710</u>	<u>\$ 5,734,200</u>	<u>\$ 1,778,646</u>	<u>\$ 23,102,367</u>	<u>\$ 6,544,702</u>

CITY OF CLEVELAND, TENNESSEE  
 BOND PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES  
 June 30, 2016

Electric, Water and Sewer Revenue and Tax Bonds

Fiscal Year	2009C Series		2009D Series		2010 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 410,000	\$ 318,719	\$ 2,100,000	\$ 517,788	\$ 420,000	\$ 201,771
2018	435,000	306,419	2,040,000	454,787	425,000	192,898
2019	475,000	292,281	1,545,000	388,488	425,000	183,230
2020	625,000	275,656	1,680,000	334,412	430,000	172,732
2021	500,000	252,219	1,895,000	271,413	435,000	161,552
2022	575,000	232,218	1,800,000	195,612	435,000	150,102
2023	675,000	209,219	1,385,000	123,613	440,000	138,084
2024	600,000	182,218	1,010,000	68,213	445,000	125,358
2025	970,000	158,219	420,000	25,288	450,000	111,908
2026	1,040,000	119,418	75,000	7,438	455,000	97,721
2027	985,000	77,819	50,000	4,250	460,000	82,934
2028	850,000	37,188	50,000	2,125	465,000	67,535
2029					465,000	51,516
2030					475,000	35,043
2031					475,000	17,753
2032						
2033						
2034						
2035						
2036						
<b>Total</b>	<b>\$ 8,140,000</b>	<b>\$ 2,461,593</b>	<b>\$14,050,000</b>	<b>\$ 2,393,427</b>	<b>\$ 6,700,000</b>	<b>\$ 1,790,137</b>

Table 10

2014 Series		2016B Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 945,000	\$ 222,266	\$ 229,640	\$ 237,629	\$ 4,104,640	\$ 1,498,173
910,000	190,268	250,000	227,807	4,060,000	1,372,179
800,000	160,770	260,000	219,957	3,505,000	1,244,726
445,000	139,294	365,000	211,793	3,545,000	1,133,887
440,000	124,028	375,000	200,332	3,645,000	1,009,544
435,000	108,934	395,000	188,557	3,640,000	875,423
435,000	93,926	410,000	176,154	3,345,000	740,996
430,000	79,005	430,000	163,280	2,915,000	618,074
425,000	64,256	445,000	149,778	2,710,000	509,449
420,000	49,680	345,000	135,805	2,335,000	410,062
415,000	35,276	350,000	124,972	2,260,000	325,251
410,000	21,045	355,000	113,982	2,130,000	241,875
405,000	6,986	375,000	102,835	1,245,000	161,337
		380,000	91,060	855,000	126,103
		405,000	79,128	880,000	96,881
		410,000	66,411	410,000	66,411
		415,000	53,537	415,000	53,537
		420,000	40,506	420,000	40,506
		430,000	27,318	430,000	27,318
		440,000	13,816	440,000	13,816
<u>\$ 6,915,000</u>	<u>\$ 1,295,734</u>	<u>\$ 7,484,640</u>	<u>\$ 2,624,657</u>	<u>\$ 43,289,640</u>	<u>\$ 10,565,548</u>

CITY OF CLEVELAND, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES  
 June 30, 2016

Fiscal Year	Tennessee Municipal Bond Fund Series 2012		Tennessee Municipal Bond Fund Series 2014		State of Tennessee Revolving Loan Fund		State of Tennessee Revolving Loan Fund 13-319 (1)		State of Tennessee Revolving Loan Fund 13-320 (2)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$ 187,500	\$ 120,000	\$ 318,750	\$ 229,500	\$ 37,133	\$ 12,878	\$ 61,500	\$ 15,492	\$ 365,616
2018	187,500	112,500	318,750	216,750	37,924	12,088	62,208	14,784	369,840	87,852
2019	187,500	105,000	318,750	204,000	38,731	11,280	62,928	14,064	374,112	83,580
2020	187,500	97,500	318,750	191,250	39,557	10,454	63,660	13,332	378,444	79,248
2021	187,500	90,000	318,750	178,500	40,399	9,612	64,392	12,600	382,812	74,880
2022	187,500	82,500	318,750	165,750	41,261	8,750	65,136	11,856	387,240	70,452
2023	187,500	75,000	318,750	153,000	42,139	7,872	65,892	11,100	391,716	65,976
2024	187,500	67,500	318,750	140,250	43,037	6,974	66,660	10,332	396,252	61,440
2025	187,500	60,000	318,750	127,500	43,954	6,058	67,428	9,564	400,824	56,868
2026	187,500	52,500	318,750	114,750	44,891	5,120	68,208	8,784	405,468	52,224
2027	187,500	45,000	318,750	102,000	45,847	4,164	68,988	8,004	410,148	47,544
2028	187,500	37,500	318,750	89,250	46,824	3,187	69,792	7,200	414,888	42,804
2029	187,500	30,000	318,750	76,500	47,821	2,190	70,596	6,396	419,688	38,004
2030	187,500	22,500	318,750	63,750	48,840	1,171	71,412	5,580	424,536	33,156
2031	187,500	15,000	318,750	51,000	28,964	204	72,240	4,752	429,444	28,248
2032	187,500	7,500	318,750	38,250			73,080	3,912	434,412	23,280
2033			318,750	25,500			73,920	3,072	439,440	18,252
2034			318,750	12,750			74,772	2,220	444,516	13,176
2035							75,636	1,356	449,652	8,040
2036							76,530	440	454,952	2,827
	<u>\$ 3,000,000</u>	<u>\$ 1,020,000</u>	<u>\$ 5,737,500</u>	<u>\$ 2,180,250</u>	<u>\$ 627,322</u>	<u>\$ 102,002</u>	<u>\$ 1,374,978</u>	<u>\$ 164,840</u>	<u>\$ 8,174,000</u>	<u>\$ 979,927</u>

(1) \$1,129,410 of loan proceeds have not been drawn down at June 30, 2016.

(2) \$3,776,297 of loan proceeds have not been drawn down at June 30, 2016.

(3) \$392,274 of loan proceeds have not been drawn down at June 30, 2016.

State of Tennessee Revolving Loan Fund DG2		Tennessee Municipal Bond Fund Series 2015 (3)		State of Tennessee Revolving Loan Fund CG4 15-349		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 87,168	\$ 28,644	\$ 260,000	\$ 116,453	\$ 101,652	\$ 31,440	\$ 1,419,319	\$ 646,483
88,476	27,336	263,000	110,935	103,056	30,036	1,430,754	612,281
89,820	25,992	266,000	105,363	104,496	28,596	1,442,337	577,875
91,176	24,636	269,000	99,720	105,936	27,156	1,454,023	543,296
92,556	23,256	272,000	94,024	107,412	25,680	1,465,821	508,552
93,948	21,864	276,000	88,256	108,900	24,192	1,478,735	473,620
95,364	20,448	278,000	82,404	110,412	22,680	1,489,773	438,480
96,804	19,008	282,000	76,512	111,948	21,144	1,502,951	403,160
98,268	17,544	285,000	70,536	113,508	19,584	1,515,232	367,654
99,756	16,056	289,000	64,488	115,080	18,012	1,528,653	331,934
101,256	14,556	292,000	58,357	116,676	16,416	1,541,165	296,041
102,792	13,020	295,000	52,173	118,296	14,796	1,553,842	259,930
104,340	11,472	299,000	45,918	119,940	13,152	1,567,635	223,632
105,912	9,900	303,000	39,579	121,608	11,484	1,581,558	187,120
107,520	8,292	306,000	33,157	123,300	9,792	1,573,718	150,445
109,140	6,672	309,000	26,663	125,016	8,076	1,556,898	114,353
110,784	5,028	313,000	20,116	126,744	6,348	1,382,638	78,316
112,464	3,348	316,000	13,486	128,508	4,584	1,395,010	49,564
114,156	1,656	320,000	6,785	130,296	2,796	1,089,740	20,633
48,054	180			132,216	957	711,752	4,404
<u>\$ 1,949,754</u>	<u>\$ 298,908</u>	<u>\$ 5,493,000</u>	<u>\$ 1,204,925</u>	<u>\$ 2,325,000</u>	<u>\$ 336,921</u>	<u>\$ 28,681,554</u>	<u>\$ 6,287,773</u>

CITY OF CLEVELAND, TENNESSEE  
 INVESTMENTS  
 June 30, 2016

Table 12

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	1.00%	\$ 58,733	\$ 58,733
First Tennessee Bank	0.15%	40,528	40,528
First Tennessee Bank	1.00%	38,716	38,716
First Tennessee Bank	0.15%	33,663	33,663
First Tennessee Bank	0.15%	30,328	30,328
First Tennessee Bank	0.15%	25,000	25,000
First Tennessee Bank	0.15%	20,000	20,000
First Tennessee Bank	0.15%	5,990	5,990
First Tennessee Bank	0.10%	13,693	13,693
First Tennessee Bank	0.15%	29,987	29,987
First Tennessee Bank	0.15%	14,993	14,993
First Tennessee Bank	0.15%	5,209	5,209
Total Certificates of Deposit		<u>\$ 316,840</u>	<u>\$ 316,840</u>
Investment in Local Government Investment Pool:			
State of Tennessee		<u>610,536</u>	<u>610,536</u>
Total Local Government Investment Pool		<u>\$ 610,536</u>	<u>\$ 610,536</u>
Total Investments		<u><u>\$ 927,376</u></u>	<u><u>\$ 927,376</u></u>

## TRANSFERS

For the Fiscal Year Ended June-30, 2016

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program Fund	General Fund	\$ 302,579
Community Development Block Grant Fund	General Fund	25,000
Debt Service Fund	General Fund	4,942,600
Debt Service Fund	School Fund	557,919
Debt Service Fund	State Street Aid Fund	347,200
Debt Service Fund	Spring Branch Industrial Park Fund	126,821
Debt Service Fund	Stormwater Management Fund	17,733
General Fund	Cleveland Utilities - Electric Division	1,971,655
General Fund	Cleveland Utilities - Water Division	418,588
Library Fund	General Fund	626,700
Metropolitan Transportation Planning Organization	General Fund	57,000
Recycling Grant Fund	Solid Waste Management Fund	10,000
School Fund	General Fund	5,273,600
Solid Waste Management Fund	General Fund	1,074,100
Stormwater Management Fund	Capital Improvement Program Fund	85,636
	<b>Total</b>	<b><u>\$ 15,837,131</u></b>

AWWA Free Water Audit Software: Reporting Worksheet  
 WAS v5.0  
 American Water Works Association  
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Water Audit Report for: **Cleveland Utilities (TN0000117)**  
 Reporting Year: **2016** / **7/2015 - 6/2016**

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

---

**WATER SUPPLIED**

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' →

Volume from own sources:	+ ? 8	2,164,976	MG/Yr
Water imported:	+ ? 8	1,728,039	MG/Yr
Water exported:	+ ? 8	2,912	MG/Yr
<b>WATER SUPPLIED:</b>		<b>3,890,103</b>	MG/Yr

**Master Meter and Supply Error Adjustments**

Pcmt:	Value:	MG/Yr
+ ?	☺ ☹	
+ ?	☺ ☹	
+ ?	☺ ☹	

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

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+ ? 9	2,837,931	MG/Yr
Billed unmetered:	+ ? 8		MG/Yr
Unbilled metered:	+ ? 10	87,224	MG/Yr
Unbilled unmetered:	+ ? 8	34,991	MG/Yr
<b>AUTHORIZED CONSUMPTION:</b>		<b>2,960,146</b>	MG/Yr

Click here: ? for help using option buttons below

Pcmt:	Value:	MG/Yr
☺ ☹	34,991	

Use buttons to select percentage of water supplied OR value

Pcmt:	Value:	MG/Yr
0.25%	☺ ☹	
5.00%	☺ ☹	
0.25%	☺ ☹	

---

**WATER LOSSES (Water Supplied - Authorized Consumption)**

**929,957** MG/Yr

**Apparent Losses**

Unauthorized consumption: + ? 9.725 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: + ? 8 153,956 MG/Yr

Systematic data handling errors: + ? 7.095 MG/Yr

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

Apparent Losses: ? 170,776 MG/Yr

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: ? 759,181 MG/Yr

**WATER LOSSES:** ? 929,957 MG/Yr

---

**NON-REVENUE WATER**

NON-REVENUE WATER: ? 1,052,172 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains: + ? 9 753.7 miles

Number of active AND inactive service connections: + ? 8 31,222

Service connection density: ? 41 conn./mile main

Are customer meters typically located at the curbside or property line? Yes

Average length of customer service line: + ? (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure: + ? 6 90.0 psi

---

**COST DATA**

Total annual cost of operating water system: + ? 10 \$13,777,745 \$/Year

Customer retail unit cost (applied to Apparent Losses): + ? 8 \$4.76 \$/1000 gallons (US)

Variable production cost (applied to Real Losses): + ? 9 \$1,033.00 \$/Million gallons

Use Customer Retail Unit Cost to value real losses

---

**WATER AUDIT DATA VALIDITY SCORE:**

**\*\*\* YOUR SCORE IS: 82 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: Volume from own sources
- 2: Water imported
- 3: Unauthorized consumption



### 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: Cleveland Utilities (TN0000117)

Reporting Year: 2016 | 7/2015 - 6/2016

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 \*\*\*

**System Attributes:**

	Apparent Losses:	170.776	MG/Yr	
	+ Real Losses:	759.181	MG/Yr	
	= Water Losses:	929.957	MG/Yr	
	? Unavoidable Annual Real Losses (UARL):	287.79	MG/Yr	
	Annual cost of Apparent Losses:	\$812,892		
	Annual cost of Real Losses:	\$784,234	Valued at Variable Production Cost	

Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	27.0%	Real Losses valued at Variable Production Cost
		Non-revenue water as percent by cost of operating system:	12.5%	
Operational Efficiency:	{	Apparent Losses per service connection per day:	14.99	gallons/connection/day
		Real Losses per service connection per day:	66.62	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.74	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	759.18	million gallons/year
		? Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.64	

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

CITY OF CLEVELAND, TENNESSEE  
 SURETY BONDS OF PRINCIPAL OFFICIALS  
 For the Year Ended June 30, 2016

Table 15

Name	Office	Amount of Bond
Tom Rowland	Mayor	\$ 600,000
George Poe, Jr.	Vice Mayor	600,000
Richard Banks	Councilman	0
William Estes	Councilman	0
Dale Hughes	Councilman	0
Avery Johnson, Sr.	Councilman	0
David May, Jr.	Councilman	0
Charles McKenzie	Councilman	0
Janice S. Casteel	City Manager	600,000
Melinda Carroll	Interim City Manager	150,000
Shawn McKay	Assistant City Manager/CFO	1,150,000

Note - Janice S. Casteel retired May 31, 2016. Melinda Carroll became Interim City Manager on June 1, 2016 for a period of 90 days until a new City Manager was hired.

**SINGLE AUDIT SECTION**

CITY OF CLEVELAND, TENNESSEE  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY  
For the Fiscal Year Ended June 30, 2016

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
School Breakfast Program	Dept of Agriculture	10.553 *	N/A
School Lunch Program	Dept of Agriculture	10.555 *	N/A
Commodity Assistance	Dept of Agriculture	10.569	N/A
USDA Fresh Fruits and Vegetables	Dept of Agriculture	10.582	N/A
Comprehensive Economic Development Plan	Dept of Commerce	11.306	N/A
Community Development Block Grant	Dept of HUD	14.218	N/A
Emergency Shelter	Dept of HUD	14.231	ESG-09-24
CDBG - Community Livability Projects	Dept of HUD	14.269	N/A
Protective vests	Dept of Justice	16.607	N/A
Edward Byrne Memorial Justice Assistance - 2015	Dept of Justice	16.738	N/A
Jetport Design Construction of 2 T-Hangars	Dept of Transportation	20.106	AERO-15160
Transportation Planning	Dept of Transportation	20.205 *	Z-07036293
Intersection Improvement Georgetown Rd	Dept of Transportation	20.205 *	STP-M-6023
Feasibility Study of 20th St NE	Dept of Transportation	20.205 *	STP-M-9203(20)
Misc Impr to 17th St	Dept of Transportation	20.205 *	STP-M--4472
Island Landscaping Phase II	Dept of Transportation	20.205 *	STP-EN-6021
Resurfacing and Safety Improvements - Central Ave	Dept of Transportation	20.205 *	STP-M-9203(22)
Misc Impr to Stuart Road	Dept of Transportation	20.205 *	STP-M-3647
Ocoee Greenway Connector	Dept of Transportation	20.205 *	STP-M-9203(19)
Subtotal Program 20.205			
Transportation Planning - Multimodal Planning	Dept of Transportation	20.505	N/A
High Visibility Enforcement	Dept of Transportation	20.607	Z14GHS066
High Visibility Enforcement	Dept of Transportation	20.607	Z14GHS068
Subtotal Program 20.607			
2015 LSTA Technology Grant	Library & Archives	45.310	N/A
Grants for Clean Water - State Revolving Loan			
- Loan SRF 319	Environmental Protection	66.458 *	N/A
- Principal Forgiveness SRF 319	Agency	66.458 *	N/A
- Loan SRF 320		66.458 *	N/A
- Loan SRT 15-349		66.458 *	N/A
- Principal Forgiveness SRF 15-349		66.458 *	N/A
Subtotal Program 66.458			
Grants for Drinking Water - State Revolving Loan			
- Loan SRF 319	Environmental Protection	66.468 *	N/A
- Principal Forgiveness SRF 319	Agency	66.468 *	N/A
Subtotal Program 66.468			
Title I Grant to Local Educational Agencies	Dept of Education	84.010 *	N/A
Special Education - Grants to States	Dept of Education	84.027 *	N/A
Special Education - Grants to States	Dept of Education	84.027 *	N/A
Subtotal Program 84.027			

(Continued)

Balance July 1, 2015	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2016
\$ 0	\$ 977,667	\$ 0	\$ 977,667	\$ 0	\$ 0	\$ 0
0	1,992,252	0	1,992,252	0	0	0
0	160,019	0	160,019	0	0	0
(3,460)	34,860	0	31,400	0	0	0
(51,740)	51,740	0	0	0	0	0
0	289,008	0	289,130	0	0	(122)
(27,571)	119,987	0	99,970	0	0	(7,554)
0	136,898	0	170,928	0	0	(34,030)
(3,445)	6,503	0	6,033	0	0	(2,975)
0	39,515	0	39,515	0	0	0
0	702,813	0	702,813	0	0	0
\$ (54,913)	\$ 161,532	\$ 0	\$ 174,814	\$ 0	\$ 0	\$ (68,195)
0	2,326	0	2,326	0	0	0
(6,229)	6,469	0	240	0	0	0
(22,372)	65,096	0	50,848	0	0	(8,124)
(37,884)	37,884	0	12,636	0	0	(12,636)
0	45,292	0	65,140	0	0	(19,848)
0	975	0	859,417	0	0	(858,442)
0	0	0	24,375	0	0	(24,375)
\$ (121,398)	\$ 319,574	\$ 0	\$ 1,189,796	\$ 0	\$ 0	\$ (991,620)
0	0	0	29,826	0	0	(29,826)
\$ 0	\$ 5,000	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 0
(725)	725	0	0	0	0	0
\$ (725)	\$ 5,725	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 0
\$ 0	\$ 1,966	\$ 0	\$ 1,966	\$ 0	\$ 0	\$ 0
\$ 0	\$ 11,564	\$ 0	\$ 681,687	\$ 0	\$ 0	\$ (670,123)
0	3,793	0	223,608	0	0	(219,815)
0	2,291,782	0	2,291,782	0	0	0
0	1,937,500	0	1,937,500	0	0	0
0	145,833	0	145,833	0	0	0
\$ 0	\$ 4,390,472	\$ 0	\$ 5,280,410	\$ 0	\$ 0	\$ (889,938)
\$ 0	\$ 1,199,359	\$ 0	\$ 1,199,359	\$ 0	\$ 0	\$ 0
0	299,840	0	299,840	0	0	0
\$ 0	\$ 1,499,199	\$ 0	\$ 1,499,199	\$ 0	\$ 0	\$ 0
(66,773)	1,756,977	0	1,713,120	0	0	(22,916)
\$ (5,498)	\$ 1,197,736	\$ 0	\$ 1,202,424	\$ 0	\$ 0	\$ (10,186)
0	73,340	0	73,340	0	0	0
\$ (5,498)	\$ 1,271,076	\$ 0	\$ 1,275,764	\$ 0	\$ 0	\$ (10,186)

CITY OF CLEVELAND, TENNESSEE  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY  
For the Fiscal Year Ended June 30, 2016

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants: (Continued)			
Vocational Improvement	Dept of Education	84.048	N/A
Special Education - Preschool Grants	Dept of Education	84.173 *	N/A
English Language Acquisition Enhancement Title III	Dept of Education	84.365	N/A
Teacher and Principal Training & Recruiting Title II-A	Dept of Education	84.367	N/A
SFSF - Race to the Top - ARRA	Dept of Education	84.395	N/A
Flood Mitigation Assistance Program	Dept of Military	97.029	N/A
Federal Disaster Relief - Utilities	FEMA	97.036	N/A
Federal Disaster Relief - Public Works	FEMA	97.036	N/A
Subtotal Program	97.036		
Total Federal Grants			
State Grants:			
Safe Schools Act	Dept of Education	N/A	N/A
Coordinated School Health	Dept of Education	N/A	N/A
Lottery for Education - Afterschool Programs	Dept of Education	N/A	N/A
2015 Tech Grant TSLA	TN State Library & Archives	N/A	N/A
Disaster Relief - Utilities	TEMA	N/A	N/A
Disaster Relief - Public Works	TEMA	N/A	N/A
Jetport Maintenance	Dept of Transportation	N/A	AERM-15106
Jetport Maintenance	Dept of Transportation	N/A	N/A
Jetport Phase III	Dept of Transportation	N/A	AERO-11160
Jetport Lighting Grant	Dept of Transportation	N/A	AERO-12216
Jetport Construction Phase III	Dept of Transportation	N/A	GG1237936
Jetport South Side Corp Area Development	Dept of Transportation	N/A	AERO-13239
Jetport Gas Line Grant	Dept of Transportation	N/A	AERO-13167
Jetport Apron & Taxilane to Proposed T-Hangar	Dept of Transportation	N/A	AERO-13213
Jetport Environmental Monitoring	Dept of Transportation	N/A	AERO-14101
Airport Hardwick Field Disposition	Dept of Transportation	N/A	AERO-14102
Jetport Runway Extension Justification Study	Dept of Transportation	N/A	AERO-14215
Jetport Design/Construction of Apron	Dept of Transportation	N/A	AERO-15159
Jetport Design/Construction of 2 T-Hangars	Dept of Transportation	N/A	AERO-15160
Jetport Design for 700' Runway Extension	Dept of Transportation	N/A	AERO-15218
Community Based Special Litter Grant	Dept of Transportation	N/A	N/A
Local Interstate Connector, Stone Lake Rd	Dept of Transportation	N/A	113131
Multi-Modal Access Grant	Dept of Transportation	N/A	140160
Transporting Planning - Multi-modal	Dept of Transportation	N/A	N/A
Grants for Clean Water State Revolving Loan:			
- Loan SRF 319	Dept of Environment	N/A	N/A
- Principal Forgiveness SRF 319	Dept of Environment	N/A	N/A
- Loan SRF 320	Dept of Environment	N/A	N/A
- Principal Forgiveness SRF 15-349	Dept of Environment	N/A	N/A
- Loan SRF 15-349	Dept of Environment	N/A	N/A
Grants for Drinking Water State Revolving Loan:			
- Loan SRF 14-151	Dept of Environment	N/A	N/A
- Principal Forgiveness SRF 14-151	Dept of Environment	N/A	N/A
Clean Tennessee Energy Grant	Dept of Environment	N/A	35882
Total State Grants			

Total Federal and State Financial Assistance Activity

\*Denotes major programs

Note - Cash receipts reported when received. Expenditures recognized on accrual basis.

(Continued)

Balance July 1, 2015	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2016
\$ (8,043)	\$ 390,906	\$ 0	\$ 404,806	\$ 0	\$ 0	\$ (21,943)
0	52,083	0	52,083	0	0	0
(6,597)	39,255	0	37,723	0	0	(5,065)
(7,254)	156,766	0	172,920	0	0	(23,408)
(84,721)	84,721	0	0	0	0	0
0	0	0	900	0	0	(900)
\$ (135,391)	\$ 135,391	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
(132,376)	132,376	0	0	0	0	0
\$ (267,767)	\$ 267,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ (654,992)	\$ 14,747,749	\$ 0	\$ 16,133,240	\$ 0	\$ 0	\$ (2,040,483)
\$ 0	\$ 26,910	\$ 0	\$ 26,910	\$ 0	\$ 0	\$ 0
(37,202)	162,202	0	125,000	0	0	0
(51,477)	193,819	0	190,000	0	0	(47,658)
0	1,965	0	1,965	0	0	0
(240,880)	240,880	0	0	0	0	0
(21,176)	21,176	0	0	0	0	0
(2,261)	2,261	0	0	0	0	0
0	7,067	0	7,067	0	0	0
(2,653)	0	0	0	0	0	(2,653)
(4,037)	3,000	0	0	0	0	(1,037)
(69,902)	0	0	0	0	0	(69,902)
0	147,016	0	147,016	0	0	0
(4,752)	47,873	0	47,873	0	0	(4,752)
0	8,069	0	8,069	0	0	0
0	25,822	0	27,614	0	0	(1,792)
(5,598)	5,598	0	0	0	0	0
0	0	0	1,275	0	0	(1,275)
(19,453)	559,854	0	540,401	0	0	0
0	39,025	0	39,025	0	0	0
0	49,935	0	83,136	0	0	(33,201)
(11,944)	20,480	0	17,962	0	0	(9,426)
(755)	0	0	403,049	0	0	(403,804)
(23,750)	23,750	0	23,750	0	0	(23,750)
0	0	0	3,728	0	0	(3,728)
0	2,313	0	136,370	0	0	(134,057)
0	759	0	44,732	0	0	(43,973)
0	458,356	0	458,356	0	0	0
0	387,500	0	387,500	0	0	0
0	29,167	0	29,167	0	0	0
0	287,816	0	287,816	0	0	0
0	71,954	0	71,954	0	0	0
0	30,000	0	30,000	0	0	0
\$ (495,840)	\$ 2,854,567	\$ 0	\$ 3,139,735	\$ 0	\$ 0	\$ (781,008)
\$ (1,150,832)	\$ 17,602,316	\$ 0	\$ 19,272,975	\$ 0	\$ 0	\$ (2,821,491)

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CERTIFIED VALUATION ANALYSTS

INDEPENDENT AUDITORS' 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 Council  
of the City of Cleveland  
Cleveland, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Cleveland, Tennessee's basic financial statements and have issued our report thereon dated December 12, 2016.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the City of Cleveland, Tennessee'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 of Cleveland, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. This item is listed as item 2016-1.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the City of Cleveland, Tennessee's financial statements are free of 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 is required to be reported under *Government Auditing Standards*.

### *City of Cleveland, Tennessee's Response to Findings*

The City of Cleveland, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Cleveland, Tennessee's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

### *Purpose of this Report*

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

*Arnett, Kirksey, Kimsey, Sullivan, Lay & Hall*  
ARNETT, KIRKSEY, KIMSEY, SULLIVAN, LAY & HALL, PLLC  
Certified Public Accountants

December 12, 2016

**ARNETT, KIRKSEY, KIMSEY, SULLIVAN, LAY & HALL, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS  
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CERTIFIED PUBLIC ACCOUNTANTS  
NATIONAL ASSOCIATION OF  
CERTIFIED VALUATION ANALYSTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

*Report on Compliance for Each Major Federal Program*

We have audited the City of Cleveland, Tennessee's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Cleveland, Tennessee's major federal programs for the year ended June 30, 2016. The City of Cleveland, Tennessee'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 federal statutes, regulations, and other terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City of Cleveland, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of the compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 of Cleveland, Tennessee'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 of Cleveland, Tennessee's compliance.

*Opinion on Each Major Federal Program*

In our opinion, the City of Cleveland, Tennessee 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, 2016.

*Internal Control Over Compliance*

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Arnett, Kirksey, Kimsey, Sullivan, Lay & Hall*  
ARNETT, KIRKSEY, KIMSEY, SULLIVAN, LAY & HALL, PLLC  
Certified Public Accountants

December 12, 2016

CITY OF CLEVELAND, TENNESSEE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cleveland, Tennessee.
2. The audit of the financial statements of the City of Cleveland, Tennessee, disclosed one significant deficiencies in internal control. This deficiency was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that were required to be reported in accordance with 2 CFR 200.516(a).

7. The programs tested as major programs included:

	CFDA#
Title I Grants to Local Educational Agencies	84.010
Highway Planning and Construction	20.205
<b>(Cluster)</b>	
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
<b>(Cluster)</b>	
School Breakfast Program	10.553
School Lunch Program	10.555
Grants for Clean Water - State Revolving Loan	66.458
Grants for Drinking Water - State Revolving Loan	66.468

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City of Cleveland, Tennessee, was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2016-1 Budget Violations

Condition: In two funds, actual expenditures/expenses exceeded budgeted amounts. In the Health Insurance Trust Fund, actual expenses exceeded budgeted by \$91,759. In the Metropolitan Transportation Planning Organization Fund, actual expenditures exceeded budgeted by \$18,694.

Criteria: Fund expenditures/expenses cannot exceed amounts budgeted by the government.

Effect: Unauthorized expenditures/expenses were incurred by the government.

Recommendation: Management should take steps to ensure that actual expenditures/expenses do not exceed budgeted amounts.

Response: Steps will be taken to make sure actual expenditures/expenses do not exceed budgeted amounts.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

**U.S. Department of Education:**

Title I Grants to Local Educational Agencies	84.010
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173

NONE

**U.S. Department of Agriculture:**

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

**U.S. Department of Environmental Protection**

Grants for Clean Water - State Revolving Loan	66.458
Grants for Drinking Water - State Revolving Loan	66.468

NONE

**U.S. Department of Transportation**

Highway Planning and Construction	20.205
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NONE

CITY OF CLEVELAND, TENNESSEE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2016

There were no prior year audit findings.

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# City of Cleveland

CLEVELAND, TENNESSEE

**Shawn McKay**

Assistant City Manager/CFO

[smckay@clevelandtn.gov](mailto:smckay@clevelandtn.gov)

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190 Church Street, N.E.  
P.O. Box 1519  
Cleveland, Tennessee 37364-1519

December 12, 2016

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name and address of independent public accounting firm: Arnett, Kirksey, Kimsey, Sullivan, Lay & Hall, PLLC, Certified Public Accountants, 4395 North Ocoee Street, Cleveland, Tennessee, 37312.

Audit Period: July 1, 2015 to June 30, 2016

## SIGNIFICANT DEFICIENCIES

### 2016-1 Budget Violations

**Condition:** In two funds, actual expenditures/expenses exceeded budgeted amounts. In the Health Insurance Trust Fund, actual expenses exceeded budgeted by \$91,759. In the Metropolitan Transportation Planning Organization Fund, actual expenditures exceeded budgeted by \$18,694.

**Criteria:** Fund expenditures/expenses cannot exceed amounts budgeted by the government.

**Effect:** Unauthorized expenditures/expenses were incurred by the government.

**Recommendation:** Management should take steps to ensure that actual expenditures/expenses do not exceed budgeted amounts.

**Response:** Steps will be taken to make sure actual expenditures/expenses do not exceed budgeted amounts.

## FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

### U.S. Department of Education:

Title I Grants to Local Educational Agencies	84.010
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173

NONE

### U.S. Department of Agriculture:

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

**U.S. Department of Environmental Protection**

Grants for Clean Water - State Revolving Loan 66.458

Grants for Drinking Water - State Revolving Loan 66.468

NONE

**U.S. Department of Transportation**

Highway Planning and Construction 20.205

NONE

Respectfully submitted,



Shawn McKay, Assistant City Manager/CFO  
City of Cleveland, Tennessee