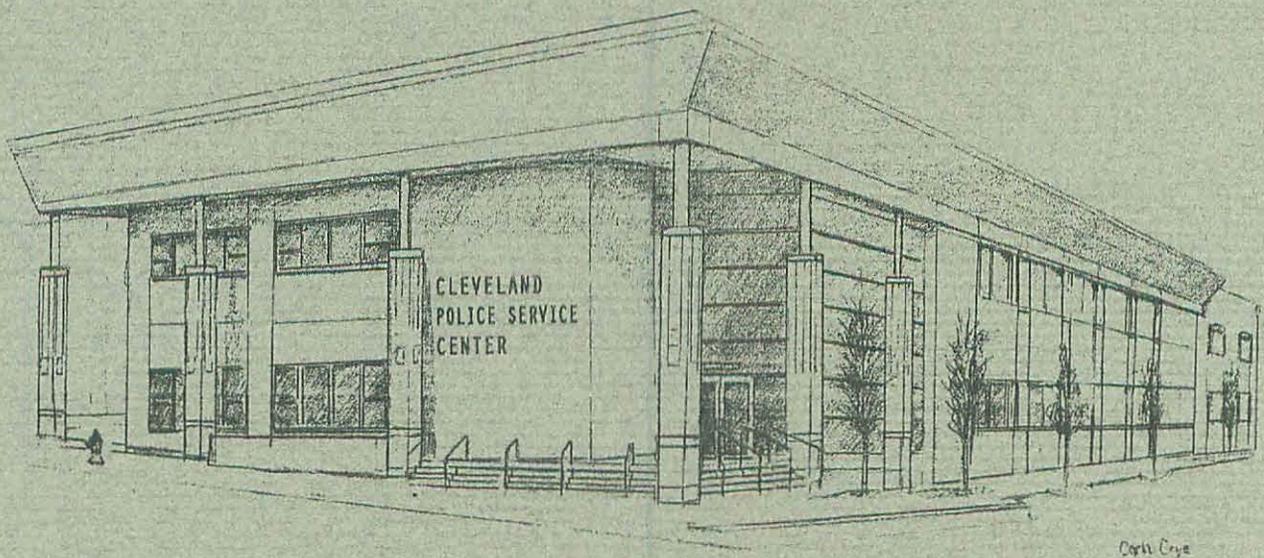


Comprehensive Annual Financial Report City of Cleveland, Tennessee



**For the Year Ended
June 30, 2008**

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2008

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

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City of Cleveland

CLEVELAND, TENNESSEE



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December 15, 2008

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, 2008.

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 their 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 and Lay, 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, 2008, 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, 2008, 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, having the sixth largest number of manufacturing companies of any community in the state, 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, among other things, for 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, for overseeing the city's day-to-day operations, and for 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 to the city manager by February 1st and operating budget requests to the finance director by March 1st each year. The city manager and finance director make revenue estimates for the upcoming fiscal year. A budget work session is held in late March or early April, at which time department heads and the city manager make presentations to the council. The finance director 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 her 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 first 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 30th 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 finance director, may make transfers of appropriations within a department. Transfers of appropriations between funds, however, 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 22-44 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 45-54. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 85.

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 economic growth of the City of Cleveland has continued to increase in previous years, primarily due to its commercial and industrial diversification. The City did experience less growth in sales tax collections due to the slower economy that has impacted much of the United States. The City feels that it has sufficient reserves to survive the current economic conditions, and will continue to be proactive in monitoring the local economy. The City of Cleveland and parts of Bradley County were declared an Urbanized Area in FY2002, which makes the city eligible for transportation, planning, and construction monies through the Metropolitan Planning Organization

(MPO) process. The city was declared a Metropolitan Statistical Area in July 2004 which made Cleveland eligible for other federal funds, such as Community Development Block Grants. This designation will help economic development activities by increasing the appeal of Cleveland to national franchise companies. Certain federal reimbursements will also increase in the health industry and to individuals.

The largest project permitted during FY08 was for the \$26.3 million hospital addition to SkyRidge Medical Center. Lee University permitted additions to its campus for \$12.3 million, Walgreens permitted 2 stores for approximately \$4 million, several churches added \$5 million in buildings, and a permit was issued for a new Daybreak Suites for \$1.1 million. Work began in the previous year for a Target store in the new Cleveland Towne Center. Permits for approximately \$13 million were issued in the current year for other stores in this complex, which included Kohl's, Books-A-Million, Michaels, Bed, Bath & Beyond, Ross' and Circuit City. The first stores opened in March 2008. Whirlpool has announced that approximately 500 jobs will be moved to Cleveland from a plant located in Mississippi.

Long-term financial planning. In August 2007, the city council approved \$13.4 million dollars in bonds for the City of Cleveland and Cleveland Utilities. The \$2.9 million for city projects provided \$1.1 million for school projects and \$1.8 million for an addition to the library. Cleveland Utilities used \$10.5 million to fund projects for their water, wastewater, and electric divisions. Past growth and projected growth are requiring that all systems be expanded and upgraded to meet demands. Plans are in place to meet these demands in an orderly fashion.

The city council held a long-range planning session in October. Future projects identified by the city council as priorities include: dialogue with Bradley County for renewal of the fire contract for the fringe area, future funding for school projects, consideration of performing paving with city crews, updating of flood maps, and policies regarding buffer zones.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit and the State Treasurer's investment pool. The city bids its banking services and is able to negotiate a higher interest rate on its checking account which allows unrestricted use of city funds while earning a higher yield.

Risk management. A safety committee was formed on the recommendation of the Tennessee Municipal League Risk Management Pool, and a part-time safety director was hired in FY2005. The safety committee consists of employees from each department and focuses on safety and liability issues citywide. Incentive programs have been implemented for all departments and have been successful in improving the attitudes of employees toward safety matters. The city has held employee accident prevention training classes. Third-party coverage is currently maintained for individual worker's compensation claims and general liability claims. Employee training is done by city employees and staff from the Risk Management Pool.

Pension and other postemployment benefits. The City of Cleveland sponsors a multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS) for its employees. The city is required to contribute at an actuarially determined rate. The contribution requirement of plan members is set by state statute. The contribution requirement for Cleveland is established and may be amended by the TCRS Board of Trustees.

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"). Their participants are not required to contribute to the plan.

The Cleveland City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the TCRS. Most teachers are required by state statute to contribute 5 percent of their salary to the plan.

The City of Cleveland also provides postretirement health and dental care benefits for certain retirees. These benefits are financed on a pay-as-you-go basis. A liability has been included in the financial statements in connection with the City's obligation to provide these benefits.

Additional information on the City of Cleveland's pension arrangements and postemployment benefits can be found on pages 75-83 in Notes 18 and 19 in the notes to the financial statements.

Awards and Acknowledgements

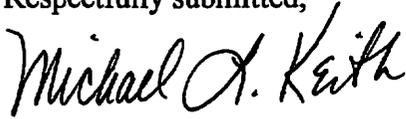
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twentieth consecutive year that the city has 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.

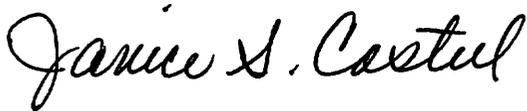
In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the last eleven fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient 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 city's budget officers, department heads, and the employees of the administration and finance department. 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,

Handwritten signature of Michael L. Keith in black ink.

Michael L. Keith, CPA
Director of Finance/City Clerk

Handwritten signature of Janice S. Casteel in black ink.

Janice S. Casteel
City Manager

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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

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**CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2008**

**Tom Rowland
Mayor**

**Richard Banks
William Estes
Bambi Hines
Avery Johnson, Sr.
David May, Jr.
George Poe, Jr.
Bill Robertson**

**Councilman
Councilman
Councilwoman
Councilman/Vice Mayor
Councilman
Councilman
Councilman**

Janice S. Casteel

City Manager

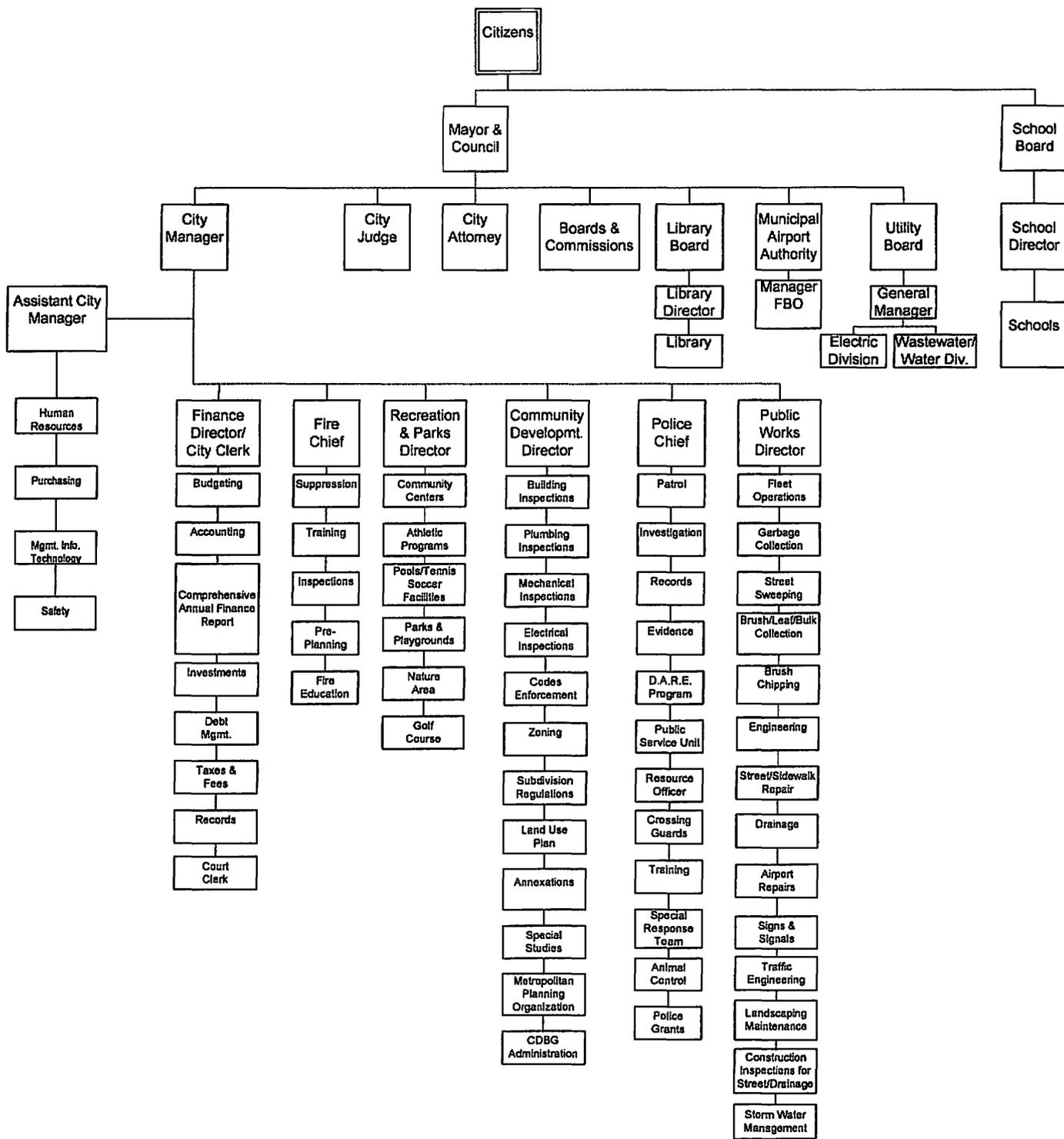
Department Heads

**Chuck Atchley
Rick Denning
Tom Grant
Andrew Hunt
Michael L. Keith, CPA
John Kimball
Bill B. Moss
Patti Pettit
Wesley Benard Snyder, Jr.
Greg Thomas
Tom Wheeler**

**Fire Chief
School Superintendent
Director of Public Works
Library Director
Director of Finance/City Clerk
City Attorney
City Judge
Parks and Recreation Director
Police Chief
Community Development
Manager, Cleveland Utilities**

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Organizational Chart for the City of Cleveland, Tennessee



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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

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cleveland, Tennessee's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

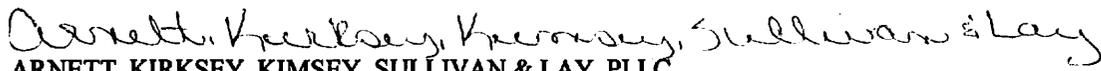
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and School Fund, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 12, 2008, on our consideration of the City of Cleveland's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

As discussed in the notes to the financial statements, effective July 1, 2007, the City of Cleveland, Tennessee, changed the accounting policy related to financial statement presentation to comply with the provisions of Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The Schedule of Funding Progress-Retirement Plans and Postemployment Benefits, and management's discussion and analysis on page 84 and pages 3 through 15 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 accompanying schedule of federal and state financial assistance activity is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. In addition, the introductory section, the 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 accompanying schedule of federal and state financial assistance activity, the combining and individual nonmajor fund financial statements and schedules, and the other information section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


ARNETT, KIRKSEY, KIMSEY, SULLIVAN & LAY, PLLC
Certified Public Accountants

December 12, 2008

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, 2008. 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 of the City of Cleveland exceeded its liabilities at June 30, 2008 by \$198,605,995 (net assets). Of this amount, \$38,937,878 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors.
- Net assets (defined as the difference in revenues and expenses) increased by \$9,114,965, an increase of 4.8% over FY2007. The City of Cleveland's changes in net assets is detailed in the chart on page seven of this report. Total revenues increased \$10,949,028 which primarily included an additional \$4,566,708 in charges for services, \$3,136,255 in capital grants and contributions, and \$3,758,999 in other taxes. Expenses increased \$12,177,181 over last fiscal year with the largest increases consisting of \$3,740,980 in the electric division of Cleveland Utilities for the purchase of power, \$1,714,910 for education, \$1,799,863 for the water division of Cleveland Utilities and \$2,702,671 for public safety.
- The city's property tax rate remained at \$1.65 per hundred dollars of assessment.
- The city's residential sanitation fee increased \$.63 to \$6.63 per month to eliminate the subsidy from the General Fund for residential service.
- The city and county entered the third year of the fire contract in which the county agreed to pay for fire suppression service for the fringe area.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$18,255,470. Only 5.4% is reserved for specific purposes, and the remaining 94.6%, or \$17,272,981, is available for spending at the city's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8,670,275, or 33.4% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$11,505,939 in the city's general fund.
- Long-term debt was increased with the addition of a new issue of \$13.4 million during fiscal year 2008, of which \$1.1 million was issued by the city for school projects and \$1.8 million for Library renovations. \$8 million and \$2.5 million were issued for the water and electric divisions respectively, of Cleveland Utilities.

Overview of the Financial Statements

This discussion and analysis are 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 assets* presents information on all of the City of Cleveland's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Cleveland is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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, Brush Chipping and the Cleveland Municipal Airport Authority.

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 Municipal Airport Authority 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 16-17 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 twenty-six 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 other twenty-four governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report beginning on page 85.

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 18-54 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, the Brush Chipping operations and the Airport 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 of Cleveland, and the Brush Chipping and Airport funds. Fund data for the Brush Chipping Fund and the Airport Fund is located on pages 121-123.

The basic proprietary fund financial statements can be found on pages 55-58 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 59-83 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 page 84 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 85-123 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Cleveland, assets exceeded liabilities by \$198,605,995 at the close of this fiscal year.

The largest portion of the City of Cleveland's net assets (79 percent) 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 Assets

	Governmental activities		Business-type activities		Total	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Current assets	\$45,082,479	\$50,774,855	\$33,697,429	\$29,146,386	\$78,779,908	\$79,921,241
Receivables and other noncurrent assets	0	0	836,008	757,698	836,008	757,698
Deferred Charges	125,319	110,979	447,068	405,929	572,387	516,908
Capital assets	<u>124,005,206</u>	<u>120,783,744</u>	<u>167,520,561</u>	<u>153,820,158</u>	<u>291,525,767</u>	<u>274,603,902</u>
Total assets	169,213,004	171,669,578	202,501,066	184,130,171	371,714,070	355,799,749
Long-term liabilities outstanding	66,789,955	65,713,222	60,449,281	52,816,619	127,239,236	118,529,841
Other liabilities	<u>26,678,265</u>	<u>28,368,708</u>	<u>19,190,574</u>	<u>18,210,938</u>	<u>45,868,839</u>	<u>46,579,646</u>
Total liabilities	93,468,220	94,081,930	79,639,855	71,027,557	173,108,075	165,109,487
Net assets:						
Invested in capital assets, net of related debt	58,694,649	54,639,891	100,513,728	98,773,538	159,208,377	153,413,429
Restricted	459,740	459,740	0	0	459,740	459,740
Unrestricted	<u>16,590,395</u>	<u>22,488,017</u>	<u>22,347,483</u>	<u>14,329,076</u>	<u>38,937,878</u>	<u>36,817,093</u>
Total net assets	<u>\$75,744,784</u>	<u>\$77,587,648</u>	<u>\$122,861,211</u>	<u>\$113,102,614</u>	<u>\$198,605,995</u>	<u>\$190,690,262</u>

Less than one percent of the City of Cleveland's net assets represents resources that are subject to external restrictions on how they may be used. The remaining \$38,937,878 in unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2008, the City of Cleveland is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

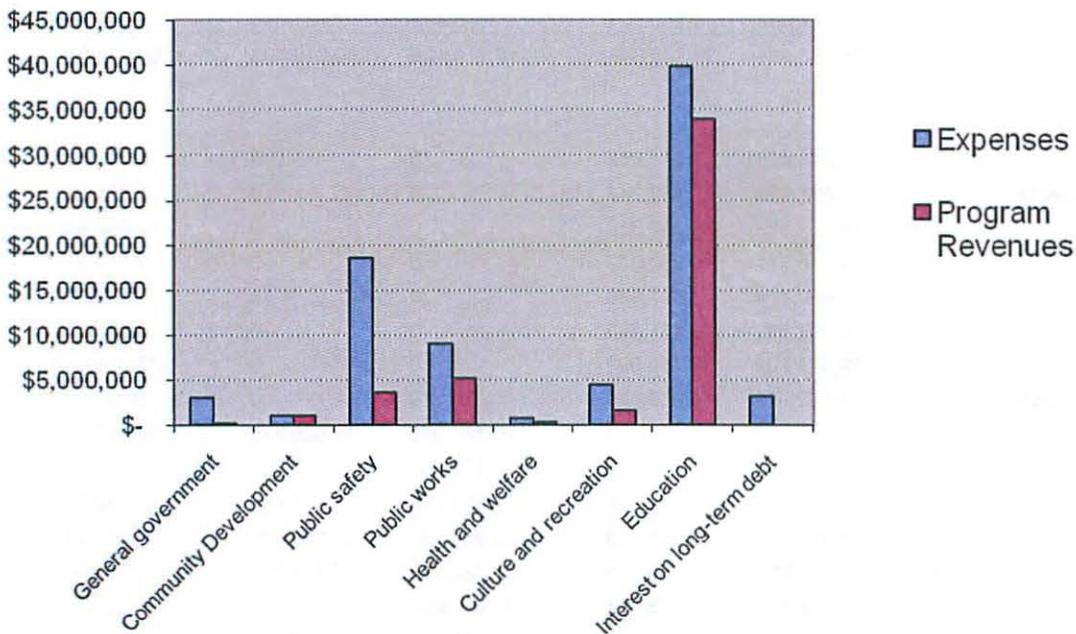
Governmental activities. Governmental activities decreased the City of Cleveland's net assets by \$80,250. Key elements of this decrease are as follows:

City of Cleveland's Changes in Net Assets

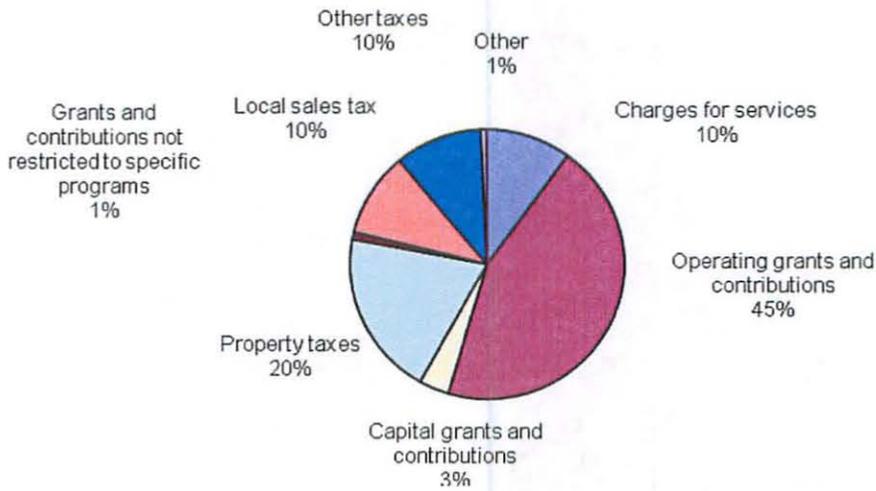
	Governmental Activities		Business-type Activities		Total	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Revenues:						
Program revenues:						
Charges for services	\$7,837,356	\$7,540,322	\$101,194,664	\$96,924,990	\$109,032,020	\$104,465,312
Operating grants and contributions	34,905,174	31,719,118	40,523	90,324	34,945,697	31,809,442
Capital grants and contributions	2,767,768	5,605,567	8,879,491	2,282,693	11,647,259	7,888,260
General revenues:						
Property taxes	15,497,594	15,480,244	0	0	15,497,594	15,480,244
Other taxes	15,990,355	15,763,457	0	0	15,990,355	15,763,457
Grants and contributions not restricted						
to specific programs	738,101	633,364	0	0	738,101	633,364
Other	527,603	1,203,574	595,448	781,396	1,123,051	1,984,970
Total revenues	78,263,951	77,945,646	110,710,126	100,079,403	188,974,077	178,025,049
Expenses:						
General government	3,045,455	2,674,062	0	0	3,045,455	2,674,062
Community Development	1,071,399	882,244	0	0	1,071,399	882,244
Public safety	18,599,983	15,897,312	0	0	18,599,983	15,897,312
Public works	9,076,371	9,080,972	0	0	9,076,371	9,080,972
Health and welfare	659,474	607,956	0	0	659,474	607,956
Culture and recreation	4,387,539	3,451,275	0	0	4,387,539	3,451,275
Education	39,878,902	38,163,992	0	0	39,878,902	38,163,992
Interest on long-term debt	3,152,029	2,637,740	0	0	3,152,029	2,637,740
Water and sewer	0	0	20,426,089	18,626,226	20,426,089	18,626,226
Electric	0	0	79,179,669	75,438,689	79,179,669	75,438,689
Other enterprise	0	0	382,202	221,463	382,202	221,463
Total expenses	79,871,152	73,395,553	99,987,960	94,286,378	179,859,112	167,681,931
Increase in net assets before transfers	(1,607,201)	4,550,093	10,722,166	5,793,025	9,114,965	10,343,118
Transfers	1,526,951	1,688,551	(1,526,951)	(1,688,551)	0	0
Increase in net assets	(80,250)	6,238,644	9,195,215	4,104,474	9,114,965	10,343,118
Net assets – beginning	77,024,265	71,349,004	113,665,996	108,998,140	190,690,261	180,347,144
Prior period adjustment	(1,199,231)	0	0	0	(1,199,231)	0
Net assets – ending	\$75,744,784	\$77,587,648	\$122,861,211	\$113,102,614	\$198,605,995	\$190,690,262

- The city's property tax rate remained at \$1.65 per \$100 of assessed value in fiscal year 2008. Property tax revenues had a minimal increase, primarily due to the equalization reduction in personal property values as required by state law between property reassessments.
- Capital grants and contributions increased \$3,758,999 due to state and federal funding for the municipal airport.
- Charges for services increased \$4,566,708 due to increases in the rates charged for electricity and water and sewer services.
- Operating grants and contributions increased \$3,136,255 primarily due to increased funding for education.
- Cleveland's second largest revenue source is local sales tax which had no growth in the current year compared to the last fiscal year. 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.
- The most significant increases in expenditures were \$2,702,671 for public safety and \$1,714,910 for education.

Expenses and Program Revenues – Governmental Activities

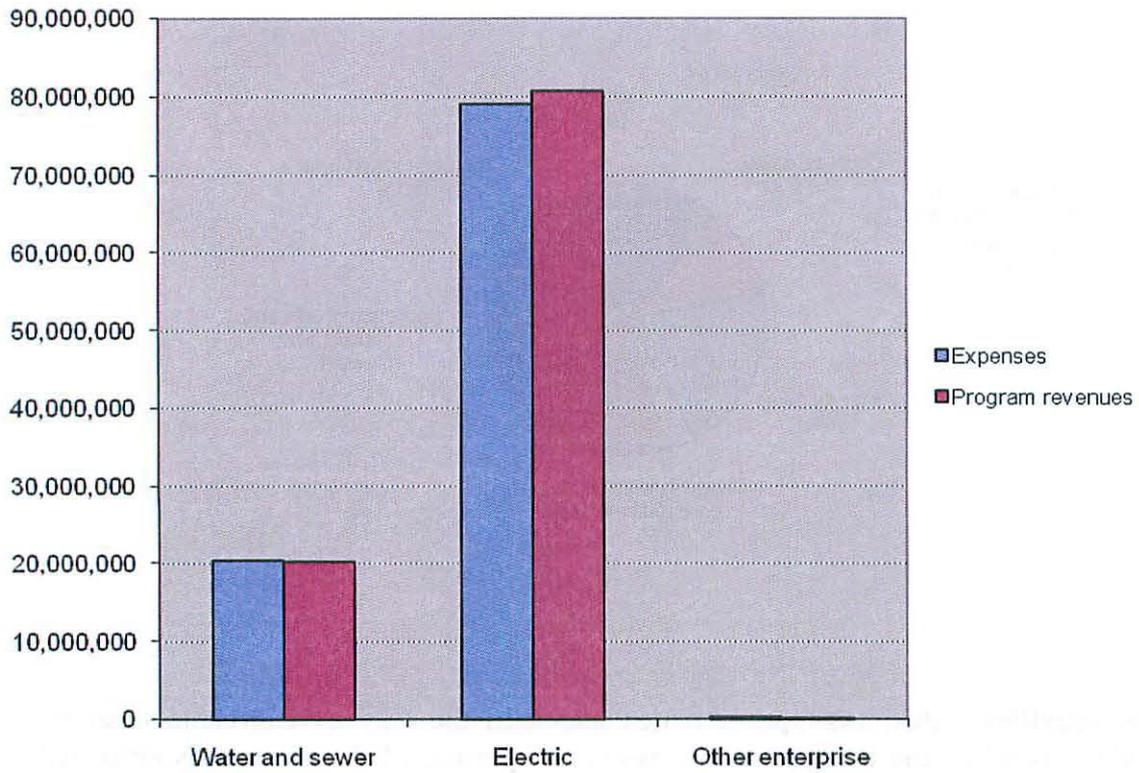


Revenues by Source – Governmental Activities

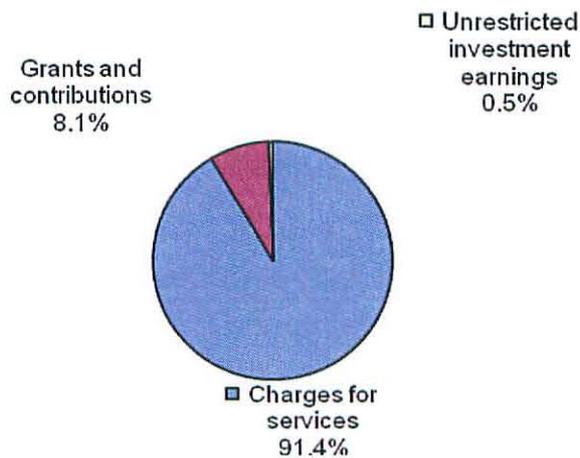


Business-type activities. Business-type activities increased the City of Cleveland's net assets by \$9,195,215, which is all of the increase in net assets. A portion of the increase is attributed to the electric and water operations of Cleveland Utilities, but the majority of the increase (\$7,925,475) is due to grants received for purchasing land for building a new airport. The change in net assets for Cleveland Utilities was the result of an increase in net assets invested in capital assets (net of related debt).

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 unreserved 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 \$18,255,470, a decrease of \$4,322,826 in comparison with the prior year. Approximately 95 percent of this total amount (\$17,272,981) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been committed. Within the governmental funds, \$196,647 is reserved for capital outlay, \$240,145 for books and equipment, \$85,958 for federal projects and \$459,740 for endowment.

The general fund is the chief operating fund of the City of Cleveland. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,670,275. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 33.4% of total fund expenditures. However, unreserved fund balance only represents 23% when compared to total 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 by \$28,074 during the current fiscal year. This is attributed to the good management of city departments to reduce their budgets during the year and to under spend the final amended budget. Total revenues were \$369,567 less than the final amended budget due to tax revenues being less than budgeted. All departments had expenditures under the budgeted amounts.

The debt service fund has a total fund balance of \$2,692,706. The net decrease in fund balance during the current year was \$453,914, due to lower interest earnings and a reduction in the transfer from the General Fund because of its' revenues being less than budgeted.

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 assets at the end of the year amounted to \$9,260,055 for the Cleveland Utilities Water Division, \$9,477,261 for Cleveland Utilities Electric Division, \$3,539,560 for the Cleveland Municipal Airport Fund, \$70,607 for the Brush Chipping Fund and \$327,250 for the Fleet Management Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a decrease of \$77,434, and are listed below:

- \$122,508 in decreases in general government activities due to not hiring an assistant city manager during the year.
- \$14,058 in miscellaneous decreases in the Community Development Department.
- \$95,734 in increases in public safety activities largely due to the increase in the retirement contribution percentage because of changes in the plan for police and fire personnel, increases in fuel, and decreases in salaries and related fringe benefit savings from some unfilled positions.
- \$62,134 in decreases in public works activities due to a vacancy in the Engineering Division for much of the year and various other miscellaneous increases or decreases.
- \$2,222 in decreases in the Animal Control Department from a number of accounts.
- \$3,210 in decreases in recreation activities. The net decrease is a result of numerous accounts increasing or decreasing based upon the activities provided during the year.

Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

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, 2008 amounts to \$292,808,843 (net of accumulated depreciation), which is a \$18,204,941 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:

- Governmental activities increased \$4,960,968 in capital assets largely due to the completion of Mayfield School and other changes explained below.
- General government's \$322,465 in additions was primarily due to equipment and improvements to the Cleveland Public Library.
- Public safety activities added \$583,010 in capital assets with the purchase of police cars and a fire pumper.
- Public works activities added \$1,735,270 primarily in infrastructure with the construction of detention ponds and drainage areas.
- Parks and Recreation activities added \$896,899 in capital assets, primarily for Greenway trails and additions to the soccer complex.
- City schools placed in service \$14,700,674 in capital assets with the completion of Mayfield School (which was in progress at the previous year end).
- Business-type activities added \$14,983,479 in total capital assets primarily due to \$8,711,066 for land for the new airport and the remaining amount for improvements to buildings and systems.

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

	Governmental activities		Business-type activities		Total	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Land	\$ 8,611,404	\$ 7,958,350	\$ 10,351,994	\$ 1,639,564	\$ 18,963,398	\$ 9,597,914
Buildings and systems	70,933,350	59,376,923	155,081,718	148,159,375	226,015,068	207,536,298
Improvements other than buildings	2,511,248	1,923,207	0	0	2,511,248	1,923,207
Furniture, fixtures, equipment & vehicles	8,288,756	8,364,587	275,715	323,214	8,564,471	8,687,801
Infrastructure	32,275,208	32,375,217	0	0	32,275,208	32,375,217
Construction in progress	1,385,240	9,045,954	1,811,134	4,238,279	3,196,374	13,284,233
Total	\$124,005,206	\$119,044,238	\$ 167,520,561	\$154,360,432	\$291,525,767	\$273,404,670

Additional information on the City of Cleveland's capital assets can be found in Note 4 on pages 66-67 of this report.

Long-term debt. At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$129,909,872. Of this amount, \$21,155,000 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 \$30,245,000 in revenue bonds outstanding at the end of the fiscal year. The city also finances capital projects through loans from bond proceeds issued by the Public Building Authorities of Sevier and Blount Counties, Tennessee, including \$44,664,872 for city general projects and \$33,845,000 for Cleveland Utilities.

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	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
General obligation bonds	21,155,000	22,640,000	0	0	21,155,000	22,640,000
Long-term notes issued through Sevier & Blount Counties, TN	44,664,872	44,045,000	33,845,000	24,565,000	78,509,872	68,610,000
Revenue bonds	0	0	30,245,000	31,980,000	30,245,000	31,980,000
Less bond discount/premiums	0	0	(68,503)	(76,637)	(68,503)	(76,637)
Less Deferred Charges for refunding	<u>(509,315)</u>	<u>(541,148)</u>	<u>(1,309,161)</u>	<u>(1,420,151)</u>	<u>(1,818,476)</u>	<u>(1,961,299)</u>
Total	<u><u>65,310,557</u></u>	<u><u>66,143,852</u></u>	<u><u>62,712,336</u></u>	<u><u>55,048,212</u></u>	<u><u>128,022,893</u></u>	<u><u>121,192,064</u></u>

During a prior year, the Public Building Authorities, at the request of the city, entered into interest rate swap agreements for all of the outstanding Local Government Improvement Bonds, Series IV-C-3 and A-2-A. During the term of the swap agreements, the city effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due the bondholders and the variable rate received from the counterparty. Additional details about the city's long-term debt are included in Note 6 on pages 68-72.

The City of Cleveland maintains an "A" 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, 2008 is \$34,888,153, and is calculated on page 156 of this report.

Economic Factors and Next Year's Budget and Rates

- The 2007 annual average adjusted unemployment rate for Bradley County was 7.0 percent, which is up from 6.7 percent from a year ago. Tennessee's average unemployment rate was 6.5 percent and the national average rate was 5.5 percent.
- In 2003 Cleveland was designated an "Urbanized Area" by the U.S. Census Bureau, which means that the city and the urban area immediately outside the corporate limits have a population in excess of 50,000. This designation is an indication that the city has grown and will continue to grow in the future and makes the city eligible for transportation, planning, and construction monies through the Metropolitan Planning Organization (MPO) process.
- 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 remained the same as the previous fiscal year, due to the economic slowdown.

All of these factors were considered in preparing the city's budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$28,074 as previously discussed. Management has again been conservative in estimating revenues for 2008. The city's property tax rate did not increase, however, the residential sanitation fee was increased by \$.53 per month in order to have users pay the entire cost of this service. No use of the general fund balance is projected for the new fiscal year.

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 Finance Director, Post Office Box 1519, Cleveland, Tennessee 37364-1519.

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CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,048,371	\$ 14,813,113	\$ 22,861,484
Cash and cash equivalents - restricted	459,740	2,015,035	2,474,775
Investments	493,667	0	493,667
Accounts receivable - net	2,388,670	15,409,272	17,797,942
Property taxes receivable - net	17,026,440	0	17,026,440
Sales tax receivable	1,111,360	0	1,111,360
Due from other government agencies	11,202,482	3,507,332	14,709,814
Internal balances	4,190,000	(4,190,000)	0
Inventories	161,749	2,035,103	2,196,852
Prepays	0	107,574	107,574
Total current assets	\$ 45,082,479	\$ 33,697,429	\$ 78,779,908
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 787,370	\$ 787,370
Deferred charges	125,319	447,068	572,387
Other noncurrent assets	0	48,638	48,638
Capital assets:			
Land and construction in progress	9,996,644	12,163,128	22,159,772
Other capital assets, net of accumulated depreciation	114,008,562	155,357,433	269,365,995
Total noncurrent assets	\$ 124,130,525	\$ 168,803,637	\$ 292,934,162
Total Assets	\$ 169,213,004	\$ 202,501,066	\$ 371,714,070
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 2,845,022	\$ 3,137,205	\$ 5,982,227
Accounts payable	1,271,770	9,851,793	11,123,563
Customer deposits	0	2,356,576	2,356,576
Unearned revenue	20,464,067	0	20,464,067
Bonds and notes payable - current	1,974,428	3,845,000	5,819,428
Compensated absences payable - current	122,978	0	122,978
Total current liabilities	\$ 26,678,265	\$ 19,190,574	\$ 45,868,839
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 795,702	\$ 795,702
Bonds and notes payable	63,336,129	58,867,336	122,203,465
Compensated absences payable	1,414,245	0	1,414,245
Post-employment benefits payable	2,039,581	786,243	2,825,824
Total long-term liabilities	\$ 66,789,955	\$ 60,449,281	\$ 127,239,236
Total Liabilities	\$ 93,468,220	\$ 79,639,855	\$ 173,108,075
NET ASSETS			
Invested in capital assets, net of related debt	\$ 58,694,649	\$ 100,513,728	\$ 159,208,377
Restricted for:			
Perpetual care:			
Nonexpendable	459,740	0	459,740
Unrestricted	16,590,395	22,347,483	38,937,878
Total Net Assets	\$ 75,744,784	\$ 122,861,211	\$ 198,605,995

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

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern- mental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,045,455	\$ 31,945	\$ 103,090	\$ 0	\$ (2,910,420)	\$ 0	\$ (2,910,420)
Community development	1,071,399	458,935	116,981	349,836	(145,647)	0	(145,647)
Public safety	18,599,983	3,209,207	273,629	110,393	(15,006,754)	0	(15,006,754)
Public works	9,076,371	2,155,583	1,069,064	1,906,090	(3,945,634)	0	(3,945,634)
Health and welfare	659,474	327,852	0	0	(331,622)	0	(331,622)
Culture and recreation	4,387,539	535,045	561,253	401,449	(2,889,792)	0	(2,889,792)
Education	39,878,902	1,118,789	32,781,157	0	(5,978,956)	0	(5,978,956)
Interest on long-term debt	3,152,029	0	0	0	(3,152,029)	0	(3,152,029)
Total governmental activities	<u>\$ 79,871,152</u>	<u>\$ 7,837,356</u>	<u>\$ 34,905,174</u>	<u>\$ 2,767,768</u>	<u>\$ (34,360,854)</u>	<u>\$ 0</u>	<u>\$ (34,360,854)</u>
Business-type activities:							
Water and sewer	\$ 20,426,089	\$ 20,208,450	\$ 0	\$ 857,516	\$ 0	\$ 639,877	\$ 639,877
Electric	79,179,669	80,786,137	40,523	0	0	1,646,991	1,646,991
Brush Chipping	176,191	187,296	0	0	0	11,105	11,105
Airport	206,011	12,781	0	8,021,975	0	7,828,745	7,828,745
Total business-type activities	<u>\$ 99,987,960</u>	<u>\$ 101,194,664</u>	<u>\$ 40,523</u>	<u>\$ 8,879,491</u>	<u>\$ 0</u>	<u>\$ 10,126,718</u>	<u>\$ 10,126,718</u>
Total primary government	<u>\$ 179,859,112</u>	<u>\$ 109,032,020</u>	<u>\$ 34,945,697</u>	<u>\$ 11,647,259</u>	<u>\$ (34,360,854)</u>	<u>\$ 10,126,718</u>	<u>\$ (24,234,136)</u>
General revenues:							
Property taxes					\$ 15,497,594	\$ 0	\$ 15,497,594
Interest and penalty on taxes					156,498	0	156,498
In lieu of taxes					19,208	0	19,208
Local sales tax					7,929,077	0	7,929,077
Wholesale beer tax					1,206,434	0	1,206,434
Gross receipts tax					883,959	0	883,959
Franchise tax					992,888	0	992,888
State sales tax - unrestricted					2,685,932	0	2,685,932
Other state taxes - unrestricted					2,116,359	0	2,116,359
Grants and contributions not restricted to specific programs					738,101	0	738,101
Unrestricted investment earnings					527,603	595,448	1,123,051
Transfers					1,526,951	(1,526,951)	0
Total general revenues and transfers					<u>\$ 34,280,604</u>	<u>\$ (931,503)</u>	<u>\$ 33,349,101</u>
Change in net assets					\$ (80,250)	\$ 9,195,215	\$ 9,114,965
Net assets - beginning					77,024,265	113,665,996	190,690,261
Prior period adjustment					(1,199,231)	0	(1,199,231)
Net assets - ending					<u>\$ 75,744,784</u>	<u>\$ 122,861,211</u>	<u>\$ 198,605,995</u>

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

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 737,228	\$ 2,614,786	\$ 4,548,807	\$ 7,900,821
Cash and cash equivalents - restricted	0	0	459,740	459,740
Investments	0	0	493,667	493,667
Accounts receivable - net	554,349	0	1,800,156	2,354,505
Property taxes receivable - net	17,026,440	0	0	17,026,440
Sales tax receivable	454,411	656,949	0	1,111,360
Due from other government agencies	3,168,871	5,946,571	2,087,040	11,202,482
Due from other funds	4,859,691	0	928,062	5,787,753
Inventories	6,177	0	0	6,177
	\$ 26,807,167	\$ 9,218,306	\$ 10,317,472	\$ 46,342,945
 Total Assets				
	\$ 26,807,167	\$ 9,218,306	\$ 10,317,472	\$ 46,342,945
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ 415,916	\$ 1,901,292	\$ 228,394	\$ 2,545,602
Accounts payable	179,901	305,206	776,627	1,261,734
Due to other funds	75	0	1,597,678	1,597,753
Matured interest payable	0	0	1,097	1,097
Matured bonds payable	0	0	1,000	1,000
Deferred revenue	17,541,000	5,127,194	12,095	22,680,289
	\$ 18,136,892	\$ 7,333,692	\$ 2,616,891	\$ 28,087,475
 Total Liabilities				
	\$ 18,136,892	\$ 7,333,692	\$ 2,616,891	\$ 28,087,475
 Fund balances:				
Reserved for:				
Capital outlay	\$ 0	\$ 0	\$ 196,647	\$ 196,647
Books and equipment	0	0	240,145	240,145
Federal projects	0	0	85,958	85,958
Endowment	0	0	459,739	459,739
Unreserved	8,670,275	1,884,614	0	10,554,889
Unreserved, reported in nonmajor:				
Special revenue	0	0	1,918,516	1,918,516
Debt service	0	0	2,692,706	2,692,706
Capital projects	0	0	2,086,748	2,086,748
Permanent fund	0	0	20,122	20,122
	\$ 8,670,275	\$ 1,884,614	\$ 7,700,581	\$ 18,255,470
 Total fund balances				
	\$ 8,670,275	\$ 1,884,614	\$ 7,700,581	\$ 18,255,470
 Total liabilities and fund balances				
	\$ 26,807,167	\$ 9,218,306	\$ 10,317,472	\$ 46,342,945

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 ASSETS
June 30, 2008

Total fund balances per governmental funds balance sheet	\$ 18,255,470
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	122,740,086
Long-term liabilities, including bonds, notes payable, compensated absences post-employment benefits and interest payable are not due and payable in the current period and therefore are not reported in the funds.	(69,059,364)
Internal service funds are used by management to charge the costs of fleet management services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,592,370
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.	2,216,222
Net assets of governmental activities	<u>\$ 75,744,784</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

Revenues:	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 26,427,496	\$ 0	\$ 0	\$ 26,427,496
Licenses and permits	568,441	0	0	568,441
Intergovernmental	4,746,103	27,247,081	9,541,334	41,534,518
Fines and forfeitures	888,710	0	101,677	990,387
Charges for services	2,888,017	299,097	2,975,689	6,162,803
Interest	181,016	52,615	294,067	527,698
Miscellaneous	186,230	565,620	1,314,206	2,066,056
Total revenues	\$ 35,886,013	\$ 28,164,413	\$ 14,226,973	\$ 78,277,399
Expenditures:				
Current:				
General government	\$ 2,124,836	\$ 0	\$ 135,679	\$ 2,260,515
Community development	737,963	0	116,981	854,944
Public safety	15,714,710	0	352,012	16,066,722
Public works	3,921,225	0	3,758,756	7,679,981
Health and welfare	497,414	0	0	497,414
Culture and recreation	1,868,779	0	1,445,768	3,314,547
Education	0	32,726,136	5,871,735	38,597,871
Appropriations	1,088,089	0	0	1,088,089
Capital outlay	0	0	9,730,177	9,730,177
Debt service:				
Principal retirement	0	151,428	1,665,000	1,816,428
Interest and fiscal charges	0	5,626	3,143,053	3,148,679
Total expenditures	\$ 25,953,016	\$ 32,883,190	\$ 26,219,161	\$ 85,055,367
Excess (deficiency) of revenues over expenditures	\$ 9,932,997	\$ (4,718,777)	\$ (11,992,188)	\$ (6,777,968)
Other financing sources (uses):				
Transfers in	\$ 1,601,016	\$ 5,455,244	\$ 7,842,457	\$ 14,898,717
Transfers out	(11,505,939)	(701,239)	(1,164,588)	(13,371,766)
Notes issued	0	0	951,300	951,300
Total other financing sources (uses)	\$ (9,904,923)	\$ 4,754,005	\$ 7,629,169	\$ 2,478,251
Net change in fund balances	\$ 28,074	\$ 35,228	\$ (4,363,019)	\$ (4,299,717)
Fund balance at beginning of year	8,642,201	1,849,386	12,063,600	22,555,187
Fund balance at end of year	\$ 8,670,275	\$ 1,884,614	\$ 7,700,581	\$ 18,255,470

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, 2008

Net change in fund balances for total governmental funds	\$	(4,299,717)
<p>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 outlays exceeded depreciation in the current period.</p>		
		5,000,560
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		447,841
<p>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.</p>		
		1,816,428
<p>Notes issued are 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. During the current year additional loan proceeds were drawn on notes payable.</p>		
		(951,300)
<p>Internal service funds are used by management to charge the costs of fleet management services to individual funds. The net activity of the internal service fund is reported with governmental activities.</p>		
		(20,208)
<p>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:</p>		
Net decrease in accrued interest	\$	14,141
Debt issuance cost		20,300
Amortization of debt issuance cost		(37,792)
Increase in compensated absences		(30,922)
Increase in post-employment benefits		(2,039,581)
Total additional expenditures		(2,073,854)
Change in net assets of governmental activities	\$	<u><u>(80,250)</u></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, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 15,500,000	\$ 15,200,000	\$ 14,874,815	\$ (325,185)
Property taxes - utility	420,000	365,000	364,617	(383)
Interest and penalty on taxes	150,000	150,000	156,498	6,498
In lieu of taxes	28,000	28,000	19,208	(8,792)
Local sales tax	8,455,000	8,200,000	7,929,077	(270,923)
Wholesale beer tax	1,180,000	1,220,000	1,206,434	(13,566)
Gross receipts tax	867,000	867,000	883,959	16,959
Franchise taxes - gas	670,000	670,000	603,740	(66,260)
Franchise taxes - charter	360,000	370,000	389,148	19,148
Total taxes	\$ 27,630,000	\$ 27,070,000	\$ 26,427,496	\$ (642,504)
Licenses and permits:				
Beer licenses	\$ 5,000	\$ 5,000	\$ 4,000	\$ (1,000)
Beer renewal fee	12,000	12,000	11,375	(625)
Liquor license renewals	18,000	18,000	16,570	(1,430)
Building permits	210,000	300,000	294,887	(5,113)
Electrical permits	8,000	8,000	9,957	1,957
Electrical licenses	15,000	17,000	16,183	(817)
Mechanical permits	15,000	15,000	23,031	8,031
Mechanical licenses	6,500	6,500	7,675	1,175
Plumbing permits	42,000	42,000	40,559	(1,441)
Plumbing licenses	10,500	10,500	11,400	900
Street cut permits	70,000	70,000	67,226	(2,774)
Stormwater permits	20,000	0	0	0
Land disturbance permit	0	15,000	10,335	(4,665)
Rezoning fee	3,000	3,000	4,225	1,225
Pud rezoning fee	1,000	1,000	0	(1,000)
Zoning appeal fee	500	500	1,550	1,050
Zoning letter fee	1,000	1,000	775	(225)
Minor encroachment fee	0	0	300	300
Certificate of appropriateness	0	0	1,000	1,000
Recreation permits and maintenance fee	7,000	7,000	5,870	(1,130)
Plat review fee	5,000	5,000	4,410	(590)
Plans review fee	11,000	15,000	29,388	14,388
Certificate of occupancy	2,500	6,000	7,525	1,525
Alley or street abandonment fee	0	0	200	200
Miscellaneous fees	500	500	0	(500)
Total licenses and permits	\$ 463,500	\$ 558,000	\$ 568,441	\$ 10,441
Intergovernmental revenues:				
Police training supplement	\$ 52,800	\$ 52,800	\$ 52,200	\$ (600)
Fire training supplement	48,602	48,602	48,000	(602)
State sales tax	2,750,000	2,750,000	2,685,932	(64,068)

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State income tax	\$ 400,000	\$ 526,000	\$ 936,403	\$ 410,403
State beer tax	20,000	22,000	20,467	(1,533)
State mixed drink tax	96,000	96,000	97,364	1,364
State gas inspection tax	85,000	85,000	81,536	(3,464)
State highway maintenance tax	184,000	209,000	184,130	(24,870)
T.V.A. - In lieu of taxes	310,000	348,000	348,142	142
Excise tax	250,000	290,000	291,929	1,929
Total intergovernmental revenues	<u>\$ 4,196,402</u>	<u>\$ 4,427,402</u>	<u>\$ 4,746,103</u>	<u>\$ 318,701</u>
Fines and forfeitures:				
Traffic tickets	\$ 867,000	\$ 770,000	\$ 655,299	\$ (114,701)
Parking tickets	26,000	26,000	24,628	(1,372)
Animal Shelter	0	800	1,330	530
Code enforcement fines	0	0	130	130
Beer fines	0	3,500	3,890	390
Garnishments	1,000	1,000	242	(758)
Court clerk fees	3,000	3,000	2,662	(338)
Drug fines	50,000	50,000	49,090	(910)
Sessions court	50,000	50,000	44,235	(5,765)
Circuit court	22,000	22,000	18,342	(3,658)
Officers - sessions court	85,000	85,000	80,460	(4,540)
Officers - circuit court	3,000	3,000	3,512	512
State refunds	2,000	1,000	1,055	55
Sex offender registry	3,000	3,000	3,835	835
Total fines and forfeitures	<u>\$ 1,112,000</u>	<u>\$ 1,018,300</u>	<u>\$ 888,710</u>	<u>\$ (129,590)</u>
Charges for services:				
SRO - Education Foundation	\$ 105,000	\$ 105,000	\$ 99,222	\$ (5,778)
Fire inspection fees	1,000	3,000	2,425	(575)
Police accident reports	19,000	21,000	18,773	(2,227)
Police department contracted services	0	50,000	51,263	1,263
Airport maintenance	5,000	5,000	0	(5,000)
Animal Shelter - boarding fees	8,000	9,000	9,665	665
Bradley County - animal control	318,187	318,187	318,187	0
Bradley County - fire protection	1,748,753	1,748,753	1,748,753	0
Bradley County - fire tax	16,000	16,000	0	(16,000)
Tinsley Pool gate	28,000	28,000	22,942	(5,058)
Tinsley Pool concessions	7,000	6,000	5,327	(673)
Tinsley Pool rental	0	0	2,610	2,610
Tinsley Park tournament	5,900	1,800	1,820	20
Tinsley Park concessions	24,000	30,000	30,158	158
Tinsley Park rental	1,000	1,000	1,975	975
Cleveland Community Center	5,000	5,000	4,356	(644)

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
Northeast Recreation	\$ 1,000	\$ 1,000	\$ 2,206	\$ 1,206
Donations	0	600	1,400	800
Park and recreation miscellaneous	2,000	1,000	3,001	2,001
SRO - City Schools	170,200	170,200	185,459	15,259
Cherokee Springs concessions	25,000	27,000	26,238	(762)
Cherokee Springs permits-Jr/Sr	28,000	31,000	28,759	(2,241)
Cherokee Springs permits-Individual	17,000	10,000	8,847	(1,153)
Cherokee Springs permits-Family	6,000	7,000	5,680	(1,320)
Cherokee Springs tournaments	24,000	24,000	20,149	(3,851)
Cherokee Springs specials	148,000	180,000	175,471	(4,529)
Cherokee Springs cart rental fee	31,000	31,000	33,711	2,711
Cherokee Springs trail fee	5,500	1,000	888	(112)
Cherokee Springs cart shed rental	2,700	2,700	2,840	140
Cherokee Springs green fee weekday reg.	4,500	2,500	2,483	(17)
Cherokee Springs green fee weekday 9 hole	7,000	7,000	6,244	(756)
Cherokee Springs green fee weekday Jr/Sr	13,000	16,000	15,767	(233)
Cherokee Springs green fee weekend Reg	4,000	4,000	3,213	(787)
Cherokee Springs green fee weekend 9 hole	5,000	5,000	4,904	(96)
Cherokee Springs pro shop	13,000	13,000	11,906	(1,094)
Cherokee Springs miscellaneous	6,000	6,000	5,703	(297)
Wellness program dues-city	5,000	0	11,931	11,931
Wellness program dues-schools	7,200	7,200	7,538	338
Wellness program dues	0	5,000	6,203	1,203
Total charges for services	\$ 2,816,940	\$ 2,899,940	\$ 2,888,017	\$ (11,923)
Interest	\$ 375,000	\$ 170,000	\$ 181,016	\$ 11,016
Miscellaneous revenues:				
Auction sale of equipment	\$ 0	\$ 30,000	\$ 30,121	\$ 121
Sale of maps-engineering	0	300	332	32
Sale of mulch	8,000	8,000	12,566	4,566
Sale of scrap metal	0	6,000	10,086	4,086
Donations - Memorial tree fund	5,000	5,125	5,375	250
Old timers banquet	2,200	2,200	2,026	(174)
Sign and decal reimbursement	0	8,184	9,994	1,810
Donations-Cleveland Fire Department	0	13,446	13,446	0
Police departments - Misc. donations	0	5,525	5,525	0
Donations - Northeast Recreation	0	14,724	15,879	1,155
TML safety grant-Matching	0	2,000	2,000	0
TML package bonus	0	5,000	5,000	0
Miscellaneous Insurance	0	1,333	1,333	0
Reimbursements - Public works trucks	0	0	4,970	4,970
Reimbursements - fire truck	0	0	1,504	1,504

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Miscellaneous revenues - (Continued)				
Animal Shelter donations	\$ 0	\$ 2,101	\$ 3,426	\$ 1,325
Animal Shelter-Pet adoptions	0	0	50	50
TML reimbursement - property damage	0	0	14,724	14,724
TML reimbursement - police vehicles	0	0	6,424	6,424
TML reimbursement - workers comp	0	4,000	3,808	(192)
Fire misc/reports	0	0	24	24
Employee jury duty reimbursement	0	0	281	281
Sundry income	0	4,000	37,286	33,286
Sundry-City code books	4,000	0	50	50
Total miscellaneous revenues	\$ 19,200	\$ 111,938	\$ 186,230	\$ 74,292
Total revenues	\$ 36,613,042	\$ 36,255,580	\$ 35,886,013	\$ (369,567)
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 56,935	\$ 57,935	\$ 57,268	\$ 667
Salaries - city council	62,400	62,400	63,630	(1,230)
Salaries - judicial	32,353	32,353	33,559	(1,206)
Part time wages	1,100	100	0	100
Service awards	0	0	75	(75)
Longevity	5,700	6,575	6,575	0
Sold vacations	1,100	1,100	1,096	4
Christmas bonus	325	325	325	0
Dental insurance	5,296	5,296	4,770	526
Social Security taxes	12,234	12,234	10,577	1,657
Health insurance	53,240	64,240	63,306	934
Retirement	27,475	27,475	21,094	6,381
Life and disability insurance	4,550	4,550	1,305	3,245
Postage	550	550	128	422
Printing	1,500	1,500	0	1,500
Subscriptions and memberships	6,200	5,000	4,000	1,000
Advertising	3,000	3,000	1,888	1,112
Telephone and pager	10,700	10,700	15,716	(5,016)
Government consulting services	14,000	21,300	19,978	1,322
Equipment repair and replacement	1,575	1,575	1,187	388
Contract maintenance services	2,800	3,000	2,971	29
Building maintenance	0	4,190	4,190	0
Emergency repairs - city buildings	20,000	3,385	3,139	246
Travel and training	12,000	12,000	12,654	(654)

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Council work sessions	\$ 3,000	\$ 3,000	\$ 2,403	\$ 597
Complimentary meals	1,000	1,000	759	241
Office expenditures and paper	4,000	5,000	4,208	792
Janitorial	400	400	57	343
Insurance - general liability	1,210	858	858	0
Insurance - workers compensation	1,142	1,090	251	839
Rent - parking lots	3,000	3,000	3,000	0
Service pins - all departments	700	700	423	277
Employee Christmas dinner	1,500	1,500	1,410	90
Employee picnic	6,000	6,000	8,238	(2,238)
Fireworks display	6,000	0	0	0
Miscellaneous	500	500	92	408
Office machinery and equipment	1,000	1,000	808	192
Council room equipment and supplies	1,697	5,422	5,653	(231)
Total legislative and judicial	<u>\$ 366,182</u>	<u>\$ 370,253</u>	<u>\$ 357,591</u>	<u>\$ 12,662</u>
Administration and finance				
Salaries	\$ 784,276	\$ 696,276	\$ 688,875	\$ 7,401
Overtime wages	7,500	10,000	10,629	(629)
Part time wages	18,900	18,900	17,459	1,441
Service awards	500	500	500	0
Longevity	8,400	8,100	8,100	0
Sold vacations	9,900	8,000	12,699	(4,699)
Christmas bonus	1,841	1,625	1,624	1
College pay	2,870	2,870	2,870	0
Dental insurance	6,830	6,330	6,184	146
Social Security tax	63,815	55,000	52,674	2,326
Health insurance	94,274	94,274	95,991	(1,717)
Retirement	141,045	125,045	123,316	1,729
Life and disability insurance	9,800	9,800	8,534	1,266
Employee assistance program	9,600	9,600	9,324	276
Education reimbursement	3,960	2,640	2,850	(210)
Worker's compensation claims	200	225	338	(113)
Flex spending program	6,000	8,500	6,481	2,019
Laundry and dry cleaning	1,000	1,000	807	193
Postage	18,375	18,375	15,300	3,075
Postage machine lease	4,200	2,200	1,376	824
Printing	12,500	16,000	14,200	1,800
Printing - property taxes	4,000	4,000	3,943	57

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Citizens Newsletter	\$ 3,400	\$ 1,500	\$ 1,399	\$ 101
Subscriptions and memberships	5,000	4,000	4,771	(771)
Advertising	5,000	11,000	11,277	(277)
Utilities	21,000	21,000	21,758	(758)
Telephone	25,400	30,400	34,072	(3,672)
Contracted services - computer systems	214,000	214,000	220,786	(6,786)
Drug and alcohol tests	3,500	3,500	3,580	(80)
Legal fees	90,000	100,000	95,560	4,440
Audit fees	46,410	46,410	46,410	0
Reappraisal fee	45,820	45,820	45,969	(149)
Appraisal fee	1,500	1,500	650	850
Actuarial services	5,000	21,000	13,662	7,338
Vehicle	750	750	164	586
Small equipment repairs	600	600	1,419	(819)
Copier maintenance	3,900	3,900	2,630	1,270
Building maintenance	31,000	28,500	28,811	(311)
Car allowance	12,600	8,400	8,400	0
Training and travel	15,000	6,500	6,461	39
Departmental work sessions	1,000	1,000	1,861	(861)
Credit card fees	8,700	15,700	12,793	2,907
Pest control	800	800	782	18
Office expenditures	24,500	20,500	22,841	(2,341)
First aid safety supplies	100	100	99	1
Janitorial supplies	2,300	2,300	1,309	991
Gasoline and oil	1,200	1,200	1,181	19
Insurance - buildings and contents	2,300	2,318	2,318	0
Insurance - vehicles	600	586	586	0
Insurance - general liability	5,800	4,459	4,459	0
Insurance - workers compensation	3,500	3,896	3,896	0
Insurance - professional liability	34,500	34,559	34,559	0
Contracted services - security	1,500	1,500	1,500	0
Tax refunds	33,000	0	0	0
Employee appreciation day	6,000	6,000	8,721	(2,721)
Miscellaneous	500	500	15,324	(14,824)
Bad debt	35,000	35,000	23,163	11,837
Equipment	1,500	1,500	0	1,500
Total administration and finance	<u>\$ 1,902,466</u>	<u>\$ 1,779,958</u>	<u>\$ 1,767,245</u>	<u>\$ 12,713</u>
Total general government	<u>\$ 2,268,648</u>	<u>\$ 2,150,211</u>	<u>\$ 2,124,836</u>	<u>\$ 25,375</u>

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Community development:				
Salaries	\$ 440,965	\$ 421,456	\$ 426,641	\$ (5,185)
Overtime wages	1,500	1,866	1,865	1
Part time wages	4,426	4,426	4,182	244
Longevity	3,067	3,050	3,050	0
Sold vacations	2,000	2,576	2,684	(108)
Christmas bonus	1,083	1,083	1,083	0
Dental insurance	5,700	5,700	4,973	727
Social security taxes	35,059	33,899	30,392	3,507
Health insurance	70,134	77,622	78,100	(478)
Retirement	77,610	77,303	75,815	1,488
Life and disability insurance	5,835	5,835	5,090	745
Education reimbursement	1,430	0	0	0
Worker's compensation claims	100	539	539	0
Laundry and dry cleaning	1,000	1,200	1,046	154
Postage	1,600	1,217	1,225	(8)
Printing and artwork	1,400	1,444	1,444	0
Subscriptions and memberships	3,400	3,679	3,588	91
Advertising	500	300	302	(2)
Utilities	8,440	8,340	8,193	147
Telephone	7,500	11,556	16,150	(4,594)
Legal services - urban renewal	200	24	24	0
Vehicle maintenance	6,000	9,000	8,301	699
Office equipment maintenance	1,500	1,500	1,324	176
Building maintenance	3,000	868	868	0
Car allowance	4,200	4,200	4,200	0
Travel and training	7,500	4,824	4,720	104
Complimentary meals	700	700	459	241
Credit card fees	4,560	4,560	3,656	904
Contracted services - pest control	240	240	216	24
Office supplies	6,500	6,500	5,889	611
First aid kits	100	192	192	0
Janitorial supplies	800	548	474	74
Uniforms	2,100	2,100	2,048	52
Educational supplies	3,500	800	187	613
Gasoline and oil	10,400	11,025	11,187	(162)
Insurance - buildings and contents	811	715	715	0
Insurance - vehicles and equipment	1,281	1,185	1,185	0
Insurance - general liability	2,335	1,763	1,763	0
Insurance - workers compensation	16,277	14,948	14,948	0
Insurance - employee bonds	50	40	40	0
Planning commission	4,300	5,550	5,428	122

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Community development - (Continued)				
Board of zoning appeals	\$ 600	\$ 600	\$ 524	\$ 76
Historic zoning commission	600	648	531	117
Miscellaneous	500	196	196	0
Office equipment	1,599	2,527	2,526	1
Total community development	\$ 752,402	\$ 738,344	\$ 737,963	\$ 381
Public safety:				
Police department:				
Salaries	\$ 4,405,609	\$ 4,296,509	\$ 4,322,291	\$ (25,782)
Overtime wages	139,000	183,000	182,427	573
Accumulated holiday pay	5,000	5,000	5,701	(701)
Salaries - school patrol	60,914	66,714	66,179	535
Supplemental pay	1,950	1,950	2,025	(75)
State grant - in service training	52,800	52,800	52,200	600
Overtime - contracted services	0	50,000	50,699	(699)
Service awards	2,450	2,450	2,525	(75)
Longevity	54,100	56,700	57,994	(1,294)
Sold vacations	35,000	42,000	46,385	(4,385)
Christmas bonus	11,265	11,265	13,910	(2,645)
College pay	10,410	10,410	10,410	0
Dental insurance	51,608	44,608	44,275	333
Social security taxes	354,922	349,921	346,462	3,459
Health insurance	633,511	626,311	627,144	(833)
Retirement	807,008	851,008	848,159	2,849
Life and disability insurance	61,502	55,502	54,048	1,454
Unemployment compensation	2,000	2,000	4,323	(2,323)
Education reimbursement	5,000	5,000	4,984	16
Worker's compensation claims	5,000	5,000	3,094	1,906
Laundry and dry cleaning	21,000	23,000	19,608	3,392
Employee physicals	7,000	7,000	7,235	(235)
Pre-employment tests	1,000	1,400	1,473	(73)
Uniforms - school patrol	6,000	2,500	1,988	512
Postage	1,500	2,700	2,791	(91)
Lease - radio tower	4,500	4,500	3,833	667
Contracted services - vehicles	6,500	6,600	6,535	65
Communications - replacement	10,500	5,000	3,896	1,104
Digital pagers	2,900	1,800	1,787	13
Printing	11,000	8,000	5,899	2,101
Subscriptions and memberships	3,900	3,900	3,568	332

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Accreditation	\$ 5,000	\$ 5,000	\$ 3,993	\$ 1,007
Advertising	600	800	777	23
Utilities	50,000	82,000	86,142	(4,142)
Telephone	61,000	86,000	111,938	(25,938)
NCIC computer line	8,000	8,000	8,195	(195)
Vehicle maintenance	390,000	322,000	286,112	35,888
Small equipment repair	1,500	1,500	1,427	73
Copier maintenance	5,500	1,950	1,983	(33)
Building maintenance	8,000	11,000	11,327	(327)
Travel and training	45,000	43,000	41,974	1,026
Mutual aid meals	1,000	2,400	2,391	9
Janitorial contract	40,000	29,000	29,023	(23)
Police supplies	5,000	4,000	3,607	393
Batteries	2,250	2,250	1,859	391
Tapes - video and audio	1,000	1,000	775	225
Detective supplies	4,000	1,500	910	590
Film	500	100	0	100
Crime scene unit supplies	2,500	2,800	2,746	54
SRT supplies	6,500	6,600	6,585	15
Office expenditures and paper	24,000	26,500	26,702	(202)
Protective vests - federal grants	0	9,668	9,668	0
Protective vests	12,000	11,000	9,558	1,442
Safety supplies	500	600	577	23
Janitorial supplies	1,500	1,800	2,052	(252)
Uniform reimbursement	56,000	41,000	34,747	6,253
Ammunition	19,000	19,000	18,492	508
Crime prevention	1,500	10,747	4,081	6,666
Gasoline and oil	190,000	242,500	249,576	(7,076)
Video maintenance	1,500	1,500	734	766
Canine fees	5,000	3,000	2,671	329
Insurance - buildings and contents	10,700	11,764	11,764	0
Insurance - vehicles and equipment	58,050	41,595	41,595	0
Insurance - general liability	75,450	65,404	65,404	0
Insurance - workers compensation	166,246	180,795	180,794	1
Insurance - employee bonds	0	250	290	(40)
Computer software support	0	500	500	0
Miscellaneous	500	1,000	1,278	(278)
Honor Guard	3,500	1,500	571	929
Volunteer services	5,700	4,700	3,472	1,228

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Investigative funds	\$ 2,000	\$ 2,000	\$ 1,000	\$ 1,000
Sex offender registry	3,000	6,149	4,877	1,272
Handgun replacement	15,000	18,000	17,535	465
Small equipment	1,250	5,850	5,802	48
Office equipment	2,000	3,300	3,230	70
Computer equipment	0	11,150	10,959	191
Total police department	<u>\$ 8,066,595</u>	<u>\$ 8,116,720</u>	<u>\$ 8,113,541</u>	<u>\$ 3,179</u>
Fire department:				
Salaries	\$ 4,604,344	\$ 4,437,944	\$ 4,448,696	\$ (10,752)
Overtime wages	95,000	150,000	131,872	18,128
Accumulated holiday pay	1,000	1,000	0	1,000
Fire runs	40,000	25,000	23,544	1,456
Supplemental pay	26,000	48,000	48,294	(294)
State grant - in service training	48,602	48,602	48,600	2
Service awards	2,225	2,225	1,975	250
Longevity	65,900	65,900	75,125	(9,225)
Sold vacations	12,000	12,000	11,304	696
Christmas bonus	10,395	10,395	9,962	433
College pay	3,000	1,900	1,900	0
Dental insurance	49,258	49,258	44,668	4,590
Social security taxes	375,498	350,000	345,026	4,974
Health insurance	645,276	645,276	638,895	6,381
Retirement	832,106	907,275	875,946	31,329
Life and disability insurance	51,604	55,604	54,707	897
Education reimbursement	4,300	4,300	7,764	(3,464)
Worker's compensation claims	6,500	6,500	6,092	408
Laundry and dry cleaning	14,250	16,850	16,638	212
Immunization and physicals	6,600	6,100	5,499	601
Postage	500	500	546	(46)
Communications replacement	3,000	4,000	2,985	1,015
Printing	500	800	775	25
Subscriptions and memberships	2,700	3,300	3,004	296
Advertising	500	515	953	(438)
Utilities	96,000	96,000	98,057	(2,057)
Telephone	51,360	51,360	85,079	(33,719)
Apparatus equipment testing	3,900	2,400	2,399	1

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Vehicle maintenance	\$ 70,000	\$ 70,000	\$ 65,093	\$ 4,907
Small equipment repair	2,800	1,581	860	721
Copier maintenance	2,800	2,800	1,776	1,024
Building maintenance	30,000	32,400	31,287	1,113
Vehicle body repair	2,000	0	0	0
Travel and training	25,000	23,000	27,919	(4,919)
Training/education material	2,500	2,500	3,000	(500)
Mutual aid meals	1,000	2,200	2,290	(90)
Towels and cloths	800	800	129	671
Batteries	1,000	1,000	772	228
Electronics - camera supplies	500	500	441	59
Office supplies	6,500	6,400	8,044	(1,644)
Arson supplies	2,000	1,450	1,096	354
Safety	4,000	4,500	4,179	321
Janitorial supplies	18,000	17,000	14,796	2,204
Bedding	1,000	600	518	82
Uniforms	49,000	49,000	48,044	956
Vehicle graphics	500	500	8	492
Operating costs	1,000	4,381	4,720	(339)
Gasoline	37,500	57,500	66,041	(8,541)
Appliance repair	2,000	2,000	1,897	103
Extinguisher refills	1,000	1,000	458	542
Insurance - building and contents	9,000	8,444	8,444	0
Insurance - vehicles and equipment	27,000	30,133	30,133	0
Insurance - general liability	44,000	37,534	37,534	0
Insurance - workers compensation	126,622	139,003	139,003	0
Miscellaneous	500	500	754	(254)
Public information	500	0	0	0
City funded - Honor Guard	1,000	600	347	253
Fire prevention program	3,000	2,750	2,687	63
Donation Expense	0	13,969	13,965	4
Office equipment	1,900	720	695	25
Breathing apparatus equipment	5,000	5,000	2,561	2,439
Furniture	2,900	1,400	1,448	(48)
Computer equipment	0	180	465	(285)
Small equipment	1,000	1,000	634	366
Exercise equipment	0	500	356	144
Wellness center	0	65,500	65,424	76
Total fire department	<u>\$ 7,535,640</u>	<u>\$ 7,591,349</u>	<u>\$ 7,578,123</u>	<u>\$ 13,226</u>

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Safety program:				
Salaries	\$ 12,718	\$ 12,718	\$ 12,801	\$ (83)
Christmas bonus	108	108	0	108
Social security taxes	981	981	975	6
Hazard communications	500	0	0	0
Telephone	1,100	0	166	(166)
Confined space	1,000	0	0	0
Respiratory protection	4,000	1,000	0	1000
Travel and training	4,500	0	0	0
Infectious disease control	2,000	1,000	0	1000
Hazmat cleanup	2,000	1,000	0	1000
Office supplies	0	0	10	(10)
Safety supplies	1,000	1,000	96	904
Gasoline and oil	500	500	0	500
TML safety grant	2,000	4,000	4,034	(34)
Miscellaneous	500	500	0	500
Incentive program	5,000	5,000	4,964	36
Total safety program	<u>\$ 37,907</u>	<u>\$ 27,807</u>	<u>\$ 23,046</u>	<u>\$ 4,761</u>
Total public safety	<u>\$ 15,640,142</u>	<u>\$ 15,735,876</u>	<u>\$ 15,714,710</u>	<u>\$ 21,166</u>
Public works:				
Operations division:				
Salaries	\$ 911,532	\$ 884,000	\$ 883,043	\$ 957
Overtime wages	7,500	13,000	12,246	754
Part time wages	17,000	13,000	12,971	29
Service awards	0	425	425	0
Supplemental pay	650	650	600	50
Service awards	425	0	0	0
Longevity	11,600	10,800	10,800	0
Sold vacations	7,500	11,500	11,291	209
Christmas bonus	2,816	2,600	2,599	1
College pay	750	750	750	0
Dental insurance	12,481	12,481	11,499	982
Social security tax	73,423	67,000	66,583	417
Hospital insurance	0	169,030	169,016	14
Health insurance	166,530	0	0	0
Retirement	163,100	159,616	159,502	114
Life and disability insurance	11,394	11,394	10,709	685
Worker's compensation claims	1,000	1,000	0	1,000

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Laundry and dry cleaning	\$ 700	\$ 700	\$ 408	\$ 292
Pre-employment drug testing	300	300	0	300
Safety shoes	2,500	2,000	1,980	20
Postage	300	400	215	185
Printing	300	300	215	85
Subscriptions and memberships	1,000	1,500	1,236	264
Advertising	500	500	244	256
Utilities	36,000	31,500	31,293	207
Telephone	18,900	22,400	29,487	(7,087)
Surveys	3,000	4,175	4,175	0
Small equipment maintenance - signs	1,700	1,100	1,093	7
Building maintenance	10,000	11,500	11,749	(249)
Travel and training	3,500	3,000	2,972	28
Department work sessions	1,000	1,000	852	148
Pest control	1,000	1,000	878	122
Office expenditures and paper	7,000	7,000	5,432	1,568
Operating supplies	4,000	4,300	4,105	195
Safety supplies	1,200	1,200	1,003	197
Janitorial supplies	1,500	1,800	1,458	342
Uniforms	16,000	19,500	18,733	767
Gasoline and oil	71,500	97,500	97,108	392
Repairs and parts	175,000	150,000	143,469	6,531
Sign shop supplies	2,800	3,200	3,167	33
Sign parts and supplies	40,000	11,570	10,789	781
Major safety markings	47,000	77,025	77,023	2
Thermoplastic contract	22,500	18,300	18,210	90
Paving and materials	215,000	200,030	190,133	9,897
Insurance - building and contents	8,186	6,700	6,694	6
Insurance - vehicle and equipment	12,711	11,969	11,969	0
Insurance - general liability	16,140	12,964	12,964	0
Insurance - workers compensation	36,685	42,600	42,600	0
Worksessions and Christmas dinner	1,100	1,200	1,199	1
Miscellaneous	500	800	747	53
Softball sponsor	2,000	2,000	1,975	25
Incentive program	0	3,000	2,646	354
Small equipment	4,000	4,000	3,879	121
Small equipment - signs	2,400	1,500	1,475	25
Broad St. Improvements	0	25,530	25,527	3
Total operations division	<u>\$ 2,155,623</u>	<u>\$ 2,142,309</u>	<u>\$ 2,121,136</u>	<u>\$ 21,173</u>

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering :				
Salaries	\$ 306,046	\$ 260,814	\$ 256,255	\$ 4,559
Overtime wages	500	500	322	178
Part time wages	0	14,219	14,045	174
Service awards	75	0	0	0
Longevity	1,150	1,150	1,150	0
Sold vacations	2,130	1,130	694	436
Christmas bonus	758	650	650	0
Dental insurance	3,477	2,977	2,911	66
Social Security taxes	23,765	21,365	19,634	1,731
Health insurance	47,499	42,898	42,898	0
Retirement	53,816	45,348	42,773	2,575
Life and disability insurance	4,706	4,706	3,432	1,274
Education reimbursement	1,320	103	0	103
Worker's compensation claims	500	500	0	500
Clothing allowance and shoes	1,650	1,650	1,122	528
Postage	125	325	221	104
Printing	300	600	322	278
Subscriptions and memberships	2,000	2,000	1,481	519
Advertising	200	200	96	104
Utilities	13,000	11,000	6,850	4,150
Telephone	7,000	7,069	7,068	1
Vehicle maintenance	3,800	3,800	1,312	2,488
Office equipment maintenance	1,500	1,500	956	544
Building maintenance	15,000	15,000	14,617	383
Travel and training	4,000	5,200	5,151	49
Complimentary meals	600	300	176	124
Contracted services - pest control	200	200	168	32
Office expenditures	6,400	5,120	4,660	460
Operating supplies	400	400	237	163
Janitorial	1,000	1,000	897	103
Uniforms	700	736	735	1
Gasoline and oil	5,500	5,500	3,374	2,126
Insurance - building and contents	1,568	1,301	1,301	0
Insurance - vehicle and equipment	1,427	1,324	1,324	0
Insurance - general liability	1,669	1,235	1,235	0
Insurance - workers compensation	10,590	7,640	7,640	0
Miscellaneous	500	274	273	1

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering - (Continued)				
Computer equipment	\$ 0	\$ 1,000	\$ 0	\$ 1,000
Equipment	2,000	1,270	1,247	23
Total engineering	<u>\$ 526,871</u>	<u>\$ 472,004</u>	<u>\$ 447,227</u>	<u>\$ 24,777</u>
Street lighting and signals:				
Street lighting	\$ 635,215	\$ 641,337	\$ 639,288	\$ 2,049
Telephone	2,700	3,300	3,275	25
Traffic light utility service	39,395	40,524	40,160	364
Traffic light repair maintenance	143,194	138,771	138,771	0
Traffic signal supplies	1,400	1,876	1,876	0
Signalization	5,000	737	736	1
Synchronization	0	378	378	0
Small equipment	2,400	0	0	0
Total street lighting and signals	<u>\$ 829,304</u>	<u>\$ 826,923</u>	<u>\$ 824,484</u>	<u>\$ 2,439</u>
Landscaping maintenance:				
Salaries	\$ 264,771	\$ 263,371	\$ 263,751	\$ (380)
Overtime wages	1,200	1,000	940	60
Part time wages	0	2,413	2,412	1
Longevity	2,650	2,600	2,600	0
Sold vacations	2,500	1,017	1,017	0
Christmas bonus	975	867	867	0
Dental insurance	3,800	2,900	2,808	92
Social security taxes	20,815	19,315	19,375	(60)
Health Insurance	44,868	43,868	43,808	60
Retirement	47,073	45,073	44,745	328
Life and disability insurance	3,310	3,310	3,258	52
Worker's compensation claims	500	1,000	2,243	(1,243)
Pre-employment testing	225	110	110	0
Postage	25	25	13	12
Printing	75	75	0	75
Subscriptions and memberships	400	400	350	50
Advertising	125	125	111	14
Utilities	750	3,050	2,504	546
Telephone	3,500	3,500	3,885	(385)
Vehicle maintenance	60,000	57,240	56,810	430
Equipment repairs	2,500	1,500	1,406	94

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Landscaping maintenance - (Continued)				
Travel and training	\$ 3,400	\$ 3,634	\$ 3,634	\$ 0
Worksessions	600	600	489	111
Other contracted services	800	440	440	0
Office expenditures	600	500	451	49
Botanical supplies	9,000	10,187	10,070	117
Uniforms	5,200	5,400	5,280	120
Donations - memorial tree fund	0	10,294	10,294	0
Gasoline and oil	20,500	26,300	26,574	(274)
Insurance - vehicle and equipment	4,060	3,864	3,864	0
Insurance - general liability	1,646	1,219	1,219	0
Insurance - workers compensation	12,302	12,381	12,381	0
Miscellaneous	500	500	149	351
Small equipment	1,500	520	520	0
Total landscaping maintenance	<u>\$ 520,170</u>	<u>\$ 528,598</u>	<u>\$ 528,378</u>	<u>\$ 220</u>
Total public works	<u>\$ 4,031,968</u>	<u>\$ 3,969,834</u>	<u>\$ 3,921,225</u>	<u>\$ 48,609</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 248,424	\$ 244,424	\$ 247,110	\$ (2,686)
Overtime wages	24,000	20,000	17,948	2,052
Part-time wages	3,350	0	0	0
Service awards	200	200	250	(50)
Longevity	3,100	3,100	2,800	300
Sold vacations	600	600	635	(35)
Christmas bonus	1,083	1,083	866	217
Dental insurance	4,978	2,478	2,537	(59)
Social Security tax	21,478	19,229	19,174	55
Health insurance	42,176	40,676	41,967	(1,291)
Retirement	47,991	42,991	43,070	(79)
Life and disability insurance	3,571	3,571	2,863	708
Worker's compensation claims	1,000	1,000	665	335
Laundry and dry cleaning	3,000	3,500	3,100	400
Protective immunizations	500	500	72	428
Postage	0	0	1	(1)

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Contracted services - vehicles	\$ 1,200	\$ 1,200	\$ 877	\$ 323
Communications replacement	0	400	353	47
Printing	1,500	1,800	1,775	25
Subscriptions and memberships	550	550	452	98
Advertising	100	200	176	24
Utilities and pager	8,900	9,700	10,370	(670)
Telephone	10,000	10,000	11,851	(1,851)
Vehicle maintenance	24,000	27,400	25,446	1,954
Copier maintenance	200	530	229	301
Grounds improvement	1,200	500	440	60
Building maintenance	4,000	6,700	6,155	545
Training and travel	3,500	3,500	868	2,632
Landfill	2,500	2,500	2,237	263
Office expense	2,500	0	0	0
Janitorial contract	1,900	5,300	5,290	10
Office supplies and printing	0	2,870	2,663	207
Janitorial supplies	0	4,200	3,720	480
Uniforms and safety shoes	4,550	4,050	2,070	1,980
Ammunition	500	1,000	990	10
Gasoline and oil	15,500	21,000	21,256	(256)
Euthanasia and supplies	5,000	5,000	2,767	2,233
Pet food	6,500	3,600	1,720	1,880
Donations - cages and supplies	0	2,101	0	2,101
Insurance - building and contents	350	290	290	0
Insurance - vehicles and equipment	2,200	1,561	1,561	0
Insurance - general liability	1,725	1,201	1,201	0
Insurance - workers compensation	6,500	9,599	9,599	0
Miscellaneous	500	0	0	0
Equipment	1,500	0	0	0
Total Animal Control	<u>\$ 512,326</u>	<u>\$ 510,104</u>	<u>\$ 497,414</u>	<u>\$ 12,690</u>
Total health and welfare	<u>\$ 512,326</u>	<u>\$ 510,104</u>	<u>\$ 497,414</u>	<u>\$ 12,690</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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation:				
Northeast Recreation Center:				
Salaries	\$ 96,678	\$ 104,678	\$ 102,616	\$ 2,062
Overtime wages	0	0	502	(502)
Part time wages	38,000	38,000	39,333	(1,333)
Longevity	1,450	1,450	1,450	0
Sold vacations	1,860	1,860	2,978	(1,118)
Christmas bonus	433	433	433	0
Dental insurance	893	893	818	75
Social security tax	10,589	10,589	11,670	(1,081)
Health insurance	12,096	12,096	12,933	(837)
Retirement	17,373	17,373	17,529	(156)
Life and disability insurance	1,208	1,208	1,236	(28)
Unemployment compensation	500	500	384	116
Education reimbursement	1,432	1,432	0	1,432
Worker's compensation claims	220	220	0	220
Advertising	0	0	70	(70)
Utilities	35,000	35,000	35,529	(529)
Telephone	3,310	3,310	4,690	(1,380)
Building maintenance	12,000	16,900	17,977	(1,077)
Team competition and trips	4,000	4,000	4,075	(75)
Office expenditures and paper	1,600	1,600	1,021	579
Janitorial supplies	1,500	1,500	1,724	(224)
Gasoline	300	300	111	189
Pool	4,000	4,000	3,911	89
Athletic supplies	4,000	4,000	3,100	900
Program development	6,000	6,000	7,058	(1,058)
Insurance - building and contents	3,763	2,842	2,842	0
Insurance - general liability	1,615	1,708	1,708	0
Insurance - workers compensation	3,477	3,305	3,305	0
Miscellaneous	500	500	260	240
BCCSA activities	14,000	14,000	13,688	312
Team donations	0	16,838	15,392	1,446
Youth achievement program	5,500	5,500	3,829	1,671
Swim team	2,000	2,000	2,002	(2)
Small equipment	800	800	612	188
Total Northeast Recreation Center	<u>\$ 286,097</u>	<u>\$ 314,835</u>	<u>\$ 314,786</u>	<u>\$ 49</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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation:				
Salaries	\$ 292,594	\$ 290,594	\$ 290,982	\$ (388)
Overtime wages	5,803	2,803	1,676	1,127
Part time wages	21,000	21,000	19,476	1,524
Service awards	150	150	150	0
Longevity	3,100	3,100	3,350	(250)
Sold vacation	2,625	2,625	2,451	174
Christmas bonus	975	975	975	0
College pay	0	0	125	(125)
Dental insurance	3,263	3,263	3,128	135
Social security tax	24,958	24,958	22,627	2,331
Health insurance	56,129	56,129	59,509	(3,380)
Retirement	52,808	52,808	51,765	1,043
Life and disability insurance	3,657	3,657	3,339	318
Unemployment compensation	500	500	609	(109)
Worker's compensation claims	1,000	1,000	811	189
Laundry and dry cleaning	450	450	482	(32)
Pre-employment testing	0	0	80	(80)
Postage	200	200	209	(9)
Membership	0	0	170	(170)
Advertising	0	0	718	(718)
Utilities	7,700	7,700	6,606	1,094
Telephone	6,300	6,300	9,791	(3,491)
Vehicle maintenance	34,000	25,200	18,356	6,844
Equipment and repairs	5,000	5,000	2,117	2,883
Grounds maintenance	25,000	27,000	28,671	(1,671)
Fletcher building	10,000	10,000	12,750	(2,750)
Car allowance	4,200	4,200	4,200	0
Training and travel	5,000	7,000	9,240	(2,240)
Office expenditures	1,880	1,880	2,010	(130)
Uniforms	4,500	5,500	5,243	257
Gasoline and oil	19,750	20,750	24,717	(3,967)
Insurance - building and contents	3,441	2,680	2,680	0
Insurance - vehicles and equipment	2,592	2,077	2,077	0
Insurance - general liability	3,649	1,877	1,877	0
Insurance - workers compensation	6,741	7,220	7,220	0
Miscellaneous	500	500	268	232
Old timers banquet	3,000	3,000	2,110	890
Office machinery and equipment	500	500	170	330

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Small equipment	\$ 1,500	\$ 4,300	\$ 4,078	\$ 222
Total parks and recreation	\$ 614,465	\$ 606,896	\$ 606,813	\$ 83
 Cleveland Community Center:				
Salaries	\$ 131,331	\$ 131,331	\$ 129,176	\$ 2,155
Part time wages	41,000	41,000	43,301	(2,301)
Overtime wages	0	0	11	(11)
Service awards	100	100	100	0
Longevity	3,600	3,600	3,600	0
Sold vacations	1,600	1,600	1,525	75
Christmas bonus	433	433	433	0
Dental insurance	1,427	1,427	818	609
Social security tax	13,622	13,622	12,963	659
Health insurance	19,434	13,434	12,941	493
Retirement	23,712	23,712	22,209	1,503
Life and disability insurance	1,642	1,642	1,516	126
Worker's compensation claims	110	110	0	110
Utilities	29,500	29,500	36,725	(7,225)
Telephone	4,000	3,500	4,764	(1,264)
Vehicle maintenance	500	500	519	(19)
Building maintenance	7,500	6,000	6,599	(599)
Team trips and competition	2,000	2,000	2,071	(71)
Office expenditures and paper	700	700	544	156
Janitorial contract	1,500	2,200	2,293	(93)
Pool	4,400	4,400	4,030	370
Athletic supplies	1,500	1,500	923	577
Ceramic supplies	500	300	56	244
Insurance - building and contents	3,360	2,416	2,416	0
Insurance - general liability	1,859	1,889	1,889	0
Insurance - workers compensation	5,074	3,200	3,200	0
Contracted services - floor maintenance	2,970	2,470	2,225	245
Contracted services - security	1,320	1,320	1,234	86
Miscellaneous	500	500	203	297
Swim team	2,000	2,000	1,995	5
Junior pro basketball	3,000	3,000	1,744	1,256
Cardinal account	5,500	3,710	1,195	2,515
Small equipment	800	800	1,119	(319)
Total Cleveland Community Center	\$ 316,494	\$ 303,916	\$ 304,337	\$ (421)

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Tinsley Park:				
Salaries	\$ 99,510	\$ 93,510	\$ 87,819	\$ 5,691
Overtime	2,500	2,500	4,462	(1,962)
Social Security taxes	7,804	7,804	6,848	956
Utilities	26,644	26,644	30,948	(4,304)
Telephone	1,000	1,000	708	292
Maintenance and repairs	18,900	13,900	8,994	4,906
Janitorial supplies	3,500	3,500	5,331	(1,831)
Tournament	8,000	5,000	2,005	2,995
Pool	10,500	16,500	17,681	(1,181)
Concession supplies	17,500	20,500	17,684	2,816
Insurance - building and contents	3,594	2,226	2,226	0
Insurance - general liability	1,242	1,209	1,209	0
Insurance - workers compensation	1,832	2,512	2,512	0
Total Tinsley Park	\$ 202,526	\$ 196,805	\$ 188,427	\$ 8,378
Cherokee Springs				
Salaries	\$ 188,510	\$ 178,510	\$ 182,125	\$ (3,615)
Part time wages	25,900	29,900	35,039	(5,139)
Service awards	225	225	225	0
Longevity	1,250	1,000	1,000	0
Sold vacations	2,200	2,200	2,327	(127)
Christmas bonus	650	650	650	0
Dental insurance	2,731	2,731	2,160	571
Social security taxes	16,733	16,734	16,396	338
Health insurance	37,419	37,419	30,389	7,030
Retirement	33,360	33,360	30,653	2,707
Life and disability insurance	2,356	2,356	2,326	30
Worker's compensation claims	100	100	131	(31)
Subscriptions and memberships	1,000	1,000	1,619	(619)
Advertising and marketing	1,800	1,800	1,468	332
Utilities	20,000	20,000	18,650	1,350
Telephone	7,800	6,800	9,952	(3,152)
Vehicle maintenance	1,400	2,900	2,677	223
Equipment parts and maintenance	18,500	20,900	21,583	(683)

CITY OF CLEVELAND, TENNESSEE

GENERAL FUND

(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cherokee Springs - (Continued)				
Maintenance and repairs	\$ 8,000	\$ 6,300	\$ 4,881	\$ 1,419
Building maintenance	12,000	12,000	10,970	1,030
Golf cart maintenance	5,000	4,500	1,490	3,010
Travel and training	1,180	1,180	254	926
Credit card fees	4,000	4,000	3,949	51
Contracted services - pest control	300	300	192	108
Office expenditures	1,000	2,000	1,546	454
Janitorial	1,500	2,000	1,906	94
Uniform	700	700	0	700
Golf course accessories	1,500	1,500	1,669	(169)
Gasoline	0	0	25	(25)
Tires, tubes, etc.	850	850	220	630
Irrigation and drainage supplies	5,000	2,800	1,614	1,186
Proshop	12,500	11,500	9,978	1,522
Concession supplies	23,000	23,000	20,850	2,150
Small supplies	450	450	586	(136)
Fertilizer and chemicals	20,000	18,700	18,682	18
Insurance - building and contents	1,580	990	990	0
Insurance - general liability	2,765	2,825	2,825	0
Insurance - workers compensation	6,965	8,664	8,664	0
Contracted services - security	1,900	1,900	1,806	94
Miscellaneous	500	500	146	354
Equipment	500	1,800	1,803	(3)
Total Cherokee Springs Golf Course	\$ 473,124	\$ 467,044	\$ 454,416	\$ 12,628
Total culture and recreation	\$ 1,892,706	\$ 1,889,496	\$ 1,868,779	\$ 20,717
Appropriations:				
Jointly funded agencies	\$ 15,245	\$ 0	\$ 0	\$ 0
Regional Museum	43,000	43,000	43,000	0
MTAS benchmarking	4,000	4,000	4,000	0
Municipal League dues	9,102	9,102	9,102	0
Chamber of Commerce	45,000	45,000	45,000	0
Southeast Tennessee Development	7,439	7,439	7,725	(286)
Mainstreet Cleveland	23,000	23,000	23,000	0
Cemetery Association	10,000	10,000	10,000	0
Court's Community Services	53,830	53,830	46,410	7,420
Keep America Beautiful	25,000	25,000	25,000	0
Juvenile Court match	1,101	1,101	1,101	0
United Way supporters	250	250	0	250

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

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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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Appropriations - (Continued)				
SETHRA - Transit	\$ 132,923	\$ 132,923	\$ 132,923	\$ 0
Communications Center	450,000	450,000	450,000	0
Emergency Management	86,062	103,200	103,200	0
Kiwanis Flag Program	2,200	0	0	0
Child Welfare Service	1,000	1,000	0	1,000
Veterans Affairs Office	20,000	20,000	20,000	0
Behavioral Research	2,000	2,000	2,000	0
Emergency Management debt	0	2,200	2,200	0
Development Services Agency	6,175	6,175	6,175	0
Community Services Agency	88,893	88,893	88,893	0
Aqua Tigers equipment	2,000	2,000	2,000	0
Bradley Cleveland football	3,500	3,500	3,500	0
Youth baseball	5,000	5,000	5,000	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
Foothills Country Fair	1,000	1,000	1,000	0
Vocational School	17,860	17,860	17,860	0
Incubator - capital	0	25,000	25,000	0
Total appropriations	<u>\$ 1,069,580</u>	<u>\$ 1,096,473</u>	<u>\$ 1,088,089</u>	<u>\$ 8,384</u>
Total expenditures	<u>\$ 26,167,772</u>	<u>\$ 26,090,338</u>	<u>\$ 25,953,016</u>	<u>\$ 137,322</u>
Excess of revenues over expenditures	<u>\$ 10,445,270</u>	<u>\$ 10,165,242</u>	<u>\$ 9,932,997</u>	<u>\$ (232,245)</u>
Other financing sources (uses):				
Transfers in	\$ 1,656,700	\$ 1,600,700	\$ 1,601,016	\$ 316
Transfers out	<u>(12,099,191)</u>	<u>(11,765,939)</u>	<u>(11,505,939)</u>	<u>260,000</u>
Total other financing sources(uses)	<u>\$ (10,442,491)</u>	<u>\$ (10,165,239)</u>	<u>\$ (9,904,923)</u>	<u>\$ 260,316</u>
Net change in fund balances	\$ 2,779	\$ 3	\$ 28,074	\$ 28,071
Fund balance at beginning of year	<u>8,642,201</u>	<u>8,642,201</u>	<u>8,642,201</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 8,644,980</u></u>	<u><u>\$ 8,642,204</u></u>	<u><u>\$ 8,670,275</u></u>	<u><u>\$ 28,071</u></u>

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

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, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 13,614	\$ 13,002	\$ 13,001	\$ (1)
Total federal government	\$ 13,614	\$ 13,002	\$ 13,001	\$ (1)
State of Tennessee:				
Basic Education Program	\$ 16,517,000	\$ 16,798,000	\$ 16,890,000	\$ 92,000
School food service	25,119	24,151	24,151	0
Driver education	8,000	8,000	9,945	1,945
Other state education funds	0	67,635	94,204	26,569
Career ladder program	353,485	353,485	241,905	(111,580)
Career ladder extended contract	197,127	197,127	161,080	(36,047)
Other state grants	680,625	867,680	751,963	(115,717)
State mixed drink tax	72,800	72,800	72,082	(718)
State income tax	46,079	39,223	58,125	18,902
Total State of Tennessee	\$ 17,900,235	\$ 18,428,101	\$ 18,303,455	\$ (124,646)
Bradley County:				
Property taxes - current	\$ 4,968,000	\$ 4,879,000	\$ 4,853,008	\$ (25,992)
Property taxes - prior	168,061	168,061	221,780	53,719
Cir clerk/clerk & master	96,000	96,000	62,492	(33,508)
Interest and penalty	31,369	31,369	31,904	535
In lieu of taxes - Local Utilities	1,370	1,370	1,543	173
Marriage license	2,825	2,825	2,570	(255)
Bank excise tax	45,893	55,201	55,202	1
Interstate telecommunications tax	5,426	5,426	4,087	(1,339)
Local sales tax	3,832,914	3,771,350	3,698,039	(73,311)
Total Bradley County	\$ 9,151,858	\$ 9,010,602	\$ 8,930,625	\$ (79,977)
Total Intergovernmental	\$ 27,065,707	\$ 27,451,705	\$ 27,247,081	\$ (204,624)
Charges for services:				
Tuition	\$ 90,189	\$ 101,935	\$ 107,625	\$ 5,690
Tuition - other	73,000	73,000	50,329	(22,671)
Community service fees	216,040	216,040	137,855	(78,185)
Criminal background fee	4,800	4,800	3,288	(1,512)
Total charges for services	\$ 384,029	\$ 395,775	\$ 299,097	\$ (96,678)

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Interest	\$ 80,000	\$ 60,000	\$ 52,615	\$ (7,385)
Miscellaneous:				
Lease/rentals	\$ 9,600	\$ 9,600	\$ 9,900	\$ 300
E rate funding	0	63,035	62,631	(404)
Miscellaneous refunds	98,841	98,841	85,438	(13,403)
Sale of equipment	1,640	1,640	1,967	327
Damages recovered	1,800	1,800	1,240	(560)
Contributions	294,830	396,513	371,252	(25,261)
Other	15,000	32,746	33,192	446
Total miscellaneous	\$ 421,711	\$ 604,175	\$ 565,620	\$ (38,555)
Total revenues	\$ 27,951,447	\$ 28,511,655	\$ 28,164,413	\$ (347,242)
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 11,480,665	\$ 11,413,936	\$ 11,384,376	\$ 29,560
Career ladder program	193,000	193,000	152,010	40,990
Career ladder extended contract	175,000	175,000	113,700	61,300
Homebound teachers	39,003	37,003	36,224	779
Assistants	976,339	911,841	913,817	(1,976)
Other salaries and wages	161,331	166,056	165,673	383
Certified substitute teachers	92,780	92,780	107,041	(14,261)
Non-certified substitute teachers	120,000	120,000	107,847	12,153
Social security	806,506	757,741	753,212	4,529
State retirement	897,620	878,601	870,745	7,856
Life insurance	15,607	15,607	24,399	(8,792)
Medical insurance	1,357,468	1,465,130	1,460,416	4,714
Unemployment compensation	2,400	31,952	25,824	6,128
Employer medicare liability	188,619	178,904	178,029	875
Other fringe benefits	64,227	78,008	77,502	506
Maintenance and repair	12,450	12,450	10,168	2,282
Other contracted services	330,345	336,763	439,625	(102,862)
Instructional supplies	247,625	242,542	239,544	2,998
Textbooks	225,000	225,000	242,262	(17,262)
Other supplies and materials	47,695	49,827	27,590	22,237
Other charges	22,100	22,100	11,598	10,502
Regular instruction equipment	282,645	471,902	379,473	92,429
Total regular instruction	\$ 17,738,425	\$ 17,876,143	\$ 17,721,075	\$ 155,068
Special education:				
Teachers	\$ 1,564,140	\$ 1,534,140	\$ 1,533,041	\$ 1,099
Career ladder program	27,000	27,000	20,000	7,000
Homebound teachers	1,000	1,000	951	49
Assistants	241,072	241,072	241,292	(220)

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Certified substitute teachers	\$ 4,000	\$ 4,000	\$ 4,966	\$ (966)
Non-certified substitute teachers	3,000	3,000	6,749	(3,749)
Social security	112,660	107,660	105,456	2,204
State retirement	139,304	131,304	127,899	3,405
Life insurance	1,956	1,956	1,956	0
Medical insurance	202,736	216,047	214,738	1,309
Employer medicare liability	26,348	26,348	24,693	1,655
Contracts with private agencies	23,500	15,000	0	15,000
Maintenance and other repair services	1,700	1,700	509	1,191
Other contracted services	8,000	8,000	6,917	1,083
Instructional supplies	21,627	21,627	13,259	8,368
Other supplies and materials	6,473	6,473	13,179	(6,706)
Special education equipment	4,100	4,100	6,453	(2,353)
Total special education	\$ 2,388,616	\$ 2,350,427	\$ 2,322,058	\$ 28,369
Vocational education:				
Teachers	\$ 800,664	\$ 830,664	\$ 824,478	\$ 6,186
Career ladder program	4,000	4,000	0	4,000
Certified substitute teachers	1,500	1,500	1,838	(338)
Non-certified substitute teachers	1,000	1,000	1,258	(258)
Social security	49,644	49,644	48,432	1,212
State retirement	49,326	49,326	51,443	(2,117)
Life insurance	639	639	639	0
Medical insurance	92,789	82,488	86,837	(4,349)
Employer medicare liability	11,610	11,610	11,336	274
Maintenance and repair services	11,000	8,500	4,446	4,054
Tuition	375	375	0	375
Other contracted services	4,500	4,500	1,140	3,360
Instructional supplies	35,200	35,200	38,075	(2,875)
Other supplies and materials	2,300	2,300	3,952	(1,652)
Vocational instruction equipment	50,500	50,500	50,514	(14)
Total vocational education	\$ 1,115,047	\$ 1,132,246	\$ 1,124,388	\$ 7,858
Students:				
Attendance:				
Supervisor	\$ 38,012	\$ 38,012	\$ 38,012	\$ 0
Other salaries & wages	34,038	34,038	34,038	0
Social security	4,467	4,467	4,409	58
State retirement	8,218	8,218	8,257	(39)
Life insurance	120	120	120	0
Medical insurance	2,220	2,287	2,287	0
Employer medicare liability	1,045	1,045	1,031	14
Total attendance	\$ 88,120	\$ 88,187	\$ 88,154	\$ 33

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

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 54,428	\$ 54,428	\$ 54,428	\$ 0
Other salaries and wages	85,886	85,886	85,887	(1)
Social security	8,699	8,699	8,174	525
State retirement	15,102	10,102	10,540	(438)
Life insurance	94	94	94	0
Medical insurance	13,175	15,153	15,153	0
Employer medicare liability	2,035	2,035	1,912	123
Communication	720	720	385	335
Postal charges	500	500	0	500
Travel	2,500	2,500	1,987	513
Other contracted services	515	515	125	390
Drugs and medical supplies	2,000	2,000	672	1,328
Other supplies and materials	6,905	16,905	18,210	(1,305)
Other charges	1,000	1,700	493	1,207
Other supplies and materials	5,000	5,000	8,083	(3,083)
Total health services	<u>\$ 198,559</u>	<u>\$ 206,237</u>	<u>\$ 206,143</u>	<u>\$ 94</u>
Other student support:				
Career ladder program	\$ 13,000	\$ 13,000	\$ 9,000	\$ 4,000
Guidance personnel	572,332	548,185	543,852	4,333
Psychological personnel	83,965	83,965	83,965	0
Social workers	0	43,686	43,686	0
Attendants	68,395	76,795	77,650	(855)
Other salaries and wages	0	19,884	19,884	0
Social security	45,440	47,317	45,799	1,518
State retirement	50,265	47,560	45,253	2,307
Life insurance	867	867	867	0
Medical insurance	48,130	70,348	70,975	(627)
Employer medicare liability	10,697	11,135	10,712	423
Evaluation and testing	14,425	14,425	22,524	(8,099)
Maintenance and repair services	2,100	0	0	0
Postal charges	1,500	1,500	1,328	172
Travel	0	0	89	(89)
Other contracted services	162,000	162,000	186,929	(24,929)
Other supplies and materials	8,740	8,740	6,962	1,778
Other equipment	450	450	1,147	(697)
Total other student support	<u>\$ 1,082,306</u>	<u>\$ 1,149,857</u>	<u>\$ 1,170,622</u>	<u>\$ (20,765)</u>
Total students	<u>\$ 1,368,985</u>	<u>\$ 1,444,281</u>	<u>\$ 1,464,919</u>	<u>\$ (20,638)</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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 299,853	\$ 299,853	\$ 299,853	\$ 0
Career ladder program	20,000	20,000	23,500	(3,500)
Librarians	435,068	435,068	433,873	1,195
Materials supervisor	80,013	80,013	80,013	0
Secretaries	95,122	95,122	87,865	7,257
Other salaries and wages	72,288	72,288	75,035	(2,747)
Social security	61,302	61,302	60,660	642
State retirement	80,143	80,143	81,340	(1,197)
Life insurance	1,183	1,183	1,183	0
Medical insurance	88,460	92,748	90,718	2,030
Employer medicare liability	14,337	14,337	14,341	(4)
Dues and subscriptions	4,000	4,000	1,335	2,665
Travel	26,040	26,040	22,308	3,732
Other contracted services	9,500	23,000	21,167	1,833
Library books	60,954	60,954	53,255	7,699
Other supplies and materials	30,326	30,326	34,510	(4,184)
In-service staff development	205,040	133,072	105,227	27,845
Other equipment	47,500	47,500	54,948	(7,448)
Total regular instruction program	<u>\$ 1,631,129</u>	<u>\$ 1,576,949</u>	<u>\$ 1,541,131</u>	<u>\$ 35,818</u>
Special education:				
Supervisor	\$ 80,797	\$ 80,797	\$ 80,797	\$ 0
Career ladder program	3,000	3,000	0	3,000
In-service training	700	0	0	0
Social security	5,195	5,195	4,900	295
State retirement	5,137	5,137	5,034	103
Life insurance	29	29	29	0
Medical insurance	4,189	4,574	4,574	0
Employer medicare liability	1,204	1,204	1,146	58
Consultants	500	0	0	0
Travel	1,500	1,500	2,590	(1,090)
Other equipment	850	850	0	850
Total special education	<u>\$ 103,101</u>	<u>\$ 102,286</u>	<u>\$ 99,070</u>	<u>\$ 3,216</u>
Vocational education:				
Supervisor	\$ 75,964	\$ 75,964	\$ 75,964	\$ 0
Career ladder program	3,000	3,000	3,000	0
Secretaries	20,067	22,235	22,235	0
Social security	6,140	6,140	5,700	440
State retirement	8,312	8,312	8,767	(455)

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, 2008

(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	15,500	13,108	13,108	0
Employer medicare liability	1,436	1,436	1,333	103
Travel	300	2,800	2,146	654
Total vocational education	<u>\$ 130,791</u>	<u>\$ 133,067</u>	<u>\$ 132,325</u>	<u>\$ 742</u>
Total instructional staff	<u>\$ 1,865,021</u>	<u>\$ 1,812,302</u>	<u>\$ 1,772,526</u>	<u>\$ 39,776</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	766	(1)
Other fringe benefits	740	740	732	8
Audit services	11,300	11,300	11,600	(300)
Dues and membership	11,753	11,753	16,798	(5,045)
Legal services	10,000	10,000	5,757	4,243
Liability insurance	33,075	29,695	29,695	0
Premiums on corporate surety bonds	8,017	7,199	7,199	0
Trustee's commission	92,000	92,000	102,587	(10,587)
Worker's compensation insurance	134,609	124,773	124,773	0
Criminal investigation	8,000	8,000	6,532	1,468
Refund for criminal investigation	2,000	2,000	2,156	(156)
Other charges	32,000	32,000	29,512	2,488
Total board of education	<u>\$ 400,333</u>	<u>\$ 386,299</u>	<u>\$ 394,181</u>	<u>\$ (7,882)</u>
Office of superintendent:				
Administrative officer	\$ 121,216	\$ 121,216	\$ 121,216	\$ 0
Assistants	84,188	84,188	84,188	0
Career ladder program	1,000	1,000	800	200
Secretaries	62,807	62,807	62,807	0
Other salaries and wages	8,064	8,064	8,022	42
Social security	17,004	17,004	15,148	1,856
State retirement	24,013	24,013	24,214	(201)
Life insurance	195	195	195	0
Medical insurance	18,116	18,249	18,659	(410)
Employer medicare liability	3,977	3,977	3,965	12
Other fringe benefits	5,425	5,425	5,136	289
Communication	98,000	88,000	83,320	4,680

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, 2008

(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	\$ 2,500	\$ 2,500	\$ 6,368	\$ (3,868)
Postal charges	6,500	6,500	5,766	734
Travel	4,300	4,300	2,697	1,603
Other contracted services	22,600	22,600	19,451	3,149
Office supplies	17,500	17,500	12,822	4,678
Other charges	17,900	17,900	15,126	2,774
Administrative equipment	5,000	5,000	8,024	(3,024)
Total office of superintendent	<u>\$ 520,305</u>	<u>\$ 510,438</u>	<u>\$ 497,924</u>	<u>\$ 12,514</u>
Total general administration	<u>\$ 920,638</u>	<u>\$ 896,737</u>	<u>\$ 892,105</u>	<u>\$ 4,632</u>
Office of the Principal:				
Principals	\$ 635,063	\$ 635,063	\$ 635,063	\$ 0
Career ladder program	29,000	29,000	12,000	17,000
Assistant principals	329,995	369,995	369,793	202
Secretaries	348,800	316,800	310,942	5,858
Clerical personnel	24,475	21,475	21,475	0
Social security	83,533	83,533	79,644	3,889
State retirement	125,512	125,512	114,846	10,666
Life insurance	1,386	1,386	1,386	0
Medical insurance	128,659	134,122	134,306	(184)
Employer medicare liability	19,536	19,536	18,626	910
Dues and memberships	3,515	3,515	2,841	674
Maintenance and repair services	8,375	8,375	3,729	4,646
Postal charges	5,740	5,740	5,529	211
Travel	5,100	5,100	558	4,542
Other contracted services	17,685	17,685	17,535	150
Office supplies	11,700	11,700	6,687	5,013
Other charges	300	300	323	(23)
Administrative equipment	24,075	24,075	5,555	18,520
Total office of the principal	<u>\$ 1,802,449</u>	<u>\$ 1,812,912</u>	<u>\$ 1,740,838</u>	<u>\$ 72,074</u>
Business administration:				
Bookkeepers	\$ 141,009	\$ 141,009	\$ 137,703	\$ 3,306
Social security	8,742	8,742	7,857	885
State retirement	24,394	23,858	22,199	1,659
Life insurance	163	163	163	0
Medical insurance	9,535	9,821	9,821	0
Employer medicare liability	2,045	2,045	1,942	103
Data processing services	8,734	8,984	8,984	0
Travel	1,000	1,000	342	658
Total business administration	<u>\$ 195,622</u>	<u>\$ 195,622</u>	<u>\$ 189,011</u>	<u>\$ 6,611</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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 22,767	\$ 22,767	\$ 22,767	\$ 0
Social security	1,412	971	1,068	(97)
State retirement	3,301	3,939	3,939	0
Life insurance	84	84	84	0
Medical insurance	7,813	8,048	8,048	0
Employer medicare liability	330	250	250	0
Janitorial services	620,180	646,526	646,526	0
Rentals	6,000	6,000	4,500	1,500
Other contracted services	51,270	51,270	72,053	(20,783)
Electricity	955,588	1,105,588	1,144,417	(38,829)
Natural gas	157,000	157,000	163,450	(6,450)
Water and sewer	149,593	149,593	140,373	9,220
Other supplies and materials	25,000	25,000	18,203	6,797
Boiler insurance	6,414	5,759	5,759	0
Building and contents insurance	116,861	120,919	120,829	90
Total operation of plant	<u>\$ 2,123,613</u>	<u>\$ 2,303,714</u>	<u>\$ 2,352,266</u>	<u>\$ (48,552)</u>
Maintenance of plant:				
Supervisor	\$ 62,288	\$ 62,288	\$ 62,289	\$ (1)
Maintenance personnel	339,464	339,464	338,349	1,115
Other salaries and wages	35,000	35,000	3,076	31,924
Social security	26,777	26,777	23,256	3,521
State retirement	69,503	69,503	60,627	8,876
Life insurance	592	592	592	0
Medical insurance	79,672	85,728	73,616	12,112
Employer medicare liability	6,333	6,333	5,439	894
Maintenance and repair services - building	44,000	44,000	75,749	(31,749)
Maintenance and repair services - equipment	2,000	2,000	0	2,000
Other contracted services	86,000	89,300	216,745	(127,445)
Equipment and machinery parts	10,200	10,200	61	10,139
Other supplies and materials	200,000	200,000	149,833	50,167
Other charges	5,000	5,000	1,271	3,729
Maintenance equipment	2,500	17,446	22,437	(4,991)
Total maintenance of plant	<u>\$ 969,329</u>	<u>\$ 993,631</u>	<u>\$ 1,033,340</u>	<u>\$ 39,709</u>
Total operation and maintenance	<u>\$ 3,092,942</u>	<u>\$ 3,297,345</u>	<u>\$ 3,385,606</u>	<u>\$ (88,261)</u>
Transportation:				
Supervisor	\$ 30,633	\$ 30,633	\$ 30,633	\$ 0
Mechanics	56,203	56,725	56,901	(176)
Bus drivers	395,506	395,506	398,543	(3,037)
Social security	29,905	28,905	30,001	(1,096)

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
State retirement	\$ 15,023	\$ 13,023	\$ 12,795	\$ 228
Life insurance	94	94	94	0
Medical insurance	23,909	20,650	20,650	0
Employer medicare	6,994	6,994	7,016	(22)
Contracts with parents	1,000	0	0	0
Medical and dental services	3,500	3,500	1,295	2,205
Travel	1,100	1,100	978	122
Other contracted services	5,000	5,000	12,307	(7,307)
Diesel fuel	120,500	139,427	155,304	(15,877)
Gasoline	16,000	20,000	22,560	(2,560)
Lubricants	2,000	2,000	596	1,404
Tires and tubes	9,962	9,962	5,807	4,155
Vehicle parts	65,940	65,940	98,753	(32,813)
Other supplies and materials	2,000	2,000	1,911	89
Vehicle and equipment insurance	36,081	32,394	32,394	0
Other charges	15,550	15,550	720	14,830
Transportation equipment	86,379	126,629	166,879	(40,250)
Total transportation	\$ 923,279	\$ 976,032	\$ 1,056,137	\$ (80,105)
Food service:				
Other salaries and wages	\$ 37,128	\$ 37,128	\$ 37,128	\$ 0
Social security	2,302	2,302	2,271	31
State retirement	6,423	6,423	6,423	0
Life insurance	47	47	47	0
Medical insurance	4,300	4,430	4,430	0
Employer medicare liability	538	538	531	7
Total food service	\$ 50,738	\$ 50,868	\$ 50,830	\$ 38
Community services:				
Supervisor	\$ 41,280	\$ 41,280	\$ 56,684	\$ (15,404)
Other salaries and wages	262,228	262,228	188,832	73,396
Social security	20,368	20,368	15,023	5,345
State retirement	2,815	2,815	6,097	(3,282)
Life insurance	34	34	34	0
Medical insurance	7,982	7,982	8,292	(310)
Employer medicare liability	4,764	4,764	3,514	1,250
Advertising	1,075	1,075	2,296	(1,221)
Janitorial services	1,000	1,000	0	1,000
Travel	11,150	11,150	11,104	46
Other contracted services	36,700	36,700	18,561	18,139
Food supplies	29,200	29,200	30,608	(1,408)
Other supplies and materials	24,802	24,802	8,180	16,622
Refunds	350	350	0	350

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, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 7,231	\$ 7,231	\$ 2,709	\$ 4,522
Other equipment	3,542	3,542	32,746	(29,204)
Total community services	<u>\$ 454,521</u>	<u>\$ 454,521</u>	<u>\$ 384,680</u>	<u>\$ 69,841</u>
Early Childhood Education				
Contracts with other public agencies	\$ 560,625	\$ 737,680	\$ 621,963	\$ 115,717
Total childhood education	<u>\$ 560,625</u>	<u>\$ 737,680</u>	<u>\$ 621,963</u>	<u>\$ 115,717</u>
Total education	<u>\$ 32,476,908</u>	<u>\$ 33,037,116</u>	<u>\$ 32,726,136</u>	<u>\$ 310,980</u>
Debt Service				
Principal retirement	\$ 373,935	\$ 373,935	\$ 151,428	\$ 222,507
Interest and fiscal charges	206,454	206,454	5,626	200,828
Other debt service	225,369	225,369	0	225,369
Total debt service	<u>\$ 805,758</u>	<u>\$ 805,758</u>	<u>\$ 157,054</u>	<u>\$ 648,704</u>
Total expenditures	<u>\$ 33,282,666</u>	<u>\$ 33,842,874</u>	<u>\$ 32,883,190</u>	<u>\$ 959,684</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,331,219)</u>	<u>\$ (5,331,219)</u>	<u>\$ (4,718,777)</u>	<u>\$ 612,442</u>
Other Financing Sources (Uses)				
Transfers in	\$ 5,244,840	\$ 5,244,840	\$ 5,455,244	\$ 210,404
Transfers out	0	0	(701,239)	(701,239)
Total other financing sources(uses)	<u>\$ 5,244,840</u>	<u>\$ 5,244,840</u>	<u>\$ 4,754,005</u>	<u>\$ (490,835)</u>
Net change in fund balances	\$ (86,379)	\$ (86,379)	\$ 35,228	\$ 121,607
Fund balance at beginning of year	<u>1,849,386</u>	<u>1,849,386</u>	<u>1,849,386</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 1,763,007</u></u>	<u><u>\$ 1,763,007</u></u>	<u><u>\$ 1,884,614</u></u>	<u><u>\$ 121,607</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Enterprise				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,511,614	\$ 8,135,073	\$ 166,426	\$ 14,813,113	\$ 147,550
Cash and cash equivalents - restricted	2,015,035	0	0	2,015,035	0
Accounts receivable - net	3,109,126	12,287,737	12,409	15,409,272	34,165
Due from other government agencies	0	0	3,507,332	3,507,332	0
Inventories	270,784	1,764,319	0	2,035,103	155,572
Prepays	79,266	28,308	0	107,574	0
Total current assets	\$ 11,985,825	\$ 22,215,437	\$ 3,686,167	\$ 37,887,429	\$ 337,287
Noncurrent assets:					
Receivable from customer for conservation loans	\$ 0	\$ 787,370	\$ 0	\$ 787,370	\$ 0
Debt issue cost, being amortized	368,948	78,120	0	447,068	0
Other assets	0	48,638	0	48,638	0
Capital assets:					
Land and construction in progress	1,819,307	1,422,755	8,921,066	12,163,128	108,291
Other capital assets, net of accumulated depreciation	101,708,370	53,288,347	360,716	155,357,433	1,156,829
Total noncurrent assets	\$ 103,896,625	\$ 55,625,230	\$ 9,281,782	\$ 168,803,637	\$ 1,265,120
Total assets	\$ 115,882,450	\$ 77,840,667	\$ 12,967,949	\$ 206,691,066	\$ 1,602,407
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 651,092	\$ 9,020,204	\$ 180,497	\$ 9,851,793	\$ 10,037
Customer deposits	0	2,356,576	0	2,356,576	0
Due to other funds	0	0	4,190,000	4,190,000	0
Notes payable - current	1,360,000	455,000	0	1,815,000	0
Revenue bonds payable - current	1,970,000	60,000	0	2,030,000	0
Other current liabilities	1,995,467	1,141,738	0	3,137,205	0
Total current liabilities	\$ 5,976,559	\$ 13,033,518	\$ 4,370,497	\$ 23,380,574	\$ 10,037
Noncurrent liabilities:					
Post-employment benefits payable	\$ 448,159	\$ 338,084	\$ 0	\$ 786,243	\$ 0
Conservation advances from TVA	0	795,702	0	795,702	0
Notes payable	24,055,000	7,975,000	0	32,030,000	0
Revenue bonds payable (net of unamortized discount)	25,455,833	1,381,503	0	26,837,336	0
Total noncurrent liabilities	\$ 49,958,992	\$ 10,490,289	\$ 0	\$ 60,449,281	\$ 0
Total liabilities	\$ 55,935,551	\$ 23,523,807	\$ 4,370,497	\$ 83,829,855	\$ 10,037
NET ASSETS					
Invested in capital assets, net of related debt	\$ 50,686,844	\$ 44,839,599	\$ 4,987,285	\$ 100,513,728	\$ 1,265,120
Unrestricted	9,260,055	9,477,261	3,610,167	22,347,483	327,250
Total net assets	\$ 59,946,899	\$ 54,316,860	\$ 8,597,452	\$ 122,861,211	\$ 1,592,370

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

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Operating Revenues:					
Charges for services	\$ 18,370,556	\$ 79,647,061	\$ 200,077	\$ 98,217,694	\$ 663,586
Other operating revenues	1,837,894	1,139,076	0	2,976,970	0
Total operating revenues	\$ 20,208,450	\$ 80,786,137	\$ 200,077	\$ 101,194,664	\$ 663,586
Operating Expenses:					
Power purchased	\$ 0	\$ 66,778,016	\$ 0	\$ 66,778,016	\$ 0
Operation expenses	11,091,446	6,238,849	323,853	17,654,148	651,810
Maintenance expense	2,732,549	2,614,828	0	5,347,377	0
Depreciation and amortization	4,465,322	3,104,434	51,749	7,621,505	39,592
Total operating expenses	\$ 18,289,317	\$ 78,736,127	\$ 375,602	\$ 97,401,046	\$ 691,402
Operating income	\$ 1,919,133	\$ 2,050,010	\$ (175,525)	\$ 3,793,618	\$ (27,816)
Non Operating Revenues (Expenses):					
Interest income	\$ 217,078	\$ 366,810	\$ 11,560	\$ 595,448	\$ 7,607
Interest expense	(2,136,772)	(443,542)	(6,600)	(2,586,914)	0
Other income	0	40,523	0	40,523	0
Total nonoperating revenues (expenses)	\$ (1,919,694)	\$ (36,209)	\$ 4,960	\$ (1,950,943)	\$ 7,607
Income before contributions and transfers	\$ (561)	\$ 2,013,801	\$ (170,565)	\$ 1,842,675	\$ (20,209)
Capital contributions	857,516	0	8,021,975	8,879,491	0
Transfers in	0	0	74,065	74,065	0
Transfers out	(192,723)	(1,408,293)	0	(1,601,016)	0
Change in net assets	\$ 664,232	\$ 605,508	\$ 7,925,475	\$ 9,195,215	\$ (20,209)
Total net assets - beginning	59,282,667	53,711,352	671,977	113,665,996	1,612,579
Total net assets - ending	\$ 59,946,899	\$ 54,316,860	\$ 8,597,452	\$ 122,861,211	\$ 1,592,370

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2008

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 20,545,476	\$ 79,865,673	\$ 187,667	\$ 100,598,816	\$ 649,793
Payments to suppliers	(10,174,151)	(67,351,547)	(277,054)	(77,802,752)	(401,058)
Internal activity - payments to other funds	0	0	(35,000)	(35,000)	(5,000)
Payments to employees for services	(4,473,091)	(6,157,172)	(20,297)	(10,650,560)	(319,704)
Net cash provided by operating activities	\$ 5,898,234	\$ 6,356,954	\$ (144,684)	\$ 12,110,504	\$ (75,969)
Cash flows from noncapital financing activities:					
Interfund loans	\$ 0	\$ 0	\$ 4,115,000	\$ 4,115,000	\$ 0
Transfers out	(192,723)	(1,408,293)	0	(1,601,016)	0
Net cash provided by financing activities	\$ (192,723)	\$ (1,408,293)	\$ 4,115,000	\$ 2,513,984	\$ 0
Cash flows from capital and related financing activities:					
Additions to plants	\$ (7,284,120)	\$ (5,408,765)	\$ (8,711,066)	\$ (21,403,951)	\$ 0
Proceeds received for contributions in aid of construction	857,516	0	0	857,516	0
Removal cost	(95,653)	(282,840)	0	(378,493)	0
Salvage	5,411	123,672	0	129,083	0
Transfers in	0	0	74,065	74,065	0
Contributions in aid of construction	0	495,840	4,669,549	5,165,389	0
Proceeds from issuance of debt	8,000,000	2,500,000	0	10,500,000	0
Payment of principal on long-term debt	(2,615,000)	(340,000)	0	(2,955,000)	0
Payment of interest on long-term debt	(2,031,733)	(449,231)	(6,600)	(2,487,564)	0
Debt issue cost	(56,000)	(12,789)	0	(68,789)	0
Net cash provided by (used in) capital and related financing activities	\$ (3,219,579)	\$ (3,374,113)	\$ (3,974,052)	\$ (10,567,744)	\$ 0
Cash flows from investing activities:					
Interest received	\$ 217,078	\$ 366,810	\$ 11,560	\$ 595,448	\$ 7,607
Net cash provided by investing activities	\$ 217,078	\$ 366,810	\$ 11,560	\$ 595,448	\$ 7,607
Net increase (decrease) in cash and cash equivalents	\$ 2,703,010	\$ 1,941,358	\$ 7,824	\$ 4,652,192	\$ (68,362)
Cash and cash equivalents, beginning of year	5,823,639	6,193,715	158,602	12,175,956	215,912
Cash and cash equivalents, end of year	\$ 8,526,649	\$ 8,135,073	\$ 166,426	\$ 16,828,148	\$ 147,550

CITY OF CLEVELAND, TENNESSEE

STATEMENT OF CASH FLOWS

(Continued)

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2008

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 1,919,133	\$ 2,050,010	\$ (175,525)	\$ 3,793,618	\$ (27,816)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	4,637,284	3,308,361	51,749	7,997,394	39,592
Changes in operating assets and liabilities					
Accounts receivable	337,026	(1,022,678)	(12,410)	(698,062)	(13,793)
Allowance for doubtful accounts	0	7,947	0	7,947	0
Inventories	14,143	291,094	0	305,237	(25,743)
Receivable from customers for conservation loans	0	(108,368)	0	(108,368)	0
Prepays	(25,292)	(9,096)	0	(34,388)	0
Accounts payable	(1,590,836)	1,234,958	26,502	(329,376)	(43,209)
Customer deposits	0	210,581	0	210,581	0
Due to other funds	0	0	(35,000)	(35,000)	(5,000)
Other current liabilities	606,776	291,794	0	898,570	0
Conservation loans	0	102,351	0	102,351	0
Net cash provided by operating activities	<u>\$ 5,898,234</u>	<u>\$ 6,356,954</u>	<u>\$ (144,684)</u>	<u>\$ 12,110,504</u>	<u>\$ (75,969)</u>

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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 assets 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.

The City reports the following major enterprise funds:

Cleveland Utilities Water Division. This fund is used to account for the provision of water 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.

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.

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

Additionally, the government reports the following fund type:

Internal Service Fund. This fund is used to account for the maintenance of all vehicles owned by the City of Cleveland and various other government agencies.

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, 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.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

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

Investments are stated at fair value based on quoted market prices, except for non-negotiable certificates of deposit that are reported at cost, which approximates fair value. Legal provisions of the city charter require that all investments be properly insured or collateralized with a federal depository. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and pooled investment funds.

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. 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 the lower of average cost or market, using the first-in, first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

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.

I. Capital Assets - (Cont.)

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

Asset Class	Years
Infrastructure - Roads	50
Infrastructure - Drainage	20
Buildings	20-50
Vehicles	5
Equipment	5-10
Other Improvements	25

Cleveland Utilities

Electric Division		Water Division	
Class	Years	Class	Years
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 2008 rates for the Electric Division and Water Divisions were 3.5% and 3.0% 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 \$203,927 and \$171,962 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 assets	\$ 7,569,756
Depreciation charged to clearing account	<u>375,889</u>
Depreciation and amortization per statement of cash flows	<u>\$ 7,945,645</u>

J. 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.

K. 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 assets. 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.

L. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. 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.
3. Prior to July 1, the budget and property tax rate are due for passage by Ordinance.
4. The City Clerk 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 \$16,504,724, increase budgeted expenditures by \$15,861,747, and increase budgeted expenses by \$9,761,626. The dramatic increase in budgeted expenditures is due to grant funds received and the issuance of long-term debt.

Note 2 - DEPOSITS AND INVESTMENTS

At year end, all deposits of the City of Cleveland were covered by federal depository insurance or by collateral held by the State of Tennessee Collateral Pool for Public Deposits.

At year end, the government's investment balances, other than certificates of deposit, were held in the State of Tennessee Local Government Investment Pool. Investments are valued based upon the value of pool shares. The responsibility for conducting the State's investment program resides with the State Treasurer pursuant to Tennessee Code Annotated, Section 9-4-602 and shall be exercised in accordance with the investment policy and resolutions of the State Funding Board.

	Investment Maturities		
	Fair Value	Less than One Year	One to Five Years
Certificates of Deposit	\$ 385,461	\$ 385,461	\$ 0
State Treasurer's investment pool	108,206	108,206	0
Total investments	\$ 493,667	\$ 493,667	\$ 0

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 is earning ninety-seven percent of the federal funds rate on accounts. During fiscal year ended June 30, 2008, a total of \$1,130,753 was earned in interest income.

Credit risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the City's investment in the State Treasurer's investment pool was rated AAA, by Standard & Poor's and Aaa by Moody's Investors Service.

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-governmental	Taxes	Customer Accounts	Other	Allowance for Uncollectibles	Net Receivables
General	\$ 3,676,732	\$ 17,389,440	\$ 0	\$ 554,349	\$ (416,450)	\$ 21,204,071
School	6,026,045	656,949	0	0	(79,474)	6,603,520
Water	0	0	3,109,126	0	0	3,109,126
Electric	0	0	12,404,556	0	(116,819)	12,287,737
Nonmajor	5,594,372	0	46,574	1,800,156	0	7,441,102
Totals	\$ 15,297,149	\$ 18,046,389	\$ 15,560,256	\$ 2,354,505	\$ (612,743)	\$ 50,645,556

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.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the

Note 3 - RECEIVABLES - (Cont.)

end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes receivable (general fund)	\$ 1,280,078	\$ 0	\$ 1,280,078
Delinquent property taxes receivable (school fund)	181,110	0	181,110
County shared fire tax (general fund)	112,926	0	112,926
Income tax (general fund)	468,202	0	468,202
State beer tax (general fund)	4,688	0	4,688
TVA - In-lieu of tax (general fund)	87,036	0	87,036
Income tax (school fund)	29,115	0	29,115
Contributions (school fund)	53,067	0	53,067
2008 Property tax levy (general fund)	0	15,570,000	15,570,000
2008 County shared revenues (school fund)	0	4,863,902	4,863,902
Fees collected in advance (school food service)	0	12,095	12,095
Fees collected in advance (general fund)	0	18,070	18,070
Total	\$ 2,216,222	\$ 20,464,067	\$ 22,680,289

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,958,350	\$ 753,054	\$ (100,000)	\$ 8,611,404
Construction in progress	9,045,954	5,769,811	(13,430,525)	1,385,240
Total capital assets not being depreciated	\$ 17,004,304	\$ 6,522,865	\$ (13,530,525)	\$ 9,996,644
Capital assets, being depreciated:				
Buildings	\$ 76,756,710	\$ 14,021,428	\$ (1,178,065)	\$ 89,600,073
Improvements other than buildings	5,054,388	785,471	(45,859)	5,794,000
Infrastructure	43,970,213	869,282	0	44,839,495
Furniture, fixtures, equipment and vehicles	24,601,144	1,841,649	(949,406)	25,493,387
Total capital assets being depreciated	\$ 150,382,455	\$ 17,517,830	\$ (2,173,330)	\$ 165,726,955
Less accumulated depreciation for				
Buildings	(17,379,787)	(1,912,451)	625,515	(18,666,723)
Improvements other than buildings	(3,131,181)	(151,571)	0	(3,282,752)
Infrastructure	(11,594,996)	(969,291)	0	(12,564,287)
Furniture, fixtures, equipment and vehicles	(16,236,557)	(1,917,351)	949,277	(17,204,631)
Total accumulated depreciation	\$ (48,342,521)	\$ (4,950,664)	\$ 1,574,792	\$ (51,718,393)
Total capital assets being depreciated, net	\$ 102,039,934	\$ 12,567,166	\$ (598,538)	\$ 114,008,562
Governmental activities capital assets, net	\$ 119,044,238	\$ 19,090,031	\$ (14,129,063)	\$ 124,005,206
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 1,639,564	\$ 8,712,430	\$ 0	\$ 10,351,994
Construction work-in-progress	4,238,279	487,425	(2,914,570)	1,811,134
Total capital assets not being depreciated	\$ 5,877,843	\$ 9,199,855	\$ (2,914,570)	\$ 12,163,128

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Plant in service	\$ 243,729,426	\$ 14,622,827	\$ (1,348,550)	\$ 257,003,703
Equipment	699,513	0	0	699,513
Total capital assets being depreciated	<u>\$ 244,428,939</u>	<u>\$ 14,622,827</u>	<u>\$ (1,348,550)</u>	<u>\$ 257,703,216</u>
Less accumulated depreciation for				
Plant in service	\$ (95,570,051)	\$ (7,883,045)	\$ 1,531,111	\$ (101,921,985)
Equipment	(376,299)	(47,499)	0	(423,798)
Total accumulated depreciation	<u>\$ (95,946,350)</u>	<u>\$ (7,930,544)</u>	<u>\$ 1,531,111</u>	<u>\$ (102,345,783)</u>
Total capital assets being depreciated, net	<u>\$ 148,482,589</u>	<u>\$ 6,692,283</u>	<u>\$ 182,561</u>	<u>\$ 155,357,433</u>
Business-type activities capital assets	<u>\$ 154,360,432</u>	<u>\$ 15,892,138</u>	<u>\$ (2,732,009)</u>	<u>\$ 167,520,561</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 96,478
Community development	62,799
Public safety	794,974
Public works	1,269,104
Health and welfare	16,153
Culture and recreation	370,189
Education	2,301,365
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>39,602</u>
Total depreciation expense - governmental activities	<u>\$ 4,950,664</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 744,691
General fund	Nonmajor enterprise	4,115,000
Nonmajor governmental	General fund	75
Nonmajor governmental	Nonmajor governmental	852,987
Nonmajor governmental	Nonmajor enterprise	<u>75,000</u>
		<u>\$ 5,787,753</u>

Of the total interfund receivable/payable balances, \$5,787,753 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.

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - (Cont.)

Transfers out:	Transfers in:				Totals
	General Fund	School Fund	Nonmajor Governmental	Nonmajor Enterprise	
General fund	\$ 0	\$ 5,086,840	\$ 6,395,034	\$ 24,065	\$ 11,505,939
School fund	0	0	701,239	0	701,239
Cleveland Utilities - Electric	1,408,293	0	0	0	1,408,293
Cleveland Utilities - Water	192,723	0	0	0	192,723
Nonmajor Governmental	0	368,404	746,184	50,000	1,164,588
	<u>\$ 1,601,016</u>	<u>\$ 5,455,244</u>	<u>\$ 7,842,457</u>	<u>\$ 74,065</u>	<u>\$ 14,972,782</u>

Note 6 - LONG-TERM DEBT

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:

Purpose	Interest Rates	Amount
Governmental activities	4.00-5.25%	\$ 6,370,000
Governmental activities - refunding	3.00-5.00%	14,785,000
		<u>\$ 21,155,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2009	\$ 1,545,000	\$ 906,840	\$ 2,451,840
2010	1,355,000	834,890	2,189,890
2011	1,285,000	772,850	2,057,850
2012	1,050,000	713,325	1,763,325
2013	1,090,000	663,825	1,753,825
2014-2018	4,690,000	2,808,350	7,498,350
2019-2023	6,615,000	1,662,682	8,277,682
2024-2028	2,740,000	429,818	3,169,818
2029-2033	400,000	138,032	538,032
2034-2038	385,000	42,875	427,875
	<u>\$ 21,155,000</u>	<u>\$ 8,973,487</u>	<u>\$ 30,128,487</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. Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Cleveland Utilities - Water Division	2.00-5.00%	\$ 28,805,000
Cleveland Utilities - Electric Division	4.00-5.00%	1,440,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2008, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2009	\$ 2,030,000	\$ 1,204,169	\$ 3,234,169
2010	2,170,000	1,128,676	3,298,676
2011	1,970,000	1,048,521	3,018,521
2012	2,395,000	963,995	3,358,995
2013	2,415,000	869,684	3,284,684
2014-2018	6,975,000	3,264,992	10,239,992
2019-2023	4,390,000	2,210,169	6,600,169
2024-2028	3,845,000	1,352,058	5,197,058
2029-2033	2,270,000	650,891	2,920,891
2034-2038	1,785,000	199,281	1,984,281
	<u>\$ 30,245,000</u>	<u>\$ 12,892,436</u>	<u>\$ 43,137,436</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2008, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2009	\$ 429,428	\$ 2,306,913	\$ 2,736,341
2010	483,428	2,291,350	2,774,778
2011	633,429	2,270,750	2,904,179
2012	948,429	2,242,650	3,191,079
2013	1,023,429	2,198,800	3,222,229
2014-2018	7,289,429	10,043,000	17,332,429
2019-2023	8,409,000	8,154,700	16,563,700
2024-2028	15,807,000	5,398,100	21,205,100
2029-2033	11,590,000	1,177,750	12,767,750
	<u>\$ 46,613,572</u>	<u>\$ 36,084,013</u>	<u>\$ 82,697,585</u>

This schedule includes the total current year issue of \$2,900,000, of which only \$951,300 was drawn down as of June 30, 2008.

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2009	\$ 1,815,000	\$ 1,692,250	\$ 3,507,250
2010	1,840,000	1,601,500	3,441,500
2011	1,870,000	1,509,500	3,379,500
2012	1,895,000	1,416,000	3,311,000
2013	1,920,000	1,321,250	3,241,250
2014-2018	8,920,000	5,211,750	14,131,750
2019-2023	8,860,000	2,997,750	11,857,750
2024-2028	5,900,000	1,037,500	6,937,500
2029-2033	825,000	62,500	887,500
	<u>\$ 33,845,000</u>	<u>\$ 16,850,000</u>	<u>\$ 50,695,000</u>

Changes in Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 22,640,000	\$ 0	\$ (1,485,000)	\$ 21,155,000	\$ 1,545,000
Notes payable	44,045,000	951,300	(331,428)	44,664,872	429,428
Compensated absences	1,506,301	1,437,421	(1,406,499)	1,537,223	122,978
Postemployment benefits	0	2,281,119	(241,538)	2,039,581	0
Less deferred charges: for refunding	(541,148)	0	31,833	(509,315)	0
Total	<u>\$ 67,650,153</u>	<u>\$ 4,669,840</u>	<u>\$ (3,432,632)</u>	<u>\$ 68,887,361</u>	<u>\$ 2,097,406</u>
Business-type activities:					
Revenue bonds	\$ 31,980,000	\$ 0	\$ (1,735,000)	\$ 30,245,000	\$ 2,030,000
Notes payable	24,565,000	10,500,000	(1,220,000)	33,845,000	1,815,000
Conservation advances	846,335	334,883	(232,533)	948,685	152,983
Postemployment benefits	0	1,050,631	(264,388)	786,243	0
Less bond discount/premiums	(76,637)	0	8,134	(68,503)	0
Less deferred charges	(1,420,151)	0	110,990	(1,309,161)	0
	<u>\$ 55,894,547</u>	<u>\$ 11,885,514</u>	<u>\$ (3,332,797)</u>	<u>\$ 64,447,264</u>	<u>\$ 3,997,983</u>

Compensated absences 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.

On October 31, 2007, The Public Building Authority of Montgomery County, Tennessee, issued \$13,400,000, in aggregate principal amount of Local Government Public Improvement Bonds, Adjustable Rate Series 2007 TMBF for the purpose of making a loan to the City of Cleveland, Tennessee. The proceeds of this loan are being used to finance the costs of improving and extending the electric, water and sewer systems of the City of Cleveland, and to make capital improvements of \$1,100,000 to the City Schools and \$1,800,000 to the Library. Cleveland Utilities received \$10,500,000, of the issue and of the remaining balance of \$2,900,000, only \$951,300, had been drawn as of June 30, 2008. The loan matures May 25, 2028, and bears interest at a weekly variable rate. Payment of interest are due monthly.

Interest Rate Swap - Notes Payable

Under its loan agreement, the Public Building Authority of Blount County, TN (the "Authority"), and the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of outstanding notes, series A-2-A, and IV-C-3.

In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series IV-C-3, and its \$11.175 million Series A-2-A variable rate notes. The intention of the swap was to effectively change the City's variable interest rate on the notes to a synthetic fixed rate.

Under the swap, the Authority pays the counterparty a fixed payment of 4.425 percent (IV-C-3), and 4.430 percent (A-2-A) and receives a payment computed as 63.5 percent of the five-month London Interbank Offered Rate (LIBOR). The notes mature and the related swap agreements mature on June 1, 2025, (IV-C-3), and June 1, 2030, (A-2-A). As of June 30, 2008, rates were as follows:

Interest rate swap	IV-C-3	A-2-A
Fixed payment to counterparty	4.425 %	4.430 %
Variable payment from counterparty	(2.724)	(2.724)
Net interest rate swap payment	1.701 %	1.706 %
Variable-rate note payments	2.730	2.750
Synthetic interest rate on notes	<u>4.431 %</u>	<u>4.456 %</u>

As of June 30, 2008, the swaps had a negative fair value of \$1,038,552, (IV-C-3) and \$1,552,126 (A-2-A). The negative fair value of the swaps may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the variable rate notes adjust to changing interest rates, the notes do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

As of June 30, 2008, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swaps counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated "AA" by Standard and Poor's and "Aa3" by Moody's Investor Service as of June 30, 2008. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

As noted above, the swap exposes the City to basis risk should BMA increase to above 63.5% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63.5% of LIBOR, then the synthetic rate on the bonds will decrease.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

Note 6 - LONG-TERM DEBT (Cont.)

As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Series IV-C-3		Net	Total
	Principal	Interest	Interest Rate Swap Payment	
2009	\$ 0	\$ 273,000	\$ 170,085	\$ 443,085
2010	0	273,000	170,085	443,085
2011	0	273,000	170,085	443,085
2012	110,000	273,000	170,085	553,085
2013	120,000	269,997	168,214	558,211
2014-2018	2,760,000	1,187,960	740,125	4,688,084
2019-2023	3,270,000	787,332	490,525	4,547,857
2024-2025	3,740,000	180,590	112,511	4,033,101
	<u>\$ 10,000,000</u>	<u>\$ 3,517,879</u>	<u>\$ 2,191,715</u>	<u>\$ 15,709,593</u>

Fiscal Year Ending June 30,	Series A-2-A		Net	Total
	Principal	Interest	Interest Rate Swap Payment	
2009	\$ 0	\$ 307,313	\$ 190,629	\$ 497,941
2010	0	307,313	190,629	497,941
2011	0	307,313	190,629	497,941
2012	0	307,313	190,629	497,941
2013	0	307,313	190,629	497,941
2014-2018	0	1,536,563	953,144	2,489,706
2019-2023	0	1,536,563	953,144	2,489,706
2024-2028	3,810,000	1,524,600	945,723	6,280,323
2029-2030	7,365,000	306,763	190,288	7,862,050
	<u>\$ 11,175,000</u>	<u>\$ 6,441,054</u>	<u>\$ 3,995,444</u>	<u>\$ 21,611,490</u>

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 Cleveland Bradley Communications Center (CBCC) to combine Emergency 911 services that were operated separately by each government. The CBCC's board is comprised of one member appointed by each government and six other Cleveland City and Bradley County employees who are involved in emergency response management. The City has constructed a building and purchased equipment for the CBCC 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 CBCC equal to the debt service requirements. Separate financial statements are issued for the CBCC and may be obtained by writing to the CBCC, 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 assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds, notes payable, compensated absences and interest payable are not due and payable in the current period and therefore are not reported in the funds." The details of this \$69,059,364 are as follows:

Bonds payable	\$ 21,155,000
Notes payable	44,664,872
Compensated absences	1,537,223
Postemployment benefits	2,039,581
Interest payable	297,324
Less deferred charges	(125,319)
Less refunding charges	<u>(509,317)</u>
Net adjustment	<u>\$ 69,059,364</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for total governmental funds and changes in net assets 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 \$5,000,560, difference are as follows:

Depreciation expense	\$ (4,911,062)
Capital outlay	<u>9,911,622</u>
Net adjustment	<u>\$ 5,000,560</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 assets." The details of this \$1,816,428 difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 1,485,000
Notes	<u>331,428</u>
Net adjustment	<u>\$ 1,816,428</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' prior 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 2,466,667 gallons of water per day. The contract language calls for this minimum requirement to adjust to 5,335,000 gallons per day on July 1, 2008, provided improvements and an expansion to the HUC plant have been substantially completed by that time.

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 22, 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. An outside consultant has been contracted to coordinate the work.

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

Note 13 - RISK MANAGEMENT (Cont.)

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.

Note 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, accounts receivable, and various current liabilities reported in proprietary funds are reasonable estimates of their fair value because of the short-term maturity of these financial instruments.

Note 15 - 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 16 - 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 17 - LEGAL VIOLATIONS

The following fund expenditures exceeded appropriations as outlined below:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
School Food Service Fund	\$ 2,209,363	\$ 2,120,000	\$ 89,363

In addition, the 2007 General Improvement Bond Fund ended the year with a deficit fund balance of \$587,738.

Note 18 - RETIREMENT COMMITMENTS

CLEVELAND BOARD OF EDUCATION, CLEVELAND FIRE AND POLICE DEPARTMENTS, CLEVELAND CITY-OTHER DEPARTMENTS, CLEVELAND UTILITIES-WATER DIVISION, CLEVELAND UTILITIES-ELECTRIC DIVISION, CLEVELAND SANITATION DEPARTMENT

PLAN DESCRIPTION

Certain employees of the above Departments of the City of Cleveland are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirements for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5 years of service and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the

Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City of Cleveland participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

FUNDING POLICY

The City of Cleveland Plan is noncontributory and has assumed employee contributions up to 5.0 percent of annual covered payroll.

The City of Cleveland is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008 was 17.77% of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements for the City of Cleveland are established and may be amended by the TCRS Board of Trustees.

ANNUAL PENSION COST

For the year ending June 30, 2008, the City's annual pension cost of \$4,568,248 to TCRS was equal to the City's required and actual contributions. The required contributions were determined as part of the July 1, 2005 actuarial valuation using the frozen entry age method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$ 4,568,248	100%	\$0.00
6/30/07	4,204,899	100%	\$0.00
6/30/06	3,340,890	100%	\$0.00
6/30/05	3,044,151	100%	\$0.00
6/30/04	2,410,210	100%	\$0.00
6/30/03	2,311,987	100%	\$0.00
6/30/02	1,657,787	100%	\$0.00
6/30/01	1,528,993	100%	\$0.00
6/30/00	1,168,091	100%	\$0.00
6/30/99	1,066,807	100%	\$0.00
6/30/98	1,009,794	100%	\$0.00

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2007, the most recent actuarial valuation date, the plan was 78.82% funded. The actuarial accrued liability for benefits was \$74.95 million, and the actuarial value of assets was \$59.08 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$15.87 million. The covered payroll (annual payroll of active employees covered by the plan) was \$24.86 million, and the ratio of the UAAL to the covered payroll was 63.87%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

CLEVELAND CITY SCHOOLS SYSTEM

PLAN DESCRIPTION

The Cleveland City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The maximum annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

FUNDING POLICY

Most teachers are required by state statute to contribute 5 percent of their salary to the plan. The Cleveland City Schools are required to contribute at an actuarially determined rate. The rate for the fiscal year ending June 30, 2008 was 6.24 percent of annual covered payroll. The contribution requirement of Cleveland City

Schools is established and may be amended by the TCRS Board of Trustees. Cleveland City School's contributions to the TCRS for the years ending June 30, 2008, 2007, and 2006, were \$1,123,267, \$1,039,095, and \$887,735, respectively, equal to the required contributions for each year.

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.

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).

The Cleveland Utilities 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, 93 Coley Road, Tupelo, MS 38803-3480, or by calling (662) 842-5962.

FUNDING POLICY

Participants are not required to contribute to the CSA Plan. The Board is required to contribute an actuarially determined amount. The contribution requirements of the Board are established and may be amended by the CSA Board of Directors. The Board's contributions to the CSA Plan for the year ending June 30, 2008, 2007 and 2006 were \$818,793, \$866,496, and \$516,537, respectively, and were equal to the required contribution established by the CSA Board.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

Determined in accordance with GASB Statement No. 27, there is no net pension obligation as the Board has contributed the annual required contribution, adjusted with interest, as calculated by actuarial valuation. The annual required contribution was determined as part of an actuarial valuation performed as of October 1, 2006, using the frozen entry age method. Significant actuarial assumptions used in the valuation included (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (b) projected salary increases of 4% per year compounded annually, and (c) no postretirement benefit increases.

Note 19 - POSTEMPLOYMENT BENEFITS

In June 2004, The Government Accounting Standards Board issued Statement No. 45 ("GASB 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45's objective is to establish standards for the measurement, recognition, and display of post-employment benefit expenses, related liabilities, note disclosures, and required supplementary information. GASB 45 does not require funding of plan benefits. The requirements of GASB 45 are effective in three phases based on a government's total annual revenues. The City is required to implement GASB 45 in the year ended June 30, 2008. GASB 45 is being implemented prospectively with a zero net OPEB obligation at transition.

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 25 years of service, or age 55 with 10 years of service. Medical benefits are provided using a point of service (POS) plan through CIGNA. Dental benefits are provided using a preferred provider organization (PPO) through Blue Cross/Blue Shield. Boston Mutual Life Insurance 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.

<u>Years of Service At At Retirement</u>	<u>Percentage of Premium Paid by Participant</u>
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
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%

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 GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is

Note 19 - POSTEMPLOYMENT BENEFITS (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 City's annual OPEB cost for the current year are as follows:

Annual Required Contribution (ARC)	\$ 1,576,119
Interest on net OPEB obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost (expense)	\$ 1,576,119
Contributions made	<u>(160,705)</u>
Increase in net OPEB obligation	\$ 1,415,414
Net OPEB obligation - June 30, 2007	<u>0</u>
Net OPEB obligation - June 30, 2008	<u><u>\$ 1,415,414</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 1,576,119	10.20%	\$ 1,415,414

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 14,170,875
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 14,170,875</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 15,125,299
UAAL as a percentage of covered payroll	93.7%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2007 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.25% funding interest rate. The 2007 medical cost trend rate used was 10% with an ultimate medical cost trend rate of 5% projected to be reached in 2012. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2008 is 29 years.

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. 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:

Note 19 - POSTEMPLOYMENT BENEFITS (Cont.)

Years of Service At At Retirement	Percentage of Premium Paid by Participant
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
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.

Monthly premiums effective August 1, 2007, are as follows:

	Medical	Dental
Pre-65 Retiree	\$ 358.60	\$ 22.73
Pre-65 Retiree and Spouse	946.84	58.82
Post-65 Retiree	222.12	22.73
Post-65 Retiree and Spouse	586.50	58.82

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 GASB Statement 45. 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 Utilities' annual OPEB cost for the current year are as follows:

Annual Required Contribution (ARC)	\$ 1,050,631
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost (expense)	\$ 1,050,631
Contributions made	(264,388)
Increase in net OPEB obligation	\$ 786,243
Net OPEB obligation - June 30, 2007	0
Net OPEB obligation - June 30, 2008	\$ 786,243

Note 19 - POSTEMPLOYMENT BENEFITS (Cont.)

The Utilities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 1,050,631	25.16%	\$ 786,243

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 12,967,485
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 12,967,485</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 10,630,264
UAAL as a percentage of covered payroll	122.0%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2007 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.25% funding interest rate. The 2007 medical cost trend rate used was 10% with an ultimate medical cost trend rate of 5% projected to be reached in 2012. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2008 is 29 years.

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 a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) 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 supplemental plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/caft.html>.

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. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The State does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplemental Plan.

Annual Required Contribution (ARC)	\$ 705,000
Interest on net OPEB obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost (expense)	\$ 705,000
Contributions made	<u>(80,833)</u>
Increase in net OPEB obligation	\$ 624,167
Net OPEB obligation - June 30, 2007	0
Net OPEB obligation - June 30, 2008	<u>\$ 624,167</u>

Note 19 - POSTEMPLOYMENT BENEFITS (Cont.)

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 is as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 705,000	11.47%	\$ 624,167

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 4,744,000
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,744,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 23,270,230
UAAL as a percentage of covered payroll	20.4%

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, 2007, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6 percent after ten years. Both rates include a 3 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007.

Note 20 - PRIOR PERIOD ADJUSTMENT

The beginning net assets reported on the Statement of Activities for Governmental Activities was reduced by \$1,199,231 to adjust for prior period depreciation that should have been taken in previous periods.

Note 21 - SUBSEQUENT EVENTS

On November 25, 2008, the City issued notes in the amount of \$1,812,700, for capital improvements to the Cleveland/Bradley Library. The debt was issued through the Tennessee Municipal Bond Fund and matures May 25, 2008. The notes were issued at a variable rate. In conjunction with the note issue, Bradley County has agreed to reimburse the City for debt service payments made as they become due.

REQUIRED SUPPLEMENTARY INFORMATION

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM(TCRS)
RETIREMENT PLAN
(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)
07/01/07	\$59,075	\$74,949	\$15,874	78.82%	\$24,855	63.87%
07/01/05	\$48,146	\$54,909	\$6,763	87.68%	\$21,480	31.49%
07/01/03	\$41,234	\$48,856	\$7,622	84.40%	\$19,221	39.65%
07/01/01	\$35,796	\$43,901	\$8,105	81.54%	\$17,071	47.48%
07/01/99	\$30,327	\$35,423	\$5,096	85.61%	\$14,556	35.01%
06/30/97	\$24,843	\$27,004	\$2,161	92.00%	\$12,531	17.25%
06/30/95	\$19,344	\$20,658	\$1,314	93.64%	\$10,664	12.32%
06/30/93	\$16,259	\$16,606	\$347	97.91%	\$9,006	3.85%
06/30/91	\$13,022	\$13,650	\$628	95.40%	\$8,049	7.80%

**CITY OF CLEVELAND OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES
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)
07/01/07	\$0	\$14,171	\$14,171	0.00%	\$15,125	93.69%

**CLEVELAND UTILITIES
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)
07/01/07	\$0	\$12,967	\$12,967	0.00%	\$10,630	121.98%

**CLEVELAND CITY SCHOOLS
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)
07/01/07	\$0	\$4,744	\$4,744	0.00%	\$23,270	20.39%

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.

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.

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.

Storm Water Management Fund: This fund is a newly established fund used to meet the National Pollutant Discharge Elimination System requirements. It is funded by a transfer from the general fund.

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.

Byrne Memorial Justice Assistance Grants: These funds are used to account for grants received from the United States Department of Justice for the purchase of in-car video cameras.

Department of Justice Asset Forfeiture Fund: This fund accounts for all monies received from participation in a Federal Equitable Sharing Agreement with the U.S. Department of Justice and the U.S. Department of the Treasury.

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.

Housing and Community Development Rehab Fund: This fund accounts for monies received from repayments of low interest loans for rehabilitation of homes within the community.

Housing and Community Development UDAG Fund: This fund accounts for monies received from repayments of low interest loans for rehabilitation of homes within the community.

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.

THDA Home Grant Fund: This fund accounts for grants received from the Tennessee Housing Development Agency for housing rehabilitation in the community.

2005 D-4-A General Improvement Bond Fund: This fund is used to account for the proceeds of an \$18.5 Million General Improvement Bond with \$10 Million for school improvements including the new Mayfield Elementary, \$6.8 Million for a new Police Service Center and the Freewill Road Fire Hall, and \$1.6 Million to be used for public works projects and to purchase new equipment.

2007 Bradley County Capital Outlay Note Fund: This fund accounts for notes issued by Bradley County to fund the public school system's capital improvement needs.

2007 General Improvement Bond Fund: This fund is used to account for the proceeds of a \$6.1 Million General Improvement Bond Issue to complete the construction of Mayfield Elementary and the renovation of Arnold Elementary.

2008 TMBF Note Fund: This fund is used to account for the proceeds of a loan from the Tennessee Municipal Bond Fund in the amount of \$2,900,000 for library and school capital projects.

2008 TMBF Note Fund (County Portion): This fund is used to account for the proceeds of a loan from the Tennessee Municipal Bond Fund in the amount of \$1,812,700 for the Bradley County portion of the library building improvements.

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.

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CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2008

	Special Revenue					
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund
ASSETS						
Cash and cash equivalents	\$ 20,321	\$ 155,397	\$ 172,024	\$ 51,250	\$ 195,614	\$ 928,802
Cash and cash equivalents - restricted	0	0	0	0	0	0
Investments	0	0	0	0	385,461	0
Accounts receivable	0	175,123	0	0	0	0
Due from other government agencies	175,789	0	353,453	109,503	0	1,598
Due from other funds	0	0	0	0	75	0
Total Assets	<u>\$ 196,110</u>	<u>\$ 330,520</u>	<u>\$ 525,477</u>	<u>\$ 160,753</u>	<u>\$ 581,150</u>	<u>\$ 930,400</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 5,715	\$ 6,942	\$ 214,531	\$ 0	\$ 0	\$ 0
Accounts payable	141	76	224,988	27,925	21,469	1,555
Due to other funds	0	0	0	101,927	0	0
Matured interest payable	0	0	0	0	0	0
Matured bonds payable	0	0	0	0	0	0
Deferred revenue	0	0	0	12,095	0	0
Total Liabilities	<u>\$ 5,856</u>	<u>\$ 7,018</u>	<u>\$ 439,519</u>	<u>\$ 141,947</u>	<u>\$ 21,469</u>	<u>\$ 1,555</u>
Fund Balances:						
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0	\$ 196,647	\$ 0
Reserved for book and equipment	0	0	0	0	240,145	0
Reserved for federal projects	0	0	85,958	0	0	0
Reserved for endowment	0	0	0	0	0	0
Unreserved-undesignated	190,254	323,502	0	18,806	122,889	928,845
Total Fund Balances	<u>\$ 190,254</u>	<u>\$ 323,502</u>	<u>\$ 85,958</u>	<u>\$ 18,806</u>	<u>\$ 559,681</u>	<u>\$ 928,845</u>
Total Liabilities and Fund Balance	<u>\$ 196,110</u>	<u>\$ 330,520</u>	<u>\$ 525,477</u>	<u>\$ 160,753</u>	<u>\$ 581,150</u>	<u>\$ 930,400</u>

Special Revenue

Fletcher Park Trust Fund	Greenway Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	2007 Byrne Memorial Justice Assistance Grants
\$ 5,631	\$ 84,238	\$ 52,603	\$ 0	\$ 0	\$ 2,880
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
45,000	24,681	0	41,525	13,509	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 50,631</u>	<u>\$ 108,919</u>	<u>\$ 52,603</u>	<u>\$ 41,525</u>	<u>\$ 13,509</u>	<u>\$ 2,880</u>
\$ 0	\$ 0	\$ 1,206	\$ 0	\$ 0	\$ 0
0	2,000	281	4,396	13,309	0
50,000	0	0	4,826	200	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 50,000</u>	<u>\$ 2,000</u>	<u>\$ 1,487</u>	<u>\$ 9,222</u>	<u>\$ 13,509</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
631	106,919	51,116	32,303	0	2,880
<u>631</u>	<u>106,919</u>	<u>51,116</u>	<u>32,303</u>	<u>0</u>	<u>2,880</u>
<u>\$ 631</u>	<u>\$ 106,919</u>	<u>\$ 51,116</u>	<u>\$ 32,303</u>	<u>\$ 0</u>	<u>\$ 2,880</u>
<u>\$ 50,631</u>	<u>\$ 108,919</u>	<u>\$ 52,603</u>	<u>\$ 41,525</u>	<u>\$ 13,509</u>	<u>\$ 2,880</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2008

	Special Revenue	Debt Service	Capital Projects	
Department of Justice			Housing and Community Development UDAG Fund	Capital Improvement Program Fund
Asset Forfeiture Fund	Debt Service Fund			
ASSETS				
Cash and cash equivalents	\$ 140,371	\$ 1,779,560	\$ 191	\$ 320,104
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	0	108,206
Accounts receivable	0	0	0	35,308
Due from other government agencies	0	0	0	1,321,982
Due from other funds	0	918,725	0	0
	<u>\$ 140,371</u>	<u>\$ 2,698,285</u>	<u>\$ 191</u>	<u>\$ 1,785,600</u>
Total Assets	<u>\$ 140,371</u>	<u>\$ 2,698,285</u>	<u>\$ 191</u>	<u>\$ 1,785,600</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable	0	3,482	0	169,168
Due to other funds	0	0	0	9,262
Matured interest payable	0	1,097	0	0
Matured bonds payable	0	1,000	0	0
Deferred revenue	0	0	0	0
	<u>0</u>	<u>5,579</u>	<u>0</u>	<u>178,430</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 5,579</u>	<u>\$ 0</u>	<u>\$ 178,430</u>
 Fund Balances:				
Reserved for capital outlay	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for book and equipment	0	0	0	0
Reserved for federal projects	0	0	0	0
Reserved for endowment	0	0	0	0
Unreserved-undesignated	140,371	2,692,706	191	1,607,170
	<u>140,371</u>	<u>2,692,706</u>	<u>191</u>	<u>1,607,170</u>
Total Fund Balances	<u>\$ 140,371</u>	<u>\$ 2,692,706</u>	<u>\$ 191</u>	<u>\$ 1,607,170</u>
Total Liabilities and Fund Balances	<u>\$ 140,371</u>	<u>\$ 2,698,285</u>	<u>\$ 191</u>	<u>\$ 1,785,600</u>

Capital Projects			Permanent Fund	
2005 D-4-A General Improvement Bond Fund	2007 General Improvement Bond Fund	2008 TMBF Note Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds
\$ 609,615	\$ 0	\$ 10,085	\$ 20,121	\$ 4,548,807
0	0	0	459,740	459,740
0	0	0	0	493,667
0	843,725	746,000	0	1,800,156
0	0	0	0	2,087,040
0	0	9,262	0	928,062
<u>\$ 609,615</u>	<u>\$ 843,725</u>	<u>\$ 765,347</u>	<u>\$ 479,861</u>	<u>\$ 10,317,472</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 228,394
0	0	307,837	0	776,627
0	1,431,463	0	0	1,597,678
0	0	0	0	1,097
0	0	0	0	1,000
0	0	0	0	12,095
<u>\$ 0</u>	<u>\$ 1,431,463</u>	<u>\$ 307,837</u>	<u>\$ 0</u>	<u>\$ 2,616,891</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 196,647
0	0	0	0	240,145
0	0	0	0	85,958
0	0	0	459,739	459,739
609,615	(587,738)	457,510	20,122	6,718,092
<u>\$ 609,615</u>	<u>\$ (587,738)</u>	<u>\$ 457,510</u>	<u>\$ 479,861</u>	<u>\$ 7,700,581</u>
<u>\$ 609,615</u>	<u>\$ 843,725</u>	<u>\$ 765,347</u>	<u>\$ 479,861</u>	<u>\$ 10,317,472</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, 2008

	Special Revenue					
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund
Revenues:						
Intergovernmental	\$ 1,049,270	\$ 0	\$ 3,825,412	\$ 1,225,786	\$ 561,253	\$ 0
Fines and forfeitures	0	0	0	0	0	101,677
Charges for services	0	2,078,022	0	819,692	77,975	0
Interest	1,228	9,145	4,362	1,444	19,856	32,052
Miscellaneous	0	3,086	0	0	226,971	20,908
Total revenues	\$ 1,050,498	\$ 2,090,253	\$ 3,829,774	\$ 2,046,922	\$ 886,055	\$ 154,637
Expenditures:						
Current:						
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0	0
Public safety	0	0	0	0	0	103,840
Public works	555,546	3,203,210	0	0	0	0
Culture and recreation	0	0	0	0	1,445,768	0
Education	0	0	3,662,372	2,209,363	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Total expenditures	\$ 555,546	\$ 3,203,210	\$ 3,662,372	\$ 2,209,363	\$ 1,445,768	\$ 103,840
Excess (deficiency) of revenues over expenditures	\$ 494,952	\$ (1,112,957)	\$ 167,402	\$ (162,441)	\$ (559,713)	\$ 50,797
Other financing sources (uses):						
Transfers in	\$ 0	\$ 1,198,407	\$ 0	\$ 0	\$ 524,556	\$ 0
Transfers out	(494,877)	0	(160,903)	0	0	0
Notes issued	0	0	0	0	0	0
Total other financing sources sources (uses)	\$ (494,877)	\$ 1,198,407	\$ (160,903)	\$ 0	\$ 524,556	\$ 0
Net change in fund balances	\$ 75	\$ 85,450	\$ 6,499	\$ (162,441)	\$ (35,157)	\$ 50,797
Fund balances at beginning of year	190,179	238,052	79,459	181,247	594,838	878,048
Fund balances at end of year	\$ 190,254	\$ 323,502	\$ 85,958	\$ 18,806	\$ 559,681	\$ 928,845

Special Revenue

Fletcher Park Trust Fund	Greenway Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	2006 Byrne Memorial Justice Assistance Grants	2007 Byrne Memorial Justice Assistance Grants
\$ 45,000	\$ 498,283	\$ 0	\$ 103,090	\$ 466,817	\$ 0	\$ 35,448
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,558	4,001	2,370	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 46,558</u>	<u>\$ 502,284</u>	<u>\$ 2,370</u>	<u>\$ 103,090</u>	<u>\$ 466,817</u>	<u>\$ 0</u>	<u>\$ 35,448</u>
\$ 0	\$ 0	\$ 0	\$ 135,679	\$ 0	\$ 0	\$ 0
0	0	0	0	116,981	0	0
0	0	179,619	0	0	7,060	32,569
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
109,537	654,190	0	0	349,836	0	0
0	0	0	0	0	0	0
<u>\$ 109,537</u>	<u>\$ 654,190</u>	<u>\$ 179,619</u>	<u>\$ 135,679</u>	<u>\$ 466,817</u>	<u>\$ 7,060</u>	<u>\$ 32,569</u>
<u>\$ (62,979)</u>	<u>\$ (151,906)</u>	<u>\$ (177,249)</u>	<u>\$ (32,589)</u>	<u>\$ 0</u>	<u>\$ (7,060)</u>	<u>\$ 2,879</u>
\$ 0	\$ 42,000	\$ 194,500	\$ 41,048	\$ 0	\$ 0	\$ 1
0	0	(18,413)	0	0	(1)	0
0	0	0	0	0	0	0
<u>\$ 0</u>	<u>\$ 42,000</u>	<u>\$ 176,087</u>	<u>\$ 41,048</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ 1</u>
\$ (62,979)	\$ (109,906)	\$ (1,162)	\$ 8,459	\$ 0	\$ (7,061)	\$ 2,880
63,610	216,825	52,278	23,844	0	7,061	0
<u>\$ 631</u>	<u>\$ 106,919</u>	<u>\$ 51,116</u>	<u>\$ 32,303</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,880</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, 2008

	Special Revenue	Debt Service	Capital Projects		
	Department of Justice Asset Forfeiture Fund	Debt Service Fund	Housing and Community Development Rehab Fund	Housing and Community Development UDAG Fund	Capital Improvement Program Fund
Revenues:					
Intergovernmental	\$ 137,981	\$ 0	\$ 0	\$ 0	\$ 1,592,994
Fines and forfeitures	0	0	0	0	0
Charges for services	0	0	0	0	0
Interest	0	92,887	4	1	71,499
Miscellaneous	0	89,420	0	0	123,821
Total revenues	\$ 137,981	\$ 182,307	\$ 4	\$ 1	\$ 1,788,314
Expenditures:					
Current:					
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0
Public safety	28,924	0	0	0	0
Public works	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Education	0	0	0	0	0
Capital Outlay	0	0	6,371	0	4,571,899
Debt Service	0	4,775,773	0	0	0
Total expenditures	\$ 28,924	\$ 4,775,773	\$ 6,371	\$ 0	\$ 4,571,899
Excess (deficiency) of revenues over expenditures	\$ 109,057	\$ (4,593,466)	\$ (6,367)	\$ 1	\$ (2,783,585)
Other financing sources (uses):					
Transfers in	\$ 0	\$ 4,139,552	\$ 0	\$ 0	\$ 1,702,393
Transfers out	0	0	0	0	(80,000)
Notes issued	0	0	0	0	0
Total other financing sources (uses)	\$ 0	\$ 4,139,552	\$ 0	\$ 0	\$ 1,622,393
Net change in fund balances	\$ 109,057	\$ (453,914)	\$ (6,367)	\$ 1	\$ (1,161,192)
Fund balances at beginning of year	31,314	3,146,620	6,367	190	2,768,362
Fund balances at end of year	\$ 140,371	\$ 2,692,706	\$ 0	\$ 191	\$ 1,607,170

THDA Home Grant Fund	Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
	2005 D-4-A General Improvement Bond Fund	2007 Bradley County Capital Outlay Note Fund	2007 General Improvement Bond Fund	2008 TMBF Note Fund	Meiler Estate Animal Shelter Trust Fund	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,541,334
0	0	0	0	0	0	101,677
0	0	0	0	0	0	2,975,689
0	27,086	8,864	3,196	90	14,424	294,067
0	0	0	850,000	0	0	1,314,206
<u>\$ 0</u>	<u>\$ 27,086</u>	<u>\$ 8,864</u>	<u>\$ 853,196</u>	<u>\$ 90</u>	<u>\$ 14,424</u>	<u>\$ 14,226,973</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,679
0	0	0	0	0	0	116,981
0	0	0	0	0	0	352,012
0	0	0	0	0	0	3,758,756
0	0	0	0	0	0	1,445,768
0	0	0	0	0	0	5,871,735
1,529	315,271	1,412,534	1,835,430	473,580	0	9,730,177
0	0	0	11,980	20,300	0	4,808,053
<u>\$ 1,529</u>	<u>\$ 315,271</u>	<u>\$ 1,412,534</u>	<u>\$ 1,847,410</u>	<u>\$ 493,880</u>	<u>\$ 0</u>	<u>\$ 26,219,161</u>
<u>\$ (1,529)</u>	<u>\$ (288,185)</u>	<u>\$ (1,403,670)</u>	<u>\$ (994,214)</u>	<u>\$ (493,790)</u>	<u>\$ 14,424</u>	<u>\$ (11,992,188)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,842,457
0	(179,893)	0	(207,501)	0	(23,000)	(1,164,588)
0	0	0	0	951,300	0	951,300
<u>\$ 0</u>	<u>\$ (179,893)</u>	<u>\$ 0</u>	<u>\$ (207,501)</u>	<u>\$ 951,300</u>	<u>\$ (23,000)</u>	<u>\$ 7,629,169</u>
\$ (1,529)	\$ (468,078)	\$ (1,403,670)	\$ (1,201,715)	\$ 457,510	\$ (8,576)	\$ (4,363,019)
1,529	1,077,693	1,403,670	613,977	0	488,437	12,063,600
<u>\$ 0</u>	<u>\$ 609,615</u>	<u>\$ 0</u>	<u>\$ (587,738)</u>	<u>\$ 457,510</u>	<u>\$ 479,861</u>	<u>\$ 7,700,581</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,062,000	\$ 1,062,000	\$ 1,049,270	\$ (12,730)
Interest	500	500	1,228	728
Total revenues	\$ 1,062,500	\$ 1,062,500	\$ 1,050,498	\$ (12,002)
Expenditures:				
Current:				
Public works:				
Salaries	\$ 366,723	\$ 366,723	\$ 361,238	\$ 5,485
Overtime wages	8,268	7,946	3,517	4,429
Service awards	200	0	0	0
Longevity	5,450	5,800	5,800	0
Sold vacations	2,860	3,032	3,031	1
Christmas bonus	1,192	1,192	1,191	1
Dental insurance	5,638	5,638	4,045	1,593
Social security tax	29,542	29,542	26,798	2,744
Health insurance	60,912	64,400	64,352	48
Retirement	66,552	63,064	63,010	54
Life and disability insurance	5,008	5,008	3,990	1,018
Workers compensation insurance	24,408	17,033	17,033	0
Workers compensation claims	2,000	2,000	383	1,617
Pre-employment testing	200	200	58	142
Safety shoes	1,300	1,300	1,100	200
Total expenditures	\$ 580,253	\$ 572,878	\$ 555,546	\$ 17,332
Excess of revenues over expenditures	\$ 482,247	\$ 489,622	\$ 494,952	\$ 5,330
Other financing sources (uses):				
Transfers out	\$ (494,877)	\$ (494,877)	\$ (494,877)	\$ 0
Total other financing sources (uses)	\$ (494,877)	\$ (494,877)	\$ (494,877)	\$ 0
Net change in fund balances	\$ (12,630)	\$ (5,255)	\$ 75	\$ 5,330
Fund balance at beginning of year	190,179	190,179	190,179	0
Fund balance at end of year	\$ 177,549	\$ 184,924	\$ 190,254	\$ 5,330

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, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 1,033,847	\$ 1,033,847	\$ 1,014,236	\$ (19,611)
Residential garbage	1,040,225	1,040,225	1,063,786	23,561
Interest	10,000	10,000	9,145	(855)
Miscellaneous	0	0	3,086	3,086
Total revenues	\$ 2,084,072	\$ 2,084,072	\$ 2,090,253	\$ 6,181
Expenditures:				
Current:				
Public works:				
Salaries	\$ 468,210	\$ 462,210	\$ 461,519	\$ 691
Overtime wages	8,500	12,000	11,909	91
Supplemental pay	0	650	575	75
Part time wages	4,500	0	0	0
Longevity	8,300	8,700	8,700	0
Sold vacation	3,200	3,700	3,065	635
Christmas bonus	1,516	1,700	1,624	76
Dental insurance	6,472	6,472	5,229	1,243
Social security taxes	38,327	37,259	35,059	2,200
Health insurance	72,257	72,257	71,698	559
Retirement	85,338	85,338	82,812	2,526
Life insurance	6,466	6,800	6,709	91
Workers compensation claims	1,000	2,000	1,483	517
Safety shoes	1,500	1,500	1,390	110
Postage	225	325	266	59
Printing	200	0	0	0
Subscriptions and memberships	100	100	75	25
Advertising	100	225	223	2
Training and travel	1,000	1,200	1,094	106
Landfill	258,000	238,000	214,895	23,105
Residential account	1,072,397	1,072,397	1,058,274	14,123
Commercial account	972,878	970,878	938,370	32,508
Commercial recycling	60,969	62,969	62,027	942
Office expenditures	2,000	2,200	2,103	97
Operating supplies	1,500	1,500	1,364	136
Safety supplies	800	800	688	112
Janitorial supplies	600	600	599	1
Uniforms	6,000	6,800	6,772	28
Gasoline and oil	48,000	63,500	63,056	444
Repairs and parts	105,000	113,900	108,004	5,896
Insurance - vehicle	3,024	3,024	2,369	655
Insurance - general liability	10,400	10,400	7,740	2,660
Insurance - workers compensation	31,500	22,356	22,355	1
Computer maintenance and support	1,000	0	0	0

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, 2008

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Miscellaneous	\$ 500	\$ 500	\$ 274	\$ 226
Bradley County recycling	20,000	20,000	20,000	0
Office furniture and equipment	700	1,075	890	185
Total expenditures	<u>\$ 3,302,479</u>	<u>\$ 3,293,335</u>	<u>\$ 3,203,210</u>	<u>\$ 90,125</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,218,407)</u>	<u>\$ (1,209,263)</u>	<u>\$ (1,112,957)</u>	<u>\$ 96,306</u>
Other financing sources:				
Transfers in	\$ 1,198,407	\$ 1,198,407	\$ 1,198,407	\$ 0
Total other financing sources	<u>\$ 1,198,407</u>	<u>\$ 1,198,407</u>	<u>\$ 1,198,407</u>	<u>\$ 0</u>
Net change in fund balances	\$ (20,000)	\$ (10,856)	\$ 85,450	\$ 96,306
Fund balance at beginning of year	<u>238,052</u>	<u>238,052</u>	<u>238,052</u>	<u>0</u>
Fund balance at end of year	<u>\$ 218,052</u>	<u>\$ 227,196</u>	<u>\$ 323,502</u>	<u>\$ 96,306</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 3,832,297	\$ 4,187,080	\$ 3,825,412	\$ (361,668)
Interest	0	0	4,362	4,362
Total revenues	<u>\$ 3,832,297</u>	<u>\$ 4,187,080</u>	<u>\$ 3,829,774</u>	<u>\$ (357,306)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,618,716	\$ 1,784,520	\$ 1,806,159	\$ (21,639)
Special education	976,387	976,387	786,602	189,785
Vocational education	155,640	162,317	166,214	(3,897)
Support services	932,575	1,168,649	903,397	265,252
Total expenditures	<u>\$ 3,683,318</u>	<u>\$ 4,091,873</u>	<u>\$ 3,662,372</u>	<u>\$ 429,501</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 148,979</u>	<u>\$ 95,207</u>	<u>\$ 167,402</u>	<u>\$ 72,195</u>
Other financing sources (uses):				
Transfers out	<u>\$ (171,000)</u>	<u>\$ (171,666)</u>	<u>\$ (160,903)</u>	<u>\$ 10,763</u>
Total other financing sources (uses)	<u>\$ (171,000)</u>	<u>\$ (171,666)</u>	<u>\$ (160,903)</u>	<u>\$ 10,763</u>
Net change in fund balances	\$ (22,021)	\$ (76,459)	\$ 6,499	\$ 82,958
Fund balance at beginning of year	<u>79,459</u>	<u>79,459</u>	<u>79,459</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 57,438</u></u>	<u><u>\$ 3,000</u></u>	<u><u>\$ 85,958</u></u>	<u><u>\$ 82,958</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 1,163,000	\$ 1,233,000	\$ 1,225,786	\$ (7,214)
Charges for services	854,000	884,000	819,692	(64,308)
Interest	3,000	3,000	1,444	(1,556)
Total revenues	\$ 2,020,000	\$ 2,120,000	\$ 2,046,922	\$ (73,078)
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 43,000	\$ 43,000	\$ 50,913	\$ (7,913)
Cafeteria personnel	670,000	670,000	657,360	12,640
In-service training	2,000	2,000	2,016	(16)
Social security	42,000	42,000	39,841	2,159
State retirement	116,000	116,000	101,321	14,679
Life insurance	2,500	2,500	2,498	2
Medical insurance	200,000	200,000	201,954	(1,954)
Unemployment compensation	1,000	1,000	0	1,000
Employer medicare liability	10,000	10,000	9,318	682
Other fringe benefits	20,000	20,000	15,845	4,155
Communication	1,000	1,000	408	592
Dues and membership	600	600	484	116
Maintenance and repair services	15,000	15,000	19,818	(4,818)
Payments to schools - lunch	0	0	634	(634)
Transportation	0	0	1,569	(1,569)
Travel	3,000	3,000	1,836	1,164
Other contracted services	5,000	5,000	6,198	(1,198)
Food supplies	761,000	841,000	951,908	(110,908)
Office supplies	6,000	6,000	6,564	(564)
Utilities	5,000	5,000	3,388	1,612
Uniforms	500	500	418	82
In-service staff development	1,000	1,000	205	795
Other supplies and materials	100,000	120,000	131,158	(11,158)
Applicant investigation	400	400	616	(216)
Food service equipment	15,000	15,000	3,093	11,907
Total expenditures	\$ 2,020,000	\$ 2,120,000	\$ 2,209,363	\$ (89,363)
Excess of revenues over expenditures	\$ 0	\$ 0	\$ (162,441)	\$ (162,441)
Fund balance at beginning of year	181,247	181,247	181,247	0
Fund balance at end of year	\$ 181,247	\$ 181,247	\$ 18,806	\$ (162,441)

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Library archive grant	\$ 0	\$ 640	\$ 640	\$ 0
Technology grant	0	7,000	7,000	0
Bradley County	515,811	524,556	553,613	29,057
Charges for services	69,000	74,000	77,975	3,975
Interest	15,000	15,000	19,856	4,856
Miscellaneous:				
Gifts	70,000	470,000	222,006	(247,994)
Rent	0	0	4,200	4,200
E-Rate Money	2,113	2,113	765	(1,348)
Total revenues	\$ 671,924	\$ 1,093,309	\$ 886,055	\$ (207,254)
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 652,662	\$ 646,515	\$ 634,602	\$ 11,913
Employee benefits	184,028	187,782	183,093	4,689
Supplies	56,920	58,920	59,413	(493)
Books	154,665	157,968	164,656	(6,688)
Utilities	39,531	39,531	39,096	435
Equipment repair/replacement	15,289	15,128	11,580	3,548
Building maintenance	5,000	8,480	7,711	769
Insurance	12,630	10,730	10,677	53
Gift and memorial expenditures	65,510	80,000	57,133	22,867
Grant expenditures	0	28,890	28,255	635
CIP equipment	0	7,241	8,403	(1,162)
Technology equipment	0	700	0	700
Furniture	1,500	18,480	6,065	12,415
License fees	0	58,764	47,205	11,559
Building addition	0	400,000	187,879	212,121
Total expenditures	\$ 1,187,735	\$ 1,719,129	\$ 1,445,768	\$ 273,361
Excess (deficiency) of revenues over expenditures	\$ (515,811)	\$ (625,820)	\$ (559,713)	\$ 66,107
Other financing sources(uses):				
Transfers in	\$ 515,811	\$ 524,556	\$ 524,556	\$ 0
Total other financing sources	\$ 515,811	\$ 524,556	\$ 524,556	\$ 0
Net change in fund balances	\$ 0	\$ (101,264)	\$ (35,157)	\$ 66,107
Fund balance at beginning of year	594,838	594,838	594,838	0
Fund balance at end of year	\$ 594,838	\$ 493,574	\$ 559,681	\$ 66,107

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 101,677	\$ 51,677
Interest	5,000	5,000	32,052	27,052
Miscellaneous	0	0	20,908	20,908
Total revenues	\$ 55,000	\$ 55,000	\$ 154,637	\$ 99,637
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 7,500	\$ 7,500	\$ 1,308	\$ 6,192
Pager	400	400	267	133
Investigative funds	45,185	45,185	30,000	15,185
Telephone	5,500	5,500	1,874	3,626
Auto track	900	900	1,215	(315)
Vehicle maintenance	12,000	12,000	13,782	(1,782)
Travel and training	3,500	3,500	976	2,524
Equipment maintenance	4,000	4,000	0	4,000
Batteries	1,000	1,000	140	860
Audio/video tapes	1,000	1,000	1,190	(190)
Detective supplies	750	750	240	510
Film	400	400	0	400
Office supplies	1,500	1,500	711	789
OSHA safety supplies	500	500	0	500
Uniforms	2,000	2,000	1,400	600
Drug education	2,500	2,500	2,500	0
Gasoline	13,000	13,000	13,869	(869)
Canine	3,500	3,500	0	3,500
Firing Range	450,000	495,224	32,280	462,944
Equipment	9,815	9,815	2,088	7,727
Miscellaneous	500	500	0	500
Total expenditures	\$ 565,450	\$ 610,674	\$ 103,840	\$ 506,834
Excess (deficiency) of revenues over expenditures	\$ (510,450)	\$ (555,674)	\$ 50,797	\$ 606,471
Fund balance at beginning of year	878,048	878,048	878,048	0
Fund balance at end of year	\$ 367,598	\$ 322,374	\$ 928,845	\$ 606,471

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 25,000	\$ 50,000	\$ 45,000	\$ (5,000)
Interest	200	200	1,558	1,358
Total revenues	\$ 25,200	\$ 50,200	\$ 46,558	\$ (3,642)
Expenditures:				
Capital outlay:				
Fletcher Park	\$ 56,000	\$ 110,000	\$ 109,537	\$ 463
Total expenditures	\$ 56,000	\$ 110,000	\$ 109,537	\$ 463
Excess (deficiency) of revenues over expenditures	\$ (30,800)	\$ (59,800)	\$ (62,979)	\$ (3,179)
Fund balance at beginning of year	63,610	63,610	63,610	0
Fund balance at end of year	\$ 32,810	\$ 3,810	\$ 631	\$ (3,179)

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 495,000	\$ 495,547	\$ 547
Bradley County	0	8,400	2,736	(5,664)
Interest	3,400	8,300	4,001	(4,299)
Total revenues	\$ 3,400	\$ 511,700	\$ 502,284	\$ (9,416)
Expenditures:				
Capital outlay:				
Phase II - local	\$ 0	\$ 305	\$ 113	\$ 192
Phase III	57,366	754,016	645,312	108,704
Phase V - Raider to Mouse Creek	0	12,903	5,471	7,432
Phase III - Calhoun Property	0	3,294	3,294	0
Total expenditures	\$ 57,366	\$ 770,518	\$ 654,190	\$ 116,328
Excess (deficiency) of revenues over expenditures	\$ (53,966)	\$ (258,818)	\$ (151,906)	\$ 106,912
Other financing sources:				
Transfers in	\$ 12,000	\$ 42,000	\$ 42,000	\$ 0
Total other financing sources	\$ 12,000	\$ 42,000	\$ 42,000	\$ 0
Net change in fund balance	\$ (41,966)	\$ (216,818)	\$ (109,906)	\$ 106,912
Fund balance at beginning of year	216,825	216,825	216,825	0
Fund balance at end of year	\$ 174,859	\$ 7	\$ 106,919	\$ 106,912

CITY OF CLEVELAND, TENNESSEE
STORM WATER MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 4,200	\$ 2,000	\$ 2,370	\$ 370
Total revenues	\$ 4,200	\$ 2,000	\$ 2,370	\$ 370
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 95,414	\$ 90,000	\$ 89,405	\$ 595
Overtime	500	500	0	500
Christmas bonus	217	217	217	0
Dental insurance	832	800	631	169
Social security tax	7,411	6,600	6,274	326
Health insurance	11,371	12,300	12,235	65
Retirement	16,631	15,500	14,848	652
Life and disability insurance	1,212	1,212	1,117	95
Education Reimbursement	1,320	0	0	0
Postage	300	50	0	50
Printing	1,000	500	136	364
Public education programs	4,650	4,650	2,178	2,472
Subscriptions and memberships	709	200	151	49
Advertising	250	200	64	136
Telephone	1,500	2,444	2,488	(44)
Legal	1,000	56	0	56
Travel and training	2,000	3,389	3,389	0
Work session	690	1,501	419	1,082
NPDES permit fee	2,500	2,500	2,500	0
Office supplies	1,350	1,575	1,540	35
Operating supplies	3,200	199	156	43
Benthic sampling/labwork	7,762	3,696	0	3,696
Clothing	1,000	1,061	1,060	1
Gasoline	1,400	2,800	2,714	86
Repairs and parts	2,000	1,500	753	747
Insurance - vehicles	556	530	516	14
Insurance - general liability	885	521	521	0
Insurance - workers compensation	440	317	317	0
Miscellaneous	500	500	56	444
Maintenance-minor drainage	17,500	17,500	16,815	685
Trash receptacles	4,300	4,865	4,865	0
Computer software	3,100	3,249	149	3,100
Data for watershed modeling	10,000	10,400	10,400	0
Office furniture and equipment	500	3,955	3,705	250
Total expenditures	\$ 204,000	\$ 195,287	\$ 179,619	\$ 15,668

CITY OF CLEVELAND, TENNESSEE
 STORM WATER MANAGEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$ (199,800)	\$ (193,287)	\$ (177,249)	\$ 16,038
Other financing sources:				
Transfers in	\$ 194,500	\$ 194,500	\$ 194,500	\$ 0
Transfers out	(18,413)	(18,413)	(18,413)	0
Total other financing sources	<u>\$ 176,087</u>	<u>\$ 176,087</u>	<u>\$ 176,087</u>	<u>\$ 0</u>
Net change in fund balance	\$ (23,713)	\$ (17,200)	\$ (1,162)	\$ 16,038
Fund balance at beginning of year	<u>52,278</u>	<u>52,278</u>	<u>52,278</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 28,565</u></u>	<u><u>\$ 35,078</u></u>	<u><u>\$ 51,116</u></u>	<u><u>\$ 16,038</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 178,385	\$ 203,465	\$ 103,090	\$ (100,375)
State grant	3,548	3,548	0	(3,548)
Total revenues	\$ 181,933	\$ 207,013	\$ 103,090	\$ (103,923)
Expenditures:				
Current:				
General government:				
MPO Plan #9				
Salaries	\$ 115,766	\$ 11,474	\$ 11,474	\$ 0
Consultant services	0	5,389	5,389	0
Benefits	47,285	3,827	3,827	0
Postage and shipping	1,000	16	16	0
Printing and publications	4,500	356	356	0
Telephone	1,700	50	185	(135)
Travel and meeting	6,000	842	752	90
Supplies	3,750	931	930	1
Other non-personnel costs	0	1,200	1,200	0
Capital purchase	7,500	0	0	0
MPO Plan #10				
Transit grant expenditures	35,480	995	995	0
MPO Plan #11				
Transit grant expenditures	0	59,566	0	59,566
MPO Plan #22				
Salaries	0	58,581	26,939	31,642
Consultant services	0	65,389	69,737	(4,348)
Benefits	0	17,939	9,090	8,849
Postage and shipping	0	984	70	914
Printing and publications	0	4,144	678	3,466
Telephone	0	1,650	339	1,311
Travel and meeting	0	5,158	2,332	2,826
Supplies	0	2,819	920	1,899
Other non-personnel costs	0	451	450	1
Capital purchase	0	6,300	0	6,300
Total expenditures	\$ 222,981	\$ 248,061	\$ 135,679	\$ 112,382
Excess (deficiency) of revenues over expenditures	\$ (41,048)	\$ (41,048)	\$ (32,589)	\$ 8,459
Other financing sources:				
Transfers in	\$ 41,048	\$ 41,048	\$ 41,048	\$ 0
Total other financing sources	\$ 41,048	\$ 41,048	\$ 41,048	\$ 0
Net change in fund balances	\$ 0	\$ 0	\$ 8,459	\$ 8,459
Fund balance at beginning of year	23,844	23,844	23,844	0
Fund balance at end of year	\$ 23,844	\$ 23,844	\$ 32,303	\$ 8,459

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Community Development Block Grant	\$ 343,402	\$ 500,016	\$ 466,817	\$ (33,199)
Total revenues	\$ 343,402	\$ 500,016	\$ 466,817	\$ (33,199)
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 44,750	\$ 44,750	\$ 44,001	\$ 749
Service awards	0	150	150	0
Christmas bonus	109	109	108	1
Dental insurance	534	534	453	81
Social security tax	3,432	3,432	3,099	333
Health insurance	7,339	7,339	8,012	(673)
Retirement	7,761	7,761	7,657	104
Life insurance	400	400	568	(168)
Printing	400	400	0	400
Advertising	500	500	454	46
Telephone	500	500	220	280
Travel and training	1,400	1,400	994	406
Office supplies	425	425	387	38
Gasoline	750	750	536	214
Miscellaneous	380	230	30	200
Codes Enforcement:				
Salaries	33,301	33,301	33,329	(28)
Christmas bonus	109	109	108	1
Dental insurance	298	298	273	25
Social security tax	2,556	2,556	2,611	(55)
Health insurance	4,032	4,032	4,313	(281)
Retirement	5,780	5,780	5,785	(5)
Life insurance	300	300	418	(118)
Printing	400	400	0	400
Advertising	100	100	0	100
Telephone	500	500	216	284
Legal services	250	250	0	250
Vehicle maintenance	1,299	1,299	836	463
Travel and training	500	500	174	326
Office supplies	250	250	97	153
Clothing allowance	350	350	346	4
Gasoline	1,200	1,200	843	357
Insurance - vehicles	275	275	223	52
Computer equipment	0	750	740	10

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, 2008

(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - (Continued):				
Capital outlay:				
Northeast Center Improvement	\$ 83,222	\$ 111,299	\$ 111,299	\$ 0
Sidewalks	0	98,537	98,537	0
Infrastructure	140,000	140,000	140,000	0
Lot clearance	0	2,038	0	2,038
Property acquisition	0	17,900	0	17,900
Unplanned projects	0	9,312	0	9,312
Total Expenditures	\$ 343,402	\$ 500,016	\$ 466,817	\$ 33,199
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	0	0	0	0

CITY OF CLEVELAND, TENNESSEE
2006 BYRNE MEMORIAL JUSTICE GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 0	\$ 0	\$ 0
Total revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public safety:				
Laptop Computers	\$ 0	\$ 7,061	\$ 7,060	\$ 1
Total expenditures	<u>\$ 0</u>	<u>\$ 7,061</u>	<u>\$ 7,060</u>	<u>\$ 1</u>
Excess of revenues over expenditures	<u>\$ 0</u>	<u>\$ (7,061)</u>	<u>\$ (7,060)</u>	<u>\$ 1</u>
Other financing sources (uses):				
Transfers out	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ (1)</u>
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ (1)</u>
Net change in fund balances	\$ 0	\$ (7,061)	\$ (7,061)	\$ 0
Fund balance at beginning of year	<u>7,061</u>	<u>7,061</u>	<u>7,061</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 7,061</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 2007 BYRNE MEMORIAL JUSTICE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 35,448	\$ 35,448	\$ 0
Total revenues	<u>\$ 0</u>	<u>\$ 35,448</u>	<u>\$ 35,448</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public safety:				
Laptop Computers	\$ 0	\$ 35,448	\$ 32,569	\$ 2,879
Total expenditures	<u>\$ 0</u>	<u>\$ 35,448</u>	<u>\$ 32,569</u>	<u>\$ 2,879</u>
Excess of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,879</u>	<u>\$ 2,879</u>
Other financing sources (uses):				
Transfers in	\$ 0	\$ 0	\$ 1	\$ 1
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net change in fund balances	\$ 0	\$ 0	\$ 2,880	\$ 2,880
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>\$ 2,880</u></u>	<u><u>\$ 2,880</u></u>

CITY OF CLEVELAND, TENNESSEE
DEPARTMENT OF JUSTICE ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 0	\$ 137,981	\$ 137,981
Total revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 137,981</u>	<u>\$ 137,981</u>
Expenditures:				
Current:				
Public safety:				
Equipment	\$ 0	\$ 31,314	\$ 28,924	\$ 2,390
Total expenditures	<u>\$ 0</u>	<u>\$ 31,314</u>	<u>\$ 28,924</u>	<u>\$ 2,390</u>
Excess of revenues over expenditures	\$ 0	\$ (31,314)	\$ 109,057	\$ 140,371
Fund balance at beginning of year	<u>31,314</u>	<u>31,314</u>	<u>31,314</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 31,314</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 140,371</u></u>	<u><u>\$ 140,371</u></u>

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 110,000	\$ 110,000	\$ 92,887	\$ (17,113)
Miscellaneous:				
Other	92,250	92,250	89,420	(2,830)
Total revenues	\$ 202,250	\$ 202,250	\$ 182,307	\$ (19,943)
Expenditures:				
Debt service:				
Principal retirement	\$ 1,665,000	\$ 1,665,000	\$ 1,665,000	\$ 0
Interest and fiscal charges	3,150,763	3,160,763	3,110,773	49,990
Total expenditures	\$ 4,815,763	\$ 4,825,763	\$ 4,775,773	\$ 49,990
Excess (deficiency) of revenues over expenditures	\$ (4,613,513)	\$ (4,623,513)	\$ (4,593,466)	\$ 30,047
Other financing sources				
Transfers in	\$ 4,613,513	\$ 4,281,152	\$ 4,139,552	\$ (141,600)
Total other financing sources	\$ 4,613,513	\$ 4,281,152	\$ 4,139,552	\$ (141,600)
Net change in fund balances	\$ 0	\$ (342,361)	\$ (453,914)	\$ (111,553)
Fund balance at beginning of year	3,146,620	3,146,620	3,146,620	0
Fund balance at end of year	\$ 3,146,620	\$ 2,804,259	\$ 2,692,706	\$ (111,553)

CITY OF CLEVELAND, TENNESSEE
HOUSING AND COMMUNITY DEVELOPMENT REHAB FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 4	\$ 4	\$ 0
Total revenues	<u>\$ 0</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 0</u>
Expenditures:				
Capital outlay:				
Housing rehab	\$ 0	\$ 161	\$ 161	\$ 0
Bad debts	0	6,210	6,210	0
Total expenditures	<u>\$ 0</u>	<u>\$ 6,371</u>	<u>\$ 6,371</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (6,367)	\$ (6,367)	\$ 0
Fund balance at beginning of year	<u>6,367</u>	<u>6,367</u>	<u>6,367</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 6,367</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
HOUSING AND COMMUNITY DEVELOPMENT UDAG FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 0	\$ 1	\$ 1
Total Revenues	\$ 0	\$ 0	\$ 1	\$ 1
Expenditures:				
Capital Outlay:				
Housing rehabilitation	\$ 0	\$ 190	\$ 0	\$ 190
Total expenditures	\$ 0	\$ 190	\$ 0	\$ 190
Excess of revenues over expenditures	\$ 0	\$ (190)	\$ 1	\$ 191
Fund balance at beginning of year	190	190	190	0
Fund balance at end of year	\$ 190	\$ 0	\$ 191	\$ 191

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental				
Federal grant - homeland security	\$ 0	\$ 23,000	\$ 23,000	\$ 0
Federal grant - homeland security	0	51,851	51,851	0
Federal grant - homeland security	0	36,250	35,542	(708)
Federal grant - detention pond	0	102,807	102,807	0
Federal grant - detention pond	0	1,956,825	835,000	(1,121,825)
State grant - tree inventory	0	0	16,982	16,982
State grant - sky angel	0	2,812	2,812	0
State grant - detention ponds	0	476,000	470,000	(6,000)
State appropriation - soccer field	0	55,000	55,000	0
Interest	135,000	77,843	71,499	(6,344)
Miscellaneous	162,500	198,255	123,821	(74,434)
Total revenues	\$ 297,500	\$ 2,980,643	\$ 1,788,314	\$ (1,192,329)
Expenditures:				
Capital outlay:				
Legislative and judicial	\$ 0	\$ 528,136	\$ 193,961	\$ 334,175
General government	184,670	0	0	0
Administration and finance	199,000	156,168	0	156,168
Community development	111,000	115,664	26,071	89,593
City-wide computer informations	272,650	281,650	270,749	10,901
Police department	280,000	316,250	280,404	35,846
Fire department	647,000	791,341	475,778	315,563
Public works - operations	957,000	4,144,905	2,609,099	1,535,806
Public works - state street aid	0	253,164	63,009	190,155
Animal Shelter	31,500	37,890	31,815	6,075
Parks and recreation	220,000	636,275	621,013	15,262
Dalton Pike widening	0	25,500	0	25,500
Total expenditures	\$ 2,902,820	\$ 7,286,943	\$ 4,571,899	\$ 2,715,044
Excess (deficiency) of revenues over expenditures	\$ (2,605,320)	\$ (4,306,300)	\$ (2,783,585)	\$ 1,522,715
Other financing sources (uses):				
Transfers in	\$ 1,513,000	\$ 1,702,393	\$ 1,702,393	\$ 0
Transfers out	(80,000)	(80,000)	(80,000)	0
Total other financing sources (uses)	\$ 1,433,000	\$ 1,622,393	\$ 1,622,393	\$ 0
Net change in fund balances	\$ (1,172,320)	\$ (2,683,907)	\$ (1,161,192)	\$ 1,522,715
Fund balance at beginning of year	2,768,362	2,768,362	2,768,362	0
Fund balance at end of year	\$ 1,596,042	\$ 84,455	\$ 1,607,170	\$ 1,522,715

CITY OF CLEVELAND, TENNESSEE
 THDA HOME GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital outlay:				
Housing rehabilitation	\$ 0	\$ 1,529	\$ 1,529	\$ 0
Total expenditures	\$ 0	\$ 1,529	\$ 1,529	\$ 0
Excess of revenues over expenditures	\$ 0	\$ (1,529)	\$ (1,529)	\$ 0
Fund balance at beginning of year	1,529	1,529	1,529	0
Fund balance at end of year	\$ 1,529	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
2005 D-4-A GENERAL IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 25,000	\$ 27,086	\$ 2,086
Total revenues	\$ 0	\$ 25,000	\$ 27,086	\$ 2,086
Expenditures:				
Capital outlay:				
Police Service Center construction	\$ 0	\$ 48,516	\$ 48,516	\$ 0
Dalton Pike intersection	0	41,500	0	41,500
North Lee intersection	0	45,000	0	45,000
Parkwood Trail	0	63,000	0	63,000
Paul Huff resurfacing	0	211,291	0	211,291
Georgetown improvements	0	24,193	0	24,193
Mayfield elementary	0	40,436	40,435	1
Roofs	0	12,409	0	12,409
HVAC - Cleveland High School	0	26,244	0	26,244
HVAC - Stuart	0	15,774	0	15,774
Mayfield School road improvements	0	394,437	226,320	168,117
Total expenditures	\$ 0	\$ 922,800	\$ 315,271	\$ 607,529
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (897,800)	\$ (288,185)	\$ 609,615
Other financing sources (uses):				
Transfers out	\$ 0	\$ (179,893)	\$ (179,893)	\$ 0
Total other financing sources (uses)	\$ 0	\$ (179,893)	\$ (179,893)	\$ 0
Net change in fund balances	\$ 0	\$ (1,077,693)	\$ (468,078)	\$ 609,615
Fund balance at beginning of year	1,077,693	1,077,693	1,077,693	0
Fund balance at end of year	\$ 1,077,693	\$ 0	\$ 609,615	\$ 609,615

CITY OF CLEVELAND, TENNESSEE
 2007 BRADLEY COUNTY CAPITAL OUTLAY NOTE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 8,864	\$ 8,864	\$ 0
Total revenues	\$ 0	\$ 8,864	\$ 8,864	\$ 0
Expenditures:				
Capital outlay:				
Mayfield Elementary	\$ 0	\$ 1,412,534	\$ 1,412,534	\$ 0
Total expenditures	\$ 0	\$ 1,412,534	\$ 1,412,534	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (1,403,670)	\$ (1,403,670)	\$ 0
Fund balance at beginning of year	1,403,670	1,403,670	1,403,670	0
Fund balance at end of year	\$ 1,403,670	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
2007 GENERAL IMPROVEMENT BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 3,196	\$ 3,196	\$ 0
Miscellaneous:				
Sale of Mayfield School	0	850,000	850,000	0
Total revenues	\$ 0	\$ 853,196	\$ 853,196	\$ 0
Expenditures:				
Capital outlay:				
Mayfield Elementary	\$ 0	\$ 1,304,656	\$ 1,304,656	\$ 0
Mayfield Elementary - geothermal	0	500,000	500,000	0
Cleveland High School Track	0	232,000	24,499	207,501
Mayfield School closing cost	0	6,275	6,275	0
Debt service:				
Interest and fiscal charges	0	11,981	11,980	1
Total expenditures	\$ 0	\$ 2,054,912	\$ 1,847,410	\$ 207,502
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (1,201,716)	\$ (994,214)	\$ 207,502
Other financing sources (uses):				
Transfers out	\$ 0	\$ 0	\$ (207,501)	\$ (207,501)
Total other financing sources (uses)	\$ 0	\$ 0	\$ (207,501)	\$ (207,501)
Net change in fund balance	\$ 0	\$ (1,201,716)	\$ (1,201,715)	\$ 1
Fund balance at beginning of year	613,977	613,977	613,977	0
Fund balance at end of year	\$ 613,977	\$ (587,739)	\$ (587,738)	\$ 1

CITY OF CLEVELAND, TENNESSEE
2008 TMBF NOTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 10,000	\$ 90	\$ (9,910)
Total revenues	\$ 0	\$ 10,000	\$ 90	\$ (9,910)
Expenditures:				
Capital outlay:				
Science Wing - High School	\$ 0	\$ 500,000	\$ 76,755	\$ 423,245
Stuart HVAC system	0	500,000	306,087	193,913
Wrestling Building	0	100,000	90,738	9,262
Debt service:				
Interest and fiscal charges	0	10,000	20,300	(10,300)
Total expenditures	\$ 0	\$ 1,110,000	\$ 493,880	\$ 616,120
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (1,100,000)	\$ (493,790)	\$ 606,210
Other financing sources:				
Notes issued	\$ 0	\$ 2,900,000	\$ 951,300	\$ (1,948,700)
Total other financing sources	\$ 0	\$ 2,900,000	\$ 951,300	\$ (1,948,700)
Net change in fund balances	\$ 0	\$ 1,800,000	\$ 457,510	\$ (1,342,490)
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 1,800,000	\$ 457,510	\$ (1,342,490)

CITY OF CLEVELAND, TENNESSEE
2008 TMBF NOTE FUND (COUNTY PORTION)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Capital Outlay:				
Library expansion	\$ 0	\$ 1,812,700	\$ 0	\$ 1,812,700
Total expenditures	\$ 0	\$ 1,812,700	\$ 0	\$ 1,812,700
Excess of revenues over expenditures	\$ 0	\$ (1,812,700)	\$ 0	\$ (1,812,700)
Other financing sources (uses):				
Sale of notes	\$ 0	\$ 1,812,700	\$ 0	\$ 1,812,700
Total other financing sources (uses)	\$ 0	\$ 1,812,700	\$ 0	\$ 1,812,700
Net change in fund balances	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 24,000	\$ 15,000	\$ 14,424	\$ (576)
Total revenues	<u>\$ 24,000</u>	<u>\$ 15,000</u>	<u>\$ 14,424</u>	<u>\$ (576)</u>
Excess of revenues over expenditures	<u>\$ 24,000</u>	<u>\$ 15,000</u>	<u>\$ 14,424</u>	<u>\$ (576)</u>
Other financing sources (uses):				
Transfers out	\$ (31,500)	\$ (23,000)	\$ (23,000)	\$ 0
Total other financing sources (uses)	<u>\$ (31,500)</u>	<u>\$ (23,000)</u>	<u>\$ (23,000)</u>	<u>\$ 0</u>
Net change in fund balances	\$ (7,500)	\$ (8,000)	\$ (8,576)	\$ (576)
Fund balance at beginning of year	<u>488,437</u>	<u>488,437</u>	<u>488,437</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 480,937</u></u>	<u><u>\$ 480,437</u></u>	<u><u>\$ 479,861</u></u>	<u><u>\$ (576)</u></u>

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NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services that are entirely or predominantly self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Brush Chipping Fund: This fund accounts for the revenues and expenses for the brush chipping operation funded by the city of Cleveland and the cities of Athens, Collegedale, East Ridge, Signal Mountain, and Sweetwater.

Cleveland Municipal Airport Authority Fund: This fund is used to account for grants and local funds used to meet the aviation needs of the community.

CITY OF CLEVELAND, TENNESSEE
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS

June 30, 2008

	<u>Brush Chipping Fund</u>	<u>Cleveland Municipal Airport Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 134,198	\$ 32,228	\$ 166,426
Accounts receivable - net	12,409	0	12,409
Due from other government agencies	0	3,507,332	3,507,332
Total current assets	<u>\$ 146,607</u>	<u>\$ 3,539,560</u>	<u>\$ 3,686,167</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress			
Other capital assets, net of accumulated depreciation	\$ 0 52,539	\$ 8,921,066 308,177	\$ 8,921,066 360,716
Total noncurrent assets	<u>\$ 52,539</u>	<u>\$ 9,229,243</u>	<u>\$ 9,281,782</u>
Total assets	<u>\$ 199,146</u>	<u>\$ 12,768,803</u>	<u>\$ 12,967,949</u>
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts payable	\$ 0	\$ 180,497	\$ 180,497
Due to other funds	75,000	4,115,000	4,190,000
Total current liabilities	<u>\$ 75,000</u>	<u>\$ 4,295,497</u>	<u>\$ 4,370,497</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 53,539	\$ 4,933,746	\$ 4,987,285
Unrestricted	70,607	3,539,560	3,610,167
Total net assets	<u>\$ 124,146</u>	<u>\$ 8,473,306</u>	<u>\$ 8,597,452</u>

CITY OF CLEVELAND, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2008

	<u>Brush Chipping Fund</u>	<u>Cleveland Municipal Airport Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 187,296	\$ 12,781	\$ 200,077
Total operating revenues	<u>\$ 187,296</u>	<u>\$ 12,781</u>	<u>\$ 200,077</u>
Operating Expenses:			
Operations	\$ 139,939	\$ 183,914	\$ 323,853
Depreciation and amortization	29,652	22,097	51,749
Total operating expenses	<u>\$ 169,591</u>	<u>\$ 206,011</u>	<u>\$ 375,602</u>
Operating income (loss)	<u>\$ 17,705</u>	<u>\$ (193,230)</u>	<u>\$ (175,525)</u>
Non Operating Revenues (Expenses):			
Interest income	\$ 4,446	\$ 7,114	\$ 11,560
Interest expense	<u>(6,600)</u>	<u>0</u>	<u>(6,600)</u>
Total non operating revenues (expenses)	<u>\$ (2,154)</u>	<u>\$ 7,114</u>	<u>\$ 4,960</u>
Income (loss) before contributions and transfers	<u>\$ 15,551</u>	<u>\$ (186,116)</u>	<u>\$ (170,565)</u>
Capital contributions	0	8,021,975	8,021,975
Transfers in	<u>0</u>	<u>74,065</u>	<u>74,065</u>
Change in net assets	<u>\$ 15,551</u>	<u>\$ 7,909,924</u>	<u>\$ 7,925,475</u>
Total net assets - beginning	<u>108,595</u>	<u>563,382</u>	<u>671,977</u>
Total net assets - ending	<u><u>\$ 124,146</u></u>	<u><u>\$ 8,473,306</u></u>	<u><u>\$ 8,597,452</u></u>

CITY OF CLEVELAND, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2008

	Brush Chipping Fund	Cleveland Municipal Airport Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 174,886	\$ 12,781	\$ 187,667
Payments to suppliers	(119,642)	(157,412)	(277,054)
Internal activity - payments to other funds	(35,000)	0	(35,000)
Payments to employees for services	(20,297)	0	(20,297)
Net cash provided by (used in) operating activities	<u>\$ (53)</u>	<u>\$ (144,631)</u>	<u>\$ (144,684)</u>
Cash flows from noncapital financing activities:			
Interfund loans	\$ 0	\$ 4,115,000	\$ 4,115,000
Net cash provided by financing activities	<u>\$ 0</u>	<u>\$ 4,115,000</u>	<u>\$ 4,115,000</u>
Cash flows from capital and related financing activities:			
Additions to plants	\$ 0	\$ (8,711,066)	\$ (8,711,066)
Transfers from other funds	0	74,065	74,065
Capital contributions	0	4,669,549	4,669,549
Payment of interest on long-term debt	(6,600)	0	(6,600)
Net cash provided by (used in) capital and related financing activities	<u>\$ (6,600)</u>	<u>\$ (3,967,452)</u>	<u>\$ (3,974,052)</u>
Cash flows from investing activities:			
Interest received	\$ 4,446	\$ 7,114	\$ 11,560
Net cash provided by investing activities	<u>\$ 4,446</u>	<u>\$ 7,114</u>	<u>\$ 11,560</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (2,207)</u>	<u>\$ 10,031</u>	<u>\$ 7,824</u>
Cash and cash equivalents, beginning of year	<u>136,405</u>	<u>22,197</u>	<u>158,602</u>
Cash and cash equivalents, end of year	<u><u>\$ 134,198</u></u>	<u><u>\$ 32,228</u></u>	<u><u>\$ 166,426</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 17,705	\$ (193,230)	\$ (175,525)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:			
Depreciation	29,652	22,097	51,749
Changes in operating assets and liabilities			
Accounts receivable	(12,410)	0	(12,410)
Accounts payable	0	26,502	26,502
Due to other funds	(35,000)	0	(35,000)
Net cash provided by (used in) operating activities	<u>\$ (53)</u>	<u>\$ (144,631)</u>	<u>\$ (144,684)</u>

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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.

CITY OF CLEVELAND, TENNESSEE
INTERNAL SERVICE FUND - FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 744,036	\$ 744,036	\$ 663,586	\$ (80,450)
Other operating revenue	200	200	0	(200)
Total operating revenues	<u>\$ 744,236</u>	<u>\$ 744,236</u>	<u>\$ 663,586</u>	<u>\$ (80,650)</u>
Operating Expenses:				
General and administrative:				
Salaries	\$ 318,106	\$ 314,000	\$ 313,107	\$ 893
Overtime	7,000	3,305	3,043	262
Longevity	1,100	1,100	1,100	0
Sold vacation	2,547	1,697	1,696	1
Christmas bonus	867	867	758	109
Dental insurance	4,037	3,200	3,060	140
Social security taxes	24,737	22,944	22,649	295
Health insurance	59,297	52,297	51,958	339
Retirement	57,025	54,025	51,793	2,232
Life and disability insurance	3,976	3,976	3,717	259
Worker's compensation claims	1,000	1,000	284	716
Postage	1,200	800	783	17
Pager	120	120	98	22
Printing	175	175	170	5
Advertising	200	200	66	134
Membership dues	560	1,050	1,043	7
Utilities	20,350	22,550	22,520	30
Telephone	9,200	8,025	7,928	97
Vehicle maintenance	3,200	7,700	7,464	236
Contracted services - vehicle maintenance	130,000	120,000	102,946	17,054
Building maintenance	4,000	5,300	5,233	67
Central fuel maintenance and supplies	8,000	8,700	8,635	65
Travel and training	4,000	900	837	63
Pest control	300	300	270	30
Office expense	3,000	3,000	2,800	200
Waste disposal services	1,500	3,450	3,005	445
Janitorial supplies	2,000	2,000	1,411	589
Uniforms	6,000	1,400	1,382	18
Gasoline and oil	3,800	5,500	5,485	15
Repair supplies	0	1,175	1,175	0
Insurance - building and contents	2,431	1,882	1,882	0
Insurance - vehicles	838	686	686	0
Insurance - general liability	2,496	1,753	1,753	0
Insurance - workers compensation	11,174	13,516	13,516	0
Depreciation	46,332	46,332	39,592	6,740

CITY OF CLEVELAND, TENNESSEE
INTERNAL SERVICE FUND - FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Expenses (Continued):				
Computer software maintenance	\$ 4,500	\$ 5,200	\$ 5,035	\$ 165
Miscellaneous	500	500	283	217
Equipment and tools	2,500	2,500	2,239	261
Total operating expenses	<u>\$ 748,068</u>	<u>\$ 723,125</u>	<u>\$ 691,402</u>	<u>\$ 31,723</u>
Operating income	<u>\$ (3,832)</u>	<u>\$ 21,111</u>	<u>\$ (27,816)</u>	<u>\$ (48,927)</u>
Non Operating Revenues (Expenses):				
Interest income	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 7,607</u>	<u>\$ 2,607</u>
Total non operating revenues (expenses)	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 7,607</u>	<u>\$ 2,607</u>
Income (loss) before contributions and transfers	\$ 1,168	\$ 26,111	\$ (20,209)	\$ (46,320)
Capital contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	\$ 1,168	\$ 26,111	\$ (20,209)	\$ (46,320)
Total net assets - beginning	<u>1,612,579</u>	<u>1,612,579</u>	<u>1,612,579</u>	<u>0</u>
Total net assets - ending	<u>\$ 1,613,747</u>	<u>\$ 1,638,690</u>	<u>\$ 1,592,370</u>	<u>\$ (46,320)</u>

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2008 and 2007

	2008	2007
Governmental funds capital assets:		
Land	\$ 8,503,113	\$ 7,850,059
Buildings	88,395,101	75,551,738
Public improvements other than buildings	5,719,784	4,980,171
Infrastructure	44,839,495	43,970,213
Furniture, fixtures, equipment and vehicles	25,301,648	24,409,406
Total governmental funds capital assets	\$ 172,759,141	\$ 156,761,587
 Investment in governmental funds capital assets:		
 Total governmental funds capital assets	\$ 172,759,141	\$ 156,761,587

(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, 2008

<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>
General Government:						
Administration and finance	\$ 901,053	\$ 1,800	\$ 396,880	\$ 105,116	\$ 0	\$ 397,257
General government	841,300	250,277	185,251	370,027	0	35,745
Community development	518,737	56,361	271,086	0	0	191,290
Library	3,252,364	302,000	779,945	0	0	2,170,419
Total General Government	\$ 5,513,454	\$ 610,438	\$ 1,633,162	\$ 475,143	\$ 0	\$ 2,794,711
Public Safety:						
Police	\$ 8,784,863	\$ 290,097	\$ 5,170,146	\$ 5,059	\$ 0	\$ 3,319,561
Fire	8,317,544	461,500	3,078,947	81,970	0	4,695,127
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 17,970,025	\$ 751,597	\$ 9,116,711	\$ 87,029	\$ 0	\$ 8,014,688
Public Works:						
Street Department	\$ 4,572,521	\$ 244,387	\$ 318,738	\$ 90,681	\$ 0	\$ 3,918,715
Engineering	461,236	0	146,579	35,130	0	279,527
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Primary Roads	6,867,142	67,965	0	0	6,799,177	0
Secondary Roads	35,223,594	378,887	0	0	34,844,707	0
Drainage	2,881,842	12,147	0	0	2,869,695	0
Detention Ponds	753,054	753,054	0	0	0	0
Sidewalks	251,948	0	0	0	251,948	0
Bridges	73,968	0	0	0	73,968	0
Total Public Works	\$ 51,177,805	\$ 1,519,940	\$ 490,317	\$ 129,811	\$ 44,839,495	\$ 4,198,242
Parks and Recreation:						
Recreation Office	\$ 504,840	\$ 0	\$ 0	\$ 54,163	\$ 0	\$ 450,677
Tinsley Park	1,840,148	211,980	165,860	1,406,820	0	55,488
Cherokee Springs	1,035,564	264,000	102,500	237,109	0	431,955
East Cleveland Center	588,686	76,890	231,658	238,063	0	42,075
Cleveland Community Center	596,577	47,000	376,318	122,138	0	51,121
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	1,462,215	0	0	1,462,215	0	0
Fletcher Park	661,326	64,373	118,973	477,980	0	0
Soccer Complex	390,562	50,000	0	340,562	0	0
Total Parks and Recreation	\$ 7,984,351	\$ 999,117	\$ 1,013,686	\$ 4,940,232	\$ 0	\$ 1,031,316

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY(1)
 JUNE 30, 2008

(Continued)

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
Miscellaneous Properties:						
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	278,418	0	95,301	60,347	0	122,770
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
Total Miscellaneous Properties	\$ 766,160	\$ 448,110	\$ 107,711	\$ 87,569	\$ 0	\$ 122,770
Cleveland City Schools:						
School Property	\$ 88,251,173	\$ 4,173,911	\$ 76,033,514	\$ 0	\$ 0	\$ 8,043,748
Food Service	1,096,173	0	0	0	0	1,096,173
Total City Schools	\$ 89,347,346	\$ 4,173,911	\$ 76,033,514	\$ 0	\$ 0	\$ 9,139,921
Total Capital Assets	\$ 172,759,141	\$ 8,503,113	\$ 88,395,101	\$ 5,719,784	\$ 44,839,495	\$ 25,301,648

(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, 2008

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 846,881	\$ 54,172	\$ 0	\$ 901,053
General government	835,524	6,676	900	841,300
Community development	554,998	13,108	49,369	518,737
Library	3,043,731	248,509	39,876	3,252,364
Total General Government	\$ 5,281,134	\$ 322,465	\$ 90,145	\$ 5,513,454
Public Safety:				
Police	\$ 8,654,040	\$ 341,313	\$ 210,490	\$ 8,784,863
Fire	8,117,152	241,697	41,305	8,317,544
911 Center	867,618	0	0	867,618
Total Public Safety	\$ 17,638,810	\$ 583,010	\$ 251,795	\$ 17,970,025
Public Works:				
Street Department	\$ 4,486,200	\$ 103,892	\$ 17,571	\$ 4,572,521
Engineering	519,726	9,042	67,532	461,236
Old City Landfill	92,500	0	0	92,500
Primary Roads	6,867,142	0	0	6,867,142
Secondary Roads	34,989,246	234,348	0	35,223,594
Drainage	2,413,919	467,923	0	2,881,842
Detention Ponds	0	753,054	0	753,054
Sidewalks	84,937	167,011	0	251,948
Bridges	73,968	0	0	73,968
Total Public Works	\$ 49,527,638	\$ 1,735,270	\$ 85,103	\$ 51,177,805
Parks and Recreation:				
Recreation Office	\$ 468,006	\$ 36,834	\$ 0	\$ 504,840
Tinsley Park	1,817,398	22,750	0	1,840,148
Cherokee Springs	972,369	63,195	0	1,035,564
East Cleveland Center	544,876	43,810	0	588,686
Cleveland Community Center	593,928	2,649	0	596,577
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	820,837	641,378	0	1,462,215
Fletcher Park	661,326	0	0	661,326
Soccer Complex	304,279	86,283	0	390,562
Total Parks and Recreation	\$ 7,087,452	\$ 896,899	\$ 0	\$ 7,984,351

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, 2008

<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	271,891	32,565	26,038	278,418
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	\$ 759,633	\$ 32,565	\$ 26,038	\$ 766,160
Cleveland City Schools:				
School Property	\$ 75,374,227	\$ 14,697,194	\$ 1,820,248	\$ 88,251,173
Food Service	1,092,693	3,480	0	1,096,173
Total City Schools	\$ 76,466,920	\$ 14,700,674	\$ 1,820,248	\$ 89,347,346
Total Capital Assets	\$ 156,761,587	\$ 18,270,883	\$ 2,273,329	\$ 172,759,141

(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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	131
Revenue Capacity 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.	141
Debt Capacity 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.	152
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	159
Operating Information 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.	163

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 53,783,708	\$ 54,406,384	\$ 52,526,979
Restricted	458,233	459,646	459,646
Unrestricted	<u>10,602,633</u>	<u>11,142,970</u>	<u>14,385,306</u>
Total governmental activities net assets	<u>\$ 64,844,574</u>	<u>\$ 66,009,000</u>	<u>\$ 67,371,931</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 87,429,850	\$ 86,878,434	\$ 89,150,550
Unrestricted	<u>7,874,505</u>	<u>11,107,428</u>	<u>13,550,964</u>
Total business-type activities	<u>\$ 95,304,355</u>	<u>\$ 97,985,862</u>	<u>\$ 102,701,514</u>
Primary government			
Invested in capital assets, net of related debt	\$ 141,213,558	\$ 141,284,818	\$ 141,677,529
Restricted	458,233	459,646	459,646
Unrestricted	<u>18,477,138</u>	<u>22,250,398</u>	<u>27,936,270</u>
Total primary government net assets	<u>\$ 160,148,929</u>	<u>\$ 163,994,862</u>	<u>\$ 170,073,445</u>

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 51,571,926	\$ 48,522,525	\$ 54,639,891	\$ 58,694,649
459,646	459,646	459,740	459,740
17,119,787	22,366,833	22,488,017	16,590,395
\$ 69,151,359	\$ 71,349,004	\$ 77,587,648	\$ 75,744,784
\$ 92,033,295	\$ 92,062,798	\$ 98,773,538	\$ 100,513,728
13,421,845	16,935,342	14,329,076	22,347,483
\$ 105,455,140	\$ 108,998,140	\$ 113,102,614	\$ 122,861,211
\$ 143,605,221	\$ 140,585,323	\$ 153,413,429	\$ 159,208,377
459,646	459,646	459,740	459,740
30,541,632	39,302,175	36,817,093	38,937,878
\$ 174,606,499	\$ 180,347,144	\$ 190,690,262	\$ 198,605,995

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

	2002	2003
EXPENSES		
Governmental activities:		
General government	\$ 1,943,495	\$ 2,586,632
Community development	423,856	310,918
Public safety	11,298,693	12,132,200
Public works	5,624,531	7,203,565
Health and welfare	459,735	491,225
Culture and recreation	2,468,434	2,564,187
Education	29,003,808	30,729,336
Interest on long-term debt	1,855,911	2,119,811
Total governmental activities	\$ 53,078,463	\$ 58,137,874
Business-type activities:		
Water and sewer	\$ 13,875,409	\$ 14,356,114
Electric	56,725,306	59,697,868
Other enterprise	520,344	123,343
Total business-type activities expenses	\$ 71,121,059	\$ 74,177,325
Total primary government expenses	\$ 124,199,522	\$ 132,315,199
PROGRAM REVENUES		
Governmental activities:		
Charges for services	\$ 5,582,015	\$ 6,543,638
Operating grants and contributions	25,077,943	26,248,710
Capital grants and contributions	508,303	10,850
Total governmental activities program revenues	\$ 31,168,261	\$ 32,803,198
Business-type activities:		
Charges for services:		
Water and sewer	\$ 14,081,706	\$ 15,187,407
Electric	58,996,876	61,925,568
Other enterprise	431,403	119,333
Operating grants and contributions	0	0
Capital grants and contributions	497,491	1,012,220
Total business-type activities program revenues	\$ 74,007,476	\$ 78,244,528
Total primary government program revenues	\$ 105,175,737	\$ 111,047,726
Net (Expense) Revenue		
Governmental activities	\$ (21,910,202)	\$ (25,334,676)
Business-type activities	2,886,417	4,067,203
Total primary government net expense	\$ (19,023,785)	\$ (21,267,473)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS		
Governmental activities:		
Property taxes	\$ 6,631,884	\$ 8,320,628
Property taxes - fire	3,222,076	3,723,281
Interest and penalty on taxes	79,345	100,204
In lieu of taxes	34,948	32,972
Local sales tax	6,138,123	6,319,495
Wholesale beer tax	975,310	995,889
Gross receipts tax	813,185	708,331
Franchise tax	351,722	463,846
State sales tax	2,239,968	2,247,016
Other state taxes	1,173,306	1,055,125
Grants and contributions not restricted	468,052	735,014
Unrestricted investment earnings	236,901	178,092
Transfers	1,114,132	1,257,907
Total governmental activities	\$ 23,478,952	\$ 26,137,800
Business-type activities:		
Unrestricted investment earnings	\$ 290,262	\$ 233,513
Transfers	(1,114,132)	(1,257,907)
Total business-type activities	\$ (823,870)	\$ (1,024,394)
Total primary government	\$ 22,655,082	\$ 25,113,406
CHANGE IN NET ASSETS		
Governmental activities	\$ 1,568,750	\$ 803,124
Business-type activities	2,062,547	3,042,809
Total primary government	\$ 3,631,297	\$ 3,845,933

Source: Official record of Office of City Clerk.

2004	2005	2006	2007	2008
\$ 3,325,573	\$ 2,391,498	\$ 2,693,884	\$ 2,674,062	\$ 3,045,455
539,414	622,028	1,054,852	882,244	1,071,399
12,683,638	14,180,863	15,151,467	15,897,312	18,599,983
8,138,030	8,429,567	9,265,703	9,080,972	9,076,371
500,734	538,263	552,573	607,956	659,474
2,559,373	2,952,398	2,962,458	3,451,275	4,387,539
31,429,169	35,475,697	37,495,574	39,363,223	39,878,902
2,094,798	1,992,504	2,297,623	2,637,740	3,152,029
<u>\$ 61,270,729</u>	<u>\$ 66,582,818</u>	<u>\$ 71,474,134</u>	<u>\$ 74,594,784</u>	<u>\$ 79,871,152</u>
\$ 15,037,429	\$ 16,105,695	\$ 17,588,719	\$ 18,626,226	\$ 20,426,089
62,524,728	62,737,439	71,747,592	75,438,689	79,179,669
134,631	140,635	197,614	221,463	382,202
<u>\$ 77,696,788</u>	<u>\$ 78,983,769</u>	<u>\$ 89,533,925</u>	<u>\$ 94,286,378</u>	<u>\$ 99,987,960</u>
<u>\$ 138,967,517</u>	<u>\$ 145,566,587</u>	<u>\$ 161,008,059</u>	<u>\$ 168,881,162</u>	<u>\$ 179,859,112</u>
\$ 7,127,661	\$ 7,706,701	\$ 8,200,575	\$ 7,540,322	\$ 7,837,356
27,093,926	29,500,770	31,417,297	31,719,118	34,905,174
765,700	2,342,151	1,770,080	5,605,567	2,767,768
<u>\$ 34,987,287</u>	<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>
\$ 16,152,299	\$ 16,437,866	\$ 17,957,369	\$ 19,411,182	\$ 20,208,450
65,987,477	65,541,717	74,832,241	77,279,666	80,786,137
87,075	202,790	197,167	234,142	200,077
0	0	0	90,324	40,523
1,448,663	708,439	1,121,813	2,282,693	8,879,491
<u>\$ 83,675,514</u>	<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>
<u>\$ 118,662,801</u>	<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>
\$ (26,283,442)	\$ (27,033,196)	\$ (30,086,182)	\$ (29,729,777)	\$ (34,360,854)
5,978,726	3,907,043	4,574,665	5,011,629	10,126,718
<u>\$ (20,304,716)</u>	<u>\$ (23,126,153)</u>	<u>\$ (25,511,517)</u>	<u>\$ (24,718,148)</u>	<u>\$ (24,234,136)</u>
\$ 8,508,570	\$ 8,967,774	\$ 14,798,767	\$ 15,480,244	\$ 15,497,594
3,805,969	4,019,302	0	0	0
110,668	119,841	133,275	150,071	156,498
26,977	19,411	19,829	30,136	19,208
6,912,834	7,186,302	7,601,091	8,018,692	7,929,077
1,054,330	1,088,535	1,131,612	1,162,392	1,206,434
823,885	943,128	821,430	857,958	883,959
494,096	716,475	1,142,767	1,041,053	992,888
2,221,608	2,273,609	2,517,380	2,702,704	2,685,932
1,736,563	919,876	1,075,526	1,800,451	2,116,359
344,205	442,832	481,343	633,364	738,101
137,287	621,856	960,778	1,203,574	527,603
1,469,381	1,493,683	1,600,029	1,688,551	1,526,951
<u>\$ 27,646,373</u>	<u>\$ 28,812,624</u>	<u>\$ 32,283,827</u>	<u>\$ 34,769,190</u>	<u>\$ 34,280,604</u>
\$ 206,307	\$ 340,266	\$ 568,364	\$ 781,396	\$ 595,448
(1,469,381)	(1,493,683)	(1,600,029)	(1,688,551)	(1,526,951)
<u>\$ (1,263,074)</u>	<u>\$ (1,153,417)</u>	<u>\$ (1,031,665)</u>	<u>\$ (907,155)</u>	<u>\$ (931,503)</u>
<u>\$ 26,383,299</u>	<u>\$ 27,659,207</u>	<u>\$ 31,252,162</u>	<u>\$ 33,862,035</u>	<u>\$ 33,349,101</u>
\$ 1,362,931	\$ 1,779,428	\$ 2,197,645	\$ 5,039,413	\$ (80,250)
4,715,652	2,753,626	3,543,000	4,104,474	9,195,215
<u>\$ 6,078,583</u>	<u>\$ 4,533,054</u>	<u>\$ 5,740,645</u>	<u>\$ 9,143,887</u>	<u>\$ 9,114,965</u>

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

Function/Program	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental activities:			
General government	\$ 13,133	\$ 20,945	\$ 117,132
Community development	294,259	414,037	569,681
Public safety	2,692,935	3,262,132	3,130,973
Public works	2,835,030	3,002,316	3,880,121
Health and welfare	563,507	249,206	253,654
Culture and recreation	560,879	746,510	848,808
Education	<u>24,208,518</u>	<u>25,108,052</u>	<u>26,186,918</u>
Subtotal governmental activities	\$ 31,168,261	\$ 32,803,198	\$ 34,987,287
Business-type activities			
Water and sewer	\$ 14,579,197	\$ 16,199,627	\$ 17,600,962
Electric	58,996,876	61,925,568	65,987,477
Other enterprise	<u>431,403</u>	<u>119,333</u>	<u>87,075</u>
Subtotal business-type activities	\$ 74,007,476	\$ 78,244,528	\$ 83,675,514
Total primary government	\$ <u>105,175,737</u>	\$ <u>111,047,726</u>	\$ <u>118,662,801</u>

Source: Official record of Office of City Clerk.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 141,362	\$ 144,712	\$ 94,478	\$ 135,035
599,802	845,564	942,799	925,752
4,046,913	4,037,012	3,280,867	3,593,229
3,861,476	3,740,271	3,394,983	5,130,737
265,624	223,382	272,474	327,852
1,407,893	1,011,707	1,124,039	1,497,747
<u>29,226,552</u>	<u>31,385,304</u>	<u>35,755,367</u>	<u>33,899,946</u>
<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>
\$ 17,146,305	\$ 19,079,182	\$ 21,784,199	\$ 21,065,966
65,541,717	74,832,241	77,279,666	80,826,660
<u>202,790</u>	<u>197,167</u>	<u>234,142</u>	<u>8,222,052</u>
<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>
<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	<u>2,548,416</u>	<u>2,705,955</u>	<u>3,903,874</u>	<u>3,329,663</u>
Total general fund	<u><u>\$ 2,548,416</u></u>	<u><u>\$ 2,705,955</u></u>	<u><u>\$ 3,903,874</u></u>	<u><u>\$ 3,329,663</u></u>
All Other Governmental Funds:				
Reserved	\$ 341,139	\$ 962,043	\$ 1,045,702	\$ 1,085,267
Unreserved, reported in:				
Special revenue funds	1,328,578	1,264,836	1,951,616	2,055,047
Debt service funds	662,391	1,104,949	705,666	1,307,380
Capital projects funds	11,546,285	6,713,453	2,114,238	2,375,529
Permanent funds	<u>0</u>	<u>0</u>	<u>4,811</u>	<u>12,449</u>
Total all other governmental funds	<u><u>\$ 13,878,393</u></u>	<u><u>\$ 10,045,281</u></u>	<u><u>\$ 5,822,033</u></u>	<u><u>\$ 6,835,672</u></u>

Source: Official record of Office of City Clerk.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>4,098,424</u>	<u>5,771,581</u>	<u>6,667,277</u>	<u>7,861,168</u>	<u>8,642,201</u>	<u>8,670,275</u>
<u>\$ 4,098,424</u>	<u>\$ 5,771,581</u>	<u>\$ 6,667,277</u>	<u>\$ 7,861,168</u>	<u>\$ 8,642,201</u>	<u>\$ 8,670,275</u>
\$ 1,204,694	\$ 1,670,351	\$ 1,117,277	\$ 994,595	\$ 978,663	\$ 982,489
2,815,644	3,526,721	4,797,634	3,942,290	3,910,827	3,803,130
1,406,706	1,467,483	1,647,744	2,602,622	3,146,620	2,692,706
2,263,708	2,013,662	1,998,815	6,045,791	5,871,288	2,086,748
<u>7,475</u>	<u>2,148</u>	<u>8,315</u>	<u>21,825</u>	<u>28,697</u>	<u>20,122</u>
<u>\$ 7,698,227</u>	<u>\$ 8,680,365</u>	<u>\$ 9,569,785</u>	<u>\$ 13,607,123</u>	<u>\$ 13,936,095</u>	<u>\$ 9,585,195</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
REVENUES				
Taxes	\$ 14,035,552	\$ 15,625,519	\$ 16,409,012	\$ 18,059,457
Licenses and permits	465,474	398,414	364,245	395,149
Intergovernmental	30,549,267	28,343,620	36,411,509	29,584,658
Fines and forfeitures	715,351	657,900	646,857	633,457
Charges for services	3,730,013	3,956,352	3,919,634	3,153,357
Interest	538,590	579,938	701,524	236,900
Miscellaneous	951,362	985,464	541,301	1,234,576
Total Revenues	<u>\$ 50,985,609</u>	<u>\$ 50,547,207</u>	<u>\$ 58,994,082</u>	<u>\$ 53,297,554</u>
EXPENDITURES				
General government	\$ 1,331,456	\$ 1,491,709	\$ 1,540,228	\$ 1,701,528
Community development	343,124	380,608	409,503	400,098
Public safety	7,869,042	8,538,529	9,287,332	10,337,152
Public works	4,927,045	5,097,625	5,594,626	5,939,039
Health and welfare	277,499	300,234	333,034	336,875
Culture and recreation	1,839,527	2,053,901	1,768,571	2,221,139
Education	24,519,655	25,084,758	26,423,910	27,628,249
Appropriations	765,720	918,643	865,030	879,113
Capital outlay	10,522,171	11,760,086	25,428,018	8,238,956
Debt service:				
Interest	1,031,071	1,551,188	1,740,060	1,865,109
Principal	1,425,000	1,590,000	1,645,000	1,575,000
Total Expenditures	<u>\$ 54,851,310</u>	<u>\$ 58,767,281</u>	<u>\$ 75,035,312</u>	<u>\$ 61,122,258</u>
Excess of revenues over (under) expenditures	<u>\$ (3,865,701)</u>	<u>\$ (8,220,074)</u>	<u>\$ (16,041,230)</u>	<u>\$ (7,824,704)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 11,157,344	\$ 11,443,238	\$ 14,007,122	\$ 12,182,607
Transfers out	(10,421,094)	(10,390,884)	(12,989,367)	(11,068,475)
Notes issued	0	3,492,147	9,632,231	7,150,000
Bonds issued	11,235,000	0	0	0
Refunding bonds issued	0	0	3,065,000	0
Payment to refunding bond escrow agent	0	0	(3,063,602)	0
Total other financing sources (uses)	<u>\$ 11,971,250</u>	<u>\$ 4,544,501</u>	<u>\$ 10,651,384</u>	<u>\$ 8,264,132</u>
Net change in fund balances	<u>\$ 8,105,549</u>	<u>\$ (3,675,573)</u>	<u>\$ (5,389,846)</u>	<u>\$ 439,428</u>
Debt service as a percent of noncapital expenditures	5.54%	6.68%	6.82%	6.51%

Source: Official record of Office of City Clerk.

2003	2004	2005	2006	2007	2008
\$ 20,591,043	\$ 21,820,687	\$ 23,050,456	\$ 25,598,961	\$ 26,692,073	\$ 26,427,496
422,002	614,120	499,409	511,731	540,832	568,441
30,546,411	32,780,677	36,107,621	36,272,316	41,769,671	41,534,518
816,304	897,881	1,135,822	1,863,507	1,179,606	990,387
3,770,640	3,969,522	4,205,563	5,852,986	5,851,999	6,162,803
178,093	137,286	621,858	960,812	1,203,574	527,698
947,595	795,869	775,016	982,971	969,776	2,066,056
<u>\$ 57,272,088</u>	<u>\$ 61,016,042</u>	<u>\$ 66,395,745</u>	<u>\$ 72,043,284</u>	<u>\$ 78,207,531</u>	<u>\$ 78,277,399</u>
\$ 1,864,227	\$ 1,929,123	\$ 2,035,118	\$ 2,053,861	\$ 2,266,987	\$ 2,260,515
477,536	446,997	563,108	961,245	770,395	854,944
11,284,364	12,010,132	13,133,222	13,692,605	14,622,596	16,066,722
6,056,573	6,152,910	7,054,780	7,664,026	7,710,740	7,679,981
361,105	379,761	428,047	415,101	483,957	497,414
2,198,402	2,321,247	2,414,280	2,692,519	2,883,687	3,314,547
28,817,716	29,924,557	32,955,018	34,023,865	35,296,056	38,597,871
898,681	856,465	858,485	996,770	1,061,885	1,088,089
2,650,162	2,970,045	4,316,712	12,123,365	24,865,184	9,730,177
2,121,674	2,112,091	2,087,467	1,380,000	1,495,000	1,816,428
1,380,000	1,430,000	1,355,000	2,245,522	2,592,796	3,148,679
<u>\$ 58,110,440</u>	<u>\$ 60,533,328</u>	<u>\$ 67,201,237</u>	<u>\$ 78,248,879</u>	<u>\$ 94,049,283</u>	<u>\$ 85,055,367</u>
<u>\$ (838,352)</u>	<u>\$ 482,714</u>	<u>\$ (805,492)</u>	<u>\$ (6,205,595)</u>	<u>\$ (15,841,752)</u>	<u>\$ (6,777,968)</u>
\$ 12,164,831	\$ 12,908,687	\$ 13,883,341	\$ 17,533,104	\$ 15,587,872	\$ 14,898,717
(10,906,924)	(11,439,306)	(12,414,658)	(15,933,075)	(13,899,321)	(13,371,766)
1,242,422	703,200	1,025,000	9,836,795	9,163,205	951,300
0	0	0	0	6,100,000	0
0	0	10,580,000	0	0	0
0	0	(10,483,075)	0	0	0
<u>\$ 2,500,329</u>	<u>\$ 2,172,581</u>	<u>\$ 2,590,608</u>	<u>\$ 11,436,824</u>	<u>\$ 16,951,756</u>	<u>\$ 2,478,251</u>
<u>\$ 1,661,977</u>	<u>\$ 2,655,295</u>	<u>\$ 1,785,116</u>	<u>\$ 5,231,229</u>	<u>\$ 1,110,004</u>	<u>\$ (4,299,717)</u>
6.31%	6.15%	5.47%	5.48%	5.78%	6.59%

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

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
1999	\$ 6,175,154	\$ 57,631	\$ 18,521	\$ 5,742,759	\$ 870,746	\$ 711,664	\$ 459,077	\$ 14,035,552
2000	7,236,672	77,521	38,755	6,185,814	913,332	792,644	380,781	15,625,519
2001	7,852,762	81,180	50,370	6,139,911	934,827	782,321	567,641	16,409,012
2002	9,666,823	79,345	34,949	6,138,123	975,310	813,185	351,722	18,059,457
2003	11,970,306	100,204	32,972	6,319,495	995,889	708,331	463,846	20,591,043
2004	12,397,898	110,668	26,977	6,912,834	1,054,330	823,885	494,095	21,820,687
2005	12,976,764	119,841	19,411	7,186,302	1,088,535	943,128	716,475	23,050,456
2006	14,748,957	133,275	19,829	7,601,091	1,131,612	821,430	1,142,767	25,598,961
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
Change								
1999 - 2008	146.8%	171.6%	3.7%	38.1%	38.6%	24.2%	116.3%	88.3%

Source: Official record of Office of City Clerk.

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Industrial Property</u>	<u>Personal Property</u>
1999	\$ 174,054,148	\$ 203,801,385	\$ 72,484,451
2000	235,579,198	260,347,131	88,968,155
2001	240,791,690	266,817,711	96,802,910
2002	245,493,272	273,841,039	90,570,608
2003	282,296,905	297,096,375	120,878,490
2004	286,348,893	311,879,339	134,709,868
2005	291,220,041	336,880,151	137,794,077
2006	327,728,811	390,439,469	152,699,708
2007	340,457,413	411,504,084	160,482,176
2008	355,300,063	436,612,400	166,089,242

Source: Bradley County Assessor of Property.

- (1) The State of Tennessee, Division of Property Assessment has conducted a comprehensive reappraisal for tax year 1999, which is reflected in the FY 2000 fiscal statements. In tax year 2002, the State performed a current value update which is reflected in the FY 2003 financial statements. In tax year 2005, the State conducted a comprehensive reappraisal which is reflected in the FY 2006 financial statements. Public utility assessments increased in tax year 1999. A statewide court ruling awarded reduction in the assessment ration from 55% to 40% for specific public 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.

<u>Public Utilities</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
\$ 15,780,601	\$ 466,120,585	\$ 1.20	\$ 1,485,655,923	31.4 %
21,672,583	606,567,067	1.26	1,942,376,041	31.2
23,586,587	627,998,898	1.56	2,010,050,158	31.2
22,119,614	632,024,533	1.65	2,022,296,724	31.3
23,817,931	724,089,701	1.65	2,332,808,028	31.0
22,495,636	755,433,736	1.65	2,428,860,720	31.1
22,257,531	788,151,800	1.65	2,520,548,708	31.3
24,725,621	895,593,609	1.65	2,856,172,605	31.4
25,365,823	937,809,496	1.65	2,987,247,780	31.4
22,151,480	980,153,185	1.65	3,120,258,604	31.4

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

Schedule 8

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Overlapping Rate* Bradley County Rate</u>	<u>Combined Tax Rate</u>
1999	\$ 1.20	\$ 2.18	\$ 3.38
2000	1.26	2.18	3.44
2001	1.56	2.43	3.99
2002	1.65	2.18	3.83
2003	1.65	2.18	3.83
2004	1.65	2.18	3.83
2005	1.65	2.18	3.83
2006	1.65	2.02	3.67
2007	1.65	2.02	3.67
2008	1.65	2.02	3.67

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.

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

Schedule 9

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Maytag Corporation	\$ 29,065,150	1	3.17%	\$ 8,026,463	3	1.78%
Master Foods USA	24,682,767	2	2.69	17,413,005	1	3.85
Ocoee Hospital Corporation	23,668,849	3	2.58	-	-	-
Duracell Company	18,139,965	4	1.98	4,395,507	6	0.97
Peyton's Southeastern	13,282,952	5	1.45	3,869,932	7	0.86
Life Care Centers of America	12,725,024	6	1.39	7,655,440	4	1.69
Schering-Plough	11,076,678	7	1.21	-	-	-
BellSouth	8,673,115	8	0.94	9,588,114	2	2.12
Wal-Mart	8,230,379	9	0.90	-	-	-
Johnston Coca-Cola	6,475,445	10	0.71	3,485,168	8	0.77
Bradley Square Mall	-	-	-	6,322,871	5	1.40
Weyerhaeuser	-	-	-	3,467,371	9	0.77
Chattanooga Gas	-	-	-	3,288,173	10	0.73
Totals	\$ 156,020,324		16.99%	\$ 67,512,044		14.94%

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

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

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
1999	\$ 6,199,404	\$ 5,822,694	93.9 %	\$ 305,277	\$ 6,127,971	98.8 %
2000	7,278,804	6,862,497	94.3	374,854	7,237,351	99.4
2001	7,912,786	7,378,221	93.2	402,496	7,780,717	98.3
2002	9,859,583	9,187,496	93.2	498,863	9,686,359	98.2
2003	11,947,480	11,303,576	94.6	611,144	11,914,720	99.7
2004	12,464,657	11,671,276	93.6	633,659	12,304,935	98.7
2005	13,004,505	12,257,261	94.3	769,636	13,026,897	100.2
2006	14,777,295	13,963,167	94.5	693,083	14,656,250	99.2
2007	15,473,857	14,486,289	93.6	829,580	15,315,869	99.0
2008	15,514,444	14,406,638	92.9	958,861	15,365,499	99.0

Source: Official record of Office of City Clerk.

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Apparel Stores	\$ 15,592,222	\$ 21,431,647	\$ 20,746,661	\$ 20,229,088
General Merchandise Stores	129,924,270	136,346,718	144,242,082	150,102,573
Food Stores	85,350,465	87,235,356	87,181,772	89,819,627
Eating and Drinking Places	72,141,478	76,125,457	76,742,514	79,703,228
Furniture Stores	24,424,944	27,985,217	27,250,770	25,605,588
Building Materials	46,832,095	57,494,284	55,728,260	57,409,515
MV Dealers and Service Stations	40,337,648	42,665,370	43,679,856	44,251,983
Other Retail	45,591,147	49,226,027	53,268,036	51,999,304
All Other Outlets	<u>117,695,914</u>	<u>119,161,695</u>	<u>126,679,648</u>	<u>113,444,461</u>
Total	<u>\$ 577,890,183</u>	<u>\$ 617,671,771</u>	<u>\$ 635,519,599</u>	<u>\$ 632,565,367</u>
 City direct sales tax rate	2.25%	2.25%	2.25%	2.25%

Source: Tennessee Department of Revenue, Research Division.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 19,896,935	\$ 20,067,489	\$ 20,838,181	\$ 22,953,066	\$ 24,138,310	\$ 24,841,406
152,412,537	156,574,634	185,089,441	186,778,089	194,120,266	199,153,235
90,283,583	86,861,754	81,853,277	80,107,817	80,635,523	81,927,126
84,135,260	89,520,521	99,030,575	102,853,071	107,702,429	114,277,181
25,376,788	27,034,299	29,011,766	29,434,891	30,240,720	28,441,295
56,627,136	61,677,807	71,672,220	81,440,562	92,084,523	86,902,616
43,794,271	44,840,393	49,355,351	48,076,764	49,553,354	59,114,976
52,259,172	52,545,120	54,037,438	56,068,091	56,389,300	56,002,318
<u>107,011,098</u>	<u>109,168,200</u>	<u>116,159,273</u>	<u>120,576,831</u>	<u>126,009,257</u>	<u>133,190,180</u>
<u>\$ 631,796,780</u>	<u>\$ 648,290,217</u>	<u>\$ 707,047,522</u>	<u>\$ 728,289,182</u>	<u>\$ 760,873,682</u>	<u>\$ 783,850,333</u>
2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

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>
1999	2.25 %
2000	2.25
2001	2.25
2002	2.25
2003	2.25
2004	2.25
2005	2.25
2006	2.25
2007	2.25
2008	2.25

Source: Official records of Office of City Clerk.

Note: The maximum local sales tax rate allowed by Tennessee State law is 2.75%. A local referendum would be required to increase the local rate.

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**CITY OF CLEVELAND, TENNESSEE
LOCAL SALES TAX REVENUE BY INDUSTRY
FISCAL YEARS 1999 AND 2008**

	Fiscal Year 1999			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	826	55.03 %	\$ 10,637,977	77.73 %
2 Services	396	26.38	1,137,519	8.31
3 Manufacturing	112	7.46	576,568	4.21
4 Wholesale Trade	82	5.46	529,808	3.87
5 Construction	26	1.73	34,355	0.25
6 Finance Insurance Real Estate	24	1.60	12,487	0.09
7 Transportation and Utilities	23	1.53	741,265	5.42
8 Agriculture	6	0.40	5,132	0.04
Other, Non Classified	6	0.40	10,247	0.07
Total	1,501	100.00 %	\$ 13,685,358	100.00 %

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.
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 2008			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
869	58.47 %	\$ 14,745,552	83.87 %
371	24.04	1,236,491	6.75
95	6.40	557,731	3.16
92	5.65	618,329	3.89
13	0.90	31,346	0.17
18	1.31	18,709	0.09
9	0.48	117,701	0.70
8	0.55	33,588	0.04
66	2.20	375,498	1.33
<u>1,541</u>	<u>100.00 %</u>	<u>\$ 17,734,945</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
1999	13,050,000	10,850,000	5,570,000
2000	12,600,000	10,445,000	8,312,147
2001	14,655,000	7,550,000	17,169,378
2002	11,565,000	9,680,000	23,694,378
2003	11,440,000	8,895,000	24,466,800
2004	11,290,000	8,070,000	24,715,000
2005	1,225,000	17,700,000	25,535,000
2006	1,025,000	16,760,000	43,795,000
2007	6,850,000	15,790,000	44,045,000
2008	6,370,000	14,785,000	44,664,872

Source: Official record of Office of City Clerk.

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

Business-type Activities

<u>Revenue Bonds</u>	<u>Notes</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
32,726,000	8,792,796	70,988,796	2.67	1,985
31,182,000	11,237,498	73,776,645	2.68	2,042
29,713,000	14,847,200	83,934,578	2.39	2,245
28,924,000	14,526,903	88,390,281	2.47	2,358
28,110,000	16,781,605	89,693,405	2.48	2,394
28,090,000	18,531,307	90,696,307	2.58	2,427
26,495,000	19,650,000	90,605,000	2.77	2,404
24,875,000	25,755,000	112,210,000	2.33	2,939
31,980,000	24,565,000	123,230,000	2.15	3,190
30,245,000	33,845,000	129,909,872	N/A	N/A

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
1999	\$ 29,470,000	\$ 1,485,655,923	35,947	2.0 %	\$ 820
2000	31,357,147	1,942,376,041	36,624	1.6	856
2001	39,374,378	2,010,050,158	37,426	2.0	1,052
2002	44,939,378	2,022,296,724	37,492	2.2	1,199
2003	44,801,800	2,332,808,028	37,404	1.9	1,198
2004	44,075,000	2,428,860,720	37,521	1.8	1,175
2005	44,460,000	2,520,548,708	37,914	1.8	1,173
2006	52,916,795	2,856,172,605	38,263	1.9	1,383
2007	66,685,000	2,987,247,780	38,627	2.2	1,726
2008	65,819,872	3,120,258,604	39,333	2.1	1,673

Source: Official record 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, 2008

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 - General Obligation Bonds	\$ 63,127,166	100.00%	\$ 63,127,166
*Bradley County, Tennessee	<u>67,773,571</u>	55.15%	<u>37,379,225</u>
Total direct and overlapping debt	<u>\$ 130,900,737</u>		<u>\$ 100,506,391</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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt limit	\$ 46,707,835	\$ 60,784,182	\$ 62,822,039	\$ 63,175,603
Total net debt applicable to limit	<u>23,237,609</u>	<u>21,550,051</u>	<u>44,784,334</u>	<u>43,492,620</u>
Legal debt margin	<u>\$ 23,470,226</u>	<u>\$ 39,234,131</u>	<u>\$ 18,037,705</u>	<u>\$ 19,682,983</u>
Total net debt applicable to limit as a percentage of debt limit	49.75%	35.45%	71.29%	68.84%

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 72,834,260	\$ 75,126,959	\$ 78,684,956	\$ 89,559,361	\$ 93,780,950	\$ 98,015,319
<u>43,395,094</u>	<u>42,607,517</u>	<u>42,812,256</u>	<u>58,977,378</u>	<u>63,538,380</u>	<u>63,127,166</u>
<u>\$ 29,439,166</u>	<u>\$ 32,519,442</u>	<u>\$ 35,872,700</u>	<u>\$ 30,581,983</u>	<u>\$ 30,242,570</u>	<u>\$ 34,888,153</u>
59.58%	56.71%	54.41%	65.85%	67.75%	64.41%

Legal Debt Margin Calculation for Fiscal Year 2008

Total assessed value		<u>\$ 980,153,185</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 98,015,319
Debt applicable to limit:		
Total bonded debt	\$ 129,909,872	
Less: Revenue bonds	64,090,000	
Amount available for repayment of general obligation bonds	<u>2,692,706</u>	
Total debt applicable to limit		<u>63,127,166</u>
Legal debt margin		<u>\$ 34,888,153</u>

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

Schedule 18

Fiscal Year	Gross (1) Revenue	Direct Operating (2) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
1999	\$ 12,824,234	\$ 7,462,905	\$ 5,361,329	\$ 1,323,000	\$ 1,809,795	\$ 3,132,795	1.71
2000	13,265,399	8,230,707	5,034,692	1,544,000	1,930,960	3,474,960	1.45
2001	13,771,990	8,596,586	5,175,404	1,749,000	1,942,373	3,691,373	1.40
2002	14,081,706	8,873,416	5,208,290	949,000	1,698,569	2,647,569	1.97
2003	15,187,407	9,472,401	5,715,006	1,264,000	1,673,055	2,937,055	1.95
2004	16,152,299	10,030,334	6,121,965	1,875,000	1,547,125	3,422,125	1.79
2005	16,437,866	11,001,573	5,436,293	2,145,000	1,545,770	3,690,770	1.47
2006	17,992,739	12,061,012	5,931,727	2,315,000	1,703,232	4,018,232	1.48
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

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
1998	35,757	\$ 1,893,369	\$ 21,985	35
1999	36,138	1,977,523	22,698	36
2000	37,382	2,004,293	22,727	36
2001	37,480	2,183,563	24,569	36
2002	37,462	2,222,595	24,837	36
2003	37,368	2,336,728	25,955	36
2004	37,691	2,510,307	27,572	37
2005	38,186	2,616,694	28,400	37
2006	38,627	2,650,669	28,280	37
2007	39,333	2,729,670	28,600	37

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>
64 %	12 %	4,316	3.8 %
64	12	4,329	3.6
73	16	4,422	3.6
73	16	4,279	4.1
73	16	4,345	4.8
73	16	4,317	5.1
73	16	4,454	5.1
76	18	4,456	5.3
76	22	4,503	6.7
76	22	4,632	7.0

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

<u>Employer</u>	<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force Bradley County</u>
Whirlpool/Maytag	2,075	1	4.26 %
City Government	1,162	2	2.39
SkyRidge Medical Center	1,100	3	2.26
Peyton's Southeastern	1,000	4	2.05
Bradley County Schools	1,000	5	2.05
Jackson Furniture Industries	900	6	1.85
Masterfoods USA	800	7	1.64
Wal-Mart	780	8	1.60
Bradley County Government	630	9	1.29
Duracell	525	10	1.08
Bradley Memorial Hospital	N/A	N/A	N/A
Total	<u>9,972</u>		<u>20.47 %</u>

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

1998		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force Bradley County</u>
2,400	1	5.59 %
1,020	4	2.37
N/A	N/A	N/A
850	5	1.98
800	6	1.86
1,400	2	3.26
650	8	1.51
200	10	0.47
372	9	0.87
800	7	1.86
<u>1,200</u>	3	<u>2.79</u>
<u><u>9,692</u></u>		<u><u>22.56 %</u></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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	13	13	16	16	16	16	16	16	16	16
Community development	7	7	7	7	7	8	9	10	10	10
Police										
Officers	100	99	94	92	91	90	90	90	92	92
Civilians	6	7	11	11	11	11	12	12	12	12
Fire										
Firefighters and officers	70	74	77	80	79	79	82	88	91	97
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	26	30	30	18	18	19	23	26	26	26
Engineering	9	9	9	9	9	9	9	7	7	7
Landscaping maintenance	0	0	7	7	7	7	8	8	8	8
Solid waste management	14	14	14	13	13	13	13	13	13	13
Stormwater management fund	0	0	0	0	0	1	1	2	2	2
State street aid	0	0	0	13	13	12	11	11	11	11
Fleet management	9	9	9	9	9	9	8	8	8	8
Brush chipping	0	0	0	1	1	1	1	1	1	1
Parks and recreation										
Administration and maintenance	14	15	8	8	8	8	8	8	9	9
Northeast recreation center	3	3	3	3	3	3	3	3	3	3
Cleveland community center	4	4	4	4	4	4	4	4	4	4
Cherokee springs golf course	7	7	7	7	7	7	6	6	6	6
Animal control										
Administration and operations	7	7	7	7	7	7	7	7	8	8
Weed and seed program	0	0	0	1	2	2	3	3	0	0
Community development block grant	0	0	0	0	0	0	1	2	2	2
Subtotal	291	300	305	308	307	308	317	327	331	337
Cleveland Utilities										
Electric division	97	96	101	102	107	105	109	108	114	115
Water/wastewater division	79	85	84	83	83	83	85	86	86	85
City schools										
Certificated Staff	344	349	349	350	350	357	359	364	370	379
Non-Certificated Personnel	248	251	252	253	253	254	253	253	258	263
Library	10	11	11	11	11	11	10	10	10	10
Total	1,069	1,091	1,102	1,107	1,111	1,118	1,133	1,148	1,169	1,189

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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General government				
Building permits issued	467	468	361	351
Value of constructed permitted	\$46,277,000	\$69,932,000	\$53,391,050	\$49,057,456
Police				
Parking violations	2,883	2,851	2,677	1,838
Traffic violations	7,205	5,787	5,623	6,519
Fire				
Emergency responses (city only)	n/a	n/a	n/a	420
Fires extinguished (city only)	n/a	n/a	n/a	59
Fire inspections	433	463	450	516
Public works				
Street resurfacing (tonnage)	16,872	24,072	29,278	15,865
Utility cut permits (# Excavations)	667	483	482	493
Drainage pipe installed (linear ft.)	9,711	8,843	11,985	11,182
Tons of brush chipped	n/a	962	2,044	1,302
Parks and recreation				
Softball league participants	3,390	3,460	3,632	3,672
Basketball league participants	641	680	692	710
Soccer league participants	679	700	721	745
Rounds of golf played	27,500	27,000	25,000	26,000
Library				
Volumes in collection	96,413	102,802	110,844	117,506
Circulation	272,620	263,979	263,255	273,558
Attendants	198,033	176,297	176,196	169,400
City Schools				
Average Daily Membership				
High School	1,086	1,161	1,106	1,082
Middle School	631	644	692	1,047
Elementary Schools	2,539	2,507	2,579	2,166
Ungraded - Special Education	94	63	79	54
ACT composite scores	21.2	20.8	20.8	21
% of High School graduates	n/a	n/a	n/a	n/a
Electric				
Class of Service # of Customers				
Residential	22,891	23,275	23,540	23,701
Small lighting and power	3,037	3,063	3,148	3,182
Large lighting and power	559	569	579	550
Street and outdoor lighting	63	61	59	57
Kilowatt-hours purchased	1,041,484,800	1,056,920,307	1,091,932,800	1,073,355,517
Kilowatt-hours sold	1,006,668,383	1,018,065,819	1,054,539,327	1,033,141,279
Line losses and kilowatt-hour unaccounted for	34,816,417	38,854,488	37,393,473	40,214,238
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.34%	3.68%	3.42%	3.75%

2003	2004	2005	2006	2007	2008
392	438	495	460	437	393
\$58,922,242	\$110,607,005	\$56,689,803	\$75,980,803	\$83,346,627	\$107,879,191
1,353	1,245	1,425	1,625	1,716	1,082
7,422	6,180	9,609	12,143	11,472	8,437
693	803	884	1,256	1,313	1,456
138	138	252	182	140	178
850	450	450	846	2,522	2,973
13,437	434	22,940	32,863	12,334	6,362
392	310	346	319	422	329
5,781	8,085	7,280	7,644	4,953	7,119
1,007	1,200	1,188	1,269	1,978	1,080
3,855	1,450	1,400	1,477	1,350	1,500
746	350	400	454	350	184
782	638	730	750	850	875
21,500	11,500	11,900	12,120	14,700	12,400
117,829	124,572	128,491	131,099	135,000	144,202
287,494	290,461	293,402	326,927	348,159	356,498
186,388	215,543	223,546	239,067	245,146	251,246
1,089	1,109	1,152	1,385	1,203	1,274
1,090	1,050	1,069	1,187	1,053	1,035
2,080	2,123	2,162	1,906	2,248	2,241
62	48	72	68	61	82
20.9	21.2	20.9	21.3	21	21
n/a	n/a	75.4	84.9	83	82
23,530	23,813	24,031	24,315	24,541	24,672
3,216	3,319	3,382	3,407	3,426	3,627
576	587	593	649	620	647
53	135	128	129	119	113
1,116,501,227	1,130,449,913	1,115,957,513	1,150,136,397	1,146,736,443	1,136,162,043
1,080,749,736	1,092,827,383	1,076,529,177	1,118,005,640	1,107,755,437	1,102,780,890
35,751,491	37,622,530	39,428,336	32,130,757	38,981,006	33,381,153
3.20%	3.33%	3.53%	2.79%	3.40%	2.94%

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

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Water				
Class of Service # of Customers				
Residential	22,200	22,814	23,160	23,581
Commercial & Industrial	2,932	2,889	2,952	3,002
Gallons purchased	918,675,685	957,051,035	930,966,824	1,021,097,618
Gallons pumped	2,509,523,250	2,366,262,250	2,550,719,250	2,456,792,000
Gallons sold	2,882,648,250	2,786,077,500	2,918,214,750	2,811,535,500
Line losses and gallons unaccounted for	545,550,685	537,235,785	563,471,324	666,354,118
Percentage of losses and unaccounted for gallons to total provided	15.91%	16.17%	16.18%	19.16%
Average daily water consumption (gallons)	7,897,666	7,632,694	7,995,109	7,702,837
Wastewater				
Class of Service # of Customers				
Residential	12,113	12,428	12,861	13,363
Commercial & Industrial	2,148	2,186	2,241	2,293
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,148,839,000	2,937,720,000	2,873,650,000	3,025,509,000

Sources: Various city departments.

2003	2004	2005	2006	2007	2008
23,872	24,343	24,870	25,414	25,898	26,322
3,029	3,091	3,139	3,220	3,054	3,056
1,054,236,887	1,050,685,973	1,103,601,315	1,207,869,115	1,255,708,159	1,411,079,914
2,586,512,489	2,599,175,514	2,569,476,656	2,736,379,124	2,791,321,111	2,526,119,809
2,860,158,000	2,799,868,500	2,779,692,000	2,895,225,000	3,016,467,750	3,040,388,250
780,591,376	849,992,987	893,385,971	1,049,023,239	1,030,561,520	896,811,473
21.44%	23.29%	24.32%	26.60%	25.46%	22.78%
7,836,049	7,670,873	7,615,595	7,932,123	8,264,295	8,329,831
13,438	13,688	13,903	14,255	14,356	14,663
2,345	2,398	2,420	2,487	2,482	2,534
21,600	21,600	21,600	21,600	21,600	21,600
3,837,476,000	3,514,220,000	3,778,740,000	2,927,060,000	2,824,970,000	3,098,910,000

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

Schedule 23

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	5	5	4	4	6	0	0	0	0	0
Patrol units	84	85	95	99	110	117	110	110	103	88
Fire										
Stations	4	4	4	4	4	4	4	5	5	5
Fire Trucks (pumpers, ladders & tankers	10	10	10	10	10	10	10	15	15	16
Public works										
Street (miles)	263	263	263	270	270	291	302	321	323	323
Street lights	4,967	5,094	5,240	5,417	5,474	5,594	5,738	5,873	6,047	6,020
Traffic signals	458	458	487	487	487	503	517	540	542	566
Pedestrians Signals	84	84	96	96	96	96	88	88	54	56
Knucklebooms	3	4	4	4	5	5	6	6	6	6
Parks and recreation										
Acreage	292	292	292	292	292	292	292	289	289	289
Playgrounds	9	9	9	9	9	9	9	8	8	8
Softball fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	15	15	15	15	15	15	15	15	15	16
Tennis courts	12	12	12	12	12	12	12	12	12	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	1	1
Schools										
Elementary schools	7	7	7	7	7	7	7	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
Library										
Bookmobiles	0	0	0	0	0	0	1	1	1	1
Electric										
Electric lines (miles)	505	506	507	507	496	500	500	513	518	522
Substations	14	14	14	14	14	14	14	15	15	15
Water										
Water mains (miles)	533	557	570	576	623	623	688	697	710	728
Fire hydrants	1,416	1,512	1,639	1,724	1,894	2,127	2,228	2,302	2,343	2,416
Storage capacity (thousands of gal)	13,000	13,000	13,000	14,300	14,300	14,300	14,300	14,300	14,300	15,300
Wastewater										
Sanitary sewers (miles)	231	235	249	251	256	273	326	330	333	338
Treatment capacity (thousands of gal)	9,200	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600

Sources: Various city departments.

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

CITY OF CLEVELAND, TENNESSEE

Table 1

INSURANCE IN FORCE

ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2008

<u>Type of Coverage and Name of Company</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Details of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Property Building and Contents, Boiler and Machinery, Commercial Crime, Inland Marine. TML Risk Management Pool	TMP-8187	9/1/2007 to 8/31/2008	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 33,497,000	\$ 53,143
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2007 to 6/30/2008	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 284,607
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2007 to 6/30/2008	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 502,967
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	CP 65050	7/1/2007 to 7/1/2008	Property Equipment Liability	Various	\$ 200,415
Worker's Compensation Tennessee Risk Management Trust	NXC 0130255-3	7/1/2007 to 7/1/2008	Job related injuries, employees	\$ 1,000,000	\$ 138,951

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2008

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	\$ 113,205,217
Hartford	Machinery and equipment breakdown	\$ 10,000,000
Affiliated FM	Flood and earthquake	\$ 10,000,000
Lexington	General liability (excess)	\$ 2,250,000 (1)
Distributors Insurance Co.	General liability (primary)	\$ 750,000 (1)
Great Northern Insurance Co.	Auto liability and physical damage	\$ 1,000,000
Zurich-American	Public official and employees	\$ 5,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 1,000,000
American International Specialty Lines	Umbrella liability	\$ 15,000,000
Houston Casualty Co.	Professional liability	\$ 2,000,000
American International Specialty Lines	Corporate Identity	\$ 1,000,000

(1) The general liability insurance policies with Lexington 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, 2008

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2007</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2008</u>
2007	\$ 0	\$ 15,437,949	\$ 14,330,143	\$ 1,107,806
2006	987,567	0	767,615	219,952
2005	142,773	0	85,957	56,816
2004	65,328	0	22,281	43,047
2003	42,526	0	20,534	21,992
2002	32,783	0	4,043	28,740
2001	12,852	0	2,750	10,102
2000	13,524	0	1,301	12,223
1999	24,213	0	854	23,359
1998	18,849	0	446	18,403
1997	41,766	0	41,766	0
	<u>\$ 1,382,181</u>	<u>\$ 15,437,949</u>	<u>\$ 15,277,690</u>	<u>\$ 1,542,440</u>

Note - Property taxes receivable also include the 2008 levy reported as deferred revenue in the amount of \$15,570,000.

CITY OF CLEVELAND, TENNESSEE
CHANGES IN GENERAL
OBLIGATION BONDS PAYABLE
For the Year Ended June 30, 2008

Table 4

	Interest Rates	Balance 07/01/07	General Obligation		Balance 06/30/08
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 1997					
Maturing 2012	3.50-5.00%	\$ 3,775,000	\$ 0	\$ 555,000	\$ 3,220,000
General Improvement Bonds					
Series 1999					
Maturing 2024	4.80-5.25%	750,000	0	375,000	375,000
General Improvement Refunding Bonds					
Series 2001					
Maturing 2011	4.25-4.50%	1,615,000	0	405,000	1,210,000
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-4.375%	10,400,000	0	45,000	10,355,000
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	<u>6,100,000</u>	<u>0</u>	<u>105,000</u>	<u>5,995,000</u>
Total General Obligation Bonds		<u>\$ 22,640,000</u>	<u>\$ 0</u>	<u>\$ 1,485,000</u>	<u>\$ 21,155,000</u>

CITY OF CLEVELAND, TENNESSEE
CHANGES IN REVENUE BONDS PAYABLE
For the Year Ended June 30, 2008

Table 5

	<u>Balance 07/01/07</u>	<u>Revenue</u>		<u>Balance 06/30/08</u>
		<u>New Bonds Issued</u>	<u>Bonds Retired</u>	
Water and sewer revenue and tax bonds, maturing through 2037				
Due September 2012 - 4.25% to 4.50%	\$ 2,770,000	\$ 0	\$ 550,000	\$ 2,220,000
Due September 2013 - 2.00% to 3.50%	3,705,000	0	415,000	3,290,000
Due September 2014 - 3.5% to 5.0%	3,600,000	0	385,000	3,215,000
Due September 2028 - 2.00% to 4.375%	13,155,000	0	325,000	12,830,000
Due June 2037 - 4.00% to 5.00%	<u>8,750,000</u>	<u>0</u>	<u>60,000</u>	<u>8,690,000</u>
 Total Revenue Bonds	 <u>\$ 31,980,000</u>	 <u>\$ 0</u>	 <u>\$ 1,735,000</u>	 <u>\$ 30,245,000</u>

**CITY OF CLEVELAND, TENNESSEE
CHANGES IN NOTES PAYABLE
For the Year Ended June 30, 2008**

Table 6

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/08</u>
Electric Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D3						
	2017	Variable	\$ 775,000	\$ 0	\$ 65,000	\$ 710,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series A-2-F						
	2021	Variable	1,260,000	0	90,000	1,170,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series VI-E-4						
	2025	Variable	1,750,000	0	50,000	1,700,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series D-4-A						
	2027	Variable	2,425,000	0	75,000	2,350,000
Electric Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series 2007C						
	2037	Variable	0	2,500,000	0	2,500,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series E4						
	2014	Variable	1,755,000	0	215,000	1,540,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D2						
	2017	Variable	2,920,000	0	245,000	2,675,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series C4						
	2021	Variable	2,180,000	0	160,000	2,020,000
Water Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series A-2-F						
	2021	Variable	1,700,000	0	120,000	1,580,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series A-7-B						
	2024	Variable	3,000,000	0	0	3,000,000

**CITY OF CLEVELAND, TENNESSEE
CHANGES IN NOTES PAYABLE
For the Year Ended June 30, 2008**

Table 6
(Continued)

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/08</u>
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series B-4-C						
	2030	Variable	\$ 2,500,000	\$ 0	\$ 0	\$ 2,500,000
Water Division:						
Note payable to the public						
Building Authority						
Sevier County, TN						
Series D-4-A						
	2027	Variable	4,300,000	0	200,000	4,100,000
Water Division:						
Note payable to the public						
Building Authority						
Blount County, TN						
Series 2007C						
	2037	Variable	0	8,000,000	0	8,000,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Sevier County, TN						
Series I-E-5						
	2016	Variable	1,040,000	0	95,000	945,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Sevier County, TN						
Series IV-C-3						
	2025	4.425%	10,000,000	0	0	10,000,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Sevier County, TN						
Series A-2-A						
	2030	4.430%	11,175,000	0	0	11,175,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Blount County, TN						
Series A-7-B						
	2014	Variable	1,045,000	0	0	1,045,000
Public Improvement Loans:						
Note payable to the Public						
Building Authority						
Blount County, TN						
Series IV-E-4						
	2025	Variable	975,000	0	25,000	950,000
CBCC Capital Outlay						
Note payable to the Public						
Building Authority						
Sevier County, TN						
Series II-C						
	2016	Variable	645,000	0	60,000	585,000
Capital Outlay Notes						
1998 School Capital Outlay						
	2009	4.50%	165,000	0	80,000	85,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2008

Table 6
 (Continued)

	Maturity Date	Interest Rate	Balance 06/30/07	Additions	Retirements	Balance 06/30/08
Public Improvement Loans:						
Note payable to the Public Building Authority						
Blount County, TN						
Series D-4-A						
	2031	Variable	\$ 18,500,000	\$ 0	\$ 0	\$ 18,500,000
Public Improvement Loans:						
Note payable to the Public Building Authority						
Blount County, TN						
Series 2008 TMBF						
	2028	Variable	0	951,300	0	951,300
Capital Outlay Notes						
Local Government Energy Loan						
Local Government Energy Efficiency						
Loan Program						
	2013	0.00%	500,000	0	71,428	428,572
Totals			\$ 68,610,000	\$ 11,451,300	\$ 1,551,428	\$ 78,509,872

CITY OF CLEVELAND, TENNESSEE
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2008

Table 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
1998	\$ 110,795	\$ 18,403	83.4 %
1999	106,041	23,359	78.0
2000	135,051	12,223	90.9
2001	230,435	10,102	95.6
2002	212,633	28,740	86.5
2003	207,721	21,992	89.4
2004	232,661	43,047	81.5
2005	203,051	56,816	72.0
2006	305,663	219,952	28.0

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2008

Fiscal Year	1997 Series		1999 Series		2001 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 585,000	\$ 144,277	\$ 375,000	\$ 18,188	\$ 430,000	\$ 54,450
2010	610,000	115,890			445,000	35,100
2011	645,000	85,125			335,000	15,075
2012	675,000	52,125				
2013	705,000	17,625				
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
Total	\$ 3,220,000	\$ 415,042	\$ 375,000	\$ 18,188	\$ 1,210,000	\$ 104,625

Table 8

2005		2007		Total	
Series		Series		Principal	Interest
Principal	Interest	Principal	Interest		
\$ 45,000	\$ 432,763	\$ 110,000	\$ 257,162	\$ 1,545,000	\$ 906,840
150,000	431,412	150,000	252,488	1,355,000	834,890
150,000	426,538	155,000	246,112	1,285,000	772,850
215,000	421,287	160,000	239,913	1,050,000	713,325
215,000	412,688	170,000	233,512	1,090,000	663,825
570,000	404,087	175,000	226,713	745,000	630,800
590,000	381,288	250,000	219,712	840,000	601,000
610,000	351,787	265,000	209,713	875,000	561,500
800,000	328,913	275,000	199,112	1,075,000	528,025
870,000	298,912	285,000	188,113	1,155,000	487,025
925,000	261,938	295,000	176,712	1,220,000	438,650
960,000	222,625	305,000	164,913	1,265,000	387,538
1,000,000	184,225	320,000	152,712	1,320,000	336,937
1,050,000	139,225	335,000	139,513	1,385,000	278,738
1,075,000	95,125	350,000	125,694	1,425,000	220,819
1,130,000	49,438	360,000	111,256	1,490,000	160,694
		380,000	96,406	380,000	96,406
		390,000	77,406	390,000	77,406
		410,000	57,906	410,000	57,906
		70,000	37,406	70,000	37,406
		75,000	34,344	75,000	34,344
		75,000	31,063	75,000	31,063
		80,000	27,781	80,000	27,781
		85,000	24,281	85,000	24,281
		85,000	20,563	85,000	20,563
		90,000	16,844	90,000	16,844
		95,000	12,906	95,000	12,906
		100,000	8,750	100,000	8,750
		100,000	4,375	100,000	4,375
<u>\$ 10,355,000</u>	<u>\$ 4,842,251</u>	<u>\$ 5,995,000</u>	<u>\$ 3,593,381</u>	<u>\$ 21,155,000</u>	<u>\$ 8,973,487</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2008

Fiscal Year	Notes Payable - Public Building Authority of Sevier & Blount Counties, TN (1)							2008 TMBF Principal Variable
	Series II-C Principal Variable	Series I-E-5 Principal Variable	Series IV-C-3 Principal Fixed	Series A-2-A Principal Fixed	Series A-7-B Principal Variable	Series IV-E-4 Principal Variable	Series D-4-A Principal Variable	
2009	\$ 60,000	\$ 100,000				\$ 25,000		\$ 88,000
2010	65,000	105,000				50,000	\$ 100,000	92,000
2011	70,000	110,000			\$110,000	50,000	125,000	97,000
2012	70,000	115,000	\$110,000		305,000	50,000	125,000	102,000
2013	75,000	120,000	120,000		330,000	50,000	150,000	107,000
2014	80,000	125,000	505,000		300,000	50,000	200,000	112,000
2015	80,000	130,000	530,000			50,000	525,000	117,000
2016	85,000	140,000	575,000			50,000	550,000	123,000
2017			575,000			50,000	675,000	130,000
2018			575,000			50,000	700,000	136,000
2019			590,000			50,000	725,000	143,000
2020			620,000			50,000	775,000	150,000
2021			655,000			75,000	800,000	157,000
2022			680,000			75,000	825,000	165,000
2023			725,000			75,000	900,000	174,000
2024			865,000			75,000	825,000	182,000
2025			2,875,000			75,000	75,000	191,000
2026							3,175,000	201,000
2027				\$435,000			2,900,000	211,000
2028				3,375,000			125,000	222,000
2029				3,575,000			100,000	
2030				3,790,000			75,000	
2031							4,050,000	
	\$585,000	\$945,000	\$10,000,000	\$11,175,000	\$1,045,000	\$950,000	\$18,500,000	\$2,900,000

- (1) Variable rates of 5% have been assumed on loans through Sevier and Blount Counties.
 (2) Non-interest bearing loan from Tennessee Department of Economic and Community Development.

Table 9

1998B Series		Local Government Energy Loan (2)	Total	
Principal	Interest	Principal	Principal	Interest (1)
\$ 85,000	\$ 1,912	\$ 71,428	\$ 429,428	\$ 2,306,913
		71,428	483,428	2,291,350
		71,429	633,429	2,270,750
		71,429	948,429	2,242,650
		71,429	1,023,429	2,198,800
		71,429	1,443,429	2,151,200
			1,432,000	2,082,600
			1,523,000	2,011,000
			1,430,000	1,934,850
			1,461,000	1,863,350
			1,508,000	1,790,300
			1,595,000	1,714,900
			1,687,000	1,635,150
			1,745,000	1,550,800
			1,874,000	1,463,550
			1,947,000	1,369,850
			3,216,000	1,272,500
			3,376,000	1,080,000
			3,546,000	921,250
			3,722,000	754,500
			3,675,000	579,500
			3,865,000	395,750
			4,050,000	202,500
<u>\$85,000</u>	<u>\$1,912</u>	<u>\$428,572</u>	<u>\$46,613,572</u>	<u>\$36,084,013</u>

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2008

Water and Sewer Revenue and Tax Bonds

Fiscal Year	1997 Refunding Series		2001 Series		2003 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 400,000	\$ 149,310	\$ 585,000	\$ 86,738	\$ 665,000	\$ 93,087
2010	420,000	129,830	605,000	59,962	665,000	74,800
2011	440,000	108,750	445,000	36,337	505,000	57,250
2012	455,000	86,375	285,000	19,912	500,000	41,550
2013	480,000	63,000	300,000	6,750	495,000	24,762
2014	500,000	38,500			460,000	8,050
2015	520,000	13,000				
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
Total	\$ 3,215,000	\$ 588,765	\$ 2,220,000	\$ 209,699	\$ 3,290,000	\$ 299,499

Table 10

2004		2007		Total	
Series		Series		Principal	Interest
Principal	Interest	Principal	Interest		
\$ 320,000	\$ 499,871	\$ 60,000	\$ 375,163	\$ 2,030,000	\$ 1,204,169
320,000	491,471	160,000	372,613	2,170,000	1,128,676
420,000	480,371	160,000	365,813	1,970,000	1,048,521
990,000	456,746	165,000	359,412	2,395,000	963,995
975,000	422,359	165,000	352,813	2,415,000	869,684
970,000	385,896	170,000	346,212	2,100,000	778,658
965,000	347,196	180,000	339,412	1,665,000	699,608
955,000	308,796	190,000	332,212	1,145,000	641,008
945,000	270,796	200,000	324,613	1,145,000	595,409
710,000	233,697	210,000	316,612	920,000	550,309
905,000	199,496	225,000	308,213	1,130,000	507,709
540,000	174,596	330,000	299,212	870,000	473,808
440,000	156,676	345,000	286,013	785,000	442,689
435,000	138,141	360,000	271,781	795,000	409,922
435,000	119,110	375,000	256,931	810,000	376,041
430,000	100,188	390,000	241,463	820,000	341,651
425,000	81,484	405,000	225,375	830,000	306,859
420,000	63,000	305,000	205,125	725,000	268,125
415,000	44,735	315,000	189,875	730,000	234,610
410,000	26,688	330,000	174,125	740,000	200,813
405,000	8,860	345,000	159,688	750,000	168,548
		355,000	144,594	355,000	144,594
		370,000	129,062	370,000	129,062
		390,000	112,875	390,000	112,875
		405,000	95,812	405,000	95,812
		420,000	78,094	420,000	78,094
		435,000	59,719	435,000	59,719
		455,000	40,687	455,000	40,687
		475,000	20,781	475,000	20,781
<u>\$ 12,830,000</u>	<u>\$ 5,010,173</u>	<u>\$ 8,690,000</u>	<u>\$ 6,784,300</u>	<u>\$ 30,245,000</u>	<u>\$ 12,892,436</u>

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

June 30, 2008

Fiscal Year	Notes Payable - Public Building Authority of Sevier, Blount and Montgomery Counties, TN (1)				
	Series D3 Principal	Series E4 Principal	Series D2 Principal	Series C4 Principal	Series A2F Principal
2009	\$ 65,000	\$ 225,000	\$ 255,000	\$ 160,000	\$ 210,000
2010	70,000	235,000	265,000	160,000	210,000
2011	75,000	250,000	275,000	160,000	210,000
2012	75,000	265,000	285,000	160,000	210,000
2013	80,000	275,000	295,000	160,000	210,000
2014	80,000	290,000	305,000	160,000	210,000
2015	85,000		320,000	160,000	210,000
2016	90,000		330,000	160,000	210,000
2017	90,000		345,000	160,000	210,000
2018				160,000	210,000
2019				140,000	210,000
2020				140,000	210,000
2021				140,000	230,000
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
Total	\$ 710,000	\$ 1,540,000	\$ 2,675,000	\$ 2,020,000	\$ 2,750,000

(1) A rate of 5% has been assumed on variable loans.

Series A7B Principal	Series B4C Principal	VI-E-4 Principal	Series D4A Principal	Series 2007C Principal	Total Principal	Total Interest
		\$ 75,000	\$ 300,000	\$ 525,000	\$ 1,815,000	\$ 1,692,250
		75,000	300,000	525,000	1,840,000	1,601,500
		75,000	300,000	525,000	1,870,000	1,509,500
		75,000	300,000	525,000	1,895,000	1,416,000
		75,000	300,000	525,000	1,920,000	1,321,250
		75,000	325,000	525,000	1,970,000	1,225,250
		100,000	325,000	525,000	1,725,000	1,126,750
		100,000	325,000	525,000	1,740,000	1,040,500
		100,000	325,000	525,000	1,755,000	953,500
\$ 385,000		100,000	350,000	525,000	1,730,000	865,750
435,000		100,000	350,000	525,000	1,760,000	779,250
560,000		100,000	350,000	525,000	1,885,000	691,250
415,000	\$ 25,000	125,000	375,000	525,000	1,835,000	597,000
530,000	25,000	125,000	400,000	525,000	1,605,000	505,250
575,000	125,000	125,000	425,000	525,000	1,775,000	425,000
100,000	125,000	125,000	450,000	525,000	1,325,000	336,250
	275,000	150,000	450,000	525,000	1,400,000	270,000
	350,000		250,000	525,000	1,125,000	200,000
	350,000		250,000	525,000	1,125,000	143,750
	400,000			525,000	925,000	87,500
	400,000				400,000	41,250
	425,000				425,000	21,250
\$ 3,000,000	\$ 2,500,000	\$ 1,700,000	\$ 6,450,000	\$ 10,500,000	\$ 33,845,000	\$ 16,850,000

CITY OF CLEVELAND, TENNESSEE
 INVESTMENTS

Table 12

June 30, 2008

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	2.15%	\$ 57,593	\$ 57,593
First Tennessee Bank	2.25%	50,000	50,000
First Tennessee Bank	2.67%	50,000	50,000
First Tennessee Bank	2.65%	40,548	40,548
First Tennessee Bank	2.00%	37,321	37,321
First Tennessee Bank	2.67%	33,680	33,680
First Tennessee Bank	4.25%	30,328	30,328
First Tennessee Bank	4.25%	25,000	25,000
First Tennessee Bank	2.67%	25,000	25,000
First Tennessee Bank	2.40%	25,000	25,000
First Tennessee Bank	2.15%	5,991	5,991
First Tennessee Bank	1.85%	5,000	5,000
Total Certificates of Deposit		\$ 385,461	\$ 385,461
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 17,006	\$ 17,006
State of Tennessee		18,799	18,799
State of Tennessee		72,401	72,401
Total Local Government Investment Pool		\$ 108,206	\$ 108,206
Total Investments		\$ 493,667	\$ 493,667

TRANSFERS

For the Fiscal Year Ended June 30, 2008

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
2007 Byrne Memorial Justice Assistance Grants	2006 Byrne Memorial Justice Assistance Grants	\$ 1
Capital Improvement Program	2005 General Improvement Bond Fund D-4-A	179,893
Capital Improvement Program	General Fund	1,499,500
Capital Improvement Program	Meiler Estate Animal Shelter Trust Fund	23,000
Cleveland Municipal Airport Authority Fund	Capital Improvement Program Fund	50,000
Cleveland Municipal Airport Authority Fund	General Fund	24,065
Debt Service Fund	General Fund	2,925,023
Debt Service Fund	School Fund	701,239
Debt Service Fund	State Street Aid Fund	494,877
Debt Service Fund	Storm Water Management Fund	18,413
General Fund	Cleveland Utilities Electric Division	1,408,293
General Fund	Cleveland Utilities Water Division	192,723
Greenway Fund	Capital Improvement Program Fund	30,000
Greenway Fund	General Fund	12,000
Library Fund	General Fund	524,556
Metropolitan Transportation Planning Organization	General Fund	41,048
School Fund	2007 General Improvement Bond Fund	207,501
School Fund	General Fund	5,086,840
School Fund	School Federal Projects Fund	160,903
Solid Waste Management Fund	General Fund	1,198,407
Storm Water Management Fund	General Fund	194,500
	Total	<u>\$ 14,972,782</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF UNACCOUNTED FOR WATER
 For the Year Ended June 30, 2008

Table 14

Water Produced and Purchased

Produced:

Filter Plant	2,263,994,000	
Waterville Springs	368,766,000	
Total Production		2,632,760,000

Purchased:

Hiwassee Utilities Commission	1,012,970,664	
Eastside Utilities	387,804,250	
Savannah Valley Utility	10,305,000	
Total Purchased		1,411,079,914

Total Water Produced and Purchased **4,043,839,914**

Adjustments:

Line flushing	(1,345,932)	
Backwashing	(86,265,000)	
Fire Hydrant Operations	(4,895,101)	
Breaks and Repairs	(13,759,698)	
Miscellaneous Operations	(374,960)	
Total Adjustments		(106,640,691)

Total Produced, Purchased and Used **3,937,199,223**

Total Gallons Billed **3,040,388,250**

Unaccounted for Water* **896,810,973**

Percent **22.78%**

Cost @ \$1.10 per 1,000 gallons **\$ 986,492**

*Amounts expressed in gallons

CITY OF CLEVELAND, TENNESSEE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 For the Year Ended June 30, 2008

Table 15

<u>Name</u>	<u>Office</u>	<u>Salary</u>	<u>Amount of Bond</u>
Tom Rowland	Mayor	\$ 12,000	\$ 550,000
Avery Johnson, Sr.	Vice Mayor	7,200	550,000
Richard Banks	Councilman	7,200	100,000
William Estes	Councilman	7,200	100,000
Bambi Hines	Councilwoman	7,200	100,000
David May, Jr.	Councilman	7,200	100,000
George Poe, Jr.	Councilman	7,200	100,000
Bill Robertson	Councilman	7,200	100,000
Janice S. Casteel	City Manager	128,650	550,000
Michael L. Keith, CPA	City Clerk	71,189	767,309

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CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2008

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
Schools:			
Education Consolidated and Improvement Act Title I	Dept. of Education	84.010 *	N/A
Education Handicapped Act IDEA Part B	Dept. of Education	84.027 *	N/A
Education Handicapped Act IDEA Part B	Dept. of Education	84.027 *	N/A
Vocational Improvement	Dept. of Education	84.048	N/A
Vocational Improvement - Perkins Reserve	Dept of Education	84.048	N/A
School to Work	Dept. of Human Services	84.126	GG-0712471
Education for Handicapped Preschool Grant	Dept. of Education	84.173 *	N/A
Drug Free Schools and Communities Act	Dept. of Education	84.186	N/A
After School Learning Center	Dept. of Education	84.287	N/A
Innovative Programs Title V	Dept. of Education	84.298	N/A
Enhancing Education Through Technology Title II-D	Dept. of Education	84.318	N/A
Reading First Grant	Dept. of Education	84.357 *	GG-04-11041-00
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
School Lunch Program	Dept. of Agriculture	10.555 *	N/A
School Breakfast Program	Dept. of Agriculture	10.553 *	N/A
Police Department:			
Homeland Security Grant	Dept. of Military	97.004	Z-04-022420
Homeland Security Grant	Dept. of Military	97.067	GG-072066601
Asset Forfeiture Grant	Dept of Treasury	21.053	N/A
Edward Byrne Memorial Justice Assistance	Dept of Justice	16.738	N/A
Edward Byrne Memorial Justice Assistance	Dept of Justice	16.738	N/A
Fire Department:			
Homeland Security Grant	Dept of Military	97.004	Z-04-022420
Homeland Security Grant	Dept of Military	97.067	GG-072066601
Homeland Security Grant	Dept of Homeland Sec	97.044	N/A
Engineering:			
Airport Runway Overlay	Dept of Transportation	20.106	Z-05024863
Airport Environmental Assessment	Dept of Transportation	20.106	Z-07037569
Detention Ponds	Dept of Military	97.039 *	GG-0511611
Detention Ponds	Dept of Military	97.039 *	N/A
Greenway	Dept of Transportation	20.205 *	CPD06011-02
Transportation:			
Transportation Planning	Dept of Transportation	20.205 *	Z-07036293
Urban Forestry:			
Urban Forestry Grant	Dept of Agriculture	10.664	Z-07033317
Community Development Block Grant	Dept. of Housing & Urban Development	14.218 *	N/A
Total Federal Grants			

(Continued)

	Balance July 1, 2007	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2008
\$	54,438	\$ 1,085,063	\$ 4,362	\$ 1,113,418	\$ 0	\$ 4,362	\$ 26,083
	20,583	998,265	0	971,026	0	0	47,822
	0	13,001	0	13,001	0	0	0
	(12,449)	107,366	0	116,859	0	0	(21,942)
	0	34,540	0	62,523	0	0	(27,983)
	(6,450)	6,450	0	0	0	0	0
	0	58,171	0	58,171	0	0	0
	(738)	20,763	0	23,379	0	0	(3,354)
	0	132,562	0	145,000	0	0	(12,438)
	0	11,518	0	11,518	0	0	0
	0	12,057	0	7,746	0	0	4,311
	(53,201)	771,008	0	993,422	0	11,541	(287,156)
	(4)	27,016	0	27,593	0	0	(581)
	(2,365)	286,825	0	276,718	0	0	7,742
	0	832,320	0	912,236	0	0	(79,916)
	0	284,555	0	313,550	0	0	(28,995)
	(17,208)	17,208	0	0	0	0	0
	0	35,542	0	35,542	0	0	0
	31,314	137,981	0	28,924	0	0	140,371
	5,080	0	0	5,080	0	0	0
	0	35,448	0	32,569	0	0	2,879
	(22,083)	22,083	0	0	0	0	0
	0	23,000	0	23,000	0	0	0
	0	51,851	0	51,851	0	0	0
	0	22,340	0	22,340	0	0	0
	(152,000)	190,000	0	38,000	0	0	0
	0	102,807	0	102,807	0	0	0
	0	0	0	835,000	0	0	(835,000)
	0	471,058	0	495,547	0	0	(24,489)
	(18,522)	80,088	0	103,090	0	0	(41,524)
	0	0	0	16,982	0	0	(16,982)
	(4,927)	458,235	0	466,817	0	0	(13,509)
\$	(178,532)	\$ 6,329,121	\$ 4,362	\$ 7,303,709	\$ 0	\$ 15,903	\$ (1,164,661)

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2008

PROGRAM - (Continued)	Grantor	CFDA Number	State Grant Number
State Grants:			
Schools:			
Safe and Secure Schools	Dept. of Education	N/A	N/A
Safe and Secure Schools	Dept. of Education	N/A	N/A
Coordinated School Health	Dept. of Education	N/A	GZ8/AAX
Youth Risk Behavior Survey	Dept. of Education	N/A	GB7/ACX
Library:			
Library Archives Grant appropriation	Library and Archives	N/A	Z-08201504
Gates Library Technology Grant	Library and Archives	N/A	Z-08212203
Gates Library Technology Grant	Library and Archives	N/A	Z-07204390
Cleveland Utilities:			
Lauderdale Highway Project	Dept of Economic &	N/A	GG-0720740
Equipment - Generators	Community Development	N/A	GG-0712810
Engineering:			
Airport Maintenance	Dept of Transportation	N/A	Z-08021566
Airport Maintenance	Dept of Transportation	N/A	Z-07035576
Airport Preliminary Engineering for Environmental	Dept of Transportation	N/A	Z-07037599
Airport Property Acquisition	Dept of Transportation	N/A	Z-07037723
Airport Environmental Permitting	Dept of Transportation	N/A	Z-08200685
Detention Ponds	Dept of Economic &		
	Community Develop.	N/A	GG-0511809
Dominion Video Satellite	Dept of Economic &	N/A	
	Community Develop.	N/A	GG-0712810
Community Enhancement Grant	TN Department of State	N/A	Appropriation
Total State Grants			
Total Federal and State Financial Assistance Activity			

*Denotes major programs

(Continued)

<u>Balance July 1, 2007</u>	<u>Cash Receipts</u>	<u>Other Additions</u>	<u>Expend- itures</u>	<u>Paid To Grantor</u>	<u>Transfers Out</u>	<u>Balance June 30, 2008</u>
\$ (11,171)	\$ 11,171	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	11,467	0	24,200	0	0	(12,733)
0	73,743	0	133,549	0	0	(59,806)
0	600	0	600	0	0	0
0	640	0	640	0	0	0
0	7,000	0	7,000	0	0	0
(8,018)	8,018	0	0	0	0	0
(669,150)	669,150	0	0	0	0	0
(107,680)	107,680	0	0	0	0	0
0	10,000	0	10,000	0	0	0
(2,591)	2,591	0	0	0	0	0
0	309,630	0	278,630	31,000	0	0
0	4,478,643	0	4,004,698	473,945	0	0
0	570,887	0	464,387	106,500	0	0
0	0	0	470,000	0	0	(470,000)
(104,868)	107,680	0	2,812	0	0	0
0	55,000	0	55,000	0	0	0
<u>\$ (903,478)</u>	<u>\$ 6,423,900</u>	<u>\$ 0</u>	<u>\$ 5,451,516</u>	<u>\$ 611,445</u>	<u>\$ 0</u>	<u>\$ (542,539)</u>
<u>\$ (1,082,010)</u>	<u>\$ 12,753,021</u>	<u>\$ 4,362</u>	<u>\$ 12,755,225</u>	<u>\$ 611,445</u>	<u>\$ 15,903</u>	<u>\$ (1,707,200)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Year Ended June 30, 2008

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2007</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2008</u>
10.569	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 121,905</u>	<u>\$ 121,905</u>	<u>\$ 0</u>

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CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF
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 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, 2008, and have issued our report thereon dated December 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cleveland, Tennessee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Cleveland, Tennessee's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Cleveland, Tennessee's financial statements that is more than inconsequential will not be prevented or detected by the City of Cleveland, Tennessee's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2008-1 through 2008-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Cleveland, Tennessee's internal control.

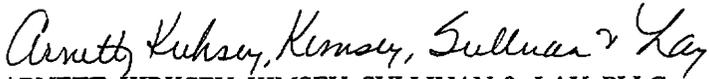
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2008-4 and 2008-5.

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. We did not audit the City of Cleveland, Tennessee's response and, accordingly, we express no opinion on it.

This report is intended for the information of management, the Department of Municipal Audit of the State of Tennessee and all federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


ARNETT, KIRKSEY, KIMSEY, SULLIVAN & LAY, PLLC
Certified Public Accountants

December 12, 2008

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Cleveland, Tennessee with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Cleveland, Tennessee's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Cleveland, Tennessee's management. Our responsibility is to express an opinion on the City of Cleveland, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City 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. Our audit does not provide a legal determination on the City of Cleveland, Tennessee's compliance with those requirements.

In our opinion, the City of Cleveland, Tennessee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Cleveland Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal

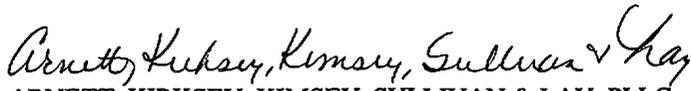
programs. In planning and performing our audit, we considered the City of Cleveland, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Department of Municipal Audit of the State of Tennessee and all federal awarding agencies and should not be used by anyone other than these specified parties.


ARNETT, KIRKSEY, KIMSEY, SULLIVAN & LAY, PLLC
Certified Public Accountants

December 12, 2008

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cleveland, Tennessee.
2. Three significant deficiencies were disclosed during the audit of the financial statements
3. Two instances of noncompliance were identified during the audit of 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 OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of Cleveland, Tennessee, expresses an unqualified opinion.

6 The programs tested as major programs included:

Title I Grants to Local Educational Agencies	CFDA#84010
Special Education - Preschool Grants and Grants to States (cluster)	CFDA#84.173 & 84.027
Reading First Grant	CFDA#84.357
School Lunch and Breakfast (cluster)	CFDA#10.555 & 10.553
Community Development Block Grant	CFDA#14.218
Hazard Mitigation Grant	CFDA#97.039
Transportation Planning	CFDA#20.205

- 7 The threshold for distinguishing Types A and B programs was \$300,000.
- 8 The City of Cleveland, Tennessee, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY 2008-1

FINDING: Animal Shelter Refundable Deposits

The Animal Shelter collects a refundable deposit when animals are adopted and requires that within a reasonable time the animals be spayed or neutered upon which the individual can receive a refund of their \$25 deposit. However, the Animal Shelter has not been tracking the deposits account to determine if some of the funds in the liability account have expired and should be considered revenue.

RECOMMENDATION:

Management should consider a systematic process to track outstanding deposits and determine when they have expired.

SIGNIFICANT DEFICIENCY 2008-2

FINDING: Library Receipts

Register receipts are only given to customers with charges of \$5.00 or more. In addition there is no procedure for

authorizing voids at the register, and register tapes are not retained.

RECOMMENDATION:

All transactions should be recorded on the register and receipts given for all sales. A policy should be in place for approving void transactions. Register tapes should be kept for a minimum of seven years.

SIGNIFICANT DEFICIENCY 2008-3

FINDING: Library Disbursements

Checks written by the library require two signatures to be properly authorized. Invoices do not accompany the checks when they are signed although they are provided if requested.

RECOMMENDATION:

Checks prepared for payment should be accompanied by the invoice when signed by authorized personnel.

NONCOMPLIANCE 2008-4

FINDING: Budget Violation

The School Food Service Fund actual expenditures exceeded budgeted expenditures by \$89,363.

RECOMMENDATION:

Steps should be taken to ensure that actual expenditures do not exceed budgeted expenditures.

NONCOMPLIANCE 2008-5

FINDING: Deficit Fund Balance

The 2007 General Improvement Bond Fund ended the fiscal year with a deficit fund balance of \$587,738.

RECOMMENDATION:

Management should take steps to remedy the deficit fund balance as soon as possible.

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

U.S. Department of Education:

Title I Grants to Local Educational Agencies	CFDA#84010
Special Education - Preschool Grants and Grants to States (cluster)	CFDA#84.173 & 84.027
Reading First Grant	CFDA#84.357
NONE	

U.S. Department of Agriculture:

School Lunch and Breakfast Program	CDFR#10.555 and 10.553
NONE	

U.S. Department of Housing and Urban Development:

Community Development Block Grant	CFDA#14.218
NONE	

U.S. Department of Military:

Hazard Mitigation Grant	CFDA#97.039
NONE	

U.S. Department of Transportation:

Transportation Planning	CFDA#20.205
NONE	

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2008

A. FINANCIAL STATEMENT AUDIT

1. Significant deficiencies 2007-1 and 2007-2 were corrected in the current year.

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year

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City of Cleveland

CLEVELAND, TENNESSEE



Michael L. Keith, CPA
Director of Finance/City Clerk
mkeith@cityofclevelandtn.com
Fax: (423) 559-3302

Cleveland Municipal Building
190 Church Street, N.E.
P.O. Box 1519
Cleveland, Tennessee 37364-1519
(423) 472-4551

December 12, 2008

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2008.

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

Audit Period: July 1, 2007 to June 30, 2008

SIGNIFICANT DEFICIENCY 2008-1

FINDING: Animal Shelter Refundable Deposits

The Animal Shelter collects a refundable deposit when animals are adopted and requires that within a reasonable time the animals be spayed or neutered upon which the individuals can receive a refund of their \$25 deposit. However, the Animal Shelter has not been tracking the deposits account to determine if some of the funds in the liability account have expired and should be considered revenue.

RECOMMENDATION:

Management should consider a systematic process to track outstanding deposits and determine when they have expired.

RESPONSE:

State law requires that any deposits not refunded must be used for spaying and neutering of animals or education programs. The City is implementing a program to track the deposits on a more current basis. The City is also implementing a program to use the nonrefundable amounts to pay for a spay and neuter program.

SIGNIFICANT DEFICIENCY 2008-2

FINDING: Library Receipts

Register receipts are only given to customers with charges of \$5.00 or more. In addition there is no procedure for authorizing voids at the register, and register tapes are not retained.

RECOMMENDATION:

All transactions should be recorded on the register and receipts given for all sales. A policy should be in place for approving void transactions. Register tapes should be kept for a minimum of seven years.

RESPONSE:

The Library is implementing a policy to provide receipts for all transactions, properly approving void transactions and keeping register tapes for seven years.

SIGNIFICANT DEFICIENCY 2008-3

FINDING: Library Disbursements

Checks written by the library require two signatures to be properly authorized. Invoices do not accompany the checks when they are signed although they are provided if requested.

RECOMMENDATION:

Checks prepared for payment should be accompanied by the invoice when signed by authorized personnel.

RESPONSE:

Procedures have been implemented to have invoices accompany checks when they are signed.

NONCOMPLIANCE 2008-4

FINDING: Budget Violation

The School Food Service Fund actual expenditures exceeded budgeted expenditures by \$89,363.

RECOMMENDATION:

Steps should be taken to ensure that actual expenditures do not exceed budgeted expenditures.

RESPONSE:

Steps will be taken to make sure the Board of Education submits budget amendments to prevent expenditures from exceeding the budgeted amounts.

NONCOMPLIANCE 2008-5

FINDING: Deficit Fund Balance

The 2007 General Improvement Bond Fund ended the fiscal year with a deficit fund balance of \$587,738.

RECOMMENDATION:

Management should take steps to remedy the deficit fund balance as soon as possible.

RESPONSE:

This fund provided funding for the completing of the Mayfield School. The City Council approved a loan from the General Fund to complete the construction, with the loan to be repaid from future monies received from Bradley County for school construction. The deficit will be remedied upon the allocation of these funds from Bradley County, which is expected in 2009.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Education:

Title I Grants to Local Educational Agencies
Special Education - Preschool Grants
and Grants to States (cluster)
Reading First Grant

CFDA#84010

CFDA#84.173 & 84.027

CFDA#84.357

NONE

U.S. Department of Agriculture:

School Lunch and Breakfast Programs (cluster)

CFDA#10.555 and 10.553

NONE

U.S. Department of Housing and Urban Development:

Community Development Block Grant

CFDA#14.218

NONE

U.S. Department of Military:

Hazard Mitigation Grant

CFDA#97.039

NONE

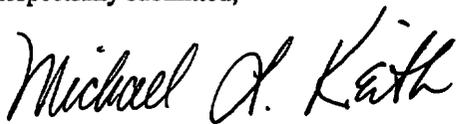
U.S. Department of Transportation:

Transportation Planning

CFDA#20.205

NONE

Respectfully submitted,



Michael L. Keith, CPA
Director of Finance/City Clerk

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