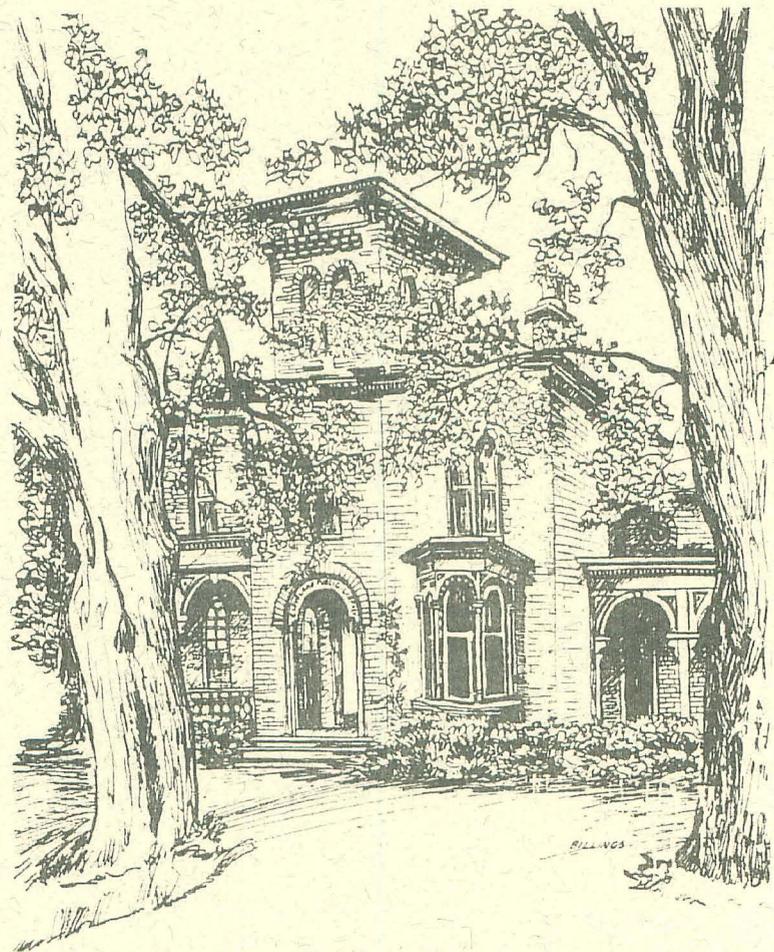


Comprehensive Annual Financial Report City of Cleveland, Tennessee



**For the Year Ended
June 30, 2012**

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2012

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

City of Cleveland

CLEVELAND, TENNESSEE

William Watson, CPA
Director of Finance/City Clerk
wwatson@cityofclevelandtn.com
Fax (423) 559-3302



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

December 18, 2012

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, 2012.

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, Lay and Hall, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cleveland, for the fiscal year ended June 30, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CITY OF CLEVELAND

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

The City of Cleveland operates under the council-manager form of government, established by an amended Private Act Charter in 1993, following a referendum. Five council-members are elected from districts, and the Mayor and two council members are elected at large. All elections are non-partisan, and the terms are for four years, with half the members elected every two years. Policy-making and legislative authority are vested in the Council. The Council is responsible, 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 December 31st and operating budget requests to the finance director by February 15th each year. The City Manager and Finance Director make revenue estimates for the upcoming fiscal year. A budget work session is held in March or 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 second Council meeting in May. The Council is required to hold public hearings on the proposed budget and to adopt a final budget and tax rate by June 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 22-43 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 44-53. For nonmajor governmental funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 87.

Factors Affecting Financial Condition

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

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

- Whirlpool Corporation is the largest employer in the City with approximately 1,400 employees and one of the largest taxpayers. The company completed construction on January 31st, 2012 of a new LED-certified 1.4 million square foot facility. This allows all of the current employees to be in one location within the City. A 400,000 square-foot onsite warehouse was completed on October 1, 2012 (phase 2), and interior build-out of additional offices was completed in December 2012 (phase 3a). Phase 3b has been initiated, which includes a 41,000 square-foot research and development center, to be completed mid-2013.
- Volkswagen has completed its commitment to invest up to \$1 billion for a manufacturing plant in nearby Hamilton County. The plant is located less than twenty minutes from much of Cleveland and has begun shipping Passats around the country. Cleveland, and the surrounding area is benefitting from the approximately 2,000 jobs created at the facility, as well as the estimated additional 9,500 jobs created by suppliers to the plant.
- Wacker Chemie AF, a Munich, Germany-based company, is progressing with its construction of a new facility in Bradley County with an estimated capital investment of \$1.5 billion and initial employment of approximately 750 highly skilled workers. The new facility will produce hyper pure polycrystalline silicon, a key component in photovoltaic for solar energy and semiconductors for the electronics industry.
- Amazon has also completed a distribution center in Bradley County which opened in time to ship items for the 2011 holiday season. Amazon employs approximately 250 full time employees, with a projected peak employment of approximately 600.
- Residential development has also increased to support our growing community. Phase 2 of Retreat at Spring Creek has developed an additional eight buildings, which consist of 112 units and an additional clubhouse to be completed by summer of 2013. Furthermore, Phase 1 of Brooks Edge will include four buildings with 180 units, with construction projected for completion in December 2013. Phase 2 will commence at a later time.
- Construction of the Cleveland Regional Jetport will be completed in January 2013, located off Dry Valley Road in the Tasso community. It includes a 5,500-foot runway, a full-length taxiway and large apron area. The jetport also boasts an 8,000 square-foot state of the art terminal building. Located on the property are 20 T-hangars, 18 corporate hangars and four conventional hangars. Demand for hangars has surpassed expectations and plans to expand facilities are underway, with an additional 20 T-hangars projected to be built by 2015. The new jetport promises to encourage business growth and commercial enterprise in the area.

Long-term financial planning. On March 10, 2009 the voters approved an increase in the local option sales tax rate from 2.25% to 2.75%, the highest rate allowed by state law.

The new rate, which became effective on May 1, 2009, provided that all funds received from the one half percent increase in the rate would be used for capital needs of the city and the city schools. Bradley County passed a similar referendum in May 2009, and all sales tax collected after July 1, 2010 falls under the state's situs-based formula, which distributes the first half of all funds collected to education based on ADA (Average Daily Attendance) and the second half to the local government where the business is located. The 2.25% sales tax continues to be shared based on the 1967 sales tax agreement between the city and the county. This additional revenue has provided much needed funds to purchase equipment and provide paving in the city. It has also funded improvements to the schools including repaying debt incurred for constructing a science wing at Cleveland High School.

The city is working with the Industrial Development Board, Bradley County, and Cleveland Utilities to develop a new industrial park near I-75 Exit 20. The city, county and Cleveland Utilities will each provide \$2,000,000 towards the purchase of the approximately 330 acres necessary for the park and initial development costs. The City and County will additionally each provide approximately \$2,000,000 to match a state grant for the construction of two local interstate connectors in the southern area of the city near the industrial park property. This will provide connectivity for the new interchange being constructed near Exit 20. The development of this area will produce additional tax revenues and jobs.

Financial Policies.

Revenue policies. The city will budget revenues conservatively so that the chance of a revenue shortage during the year is remote. This also will help finance contingencies and Budget amendments that were unforeseen when the Budget was first adopted. The city will review annually all fees and charges to assure that they maintain their inflation-adjusted purchasing power. Since different revenue sources impact classes of taxpayers differently, the City Council recognizes that the only way to minimize these different impacts is to have a diversified revenue system. These impacts will be considered in making any needed adjustments to the various sources of revenue. The city will make every effort not to become too dependent on one source of revenue in order to minimize serious fluctuations in any year. The city will consider market rates and rates of comparable cities in the region when changing tax rates, fees, and charges. The city will make every effort to maintain its favorable comparative position with other Tennessee cities in this regard, which has contributed to our economic development success.

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

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, 2011. This was the twenty-fourth 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 thirteen fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



William Watson, CPA
Director of Finance/City Clerk



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, 2011

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.



Christopher P. Morrell
President

Jeffrey R. Emsw
Executive Director

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CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2012

Tom Rowland
Mayor

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

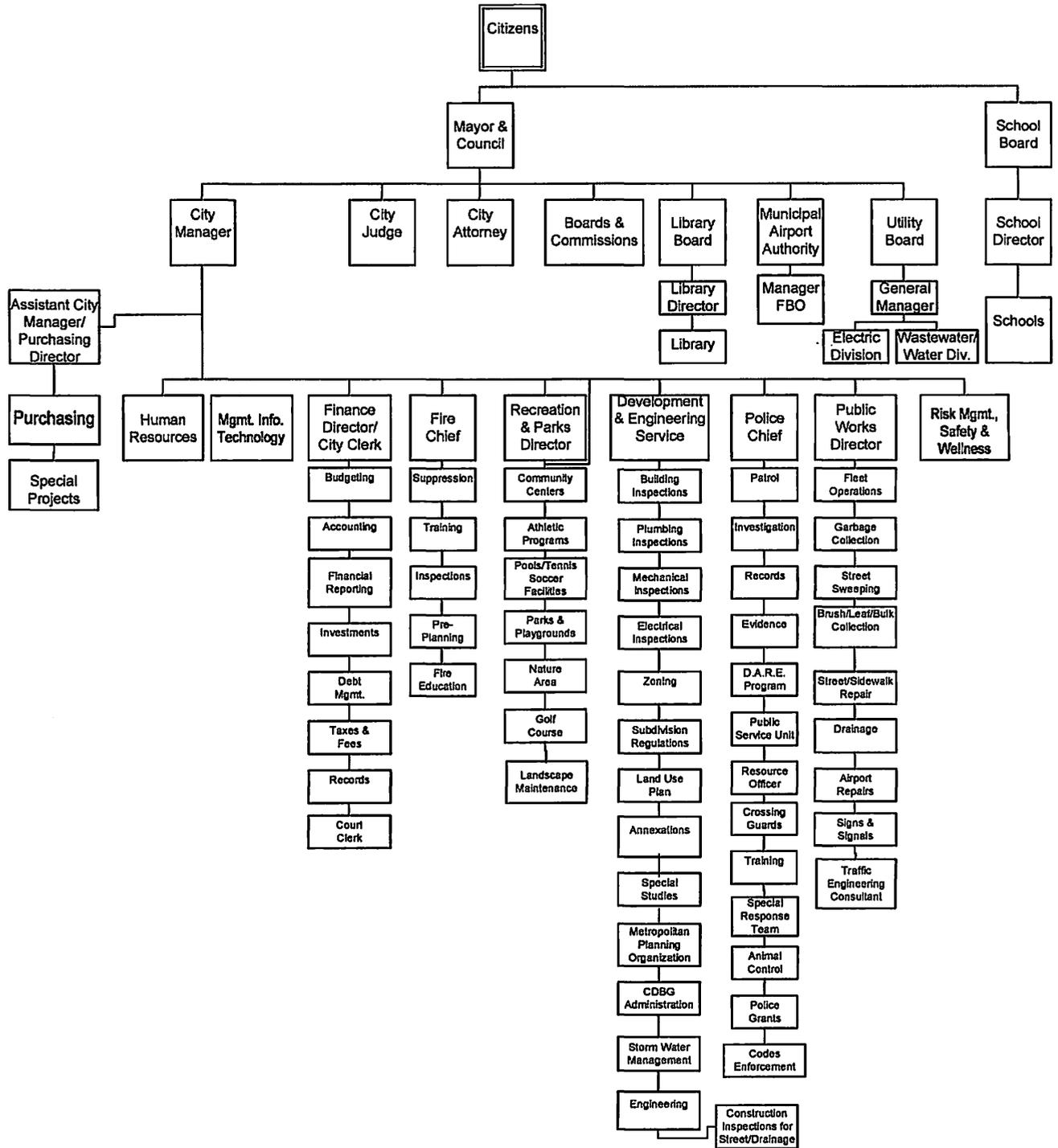
Janice S. Casteel	City Manager
Melinda Carroll	Assistant City Manager

Department Heads

Steve Haun	Fire Chief
Andrew Hunt	Library Director
Jonathan Jobe	Director of Development & Engineering Services
Michael L. Keith, CPA	Director of Finance/City Clerk
John Kimball	City Attorney
Tommy Myers	Public Works Director
Bill B. Moss	City Judge
Patti Pettitt	Parks and Recreation Director
Dr. Martin Ringstaff	Director of Schools
Wesley Bernard Snyder, Jr.	Police Chief
Tom Wheeler	General Manager, Cleveland Utilities

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Organizational Chart for the City of Cleveland, Tennessee



FINANCIAL SECTION

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

WEDGEWOOD OFFICE PARK
4395 N. OCOEE STREET
CLEVELAND, TENNESSEE 37312

TELEPHONE: (423) 476-5581
FACSIMILE: (423) 472-9893
EMAIL: cpa@akkslh.com

RONALD E. ARNETT, CPA/PFS, CVA
WILLIAM B. KIRKSEY, CPA
BUDDY E. KIMSEY, CPA/PFS
VICKI PIERCE SULLIVAN, CPA
MARK A. LAY, CPA
SCOTT D. HALL, CPA

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, 2012, 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.

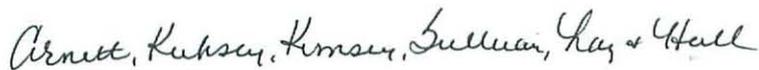
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2012, 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 14, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the Schedule of Funding Progress on page 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted primarily of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not be subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


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

December 14, 2012

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, 2012. 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, 2012 by \$241,449,284 (net assets). Of this amount, \$24,923,402 (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 \$14,173,660, an increase of 6.2% over FY2011. Included in that increase is a prior period adjustment of \$2,361,327, as detailed in Note 20. The City of Cleveland's changes in net assets is detailed in the chart on page seven of this report. Total revenues decreased \$5,553,684, which primarily included a reduction of \$657,518 in charges for services, an increase of \$99,127 in operating grants and contributions, and a reduction of \$7,583,890 in capital grants and contributions. Expenses increased \$735,896 over last fiscal year with the largest increase consisting of \$655,392 for education.
- The city's property tax rate remained the same at \$1.4904 per hundred dollars of assessment.
- The city's residential sanitation fee remained at \$6.95 per month and the Solid Waste Management Fund did not require a subsidy from the General Fund for residential service.
- The city and county entered the second year of their three-year fire contract in which the county agreed to pay for fire suppression service for the fringe area. The contract ends June 30, 2013 and is not expected to be renewed.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$25,658,290.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,955,804, or 46% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$12,013,143 in the city's general fund.
- Long-term debt decreased approximately \$3,247,387.

Overview of the Financial Statements

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

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

The *statement of net 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 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 a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and school fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report beginning on page 87.

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 18-53 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 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 and the Airport fund, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 54-57 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 58-85 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 86 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds, as well as the data for the internal service fund, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 87-130 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 \$241,449,284 at the close of this fiscal year.

The largest portion of the City of Cleveland's net assets (87 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.

	Governmental		Business-type		Total	
	activities		activities			
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Current assets	\$58,010,596	\$51,224,566	\$34,679,333	\$40,151,720	\$92,689,929	\$91,376,286
Receivables and other noncurrent assets	0	0	1,512,140	1,513,450	1,512,140	1,513,450
Deferred Charges	8,000,267	5,283,658	533,446	572,160	8,533,713	5,855,818
Capital assets	135,991,067	134,902,606	201,889,795	190,439,077	337,880,862	325,341,683
Total assets	202,001,930	191,410,830	238,614,714	232,676,407	440,616,644	424,087,237
Long-term liabilities outstanding	84,802,686	79,715,582	60,553,353	63,287,814	145,356,039	143,003,396
Other liabilities	29,636,482	29,941,446	24,174,839	23,866,771	53,811,321	53,808,217
Total liabilities	114,439,168	109,657,028	84,728,192	87,154,803	199,167,360	199,811,613
Net assets:						
Invested in capital assets, net of related debt	66,979,125	66,391,099	143,097,174	132,342,820	210,076,299	198,733,919
Restricted	6,449,583	2,925,821	0	0	6,449,583	2,925,821
Unrestricted	14,134,054	12,436,882	10,789,348	13,179,002	24,923,402	25,615,884
Total net assets	<u>\$87,562,762</u>	<u>\$81,753,802</u>	<u>\$153,886,522</u>	<u>\$145,521,822</u>	<u>\$241,449,284</u>	<u>\$227,275,624</u>

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 \$24,923,402 in unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2012, 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 increased the City of Cleveland’s net assets by \$3,447,633. Key elements of this increase are as follows:

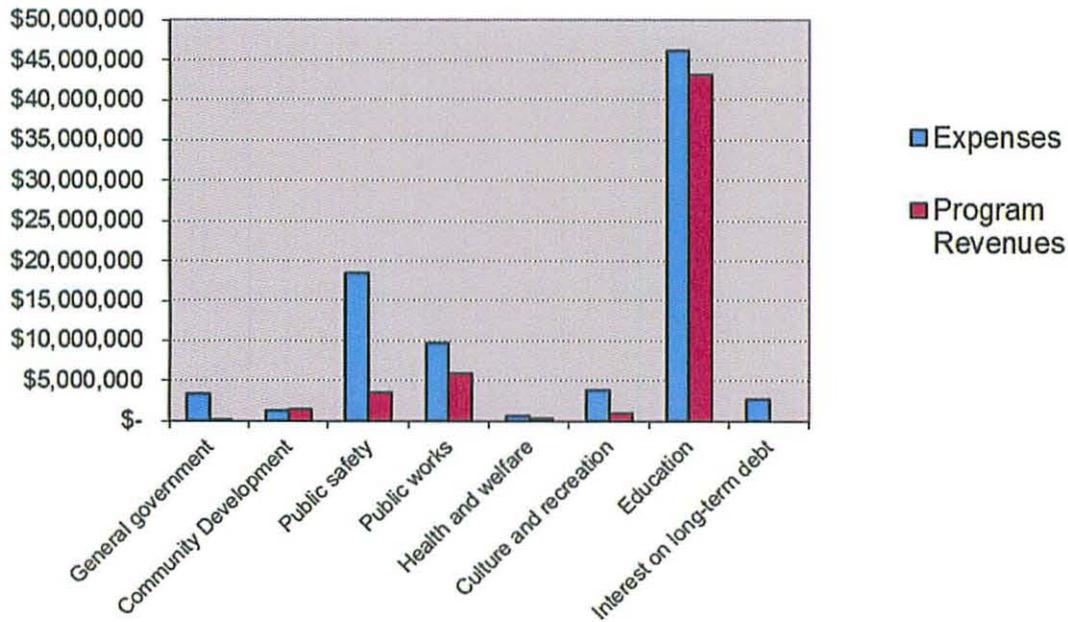
City of Cleveland’s Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Revenues:						
Program revenues:						
Charges for services	\$7,308,364	\$7,618,007	\$117,863,444	\$118,211,319	\$125,171,808	\$125,829,326
Operating grants and contributions	42,136,892	42,206,859	174,663	5,569	42,311,555	42,212,428
Capital grants and contributions	2,823,302	5,806,175	4,800,720	9,401,737	7,624,022	15,207,912
General revenues:						
Property taxes	16,497,090	16,629,270	0	0	16,497,090	16,629,270
Other taxes	20,241,721	17,551,769	0	0	20,241,721	17,551,769
Grants and contributions not restricted to specific programs	708,181	605,104	0	0	708,181	605,104
Other	332,687	303,315	143,358	244,982	476,045	548,297
Total revenues	90,048,237	90,720,499	122,982,185	127,863,607	213,030,422	218,584,106
Expenses:						
General government	3,463,066	3,396,302	0	0	3,463,066	3,396,302
Planning and inspection	1,481,745	1,373,602	0	0	1,481,745	1,373,602
Public safety	18,523,073	18,488,592	0	0	18,523,073	18,488,592
Public works	10,047,079	9,725,715	0	0	10,047,079	9,725,715
Health and welfare	725,353	699,095	0	0	725,353	699,095
Culture and recreation	4,638,754	3,864,303	0	0	4,638,754	3,864,303
Education	46,792,601	46,137,209	0	0	46,792,601	46,137,209
Interest on long-term debt	2,822,451	2,814,385	0	0	2,822,451	2,814,385
Water and sewer	0	0	21,547,173	21,254,266	21,547,173	21,254,266
Electric	0	0	91,125,591	92,666,017	91,125,591	92,666,017
Other enterprise	0	0	51,203	62,617	51,203	62,617
Total expenses	88,494,122	86,499,203	112,723,967	113,982,900	201,218,089	200,482,103
Increase in net assets before transfers	1,554,115	4,221,296	10,258,218	13,880,707	11,812,333	18,102,003
Transfers	1,893,518	1,792,723	0	(1,792,723)	0	0
Increase in net assets	3,447,633	6,014,019	10,258,218	12,087,984	11,812,333	18,102,003
Net assets – beginning	81,753,802	75,739,783	145,521,822	133,433,838	227,275,624	209,173,621
Prior period adjustment	2,361,327	0	0	0	2,361,327	0
Net assets – ending	\$87,562,762	\$81,753,802	\$153,886,522	\$145,521,822	\$241,449,284	\$227,275,624

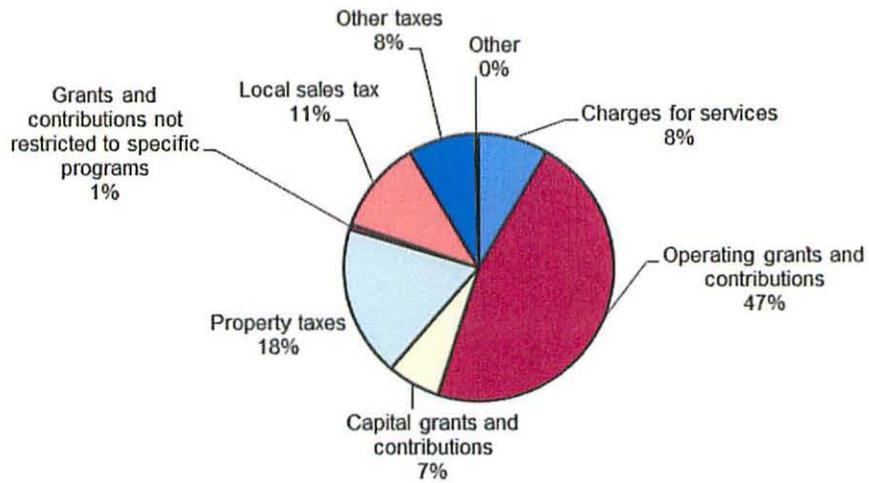
- The city’s property tax rate was \$1.4904 per \$100 of assessed value in fiscal year 2012. Property tax revenues increased in the commercial, residential and personal property categories.
- The prior period adjustment of \$2,361,327 accounts for sales tax collected by Bradley County before July 1, 2011 and awarded to the city in a recent lawsuit.
- Operating grants and contributions decreased \$69,967 due to a combination of decreases in funds for public works.

- Capital grants and contributions decreased \$2,982,873 primarily due to completion of the Science Wing at Cleveland High School during FY2011.
- Cleveland's second largest revenue source is local sales tax, which increased \$1,553,231. This is an indication that the local economy continues to recover. However, a portion of this increase is attributed to the sale of building materials following tornadoes in the area in 2011. 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 one half cent sales tax passed by referendum in 2009 is situs-based and does not fall under this sales tax agreement.
- Overall expenditures increased \$1,994,919. The most significant changes in expenditures were increases of \$774,451 for recreation and \$655,392 for education.

Expenses and Program Revenues – Governmental Activities

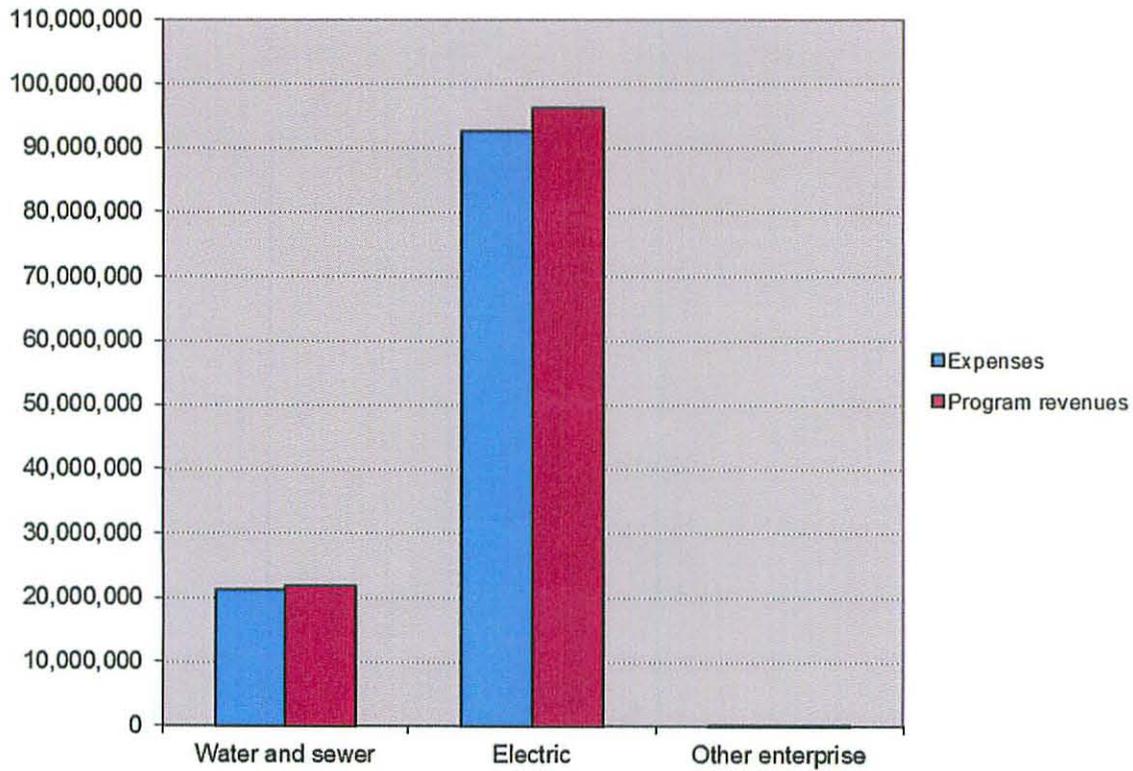


Revenues by Source – Governmental Activities

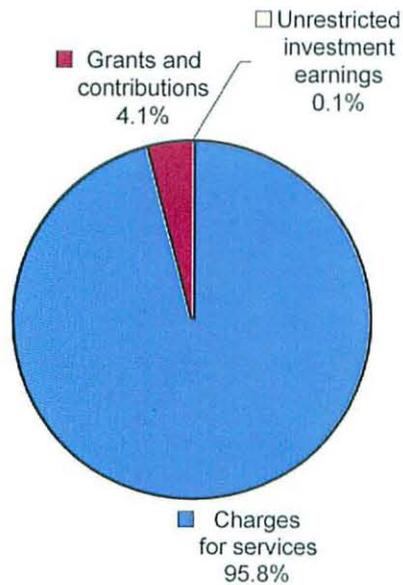


Business-type activities. Business-type activities increased the City of Cleveland's net assets by \$8,364,700. The increase is attributed to a combination of the electric and water operations of Cleveland Utilities and grants received for constructing the new airport. The change in net assets for Cleveland Utilities was the result of an increase in net assets invested in capital assets (net of related debt). Capital grants and contributions decreased \$4,601,017 from the previous year due to construction of the airport.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$25,658,290, an increase of \$4,597,435. Of this amount, \$477,829 is set aside for endowment and nonspendable inventories, \$3,068,100 is restricted with externally enforceable limitations on use, \$869,249 is committed by the City Council to a specific fund or use, \$9,287,308 is assigned for designated usage, and \$11,955,804 is unassigned.

The general fund is the chief operating fund of the City of Cleveland. At the end of the current fiscal year, unassigned fund balance was \$11,955,804. Unassigned fund balance represents 46% of total fund expenditures. However, unassigned fund balance only represents 31% 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 \$1,803,852 during the current fiscal year. This is attributed to revenues exceeding budgeted amounts (property taxes and state-shared revenues) and all city departments spending less than the final amended budget. Several vacant employee positions were not filled due to the loss of the fire contract with Bradley County, which originally totaled \$1,800,000. The fund balance of the School Fund increased \$268,988. The increase is due to increased federal, state and local funding over the original budget.

The debt service fund has a total fund balance of \$2,548,507. The net increase in fund balance during the current year was \$4,961 due to reducing the transfer from the general fund in order to balance that fund's original budget. The remaining increase in the governmental funds is primarily due to note proceeds for transportation projects, which were not completed by the end of the fiscal year.

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 \$8,176,392 for the Cleveland Utilities Water Division, \$5,744,531 for Cleveland Utilities Electric Division, (\$3,131,575) for the Cleveland Municipal Airport Fund and \$299,217 for the Fleet Management Fund.

General Fund Budgetary Highlights

General fund revenues were amended during the year to increase \$1,306,300 with local sales tax and state sales tax largely responsible for the increase. General fund expenditures were amended to increase \$587,300. This increase was predominantly attributed to public works due to severe weather, gas and oil, and equipment maintenance. The appropriations budget increased \$174,000 because of additional funding requested by the 911 Communications Center.

Cleveland Utilities tax equivalency payment increased \$98,000 and the General Fund's transfer for capital projects increased \$817,000 largely due to the replacement of the South Cleveland Community Center swimming pool.

Actual revenues exceeded the final amended budget by \$818,160, or 2.2%. This was largely due to increased collections in property tax, gross receipts tax, state sales tax and state income tax. The amended budget exceeded actual expenditures by \$978,318. This was largely due to unfilled vacant positions and underspending throughout all departments. In addition, the \$174,000 budgeted for the 911 Communications Center was contingent upon matching funds, which did not materialize.

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, 2012 amounts to \$337,880,862 (net of accumulated depreciation), which is a \$12,539,179 increase over last fiscal year. This investment in capital assets includes land, buildings, other improvements, equipment, and infrastructure.

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

- General government added \$301,509 primarily due to improvements at the library
- Parks and Recreation added \$11,429 in improvements to the Greenway and two recreation centers.
- Public safety activities added \$515,077 in capital assets with the purchase of vehicles, radios, mobile data terminals and in-car video equipment.
- Public works activities added \$1,375,042 primarily in road, sidewalk and drainage infrastructure.
- City schools placed in service \$8,456,242 in capital assets with the addition of the Science Wing at Cleveland High School and other improvements to school buildings.
- Business-type activities added \$11,450,718 in improvements for water, sewer and electric systems and construction on the new airport.

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

	Governmental activities		Business-type activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Land	\$ 9,216,970	\$ 9,112,070	\$ 27,110,574	\$ 25,549,104	\$ 36,327,544	\$ 34,661,174
Buildings and systems	77,253,251	70,964,415	166,175,844	159,770,610	243,429,095	230,735,025
Improvements other than buildings	3,072,086	3,162,758	0	0	3,072,086	3,162,758
Furniture, fixtures, equipment & vehicles	7,623,997	7,213,506	173,607	186,645	7,797,604	7,400,151
Infrastructure	35,643,887	35,328,914	0	0	35,643,887	35,328,914
Construction in progress	3,180,876	9,120,943	8,429,770	4,932,718	11,610,646	14,053,661
Total	\$135,991,067	\$134,902,606	\$201,889,795	\$190,439,077	\$337,880,862	\$325,341,683

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 \$128,968,136. Of this amount, \$39,095,000 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 \$58,875,000 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, and the City of Clarksville, Tennessee and other state loans, including \$29,428,344 for city general projects and \$877,265 for Cleveland Utilities. The city also has a capital lease on lighting upgrades for the City Schools in the amount of \$692,527.

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, the City of Clarksville, Tennessee, and other long-term notes)

	Governmental activities		Business-type activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
General obligation bonds	39,095,000	40,950,000	0	0	39,095,000	40,950,000
Long-term notes issued through various agencies in TN	29,428,344	27,398,285	877,265	792,000	30,305,609	28,190,285
Capital leases	692,527	375,238	0	0	692,527	375,238
Revenue bonds	0	0	58,875,000	62,700,000	58,875,000	62,700,000
Less bond discount/premiums	212,384	237,132	143,189	154,692	355,573	391,824
Less Deferred Charges for refunding	(416,313)	(449,148)	(1,049,217)	(1,180,176)	(1,465,530)	(1,629,324)
Total	<u>69,011,942</u>	<u>68,511,507</u>	<u>58,846,237</u>	<u>62,466,516</u>	<u>127,858,179</u>	<u>130,978,023</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 68-73.

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, 2012 is \$42,692,546, and is calculated on page 157 of this report.

Economic Factors and Next Year's Budget and Rates

- The June 2012 unemployment rate for Cleveland was 9.5 percent, which is down from 10.3 percent a year ago. Bradley County was 8.8 percent, down from 10.1 percent a year ago. Tennessee's average unemployment rate was 8.1 percent and the national average rate was 8.2 percent (Source: Tennessee Department of Labor and Workforce).
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- Local sales tax collections increased 9.3% from the previous fiscal year. This is a positive sign that a recovery in the current economy may be occurring. State sales tax collections have shown positive signs as well.

All of these factors were considered in preparing the city's budget for the 2013 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$1,803,852 as previously discussed. Management has again been conservative in estimating revenues for 2013. The city's property tax rate did not increase, and the residential sanitation fee remained at \$6.95 per month. 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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BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,503,847	\$ 14,811,359	\$ 30,315,206
Cash and cash equivalents - restricted	4,936	53,616	58,552
Investments	1,408,547	0	1,408,547
Investments - restricted	455,000	0	455,000
Accounts receivable - net	677,524	18,730,079	19,407,603
Property taxes receivable - net	18,062,255	0	18,062,255
Sales tax receivable	1,196,916	0	1,196,916
Due from other government agencies	15,940,544	1,870,619	17,811,163
Internal balances	4,541,000	(4,541,000)	0
Inventories	220,027	2,078,093	2,298,120
Prepays	0	1,676,567	1,676,567
Total current assets	\$ 58,010,596	\$ 34,679,333	\$ 92,689,929
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 1,460,488	\$ 1,460,488
Deferred charges	748,187	533,446	1,281,633
Deferred outflow of resources	7,252,080	0	7,252,080
Other noncurrent assets	0	51,652	51,652
Capital assets:			
Land and construction in progress	12,397,846	35,540,344	47,938,190
Other capital assets, net of accumulated depreciation	123,593,221	166,349,451	289,942,672
Total noncurrent assets	\$ 143,991,334	\$ 203,935,381	\$ 347,926,715
Total Assets	\$ 202,001,930	\$ 238,614,714	\$ 440,616,644
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 2,962,380	\$ 3,124,523	\$ 6,086,903
Accounts payable	1,738,941	14,140,269	15,879,210
Customer deposits	0	2,980,918	2,980,918
Unearned revenue	22,018,631	0	22,018,631
Bonds, notes and capital leases - current	2,780,533	3,929,129	6,709,662
Compensated absences payable - current	135,997	0	135,997
Total current liabilities	\$ 29,636,482	\$ 24,174,839	\$ 53,811,321
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 1,508,816	\$ 1,508,816
Derivative - interest rate swap	7,252,080	0	7,252,080
Bonds, notes and capital leases payable	66,231,409	54,917,108	121,148,517
Compensated absences payable	1,563,965	0	1,563,965
Post-employment benefits payable	9,755,232	4,127,429	13,882,661
Total long-term liabilities	\$ 84,802,686	\$ 60,553,353	\$ 145,356,039
Total Liabilities	\$ 114,439,168	\$ 84,728,192	\$ 199,167,360
NET ASSETS			
Invested in capital assets, net of related debt	\$ 66,979,125	\$ 143,097,174	\$ 210,076,299
Restricted for:			
Law enforcement	111,837	0	111,837
Community development - federal grants	27,393	0	27,393
Street improvements	368,845	0	368,845
Capital outlay	5,365,199	0	5,365,199
Education	102,673	0	102,673
Perpetual care:			
Nonexpendable	473,636	0	473,636
Unrestricted	14,134,054	10,789,348	24,923,402
Total Net Assets	\$ 87,562,762	\$ 153,886,522	\$ 241,449,284

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, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	Expenses						
Primary government:							
Governmental activities:							
General government	\$ 3,463,066	\$ 42,471	\$ 74,265	\$ 0	\$ (3,346,330)	\$ 0	\$ (3,346,330)
Community development	1,481,745	325,108	1,100,331	122,688	66,382	0	66,382
Public safety	18,523,073	2,814,659	702,256	0	(15,006,158)	0	(15,006,158)
Public works	10,047,079	2,483,310	1,169,099	1,779,472	(4,615,198)	0	(4,615,198)
Health and welfare	725,353	353,828	0	0	(371,525)	0	(371,525)
Culture and recreation	4,638,754	317,261	614,447	110,000	(3,597,046)	0	(3,597,046)
Education	46,792,601	971,727	38,476,494	811,142	(6,533,238)	0	(6,533,238)
Interest on long-term debt	2,822,451	0	0	0	(2,822,451)	0	(2,822,451)
Total governmental activities	\$ 88,494,122	\$ 7,308,364	\$ 42,136,892	\$ 2,823,302	\$ (36,225,564)	\$ 0	\$ (36,225,564)
Business-type activities:							
Water and sewer	\$ 21,547,173	\$ 23,391,403	\$ 153,750	\$ 1,132,690	\$ 0	\$ 3,130,670	\$ 3,130,670
Electric	91,125,591	94,456,322	20,913	0	0	3,351,644	3,351,644
Airport	51,203	15,719	0	3,668,030	0	3,632,546	3,632,546
Total business-type activities	\$ 112,723,967	\$ 117,863,444	\$ 174,663	\$ 4,800,720	\$ 0	\$ 10,114,860	\$ 10,114,860
Total primary government	\$ 201,218,089	\$ 125,171,808	\$ 42,311,555	\$ 7,624,022	\$ (36,225,564)	\$ 10,114,860	\$ (26,110,704)
General revenues:							
Property taxes					\$ 16,497,090	\$ 0	\$ 16,497,090
Interest and penalty on taxes					270,429	0	270,429
In lieu of taxes					281,289	0	281,289
Local sales tax					11,726,645	0	11,726,645
Wholesale beer tax					1,490,010	0	1,490,010
Gross receipts tax					1,103,755	0	1,103,755
Franchise tax					790,234	0	790,234
State sales tax - unrestricted					2,803,138	0	2,803,138
Other state taxes - unrestricted					2,046,650	0	2,046,650
Grants and contributions not restricted to specific programs					708,181	0	708,181
Unrestricted investment earnings					58,173	143,358	201,531
Gain on sale of capital assets					4,085	0	4,085
Transfers					1,893,518	(1,893,518)	0
Total general revenues and transfers					\$ 39,673,197	\$ (1,750,160)	\$ 37,923,037
Change in net assets					\$ 3,447,633	\$ 8,364,700	\$ 11,812,333
Net assets - beginning					81,753,802	145,521,822	227,275,624
Prior period adjustment					2,361,327	0	2,361,327
Net assets - ending					\$ 87,562,762	\$ 153,886,522	\$ 241,449,284

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

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,875,692	\$ 4,722,488	\$ 6,830,661	\$ 15,428,841
Cash and cash equivalents - restricted	0	0	4,936	4,936
Investments	0	0	1,408,547	1,408,547
Investments - restricted	0	0	455,000	455,000
Accounts receivable - net	453,895	0	198,396	652,291
Property taxes receivable - net	18,062,255	0	0	18,062,255
Sales tax receivable	489,880	707,036	0	1,196,916
Due from other government agencies	3,528,965	6,035,277	6,376,302	15,940,544
Due from other funds	4,832,000	0	0	4,832,000
Inventories	4,193	0	0	4,193
Total Assets	\$ 31,246,880	\$ 11,464,801	\$ 15,273,842	\$ 57,985,523
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ 333,758	\$ 2,220,535	\$ 272,199	\$ 2,826,492
Accounts payable	181,956	325,384	1,214,746	1,722,086
Due to other funds	0	0	291,000	291,000
Matured interest payable	0	0	1,097	1,097
Matured bonds payable	0	0	1,000	1,000
Deferred revenue	18,771,169	5,785,951	2,928,438	27,485,558
Total Liabilities	\$ 19,286,883	\$ 8,331,870	\$ 4,708,480	\$ 32,327,233
Fund balances:				
Nonspendable:				
Inventories	\$ 4,193	\$ 0	\$ 0	\$ 4,193
Permanent fund principal	0	0	473,636	473,636
Restricted for:				
Law enforcement	0	0	111,837	111,837
Community development - federal grants	0	0	27,393	27,393
Street improvements	0	0	368,845	368,845
Capital outlay	0	0	2,457,352	2,457,352
Education	0	89,426	13,247	102,673
Committed to:				
Solid Waste	0	0	762,251	762,251
Stormwater	0	0	105,687	105,687
Law enforcement	0	0	1,311	1,311
Assigned to:				
Education	0	3,043,505	420,433	3,463,938
Library	0	0	274,903	274,903
Debt service	0	0	2,548,507	2,548,507
Capital outlay	0	0	2,999,960	2,999,960
Unassigned	11,955,804	0	0	11,955,804
Total fund balances	\$ 11,959,997	\$ 3,132,931	\$ 10,565,362	\$ 25,658,290
Total liabilities and fund balances	\$ 31,246,880	\$ 11,464,801	\$ 15,273,842	\$ 57,985,523

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances per governmental funds balance sheet	\$ 25,658,290
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	134,831,413
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.	(79,852,740)
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.	1,458,872
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.	5,466,927
Net assets of governmental activities	<u>\$ 87,562,762</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2012

Revenues:	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 29,020,438	\$ 0	\$ 2,796,667	\$ 31,817,105
Licenses and permits	427,088	0	0	427,088
Intergovernmental	4,950,066	32,557,645	12,287,589	49,795,300
Fines and forfeitures	698,392	0	17,969	716,361
Charges for services	2,743,599	243,134	3,178,182	6,164,915
Interest	13,713	6,251	38,209	58,173
Miscellaneous	175,064	257,834	256,970	689,868
Total revenues	<u>\$ 38,028,360</u>	<u>\$ 33,064,864</u>	<u>\$ 18,575,586</u>	<u>\$ 89,668,810</u>
Expenditures:				
Current:				
General government	\$ 2,114,753	\$ 0	\$ 128,640	\$ 2,243,393
Community development	621,824	0	207,116	828,940
Public safety	15,719,479	0	614,583	16,334,062
Public works	3,951,420	0	4,291,190	8,242,610
Health and welfare	548,043	0	0	548,043
Culture and recreation	2,113,297	0	1,239,430	3,352,727
Education	0	37,234,688	6,451,155	43,685,843
Appropriations	1,070,066	0	0	1,070,066
Capital outlay	0	354,870	8,025,413	8,380,283
Debt service:				
Principal retirement	0	174,279	2,303,578	2,477,857
Interest and fiscal charges	0	23,226	2,748,047	2,771,273
Total expenditures	<u>\$ 26,138,882</u>	<u>\$ 37,787,063</u>	<u>\$ 26,009,152</u>	<u>\$ 89,935,097</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 11,889,478</u>	<u>\$ (4,722,199)</u>	<u>\$ (7,433,566)</u>	<u>\$ (266,287)</u>
Other financing sources (uses):				
Transfers in	\$ 1,927,517	\$ 5,123,117	\$ 7,742,243	\$ 14,792,877
Transfers out	(12,013,143)	(486,800)	(399,417)	(12,899,360)
Notes issued	0	0	2,615,335	2,615,335
Capital leases	0	354,870	0	354,870
Total other financing sources (uses)	<u>\$ (10,085,626)</u>	<u>\$ 4,991,187</u>	<u>\$ 9,958,161</u>	<u>\$ 4,863,722</u>
Net change in fund balances	\$ 1,803,852	\$ 268,988	\$ 2,524,595	\$ 4,597,435
Fund balance at beginning of year	10,156,145	2,863,943	8,040,767	21,060,855
Fund balance at end of year	<u>\$ 11,959,997</u>	<u>\$ 3,132,931</u>	<u>\$ 10,565,362</u>	<u>\$ 25,658,290</u>

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Net change in fund balances for total governmental funds	\$	4,597,435
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		1,167,953
Governmental funds report only the proceeds from the sale of assets and do not take into effect the cost of capital assets sold.		(71,247)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		450,672
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.		2,477,857
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 and capital leases payable issued.		(2,970,205)
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.		(5,488)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Net decrease in accrued interest	\$	9,342
Debt issuance costs		16,200
Amortization of debt issuance cost		(68,633)
Amortization of deferred charges		(32,835)
Amortization of bond premiums		24,748
Increase in compensated absences		(13,382)
Increase in post-employment benefits		(2,134,784)
Total additional expenditures		(2,199,344)
Change in net assets of governmental activities	\$	<u>3,447,633</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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 16,100,000	\$ 16,100,000	\$ 16,366,044	\$ 266,044
Property taxes - utility	349,000	349,000	335,219	(13,781)
Interest and penalty on taxes	220,000	220,000	270,429	50,429
In lieu of taxes	350,000	350,000	281,289	(68,711)
Local sales tax	7,600,000	8,382,000	8,383,458	1,458
Wholesale beer tax	1,270,000	1,385,000	1,490,010	105,010
Gross receipts tax	900,000	900,000	1,103,755	203,755
Franchise taxes - gas	600,000	600,000	368,000	(232,000)
Franchise taxes - charter	380,000	380,000	422,234	42,234
Total taxes	\$ 27,769,000	\$ 28,666,000	\$ 29,020,438	\$ 354,438
Licenses and permits:				
Beer licenses	\$ 5,000	\$ 5,000	\$ 6,317	\$ 1,317
Beer renewal fee	11,000	11,000	12,689	1,689
Liquor license	0	0	1,900	1,900
Liquor license renewals	15,000	15,000	21,565	6,565
Building permits	150,000	150,000	188,856	38,856
Electrical permits	7,000	7,000	7,245	245
Electrical licenses	16,000	16,000	16,864	864
Mechanical permits	11,000	11,000	28,819	17,819
Mechanical licenses	7,000	7,000	7,850	850
Plumbing permits	25,000	25,000	26,874	1,874
Plumbing licenses	9,000	9,000	10,200	1,200
Street cut permits	60,000	60,000	49,894	(10,106)
Land disturbance permit	7,000	7,000	4,430	(2,570)
Tree permit	0	0	20	20
Rezoning fee	0	0	2,700	2,700
Zoning appeal fee	500	500	2,850	2,350
Zoning letter fee	500	500	1,250	750
Minor encroachment fee	0	0	200	200
Certificate of appropriateness	0	0	800	800
Recreation permits and maintenance fee	5,000	5,000	5,165	165
Plat review fee	2,000	2,000	2,385	385
Plans review fee	9,000	9,000	21,590	12,590
Certificate of occupancy	4,000	4,000	6,200	2,200
Alley or street abandonment fee	0	0	150	150
Wrecker permit fees	0	0	275	275
Total licenses and permits	\$ 344,000	\$ 344,000	\$ 427,088	\$ 83,088
Intergovernmental revenues:				
Federal grant - protective vest	\$ 0	\$ 30,500	\$ 21,484	\$ (9,016)
FEMA grant - tornado storm damages	0	72,000	14,488	(57,512)
TEMA grant - tornado storm damage	0	0	74,505	74,505
Police training supplement	55,200	55,200	51,000	(4,200)
Fire training supplement	52,200	52,200	49,200	(3,000)
State-highway safety grant	0	0	965	965
State tree grant	0	3,000	3,088	88

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State sales tax	\$ 2,450,000	\$ 2,646,000	\$ 2,803,138	\$ 157,138
State income tax	600,000	600,000	920,928	320,928
State beer tax	18,000	18,000	20,266	2,266
State mixed drink tax	95,000	95,000	142,753	47,753
State gas inspection tax	80,000	80,000	84,735	4,735
State highway maintenance tax	194,500	194,500	194,539	39
T.V.A. - In lieu of taxes	420,000	420,000	477,752	57,752
Excise tax	220,000	220,000	91,225	(128,775)
Total intergovernmental revenues	\$ 4,184,900	\$ 4,486,400	\$ 4,950,066	\$ 463,666
Fines and forfeitures:				
Traffic tickets	\$ 600,000	\$ 600,000	\$ 508,381	\$ (91,619)
Parking tickets	30,000	30,000	22,553	(7,447)
Animal Shelter tickets	1,000	1,000	555	(445)
Code enforcement fines	0	0	3,436	3,436
Garnishments	0	0	176	176
Court clerk fees	1,500	1,500	3,267	1,767
Drug fines	20,000	20,000	16,729	(3,271)
Sessions court	25,000	25,000	36,938	11,938
Circuit court	16,000	16,000	22,284	6,284
Officers - sessions court	65,000	65,000	72,152	7,152
Officers - circuit court	1,500	1,500	5,201	3,701
State refunds	0	0	570	570
Sex offender registry	4,000	4,000	6,150	2,150
Total fines and forfeitures	\$ 764,000	\$ 764,000	\$ 698,392	\$ (65,608)
Charges for services:				
Police protection	\$ 0	\$ 50,000	\$ 50,000	\$ 0
Fire inspection fees	1,000	1,000	2,206	1,206
Police department contracted services	10,000	10,000	20,980	10,980
Police department housing authority cont.	50,000	0	0	0
Airport maintenance	10,000	10,000	13,282	3,282
Animal Shelter - boarding fees	9,000	9,000	7,920	(1,080)
Animal Shelter - spay/neuter	33,000	33,000	20,908	(12,092)
Bradley County - animal control	325,000	325,000	325,000	0
Bradley County - fire protection	1,822,200	1,822,200	1,822,200	0
Bradley County - tornado reimbursement	0	0	40,833	40,833
Tinsley Pool gate	22,000	22,000	23,915	1,915
Tinsley Pool concessions	5,000	5,000	6,413	1,413
Tinsley Pool rental	3,000	3,000	5,075	2,075
Tinsley Park tournament	0	0	3,790	3,790
Tinsley Park concessions	22,000	22,000	23,755	1,755
Tinsley Park rental	1,500	1,500	2,056	556
Cleveland Community Center	5,000	5,000	3,306	(1,694)
College Hill Recreation	5,000	5,000	8,747	3,747

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
NE Panther account	\$ 0	\$ 1,336	\$ 1,416	\$ 80
College Hill program fee	7,000	7,000	7,395	395
Park and recreation miscellaneous	1,000	1,464	3,958	2,494
SRO - City Schools	180,000	180,000	202,912	22,912
Waterville concessions	25,000	25,000	22,502	(2,498)
Waterville permits-Jr/Sr	20,000	20,000	15,440	(4,560)
Waterville permits-Individual	8,000	8,000	3,915	(4,085)
Waterville permits-Family	5,000	5,000	0	(5,000)
Waterville tournaments	20,000	20,000	6,588	(13,412)
Waterville specials	150,000	150,000	50,796	(99,204)
Waterville cart rental fee	30,000	30,000	11,395	(18,605)
Waterville cart shed rental	1,300	1,300	1,550	250
Waterville green fee weekday regular	2,000	2,000	468	(1,532)
Waterville green fee weekday 9 hole	5,000	5,000	4,170	(830)
Waterville green fee weekday Jr/Sr	12,000	12,000	7,800	(4,200)
Waterville green fee weekend regular	2,000	2,000	763	(1,237)
Waterville green fee weekend 9 hole	2,000	2,000	2,499	499
Waterville pro shop	10,000	10,000	2,657	(7,343)
Waterville miscellaneous	1,000	1,000	1,136	136
Wellness program dues-city	5,000	0	9,146	9,146
Wellness program dues-schools	7,000	7,000	2,973	(4,027)
Wellness program dues	0	5,000	3,734	(1,266)
Total charges for services	\$ 2,817,000	\$ 2,818,800	\$ 2,743,599	\$ (75,201)
Interest	\$ 6,000	\$ 6,000	\$ 13,713	\$ 7,713
Miscellaneous revenues:				
Auction sale of equipment	\$ 0	\$ 15,000	\$ 15,233	\$ 233
Sale of maps-engineering	0	0	13	13
Sale of mulch	0	9,360	9,967	607
Sale of scrap metal	0	0	6,137	6,137
Donations - Memorial tree fund	0	6,875	7,750	875
Old timers banquet	2,000	2,000	2,800	800
Sign and decal reimbursement	2,000	2,000	3,232	1,232
Donations - Cleveland Fire Department	0	600	675	75
TML safety grant - matching	0	0	2,000	2,000
TML package bonus	5,000	5,000	5,000	0
TML driver safety grant	0	0	4,540	4,540
Miscellaneous insurance revenue	0	0	5,391	5,391
Animal Shelter donations	0	1,765	2,050	285
Donations historic signs	0	0	2,561	2,561
City's nickname donations	0	800	800	0
Mayor's reception donations	0	5,000	3,800	(1,200)
Donations - assessments of buildings	0	5,000	4,000	(1,000)
TML reimbursement police vehicles	0	0	35,449	35,449
Fire misc/reports	0	0	66	66

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued):				
Miscellaneous revenues - (Continued)				
TML reimbursement for property damage	\$ 0	\$ 11,600	\$ 14,320	\$ 2,720
TML work comp salary reimbursement	0	0	11,009	11,009
Employee jury duty reimbursement	0	0	93	93
Sundry income	10,000	35,000	17,865	(17,135)
Sundry income - copies	0	0	2	2
Sundry income - clerk and master	0	25,000	19,825	(5,175)
BTA - booth rental fee	0	0	486	486
Total miscellaneous revenues	<u>\$ 19,000</u>	<u>\$ 125,000</u>	<u>\$ 175,064</u>	<u>\$ 50,064</u>
Total revenues	<u>\$ 35,903,900</u>	<u>\$ 37,210,200</u>	<u>\$ 38,028,360</u>	<u>\$ 818,160</u>
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 60,200	\$ 60,200	\$ 60,478	\$ (278)
Salaries - city council	62,400	62,400	62,911	(511)
Salaries - judicial	34,200	34,200	34,299	(99)
Part time wages	1,200	1,200	0	1,200
Service awards	500	500	450	50
Longevity	3,700	3,700	3,500	200
Sold vacations	1,200	1,200	1,157	43
Christmas bonus	300	2,200	954	1,246
Dental insurance	6,400	6,400	4,871	1,529
Social security	12,400	12,400	11,170	1,230
Health insurance	70,800	70,800	56,170	14,630
Retirement	27,000	27,000	22,390	4,610
Life and disability insurance	4,900	4,900	1,450	3,450
Postage	500	500	228	272
Printing	1,500	1,500	125	1,375
Subscriptions and memberships	5,200	5,200	293	4,907
Advertising	3,000	3,000	2,087	913
Telephone and pager	11,000	11,000	11,780	(780)
Government consulting services	8,000	8,000	6,000	2,000
Equipment repair and replacement	1,600	1,600	0	1,600
Contract maintenance services	3,800	3,800	3,582	218
Emergency repairs - city buildings	20,000	20,000	8,834	11,166
Travel and training	12,000	12,000	6,997	5,003
Council work sessions	3,000	3,000	1,724	1,276
Complimentary meals	1,500	1,500	1,016	484
Office expenditures and paper	4,000	4,000	4,126	(126)
Janitorial	400	400	0	400
Insurance - general liability	900	900	889	11
Insurance - workers compensation	1,100	1,100	133	967
Rent - parking lots	1,800	1,800	1,800	0
Service pins - all departments	900	900	332	568

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Employee Christmas dinner	\$ 2,200	\$ 2,200	\$ 0	\$ 2,200
Employee picnic	8,000	8,000	12,402	(4,402)
Miscellaneous	500	1,500	1,343	157
Mayor's reception donations	0	5,000	3,960	1,040
Assessment of city builders	0	5,000	4,825	175
Office machinery and equipment	700	700	0	700
Council room equipment and supplies	1,200	1,200	54	1,146
Carolina House	0	0	21,192	(21,192)
	<u>\$ 378,000</u>	<u>\$ 390,900</u>	<u>\$ 353,522</u>	<u>\$ 37,378</u>
Administration and finance				
Salaries	\$ 653,000	\$ 653,000	\$ 647,264	\$ 5,736
Overtime wages	8,000	8,000	10,355	(2,355)
Part time wages	29,000	29,000	26,292	2,708
Service awards	100	100	175	(75)
Longevity	8,900	8,900	8,500	400
Sold vacations	10,000	10,000	8,315	1,685
Christmas bonus	1,500	11,300	9,613	1,687
College pay	2,000	2,000	1,965	35
Dental insurance	6,500	6,500	5,308	1,192
Social security	56,000	56,000	50,128	5,872
Health insurance	96,000	96,000	89,324	6,676
Retirement	114,000	114,000	112,200	1,800
Life and disability insurance	8,200	8,200	7,802	398
Employee assistance program	9,600	9,600	8,890	710
Education reimbursement	0	0	2,860	(2,860)
Flex spending program	9,000	9,000	7,745	1,255
Laundry and dry cleaning	1,600	2,200	2,297	(97)
Postage	19,500	19,500	24,599	(5,099)
Postage machine lease	800	800	660	140
Printing	10,000	10,000	10,385	(385)
Printing - property taxes	4,200	4,200	4,752	(552)
Citizens Newsletter	1,500	1,500	0	1,500
Subscriptions and memberships	6,000	6,000	5,404	596
Advertising	11,000	11,000	10,567	433
Utilities	32,000	32,000	25,027	6,973
Telephone	29,000	29,000	27,337	1,663
Contracted services - computer systems	220,000	220,000	227,690	(7,690)
Drug and alcohol tests	3,500	3,500	1,958	1,542
Legal fees	105,000	105,000	121,851	(16,851)
Audit fees	52,000	52,000	49,000	3,000
Reappraisal fee	50,000	50,000	51,030	(1,030)

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Appraisal fee	\$ 1,500	\$ 1,500	\$ 815	\$ 685
Actuarial services	10,000	10,000	10,500	(500)
Vehicle	500	500	3,397	(2,897)
Small equipment repairs	600	600	499	101
Copier maintenance	3,000	3,000	2,195	805
Building maintenance	12,000	20,000	20,101	(101)
Car allowance	12,600	12,600	12,250	350
Training and travel	9,000	9,000	21,277	(12,277)
Departmental work sessions	800	800	1,616	(816)
Credit card fees	16,000	16,000	18,881	(2,881)
Pest control	1,000	1,000	962	38
Office expenditures	32,000	32,000	29,185	2,815
First aid safety supplies	100	100	102	(2)
Janitorial supplies	2,000	2,000	1,445	555
Gasoline and oil	2,500	2,500	3,132	(632)
Insurance - buildings and contents	3,300	3,300	3,691	(391)
Insurance - vehicles	300	300	223	77
Insurance - general liability	4,500	4,200	4,131	69
Insurance - workers compensation	3,600	3,600	2,617	983
Insurance - professional liability	35,000	38,000	37,682	318
Insurance - employee bonds	1,500	1,500	1,275	225
Contracted services - security	1,500	1,500	1,500	0
Employee appreciation day	9,000	9,000	10,661	(1,661)
Miscellaneous	500	500	2,668	(2,168)
Bad debt	35,000	35,000	3,338	31,662
Equipment	1,100	8,200	7,795	405
Total administration and finance	<u>\$ 1,756,800</u>	<u>\$ 1,785,000</u>	<u>\$ 1,761,231</u>	<u>\$ 23,769</u>
Total general government	<u>\$ 2,134,800</u>	<u>\$ 2,175,900</u>	<u>\$ 2,114,753</u>	<u>\$ 61,147</u>
Community development:				
Salaries	\$ 357,000	\$ 357,000	\$ 340,037	\$ 16,963
Overtime wages	1,600	1,600	889	711
Part time wages	8,500	8,500	4,493	4,007
Longevity	2,900	3,350	3,350	0
Sold vacations	4,300	4,300	4,071	229
Christmas bonus	900	6,300	5,935	365
College pay	0	625	625	0
Dental insurance	4,900	4,900	4,786	114
Social security	27,500	27,500	24,578	2,922
Health insurance	62,000	62,000	56,767	5,233
Retirement	60,000	60,000	55,327	4,673
Life and disability insurance	4,300	4,300	4,112	188

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Community development - (Continued)				
Education reimbursement	\$ 4,200	\$ 0	\$ 0	\$ 0
Unemployment compensation	0	3,300	3,300	0
Worker's compensation claims	200	25	0	25
Laundry and dry cleaning	1,000	1,080	1,036	44
Postage	3,600	1,800	1,584	216
Printing and artwork	1,300	1,000	967	33
Subscriptions and memberships	4,500	4,749	4,740	9
Advertising	1,500	546	450	96
Utilities	10,000	9,900	10,803	(903)
Telephone	13,000	15,400	15,364	36
Vehicle maintenance	4,400	4,254	4,250	4
Office equipment maintenance	1,500	1,280	1,272	8
Building maintenance	3,000	26,340	26,233	107
Car allowance	4,200	4,400	4,375	25
Travel and training	6,500	9,350	9,758	(408)
Complimentary meals	400	801	801	0
Credit card fees	3,000	5,600	4,649	951
Contracted services - pest control	300	300	205	95
Office supplies	6,000	7,370	7,369	1
O.S.H.A. first aid kits	200	70	69	1
Janitorial supplies	800	710	707	3
Uniforms	1,400	1,650	1,640	10
Gasoline and oil	7,500	5,500	5,200	300
Insurance - buildings and contents	800	800	676	124
Insurance - vehicles and equipment	800	800	788	12
Insurance - general liability	1,700	1,800	1,752	48
Insurance - workers compensation	11,000	4,910	2,463	2,447
Insurance - employee bonds	100	0	0	0
Planning commission	4,000	2,070	2,063	7
Board of zoning appeals	700	440	431	9
Historic zoning commission	700	630	523	107
Miscellaneous	500	150	111	39
Wide format scanner/copier	0	1,200	1,171	29
Furniture	0	1,800	1,784	16
Office equipment	0	400	320	80
Total community development	\$ 632,700	\$ 660,800	\$ 621,824	\$ 38,976
Public safety:				
Police department:				
Salaries	\$ 4,202,000	\$ 3,986,425	\$ 3,934,873	\$ 51,552
Overtime wages	240,000	335,000	331,500	3,500
Part-time wages	14,500	14,500	13,403	1,097

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Accumulated holiday pay	\$ 2,500	\$ 2,500	\$ 0	\$ 2,500
Salaries - school patrol	77,100	77,100	71,355	5,745
Supplemental pay	1,200	2,400	2,304	96
State grant - in service training	55,200	55,200	50,210	4,990
Overtime - contracted services	0	0	24,038	(24,038)
Service awards	2,700	2,700	2,675	25
Longevity	56,400	58,075	58,075	0
Sold vacations	46,000	46,750	48,080	(1,330)
Christmas bonus	12,500	72,000	71,860	140
College pay	8,700	8,700	7,540	1,160
Dental insurance	52,600	47,600	47,415	185
Social security	367,000	342,000	332,003	9,997
Health insurance	730,000	652,900	652,081	819
Retirement	935,100	895,100	875,646	19,454
Life and disability insurance	54,400	54,400	49,385	5,015
Unemployment compensation	4,300	14,300	10,934	3,366
Education reimbursement	2,900	5,720	5,720	0
Worker's compensation claims	10,000	10,000	10,330	(330)
Laundry and dry cleaning	21,000	21,000	17,585	3,415
Employee physicals	10,000	10,000	5,429	4,571
Pre-employment tests	11,500	7,930	2,828	5,102
Uniforms - school patrol	2,000	2,400	2,322	78
Postage	5,000	5,000	1,897	3,103
Lease - radio tower	5,000	5,000	4,900	100
Contracted services - vehicles	5,600	5,600	5,538	62
Communications - replacement	11,000	8,600	8,409	191
Printing	8,000	8,000	7,703	297
Subscriptions and memberships	11,000	8,400	3,640	4,760
Accreditation	7,000	7,000	6,943	57
Advertising	800	800	493	307
Utilities	91,000	91,000	86,291	4,709
Telephone	140,000	140,000	136,691	3,309
NCIC computer line	8,000	8,000	8,000	0
TBI evidence analysis fees	14,000	0	0	0
Vehicle maintenance	330,000	360,000	367,991	(7,991)
Small equipment repair	2,000	2,000	636	1,364
Copier maintenance	1,400	1,400	1,311	89
Building maintenance	23,000	33,000	24,800	8,200
Travel and training	40,000	37,500	24,695	12,805
Mutual aid meals	1,500	1,500	1,237	263

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Janitorial contract	\$ 30,000	\$ 30,000	\$ 29,635	\$ 365
Police supplies	5,000	5,000	3,076	1,924
Batteries	2,000	2,000	1,074	926
Tapes - video and audio	1,000	1,000	99	901
Detective supplies	2,000	2,000	351	1,649
Crime scene unit supplies	2,000	2,000	836	1,164
SRT supplies	5,000	5,000	4,279	721
Office expenditures and paper	28,000	28,000	25,436	2,564
Protective vests - federal grants	0	30,500	43,980	(13,480)
Protective vests	8,000	8,000	0	8,000
OSHA safety supplies	800	800	340	460
Janitorial supplies	2,300	3,300	2,434	866
Uniforms	47,000	44,500	35,697	8,803
Ammunition	35,000	40,000	34,909	5,091
Crime prevention	1,500	500	0	500
Firing range	2,000	2,500	2,361	139
Code Enf educational supplies	3,000	3,000	215	2,785
Gasoline and oil	238,000	313,000	298,813	14,187
Canine fees	3,000	3,000	2,542	458
Insurance - buildings and contents	7,400	10,200	10,156	44
Insurance - vehicles and equipment	37,900	68,000	67,190	810
Insurance - general liability	73,300	59,000	58,298	702
Insurance - workers compensation	113,000	131,600	127,335	4,265
Insurance - employee bonds	500	500	300	200
Computer software support	2,000	5,700	5,659	41
Miscellaneous	500	1,500	618	882
Honor Guard	500	500	36	464
Volunteer services	2,500	2,500	1,123	1,377
Investigative funds	1,500	1,500	0	1,500
Sex offender registry	3,000	7,500	6,444	1,056
Guns/taser replacements	11,000	16,000	6,814	9,186
Small equipment	500	500	54	446
Office equipment	1,500	11,000	10,431	569
Computer equipment	2,500	2,500	878	1,622
Crime reports	0	5,900	5,850	50
800 MHZ radios	24,000	25,100	25,037	63
Total police department	<u>\$ 8,321,100</u>	<u>\$ 8,321,100</u>	<u>\$ 8,131,066</u>	<u>\$ 190,034</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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department:				
Salaries	\$ 4,282,000	\$ 4,199,600	\$ 4,063,657	\$ 135,943
Overtime wages	160,000	160,000	192,779	(32,779)
Fire runs	10,000	10,000	22,727	(12,727)
Supplemental pay	70,500	70,500	71,684	(1,184)
State grant - in service training	52,200	52,200	49,800	2,400
Service awards	3,400	3,400	2,775	625
Longevity	49,700	49,700	48,067	1,633
Sold vacations	15,000	15,000	15,136	(136)
Christmas bonus	10,300	72,000	66,773	5,227
College pay	500	500	715	(215)
Dental insurance	54,100	54,100	53,951	149
Social security	368,000	368,000	324,737	43,263
Health insurance	831,000	831,000	816,675	14,325
Retirement	950,000	950,000	899,485	50,515
Life and disability insurance	55,000	55,000	52,777	2,223
Education reimbursement	8,000	8,000	0	8,000
Worker's compensation claims	6,500	6,500	3,630	2,870
Laundry and dry cleaning	18,000	18,000	16,713	1,287
Immunization and physicals	40,000	40,000	25,988	14,012
Postage	500	500	555	(55)
Radio maintenance fee	6,000	0	0	0
Radio and repeater maintenance	1,800	4,200	4,200	0
Communications replacement	3,000	500	0	500
Printing	500	700	600	100
Subscriptions and memberships	3,200	3,200	2,939	261
License/certification renewal	2,400	2,400	2,146	254
Utilities	105,000	105,000	91,027	13,973
Telephone	71,000	76,000	81,784	(5,784)
Apparatus equipment testing	3,900	2,900	2,826	74
Vehicle maintenance	90,000	90,000	118,441	(28,441)
Small equipment repair	2,800	2,800	2,097	703
Copier maintenance	1,900	2,200	2,078	122
Building maintenance	40,000	39,000	34,130	4,870
Car allowance	4,200	350	350	0
Travel and training	21,000	21,000	17,180	3,820
Training/education material	3,500	3,500	252	3,248
Mutual aid meals	1,800	2,400	2,423	(23)
Towels and cloths	800	800	182	618
Batteries	1,000	1,600	1,543	57
Electronics - camera supplies	600	600	0	600
Office supplies	6,500	6,900	7,237	(337)
Arson supplies	1,500	1,500	388	1,112

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Safety	\$ 4,500	\$ 4,500	\$ 4,593	\$ (93)
Medical supplies/equipment	9,000	3,600	2,004	1,596
Janitorial supplies	16,000	16,000	14,429	1,571
Bedding	500	350	232	118
Uniforms	38,000	36,000	34,010	1,990
Vehicle graphics	500	0	0	0
Operating costs	2,000	2,100	1,912	188
Gasoline	58,000	64,000	69,532	(5,532)
Appliance repair	3,500	6,700	6,866	(166)
PPE equipment gear	29,500	24,500	20,927	3,573
Extinguisher refills	2,000	2,000	877	1,123
Hazmat supplies	2,000	7,000	6,253	747
Insurance - building and contents	8,000	8,000	7,427	573
Insurance - vehicles and equipment	24,000	27,000	26,866	134
Insurance - general liability	35,900	33,000	32,571	429
Insurance - workers compensation	90,000	90,000	103,718	(13,718)
Miscellaneous	500	500	347	153
Public information	500	0	0	0
City funded - Honor Guard	1,000	1,100	1,000	100
Fire prevention program	3,200	2,400	2,312	88
ISO firefighting equipment	5,000	31,700	29,815	1,885
Office equipment	1,000	200	120	80
Breathing apparatus equipment	15,000	15,000	16,604	(1,604)
Furniture	2,200	1,500	722	778
Small equipment	800	800	0	800
Radio equipment	3,500	3,700	3,687	13
Total fire department	\$ 7,713,200	\$ 7,713,200	\$ 7,487,271	\$ 225,929
Safety program:				
Salaries	\$ 48,700	\$ 48,700	\$ 48,952	\$ (252)
Longevity	1,200	1,200	1,150	50
Sold vacation	1,000	1,000	936	64
Christmas bonus	100	800	742	58
College pay	300	300	280	20
Dental insurance	300	300	290	10
Social security	3,900	3,900	3,849	51
Health insurance	4,800	4,800	4,733	67
Retirement expense	8,500	8,500	8,646	(146)
Life/disability expense	600	600	618	(18)
Clothing allowance	400	400	350	50
Hazard Comm-MSDS	500	0	0	0
Telephone expense	800	1,000	1,002	(2)
Training and travel	1,500	2,435	2,582	(147)

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Safety program - (Continued)				
Office supplies	\$ 300	\$ 0	\$ 0	\$ 0
Wellness center operations	8,000	8,000	8,664	(664)
Safety supplies	500	226	226	0
Gasoline and oil	700	150	282	(132)
TML driver safety grant	5,000	9,724	9,080	644
TML safety grant	2,000	2,765	2,765	0
Insurance - vehicles	300	300	223	77
Insurance - general liability	300	300	225	75
Worker's comp	200	200	0	200
Professional liability	300	300	0	300
Miscellaneous	500	500	547	(47)
Incentive program	5,000	5,000	5,000	0
Total safety program	<u>\$ 95,700</u>	<u>\$ 101,400</u>	<u>\$ 101,142</u>	<u>\$ 258</u>
Total public safety	<u>\$ 16,130,000</u>	<u>\$ 16,135,700</u>	<u>\$ 15,719,479</u>	<u>\$ 416,221</u>
Public works:				
Operations division:				
Salaries	\$ 694,700	\$ 691,700	\$ 691,477	\$ 223
Overtime wages	10,000	10,000	8,097	1,903
Part time wages	11,100	7,800	7,760	40
Supplemental pay	700	700	613	87
Service awards	200	200	75	125
Longevity	11,500	11,300	11,300	0
Sold vacations	8,000	8,000	7,707	293
Christmas bonus	2,400	14,900	14,838	62
College pay	200	200	125	75
Dental insurance	12,300	11,200	10,883	317
Social security	61,200	56,600	53,772	2,828
Health insurance	166,300	144,900	143,811	1,089
Retirement	127,000	125,200	121,842	3,358
Life and disability insurance	10,000	8,900	8,768	132
Unemployment compensation	1,000	1,000	0	1,000
Worker's compensation claims	500	1,994	1,994	0
Pre-employment drug testing	500	500	0	500
Safety shoes	1,900	1,470	1,465	5
Postage	500	500	110	390
800 MHZ radio expense	3,000	3,000	3,000	0
GPS services	0	4,375	4,335	40
Printing	200	200	36	164
Subscriptions and memberships	400	500	469	31
Advertising	200	350	289	61
Utilities	44,000	44,000	30,737	13,263

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Telephone	\$ 22,000	\$ 24,000	\$ 23,486	\$ 514
Surveys	3,000	111	0	111
Small equipment maintenance - signs	1,700	0	0	0
Building maintenance	9,000	16,100	15,738	362
Travel and training	3,000	1,009	1,008	1
Pest control	1,000	1,000	876	124
Office expenditures and paper	7,000	5,564	3,819	1,745
Operating supplies	4,000	5,000	4,187	813
Safety supplies	1,500	1,505	1,503	2
Janitorial supplies	1,500	1,500	1,377	123
Uniforms	10,500	9,695	9,695	0
Gasoline and oil	98,000	131,200	125,744	5,456
Repairs and parts	190,000	230,000	229,137	863
Sign shop supplies	2,800	2,597	2,597	0
Sign parts and supplies	40,000	39,546	39,545	1
Major safety markings	10,000	70,607	71,220	(613)
Thermoplastic contract	22,500	33,750	33,747	3
Paving and materials	250,000	234,300	230,583	3,717
Insurance - building and contents	4,700	5,700	5,684	16
Insurance - vehicle and equipment	11,500	12,600	12,523	77
Insurance - general liability	11,800	9,300	9,261	39
Insurance - workers compensation	30,700	26,600	26,532	68
Miscellaneous	500	700	695	5
Incentive program	4,000	1,927	1,927	0
Small equipment	3,000	12,800	12,521	279
Small equipment - signs	1,800	3,100	3,058	42
Total operations division	<u>\$ 1,913,300</u>	<u>\$ 2,029,700</u>	<u>\$ 1,989,966</u>	<u>\$ 39,734</u>
Engineering:				
Salaries	\$ 249,400	\$ 248,350	\$ 231,507	\$ 16,843
Overtime wages	500	500	0	500
Service awards	200	150	150	0
Longevity	2,400	2,200	2,200	0
Sold vacations	4,800	2,407	2,407	0
Christmas bonus	600	3,710	3,710	0
Dental insurance	2,400	2,400	2,350	50
Social security	19,900	19,900	16,668	3,232
Health insurance	30,500	39,050	39,045	5
Retirement	43,300	43,300	40,006	3,294
Life and disability insurance	3,300	3,300	3,190	110
Unemployment compensation	0	1,424	1,424	0
Education reimbursement	2,900	1,476	1,430	46
Worker's compensation claims	200	0	0	0
Clothing allowance and shoes	400	490	488	2

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Engineering - (Continued)				
Postage	\$ 200	\$ 110	\$ 16	\$ 94
Printing	100	100	0	100
Subscriptions and memberships	1,600	1,500	1,129	371
Advertising	100	200	146	54
Telephone	8,000	8,000	7,789	211
Engineering services	20,000	19,000	0	19,000
Survey expense	0	1,300	1,300	0
Vehicle maintenance	5,000	2,968	1,942	1,026
Office equipment maintenance	1,000	800	395	405
Building maintenance	0	500	487	13
Travel and training	1,500	2,932	2,931	1
Complimentary meals	0	45	43	2
Office expenditures	4,000	4,525	4,519	6
Operating supplies	200	200	124	76
Janitorial	600	350	280	70
Uniforms	1,100	960	914	46
Gasoline and oil	4,400	5,150	5,147	3
Insurance - building and contents	300	300	48	252
Insurance - vehicle and equipment	900	1,100	1,011	89
Insurance - general liability	1,200	1,000	986	14
Insurance - workers compensation	6,900	2,234	1,042	1,192
Miscellaneous	500	69	59	10
Equipment	1,000	1,000	753	247
Total engineering	<u>\$ 419,400</u>	<u>\$ 423,000</u>	<u>\$ 375,636</u>	<u>\$ 47,364</u>
Street lighting and signals:				
Street lighting	\$ 775,000	\$ 775,000	\$ 704,303	\$ 70,697
Telephone	2,500	2,500	2,445	55
Traffic light utility service	54,000	54,000	41,374	12,626
Traffic light repair maintenance	307,000	305,505	274,646	30,859
Traffic signal supplies	0	1,495	1,495	0
Small equipment	1,000	1,000	0	1,000
Total street lighting and signals	<u>\$ 1,139,500</u>	<u>\$ 1,139,500</u>	<u>\$ 1,024,263</u>	<u>\$ 115,237</u>
Landscaping maintenance:				
Salaries	\$ 224,000	\$ 224,000	\$ 222,147	\$ 1,853
Overtime wages	900	900	899	1
Part-time	0	0	2,496	(2,496)
Service awards	100	100	100	0
Longevity	3,100	3,100	3,050	50
Sold vacations	1,900	1,900	539	1,361

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Landscaping maintenance - (Continued)				
Christmas bonus	\$ 800	\$ 5,600	\$ 5,194	\$ 406
Dental insurance	3,000	3,000	2,554	446
Social security	17,800	17,800	16,708	1,092
Health Insurance	37,100	48,086	43,122	4,964
Retirement	39,000	39,000	37,945	1,055
Life and disability insurance	3,600	3,600	3,906	(306)
Worker's compensation claims	500	500	0	500
Pre-employment testing	100	100	0	100
Postage	100	100	31	69
Printing	400	400	0	400
Subscriptions and memberships	1,500	750	750	0
Advertising	200	0	0	0
Utilities	1,400	1,400	2,684	(1,284)
Telephone	4,600	4,600	4,250	350
Vehicle maintenance	60,000	58,000	60,377	(2,377)
Equipment repairs	1,800	1,800	15	1,785
Travel and training	2,600	4,450	4,434	16
Work sessions	0	0	28	(28)
Other contracted services	300	300	120	180
Office expenditures	800	350	314	36
Botanical supplies	9,000	10,000	11,804	(1,804)
Uniforms	3,500	3,200	3,178	22
Trees	7,500	10,700	10,627	73
Donations - memorial tree fund	0	13,714	10,908	2,806
Gasoline and oil	24,000	24,000	26,824	(2,824)
Insurance - building and contents	500	500	0	500
Insurance - vehicle and equipment	4,000	4,500	4,458	42
Insurance - general liability	1,500	2,300	2,285	15
Insurance - workers compensation	9,600	9,600	5,412	4,188
Miscellaneous	200	550	506	44
Small equipment	800	1,100	1,078	22
Total landscaping maintenance	<u>\$ 466,200</u>	<u>\$ 500,000</u>	<u>\$ 488,743</u>	<u>\$ 11,257</u>
FEMA Storm Damage				
Tornado storm damage	<u>\$ 0</u>	<u>\$ 72,000</u>	<u>\$ 72,812</u>	<u>\$ (812)</u>
Total FEMA storm damage	<u>\$ 0</u>	<u>\$ 72,000</u>	<u>\$ 72,812</u>	<u>\$ (812)</u>
Total public works	<u>\$ 3,938,400</u>	<u>\$ 4,164,200</u>	<u>\$ 3,951,420</u>	<u>\$ 212,780</u>
Health and welfare:				
Animal Control:				
Salaries	\$ 263,000	\$ 262,500	\$ 263,711	\$ (1,211)
Overtime wages	20,400	14,600	14,716	(116)

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Service awards	\$ 100	\$ 100	\$ 75	\$ 25
Longevity	4,300	4,300	4,300	0
Sold vacations	700	0	0	0
Christmas bonus	1,000	6,000	5,935	65
Dental insurance	2,900	2,200	2,111	89
Social security	22,200	22,200	21,465	735
Health insurance	50,000	42,750	42,568	182
Retirement	51,500	48,200	47,270	930
Life and disability insurance	3,200	3,200	3,188	12
Education reimbursement	0	1,100	1,012	88
Unemployment compensation	0	3,800	3,798	2
Worker's compensation claims	1,000	1,000	1,000	0
Laundry and dry cleaning	5,000	4,000	3,623	377
Employee physicals	0	650	644	6
Protective immunizations	300	100	25	75
Postage	500	500	42	458
Contracted services - vehicles	900	900	760	140
Communications replacement	500	500	441	59
Printing	1,600	1,600	1,374	226
Subscriptions and memberships	800	800	331	469
Advertising	300	300	36	264
Utilities and pager	11,000	10,900	9,169	1,731
Telephone	10,500	10,950	10,913	37
Adoption and veterinary fees	22,000	22,000	23,751	(1,751)
Vehicle maintenance	15,000	26,431	16,420	10,011
Copier maintenance	600	600	205	395
Grounds improvement	1,200	700	152	548
Building maintenance	6,500	5,500	2,686	2,814
Training and travel	1,500	240	0	240
Credit card fees	0	1,000	339	661
Landfill	3,000	2,500	2,026	474
Janitorial contract	6,000	6,400	6,350	50
Office supplies and printing	2,500	2,500	2,152	348
OSHA safety supplies	500	500	44	456
Janitorial supplies	6,000	6,000	4,976	1,024
Uniforms and safety shoes	4,000	4,500	4,349	151
Ammunition	1,000	500	211	289
Gasoline and oil	20,000	32,000	25,015	6,985
Euthanasia and supplies	6,000	6,000	3,994	2,006
Pet food	5,500	6,000	5,163	837
Donations - cages and supplies	0	2,869	0	2,869

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Insurance - building and contents	\$ 300	\$ 300	\$ 238	\$ 62
Insurance - vehicles and equipment	1,200	1,200	1,194	6
Insurance - general liability	1,300	1,400	1,324	76
Insurance - workers compensation	5,600	6,710	6,708	2
Miscellaneous	500	1,900	1,683	217
Equipment	1,100	1,100	556	544
Total Animal Control	\$ 563,000	\$ 582,000	\$ 548,043	\$ 33,957
Total health and welfare	\$ 563,000	\$ 582,000	\$ 548,043	\$ 33,957
Culture and recreation:				
College Hill Recreation Center:				
Salaries	\$ 99,000	\$ 99,000	\$ 98,660	\$ 340
Overtime wages	1,000	1,000	4,573	(3,573)
Part time wages	45,000	65,164	75,298	(10,134)
Longevity	2,200	2,200	2,150	50
Sold vacations	2,000	2,000	1,394	606
Christmas bonus	400	2,800	2,226	574
Dental insurance	900	900	661	239
Social security	11,700	11,700	13,532	(1,832)
Health insurance	14,200	14,200	18,197	(3,997)
Retirement	18,000	18,000	18,045	(45)
Life and disability insurance	1,300	1,300	1,254	46
Unemployment compensation	500	500	2,768	(2,268)
Education reimbursement	400	400	0	400
Worker's compensation claims	200	200	0	200
Utilities	52,100	52,100	41,934	10,166
Telephone	5,500	5,500	6,082	(582)
Building maintenance	20,700	20,900	19,184	1,716
Team competition and trips	2,600	2,600	1,794	806
Office expenditures and paper	1,400	2,500	2,327	173
Janitorial supplies	3,000	4,400	3,799	601
Gate concession supplies	3,500	5,500	6,200	(700)
Gasoline	400	400	62	338
Pool	4,600	6,500	8,337	(1,837)
Athletic supplies	3,000	1,400	1,277	123
Program development	6,000	6,000	1,348	4,652
Insurance - building and contents	4,300	4,300	4,048	252

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
College Hill Recreation Center - (Continued)				
Insurance - general liability	\$ 1,500	\$ 1,700	\$ 1,663	\$ 37
Insurance - workers compensation	4,600	4,600	3,621	979
Cheerleading program expense	0	1,336	1,309	27
Program	5,000	5,000	7,251	(2,251)
Miscellaneous	500	500	2,263	(1,763)
BCCSA activities	15,000	15,000	15,000	0
Team donations	1,500	1,500	955	545
Youth achievement program	5,300	3,900	3,016	884
Swim team	2,000	2,000	1,781	219
Small equipment	0	0	3,700	(3,700)
Total College Hill Recreation Center	<u>\$ 339,300</u>	<u>\$ 367,000</u>	<u>\$ 375,709</u>	<u>\$ (8,709)</u>
Parks and recreation:				
Salaries	\$ 320,000	\$ 320,000	\$ 318,876	\$ 1,124
Overtime wages	3,500	3,500	2,046	1,454
Part time wages	20,000	7,000	2,784	4,216
Service awards	300	300	250	50
Longevity	3,500	3,500	3,100	400
Sold vacation	2,600	2,600	1,989	611
Christmas bonus	1,000	7,000	6,677	323
College pay	200	200	125	75
Dental insurance	4,500	4,500	3,912	588
Social security	28,000	28,000	24,010	3,990
Health insurance	71,000	71,000	67,036	3,964
Retirement	56,000	56,000	55,897	103
Life and disability insurance	4,300	4,300	2,697	1,603
Unemployment compensation	500	500	0	500
Worker's compensation claims	900	900	2,000	(1,100)
Laundry and dry cleaning	500	500	472	28
Postage	200	200	70	130
Membership	500	1,000	765	235
Advertising	300	300	385	(85)
Utilities	8,100	8,100	6,795	1,305
Telephone	9,000	9,000	9,369	(369)
Vehicle maintenance	30,000	45,000	52,775	(7,775)
Equipment and repairs	5,500	5,000	4,294	706
Grounds maintenance	23,000	26,000	31,234	(5,234)
Fletcher building	9,000	9,000	11,293	(2,293)

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Car allowance	\$ 4,200	\$ 4,200	\$ 4,200	\$ 0
Training and travel	3,000	3,800	4,651	(851)
Office expenditures	1,300	1,300	1,047	253
Uniforms	3,500	3,500	2,402	1,098
Gasoline and oil	22,000	34,700	42,463	(7,763)
Insurance - building and contents	3,400	3,400	3,355	45
Insurance - vehicles and equipment	3,000	4,100	4,084	16
Insurance - general liability	2,900	3,300	3,229	71
Insurance - worker's compensation	9,300	9,300	4,204	5,096
Miscellaneous	500	500	569	(69)
Old timers banquet	2,500	2,500	2,624	(124)
Small equipment	1,000	1,000	1,200	(200)
Playground	0	10,000	10,000	0
Total parks and recreation	<u>\$ 659,000</u>	<u>\$ 695,000</u>	<u>\$ 692,879</u>	<u>\$ 2,121</u>
Cleveland Community Center:				
Salaries	\$ 137,000	\$ 137,000	\$ 136,120	\$ 880
Part time wages	37,000	37,000	33,070	3,930
Overtime wages	0	0	4	(4)
Service awards	300	300	250	50
Longevity	4,200	4,200	4,150	50
Sold vacations	1,600	1,600	1,610	(10)
Christmas bonus	500	3,500	2,968	532
Dental insurance	1,500	1,500	951	549
Social security	13,900	13,900	12,947	953
Health insurance	23,000	23,000	23,315	(315)
Retirement	24,000	24,000	24,148	(148)
Life and disability insurance	1,700	1,700	1,638	62
Worker's compensation claims	100	100	0	100
Utilities	35,200	35,200	31,476	3,724
Telephone	4,000	4,000	4,942	(942)
Vehicle maintenance	500	500	477	23
Building maintenance	7,500	8,500	8,506	(6)
Team trips and competition	1,500	500	375	125
Office expenditures and paper	700	700	311	389
Janitorial contract	2,000	3,000	2,614	386
Pool	4,400	7,500	7,384	116
Athletic supplies	1,500	1,500	1,142	358

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cleveland Community Center - (Continued)				
Ceramic supplies	\$ 500	\$ 400	\$ 0	\$ 400
Insurance - building and contents	3,000	3,000	2,577	423
Insurance - general liability	1,500	1,600	1,587	13
Insurance - worker's compensation	3,700	3,700	1,629	2,071
Contracted services - floor maintenance	2,000	2,000	1,535	465
Contracted services - security	1,200	1,200	1,164	36
Architect pool expense	0	10,000	9,217	783
Miscellaneous	500	500	551	(51)
Swim team	2,000	2,000	756	1,244
Junior pro basketball	3,000	3,100	3,066	34
Cardinal account	3,700	2,700	1,140	1,560
Small equipment	600	600	0	600
Total Cleveland Community Center	\$ 323,800	\$ 340,000	\$ 321,620	\$ 18,380
Tinsley Park:				
Salaries	\$ 115,700	\$ 103,700	\$ 92,775	\$ 10,925
Overtime	2,500	0	80	(80)
Social security	9,100	9,100	6,886	2,214
Utilities	33,000	33,000	30,838	2,162
Telephone	1,000	1,000	775	225
Maintenance and repairs	10,000	23,600	34,049	(10,449)
Janitorial supplies	3,000	2,000	2,464	(464)
Tournament	6,000	5,000	7,175	(2,175)
Pool	17,000	16,200	21,439	(5,239)
Concession supplies	16,500	15,500	22,067	(6,567)
Insurance - building and contents	2,500	2,500	2,184	316
Insurance - general liability	1,000	1,100	1,088	12
Insurance - worker's compensation	4,800	1,600	1,581	19
Equipment	0	5,700	4,222	1,478
Playground	0	12,000	12,000	0
Total Tinsley Park	\$ 222,100	\$ 232,000	\$ 239,623	\$ (7,623)
Waterville:				
Salaries	\$ 176,100	\$ 176,100	\$ 177,402	\$ (1,302)
Overtime	6,000	6,000	7,097	(1,097)
Part time wages	43,000	43,000	41,860	1,140
Service awards	200	200	200	0
Longevity	2,200	2,200	2,200	0
Sold vacations	2,200	2,200	2,412	(212)
Christmas bonus	600	4,200	4,451	(251)

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Waterville - (Continued)				
Dental insurance	\$ 2,800	\$ 2,800	\$ 2,263	\$ 537
Social security	17,800	17,800	16,527	1,273
Health insurance	44,400	44,400	44,347	53
Retirement	33,000	33,000	32,176	824
Life and disability insurance	2,600	2,600	2,535	65
Worker's compensation claims	100	100	0	100
Subscriptions and memberships	1,000	1,000	440	560
Advertising and marketing	1,800	1,300	695	605
Utilities	23,800	22,800	23,686	(886)
Telephone	10,200	10,200	11,490	(1,290)
Vehicle maintenance	1,500	1,500	579	921
Equipment parts and maintenance	19,000	15,500	12,405	3,095
Sod, seed and course maintenance	8,000	10,500	8,842	1,658
Building maintenance	2,000	4,500	3,751	749
Travel and training	900	200	0	200
Credit card fees	3,500	3,500	1,749	1,751
Contracted services - pest control	300	300	193	107
Office expenditures	700	900	753	147
Janitorial	1,500	1,500	1,140	360
Uniform	2,700	1,200	797	403
Golf course accessories	1,000	1,000	218	782
Tires, tubes, etc.	900	800	0	800
Irrigation and drainage supplies	2,000	2,000	1,235	765
Proshop	9,000	9,000	1,254	7,746
Concession supplies	17,000	17,000	20,330	(3,330)
Small supplies	500	500	250	250
Fertilizer and chemicals	20,000	20,000	20,773	(773)
Insurance - building and contents	1,900	1,900	1,487	413
Insurance - general liability	2,300	2,500	2,444	56
Insurance - worker's compensation	8,500	8,200	4,629	3,571
Contracted services - security	1,900	1,900	2,621	(721)
Miscellaneous	500	600	596	4
Equipment	25,400	27,700	27,639	61
Total Waterville Golf Course	\$ 498,800	\$ 502,600	\$ 483,466	\$ 19,134
Total culture and recreation	\$ 2,043,000	\$ 2,136,600	\$ 2,113,297	\$ 23,303

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Appropriations:				
Jointly funded	\$ 20,000	\$ 12,000	\$ 0	\$ 12,000
Regional Museum	42,300	43,000	43,000	0
MTAS benchmarking	4,000	4,000	7,000	(3,000)
Municipal League dues	9,200	9,200	9,102	98
Economic development	45,000	45,000	45,000	0
Southeast Tennessee Development	8,000	8,000	8,257	(257)
Mainstreet Cleveland	25,000	25,000	25,000	0
Cemetery Association	10,000	10,000	10,000	0
Court's Community Services	53,900	53,900	59,441	(5,541)
Keep America Beautiful	28,100	28,100	28,100	0
Juvenile Court match	1,100	1,100	1,100	0
United Way supporters	1,000	1,000	1,000	0
SETHRA - Transit	135,000	135,000	135,000	0
Communications Center	450,000	624,000	450,000	174,000
Emergency Management	87,300	87,300	72,373	14,927
Veterans Affairs Office	22,100	22,100	22,572	(472)
Behavioral Research	2,000	2,000	2,000	0
Development Services Agency	6,200	6,200	6,200	0
Community Services Agency	94,400	94,400	94,306	94
Senior Center paving parking lot	0	5,400	5,400	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	17,900	19,800	19,715	85
Total appropriations	<u>\$ 1,088,000</u>	<u>\$ 1,262,000</u>	<u>\$ 1,070,066</u>	<u>\$ 191,934</u>
Total expenditures	<u>\$ 26,529,900</u>	<u>\$ 27,117,200</u>	<u>\$ 26,138,882</u>	<u>\$ 978,318</u>
Excess of revenues over expenditures	<u>\$ 9,374,000</u>	<u>\$ 10,093,000</u>	<u>\$ 11,889,478</u>	<u>\$ 1,796,478</u>
Other financing sources (uses):				
Transfers in	\$ 1,826,000	\$ 1,924,000	\$ 1,927,517	\$ 3,517
Transfers out	<u>(11,200,000)</u>	<u>(12,017,000)</u>	<u>(12,013,143)</u>	<u>3,857</u>
Total other financing sources(uses)	<u>\$ (9,374,000)</u>	<u>\$ (10,093,000)</u>	<u>\$ (10,085,626)</u>	<u>\$ 7,374</u>
Net change in fund balances	\$ 0	\$ 0	\$ 1,803,852	\$ 1,803,852
Fund balance at beginning of year	10,156,145	10,156,145	10,156,145	0
Fund balance at end of year	<u>\$ 10,156,145</u>	<u>\$ 10,156,145</u>	<u>\$ 11,959,997</u>	<u>\$ 1,803,852</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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 47,713	\$ 40,598	\$ 40,598	\$ 0
Other direct federal revenue	142,418	233,586	214,236	(19,350)
Total federal government	\$ 190,131	\$ 274,184	\$ 254,834	\$ (19,350)
State of Tennessee:				
Basic education program	\$ 19,727,000	\$ 20,399,000	\$ 20,423,000	\$ 24,000
School food service	25,177	25,663	25,663	0
Driver education	8,000	8,000	9,742	1,742
Other state education funds	0	332,648	341,740	9,092
Coordinated school health-ARRA	125,000	0	0	0
Career ladder program	224,648	224,648	184,694	(39,954)
Career ladder extended contract	164,793	164,793	99,900	(64,893)
Other state grants	967,624	1,040,974	1,027,454	(13,520)
State mixed drink tax	76,800	81,800	92,104	10,304
State income tax	26,251	30,427	27,357	(3,070)
Total State of Tennessee	\$ 21,345,293	\$ 22,307,953	\$ 22,231,654	\$ (76,299)
Bradley County:				
Property taxes - current	\$ 5,151,440	\$ 5,446,440	\$ 5,385,927	\$ (60,513)
Property taxes - prior	182,061	182,061	207,031	24,970
Cir clerk/clerk & master	66,000	116,000	148,575	32,575
Interest and penalty	31,369	31,369	32,675	1,306
In lieu of taxes - Local Utilities	1,370	1,305	1,323	18
In lieu of taxes - Other Utilities	23,595	34,595	64,231	29,636
Marriage license	2,825	2,825	2,861	36
Bank excise tax	37,201	18,201	17,125	(1,076)
Interstate telecommunications tax	4,426	2,126	2,227	101
Local sales tax	3,699,670	4,090,684	4,209,182	118,498
Total Bradley County	\$ 9,199,957	\$ 9,925,606	\$ 10,071,157	\$ 145,551
Total Intergovernmental	\$ 30,735,381	\$ 32,507,743	\$ 32,557,645	\$ 49,902
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 92,977	\$ (8,958)
Community service fees	277,433	145,698	149,449	3,751
Criminal background fee	4,800	4,800	708	(4,092)
Total charges for services	\$ 384,168	\$ 252,433	\$ 243,134	\$ (9,299)

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues - (Continued)				
Interest	\$ 3,500	\$ 5,000	\$ 6,251	\$ 1,251
Miscellaneous:				
E rate funding	\$ 0	\$ 75,927	\$ 70,071	\$ (5,856)
Miscellaneous refunds	98,841	98,841	35,214	(63,627)
Sale of equipment	1,640	6,053	6,053	0
Damages recovered	1,800	1,800	0	(1,800)
Contributions	129,446	131,876	136,228	4,352
Other	30,000	30,000	10,268	(19,732)
Total miscellaneous	\$ 261,727	\$ 344,497	\$ 257,834	\$ (86,663)
Total revenues	\$ 31,384,776	\$ 33,109,673	\$ 33,064,864	\$ (44,809)
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 12,334,734	\$ 12,803,322	\$ 12,783,544	\$ 19,778
Career ladder program	129,000	129,000	101,530	27,470
Career ladder extended contract	141,211	141,211	55,600	85,611
Homebound teachers	53,824	54,629	53,282	1,347
Assistants	1,054,212	1,062,385	1,051,517	10,868
Other salaries and wages	191,982	259,880	285,971	(26,091)
Certified substitute teachers	120,000	120,000	185,403	(65,403)
Non-certified substitute teachers	92,780	95,805	90,361	5,444
Social security	861,044	883,971	840,656	43,315
State retirement	1,321,567	1,353,993	1,343,929	10,064
Life insurance	15,607	15,607	28,466	(12,859)
Medical insurance	1,753,609	1,856,777	1,846,401	10,376
Unemployment compensation	18,000	24,000	23,871	129
Employer medicare liability	201,373	207,034	198,762	8,272
Other fringe benefits	109,000	144,000	140,924	3,076
Maintenance and repair	18,650	18,650	5,407	13,243
Other contracted services	321,595	415,147	454,520	(39,373)
Instructional supplies	263,980	266,645	265,885	760
Textbooks	305,000	508,057	382,790	125,267
Other supplies and materials	31,000	31,000	26,139	4,861
Other charges	9,825	9,825	5,296	4,529
Regular instruction equipment	206,154	206,154	162,974	43,180
Total regular instruction	\$ 19,554,147	\$ 20,607,092	\$ 20,333,228	\$ 273,864
Special education:				
Teachers	\$ 1,427,759	\$ 1,503,377	\$ 1,498,944	\$ 4,433
Career ladder program	19,000	19,000	17,000	2,000
Homebound teachers	1,000	3,500	5,618	(2,118)
Assistants	276,354	280,708	276,379	4,329
Speech pathologist	237,467	241,229	242,052	(823)

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Certified substitute teachers	\$ 4,000	\$ 6,000	\$ 10,216	\$ (4,216)
In-service training	0	3,000	5,054	(2,054)
Non-certified substitute teachers	3,000	0	0	0
Social security	120,619	126,988	120,763	6,225
State retirement	198,636	208,267	206,112	2,155
Life insurance	1,956	1,956	1,956	0
Medical insurance	203,782	222,026	220,709	1,317
Employer medicare liability	28,209	29,699	28,286	1,413
Contracts with private agencies	22,102	12,552	3,393	9,159
Maintenance and other repair services	1,700	1,700	251	1,449
Instructional supplies	23,527	23,527	11,787	11,740
Other supplies and materials	6,773	6,773	8,934	(2,161)
Special education equipment	4,100	4,100	8,660	(4,560)
Total special education	\$ 2,579,984	\$ 2,694,402	\$ 2,666,114	\$ 28,288
Vocational education:				
Teachers	\$ 841,467	\$ 772,125	\$ 781,517	\$ (9,392)
Career ladder program	0	0	500	(500)
Certified substitute teachers	1,500	4,500	5,550	(1,050)
Non-certified substitute teachers	1,000	1,000	4,220	(3,220)
Social security	51,925	52,727	45,392	7,335
State retirement	76,153	77,325	70,121	7,204
Life insurance	639	639	639	0
Medical insurance	92,310	106,040	95,524	10,516
Employer medicare liability	12,144	12,332	10,756	1,576
Maintenance and repair services	8,500	8,500	5,593	2,907
Tuition	375	375	0	375
Other contracted services	4,500	4,500	2,038	2,462
Instructional supplies	33,200	33,200	57,478	(24,278)
Other supplies and materials	2,300	2,300	2,115	185
Vocational instruction equipment	67,167	66,667	34,179	32,488
Other equipment	0	500	0	500
Total vocational education	\$ 1,193,180	\$ 1,142,730	\$ 1,115,622	\$ 27,108
Students:				
Attendance:				
Supervisor	\$ 38,776	\$ 39,391	\$ 39,390	\$ 1
Other salaries & wages	36,726	37,308	37,308	0
Social security	4,681	4,755	4,703	52
State retirement	9,639	9,792	9,792	0
Life insurance	120	120	120	0
Medical insurance	2,586	2,586	2,586	0
Employer medicare liability	1,095	1,340	1,100	240
Other contracted services	9,000	9,000	9,000	0
Total attendance	\$ 102,623	\$ 104,292	\$ 103,999	\$ 293

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 79,160	\$ 81,218	\$ 80,911	\$ 307
Other salaries and wages	91,418	79,659	78,210	1,449
Social security	10,576	9,900	9,168	732
State retirement	14,487	13,544	12,031	1,513
Life insurance	94	94	94	0
Medical insurance	20,010	14,836	15,683	(847)
Employer medicare liability	2,473	2,315	2,144	171
Communication	0	220	0	220
Travel	3,407	4,407	895	3,512
Other contracted services	515	3,040	1,135	1,905
Drugs and medical supplies	2,000	2,000	2,048	(48)
Other supplies and materials	2,382	9,500	10,008	(508)
Other charges	0	9,700	9,470	230
Health equipment	0	4,162	4,162	0
Total health services	<u>\$ 226,522</u>	<u>\$ 234,595</u>	<u>\$ 225,959</u>	<u>\$ 8,636</u>
Other student support:				
Career ladder program	\$ 9,000	\$ 9,000	\$ 8,500	\$ 500
Guidance personnel	630,659	590,649	588,400	2,249
Psychological personnel	87,760	84,150	80,168	3,982
Social workers	81,816	84,912	86,984	(2,072)
Attendants	76,795	106,795	140,143	(33,348)
Other salaries and wages	168,876	160,772	154,653	6,119
Social security	65,107	65,401	63,057	2,344
State retirement	106,001	107,127	87,340	19,787
Life insurance	867	967	967	0
Medical insurance	97,555	86,627	82,621	4,006
Employer medicare liability	15,296	20,024	14,737	5,287
Evaluation and testing	35,425	35,425	43,321	(7,896)
Maintenance and repair services	600	600	0	600
Travel	0	2,558	2,373	185
Other contracted services	237,670	261,727	227,525	34,202
Other supplies and materials	5,815	10,815	8,146	2,669
Other equipment	0	0	1,868	(1,868)
Total other student support	<u>\$ 1,619,242</u>	<u>\$ 1,627,549</u>	<u>\$ 1,590,803</u>	<u>\$ 36,746</u>
Total students	<u>\$ 1,948,387</u>	<u>\$ 1,966,436</u>	<u>\$ 1,920,761</u>	<u>\$ 45,675</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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 256,474	\$ 285,103	\$ 285,102	\$ 1
Career ladder program	20,500	20,500	17,000	3,500
Librarians	459,368	441,356	441,232	124
Materials supervisor	82,421	83,726	83,726	0
Secretaries	115,793	127,627	127,435	192
Other salaries and wages	145,267	149,094	155,692	(6,598)
Social security	66,106	67,079	65,519	1,560
State retirement	117,669	119,442	120,164	(722)
Life insurance	1,183	1,183	1,183	0
Medical insurance	113,025	138,027	135,993	2,034
Employer medicare liability	15,460	15,460	15,319	141
Dues and subscriptions	4,000	4,000	1,744	2,256
Travel	36,040	40,040	28,936	11,104
Other contracted services	8,500	12,141	21,221	(9,080)
Instructional supplies	0	2,181	2,181	0
Library books	36,000	36,000	39,371	(3,371)
Other supplies and materials	21,750	21,750	15,613	6,137
In-service staff development	75,400	77,254	75,669	1,585
Other equipment	3,500	3,500	6,749	(3,249)
Total regular instruction program	<u>\$ 1,578,456</u>	<u>\$ 1,645,463</u>	<u>\$ 1,639,849</u>	<u>\$ 5,614</u>
Special education:				
Supervisor	\$ 82,421	\$ 86,348	\$ 86,348	\$ 0
Career ladder program	1,000	1,000	1,000	0
Social security	5,172	5,253	5,383	(130)
State retirement	7,550	7,550	7,805	(255)
Life insurance	29	29	29	0
Medical insurance	5,063	4,742	4,741	1
Employer medicare liability	1,199	1,218	1,259	(41)
Consultants	500	10,050	10,050	0
Travel	1,500	1,500	1,382	118
Total special education	<u>\$ 104,434</u>	<u>\$ 117,690</u>	<u>\$ 117,997</u>	<u>\$ (307)</u>
Vocational education:				
Supervisor	\$ 77,491	\$ 70,754	\$ 70,754	\$ 0
Career ladder program	3,000	3,000	1,500	1,500
Secretaries	24,076	24,458	24,458	0
Social security	6,483	3,783	3,660	123
State retirement	11,303	7,478	7,336	142

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Life insurance	\$ 72	\$ 72	\$ 72	\$ 0
Medical insurance	12,460	7,785	7,784	1
Employer medicare liability	1,516	1,540	1,340	200
Travel	2,500	2,500	4,415	(1,915)
Total vocational education	<u>\$ 138,901</u>	<u>\$ 121,370</u>	<u>\$ 121,319</u>	<u>\$ 51</u>
Total instructional staff	<u>\$ 1,821,791</u>	<u>\$ 1,884,523</u>	<u>\$ 1,879,165</u>	<u>\$ 5,358</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	766	766	0
Other fringe benefits	740	740	740	0
Audit services	12,500	12,750	12,750	0
Dues and membership	11,753	11,753	9,563	2,190
Legal services	10,000	10,000	7,454	2,546
Liability insurance	34,916	42,543	42,543	0
Premiums on corporate surety bonds	8,464	10,044	10,044	0
Trustee's commission	109,753	109,753	116,902	(7,149)
Worker's compensation insurance	133,623	142,083	139,736	2,347
Criminal investigation	8,000	8,000	4,544	3,456
Refund for criminal investigation	2,000	2,000	480	1,520
Other charges	32,000	32,000	31,931	69
Total board of education	<u>\$ 420,588</u>	<u>\$ 438,506</u>	<u>\$ 433,527</u>	<u>\$ 4,979</u>
Office of superintendent:				
Administrative officer	\$ 136,991	\$ 126,860	\$ 126,860	\$ 0
Assistants	86,461	87,831	87,831	0
Career ladder program	1,000	1,000	0	1,000
Secretaries	67,978	69,055	69,055	0
Other salaries and wages	8,064	7,200	7,200	0
Social security	18,444	17,432	17,438	(6)
State retirement	32,388	31,439	31,438	1
Life insurance	195	195	195	0
Medical insurance	25,726	34,950	34,950	0
Employer medicare liability	4,314	4,077	4,078	(1)
Other fringe benefits	5,480	5,480	3,750	1,730
Communication	80,000	120,000	110,803	9,197

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, 2012

(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	\$ 2,474	\$ 26
Postal charges	6,500	6,500	5,283	1,217
Travel	4,300	4,300	6,385	(2,085)
Other contracted services	34,600	24,600	18,989	5,611
Office supplies	17,500	17,500	17,388	112
Other charges	17,900	17,900	17,814	86
Administrative equipment	5,000	5,000	4,240	760
Total office of superintendent	<u>\$ 555,341</u>	<u>\$ 583,819</u>	<u>\$ 566,171</u>	<u>\$ 17,648</u>
Total general administration	<u>\$ 975,929</u>	<u>\$ 1,022,325</u>	<u>\$ 999,698</u>	<u>\$ 22,627</u>
Office of the Principal:				
Principals	\$ 645,326	\$ 657,701	\$ 657,701	\$ 0
Career ladder program	10,000	10,000	7,000	3,000
Assistant principals	391,163	436,347	453,001	(16,654)
Secretaries	301,820	299,683	299,933	(250)
Clerical personnel	24,178	24,561	24,561	0
Social security	83,853	85,191	85,239	(48)
State retirement	149,116	151,464	150,714	750
Life insurance	1,386	1,386	1,386	0
Medical insurance	142,752	150,988	150,971	17
Employer medicare liability	19,611	19,924	19,935	(11)
Dues and memberships	3,525	3,525	4,311	(786)
Maintenance and repair services	1,925	1,925	657	1,268
Postal charges	7,195	7,195	5,003	2,192
Travel	5,100	5,100	1,119	3,981
Other contracted services	13,725	13,725	18,816	(5,091)
Office supplies	11,000	11,000	7,408	3,592
Other charges	250	1,396	4,908	(3,512)
Administrative equipment	13,585	13,585	18,411	(4,826)
Total office of the principal	<u>\$ 1,825,510</u>	<u>\$ 1,894,696</u>	<u>\$ 1,911,074</u>	<u>\$ (16,378)</u>
Business administration:				
Bookkeepers	\$ 160,591	\$ 166,804	\$ 170,582	\$ (3,778)
Social security	9,957	9,356	9,242	114
State retirement	26,803	26,539	26,533	6
Life insurance	163	163	163	0
Medical insurance	19,901	19,902	19,956	(54)
Employer medicare liability	2,329	2,375	2,327	48
Data processing services	9,209	11,918	11,918	0
Travel	1,000	1,000	644	356
Total business administration	<u>\$ 229,953</u>	<u>\$ 238,057</u>	<u>\$ 241,365</u>	<u>\$ (3,308)</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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Operation and maintenance of plant:				
Operation of plant:				
Custodial personnel	\$ 23,225	\$ 24,869	\$ 24,869	\$ 0
Other salaries and wages	77,553	78,781	74,814	3,967
Social security	6,248	6,347	5,983	364
State retirement	10,895	11,067	9,369	1,698
Life insurance	84	84	84	0
Medical insurance	11,931	11,931	9,889	2,042
Employer medicare liability	1,461	1,484	1,399	85
Janitorial services	731,319	773,436	773,437	(1)
Operating lease payments	52,951	52,951	0	52,951
Rentals	6,000	6,000	7,200	(1,200)
Other contracted services	216,870	216,870	235,624	(18,754)
Electricity	1,052,422	1,052,422	1,024,015	28,407
Natural gas	157,000	151,349	81,903	69,446
Water and sewer	149,593	149,593	155,443	(5,850)
Other supplies and materials	25,000	55,000	55,826	(826)
Boiler insurance	6,788	8,036	8,036	0
Building and contents insurance	123,673	156,373	156,373	0
Other charges	0	5,651	5,651	0
Total operation of plant	<u>\$ 2,653,013</u>	<u>\$ 2,762,244</u>	<u>\$ 2,629,915</u>	<u>\$ 132,329</u>
Maintenance of plant:				
Supervisor	\$ 56,750	\$ 57,649	\$ 57,649	\$ 0
Maintenance personnel	350,798	356,355	352,008	4,347
Other salaries and wages	35,000	26,200	2,000	24,200
Social security	27,136	27,536	23,517	4,019
State retirement	68,020	69,097	57,971	11,126
Life insurance	592	592	592	0
Medical insurance	79,211	80,877	81,585	(708)
Employer medicare liability	6,417	6,511	5,500	1,011
Maintenance and repair services - building	58,000	90,140	172,702	(82,562)
Maintenance and repair services - equipment	2,000	2,000	0	2,000
Travel	0	0	2,145	(2,145)
Other contracted services	86,000	86,000	159,989	(73,989)
Equipment and machinery parts	10,200	10,200	275	9,925
Other supplies and materials	200,000	200,000	158,693	41,307
Other charges	5,000	5,000	5,089	(89)
Maintenance equipment	2,500	21,455	27,255	(5,800)
Total maintenance of plant	<u>\$ 987,624</u>	<u>\$ 1,039,612</u>	<u>\$ 1,106,970</u>	<u>\$ 67,358</u>
Total operation and maintenance	<u>\$ 3,640,637</u>	<u>\$ 3,801,856</u>	<u>\$ 3,736,885</u>	<u>\$ 64,971</u>
Transportation:				
Supervisor	\$ 31,249	\$ 31,744	\$ 31,744	\$ 0
Mechanics	50,882	53,988	54,062	(74)
Bus drivers	404,461	440,977	487,351	(46,374)

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
Social security	\$ 30,169	\$ 30,901	\$ 35,737	\$ (4,836)
State retirement	13,708	13,925	14,321	(396)
Life insurance	94	94	94	0
Medical insurance	5,171	8,772	9,957	(1,185)
Employer medicare	7,056	7,227	8,358	(1,131)
Contracts with parents	1,000	1,000	0	1,000
Medical and dental services	3,500	3,500	1,800	1,700
Travel	1,100	1,100	447	653
Other contracted services	22,500	37,600	25,866	11,734
Diesel fuel	143,788	181,788	197,246	(15,458)
Gasoline	20,000	20,000	20,028	(28)
Lubricants	2,000	2,000	0	2,000
Tires and tubes	9,962	9,962	15,638	(5,676)
Vehicle parts	79,440	79,910	113,857	(33,947)
Other supplies and materials	2,000	2,000	1,067	933
Vehicle and equipment insurance	38,033	45,202	45,202	0
Other charges	15,550	15,550	3,511	12,039
Other equipment	0	461	461	0
Total transportation	<u>\$ 881,663</u>	<u>\$ 987,701</u>	<u>\$ 1,066,747</u>	<u>\$ (79,046)</u>
Food service:				
Other salaries and wages	\$ 40,567	\$ 45,329	\$ 45,329	\$ 0
Social security	2,515	2,741	2,742	(1)
State retirement	6,771	4,102	4,102	0
Life insurance	47	47	47	0
Medical insurance	5,172	5,172	5,172	0
Employer medicare liability	588	641	641	0
Total food service	<u>\$ 55,660</u>	<u>\$ 58,032</u>	<u>\$ 58,033</u>	<u>\$ (1)</u>
Community services:				
Supervisor	\$ 49,776	\$ 50,565	\$ 52,912	\$ (2,347)
Other salaries and wages	162,228	162,228	161,994	234
Social security	13,144	13,193	12,910	283
State retirement	4,505	4,576	5,006	(430)
Life insurance	34	34	34	0
Medical insurance	9,666	9,665	10,654	(989)
Employer medicare liability	3,074	3,085	3,019	66
Advertising	1,075	0	0	0
Travel	3,150	4,141	548	3,593
Other contracted services	17,500	20,000	20,124	(124)
Food supplies	22,000	30,000	7,327	22,673
Other supplies and materials	4,700	23,780	29,736	(5,956)
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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 0	\$ 2,000	\$ 376	\$ 1,624
Other equipment	1,231	0	2,000	(2,000)
Total community services	<u>\$ 292,433</u>	<u>\$ 323,617</u>	<u>\$ 306,640</u>	<u>\$ 16,977</u>
Early Childhood Education:				
Contracts with other public agencies	\$ 967,624	\$ 1,005,828	\$ 999,356	\$ 6,472
Total early childhood education	<u>\$ 967,624</u>	<u>\$ 1,005,828</u>	<u>\$ 999,356</u>	<u>\$ 6,472</u>
Total education	<u>\$ 35,966,898</u>	<u>\$ 37,627,295</u>	<u>\$ 37,234,688</u>	<u>\$ 392,607</u>
Capital Outlay				
Stadium lighting	\$ 0	\$ 0	\$ 354,870	\$ (354,870)
Total capital outlay	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 354,870</u>	<u>\$ (354,870)</u>
Debt Service				
Principal retirement	\$ 256,536	\$ 256,536	\$ 174,279	\$ 82,257
Interest and fiscal charges	165,342	165,342	23,226	142,116
Other debt service	130,200	194,700	0	194,700
Total debt service	<u>\$ 552,078</u>	<u>\$ 616,578</u>	<u>\$ 197,505</u>	<u>\$ 419,073</u>
Total expenditures	<u>\$ 36,518,976</u>	<u>\$ 38,243,873</u>	<u>\$ 37,787,063</u>	<u>\$ 456,810</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,134,200)</u>	<u>\$ (5,134,200)</u>	<u>\$ (4,722,199)</u>	<u>\$ 412,001</u>
Other Financing Sources (Uses)				
Transfers in	\$ 5,134,200	\$ 5,134,200	\$ 5,123,117	\$ (11,083)
Transfers out	0	0	(486,800)	(486,800)
Capital leases	0	0	354,870	354,870
Total other financing sources(uses)	<u>\$ 5,134,200</u>	<u>\$ 5,134,200</u>	<u>\$ 4,991,187</u>	<u>\$ (143,013)</u>
Net change in fund balances	\$ 0	\$ 0	\$ 268,988	\$ 268,988
Fund balance at beginning of year	<u>2,863,943</u>	<u>2,863,943</u>	<u>2,863,943</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,863,943</u></u>	<u><u>\$ 2,863,943</u></u>	<u><u>\$ 3,132,931</u></u>	<u><u>\$ 268,988</u></u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,266,365	\$ 6,404,573	\$ 140,421	\$ 14,811,359	\$ 75,006
Cash and cash equivalents - restricted	53,595	21	0	53,616	0
Accounts receivable - net	4,111,227	14,618,765	87	18,730,079	25,233
Due from other government agencies	0	0	1,870,619	1,870,619	0
Inventories	263,196	1,814,897	0	2,078,093	215,834
Prepays	79,766	69,040	1,527,761	1,676,567	0
Total current assets	\$ 12,774,149	\$ 22,907,296	\$ 3,538,888	\$ 39,220,333	\$ 316,073
Noncurrent assets:					
Receivable from customer for conservation loans	\$ 0	\$ 1,460,488	\$ 0	\$ 1,460,488	\$ 0
Debt issue cost, being amortized	401,946	122,550	8,950	533,446	0
Other assets	0	51,652	0	51,652	0
Capital assets:					
Land and construction in progress	4,402,807	2,632,490	28,505,047	35,540,344	108,291
Other capital assets, net of accumulated depreciation	99,750,599	66,357,246	241,606	166,349,451	1,051,364
Total noncurrent assets	\$ 104,555,352	\$ 70,624,426	\$ 28,755,603	\$ 203,935,381	\$ 1,159,655
Total assets	\$ 117,329,501	\$ 93,531,722	\$ 32,294,491	\$ 243,155,714	\$ 1,475,728
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 909,585	\$ 11,092,271	\$ 2,138,413	\$ 14,140,269	\$ 16,856
Customer deposits	0	2,980,918	0	2,980,918	0
Due to other funds	0	0	4,541,000	4,541,000	0
Notes payable - current	34,129	0	75,000	109,129	0
Revenue bonds payable - current	2,900,000	920,000	0	3,820,000	0
Other current liabilities	1,795,329	1,329,194	0	3,124,523	0
Total current liabilities	\$ 5,639,043	\$ 16,322,383	\$ 6,754,413	\$ 28,715,839	\$ 16,856
Noncurrent liabilities:					
Post-employment benefits payable	\$ 2,241,194	\$ 1,886,235	\$ 0	\$ 4,127,429	\$ 0
Conservation advances from TVA	0	1,508,816	0	1,508,816	0
Notes payable	734,136	0	34,000	768,136	0
Revenue bonds payable (net of unamortized discount)	41,390,480	12,758,492	0	54,148,972	0
Total noncurrent liabilities	\$ 44,365,810	\$ 16,153,543	\$ 34,000	\$ 60,553,353	\$ 0
Total liabilities	\$ 50,004,853	\$ 32,475,926	\$ 6,788,413	\$ 89,269,192	\$ 16,856
NET ASSETS					
Invested in capital assets, net of related debt	\$ 59,148,256	\$ 55,311,265	\$ 28,637,653	\$ 143,097,174	\$ 1,159,655
Unrestricted	8,176,392	5,744,531	(3,131,575)	10,789,348	299,217
Total net assets	\$ 67,324,648	\$ 61,055,796	\$ 25,506,078	\$ 153,886,522	\$ 1,458,872

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, 2012

	Enterprise Funds				Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund	Total	
Operating Revenues:					
Charges for services	\$ 21,625,991	\$ 93,075,085	\$ 15,719	\$ 114,716,795	\$ 742,456
Other operating revenues	1,765,412	1,381,237	0	3,146,649	0
Total operating revenues	\$ 23,391,403	\$ 94,456,322	\$ 15,719	\$ 117,863,444	\$ 742,456
Operating Expenses:					
Power purchased	\$ 0	\$ 77,939,334	\$ 0	\$ 77,939,334	\$ 0
Operation expenses	11,934,922	6,434,154	29,545	18,398,621	715,706
Maintenance expense	2,807,181	2,974,906	0	5,782,087	0
Depreciation and amortization	4,917,047	3,317,040	21,540	8,255,627	33,025
Total operating expenses	\$ 19,659,150	\$ 90,665,434	\$ 51,085	\$ 110,375,669	\$ 748,731
Operating income (loss)	\$ 3,732,253	\$ 3,790,888	\$ (35,366)	\$ 7,487,775	\$ (6,275)
Non Operating Revenues (Expenses):					
Interest income	\$ 68,197	\$ 74,647	\$ 514	\$ 143,358	\$ 387
Interest expense	(1,888,023)	(460,157)	(118)	(2,348,298)	0
Plant cost recovered through contributions	0	(816,397)	0	(816,397)	0
Other income (expense)	153,750	20,913	0	174,663	400
Total nonoperating revenues (expenses)	\$ (1,666,076)	\$ (1,180,994)	\$ 396	\$ (2,846,674)	\$ 787
Income before contributions and transfers	\$ 2,066,177	\$ 2,609,894	\$ (34,970)	\$ 4,641,101	\$ (5,488)
Capital contributions	1,132,690	816,397	3,668,030	5,617,117	0
Transfers in	0	0	34,000	34,000	0
Transfers out	(202,462)	(1,725,056)	0	(1,927,518)	0
Change in net assets	\$ 2,996,405	\$ 1,701,235	\$ 3,667,060	\$ 8,364,700	\$ (5,488)
Total net assets - beginning	64,328,243	59,354,561	21,839,018	145,521,822	1,464,360
Total net assets - ending	\$ 67,324,648	\$ 61,055,796	\$ 25,506,078	\$ 153,886,522	\$ 1,458,872

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Enterprise Funds				Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund	Total	
Cash flows from operating activities:					
Receipts from customers	\$ 22,573,787	\$ 95,958,918	\$ 15,832	\$ 118,548,537	\$ 755,197
Payments to suppliers	(10,237,580)	(79,447,918)	(32,559)	(89,718,057)	(390,129)
Payments to employees for services	(4,267,814)	(6,762,898)	0	(11,030,712)	(354,171)
Net cash provided by (used in) operating activities	<u>\$ 8,068,393</u>	<u>\$ 9,748,102</u>	<u>\$ (16,727)</u>	<u>\$ 17,799,768</u>	<u>\$ 10,897</u>
Cash flows from noncapital financing activities:					
Interfund loan borrowing	\$ 0	\$ 0	\$ 2,061,000	\$ 2,061,000	\$ 0
Transfers out	(202,462)	(1,725,056)	0	(1,927,518)	0
Net cash provided by (used in) financing activities	<u>\$ (202,462)</u>	<u>\$ (1,725,056)</u>	<u>\$ 2,061,000</u>	<u>\$ 133,482</u>	<u>\$ 0</u>
Cash flows from capital and related financing activities:					
Additions to plants	\$ (6,488,995)	\$ (9,855,684)	\$ (4,060,917)	\$ (20,405,596)	\$ (24,782)
Proceeds received for contributions in aid of construction	1,132,690	816,397	1,746,072	3,695,159	0
Proceeds from sale of assets	153,750	104,268	0	258,018	400
Removal cost	0	(287,575)	0	(287,575)	0
Salvage	42,379	222,857	0	265,236	0
Transfers in	0	0	34,000	34,000	0
Proceeds from issuance of debt	9,682	0	109,000	118,682	0
Payment of principal on long-term debt	(2,928,418)	(930,000)	0	(3,858,418)	0
Payment of interest on long-term debt	(1,755,714)	(452,435)	(68)	(2,208,217)	0
Debt issue cost	0	0	(9,000)	(9,000)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (9,834,626)</u>	<u>\$ (10,382,172)</u>	<u>\$ (2,180,913)</u>	<u>\$ (22,397,711)</u>	<u>\$ (24,382)</u>
Cash flows from investing activities:					
Interest received	\$ 68,198	\$ 95,560	\$ 514	\$ 164,272	\$ 387
Net cash provided by investing activities	<u>\$ 68,198</u>	<u>\$ 95,560</u>	<u>\$ 514</u>	<u>\$ 164,272</u>	<u>\$ 387</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,900,497)	\$ (2,263,566)	\$ (136,126)	\$ (4,300,189)	\$ (13,098)
Cash and cash equivalents, beginning of year	10,220,457	8,668,160	276,547	19,165,164	88,104
Cash and cash equivalents, end of year	<u>\$ 8,319,960</u>	<u>\$ 6,404,594</u>	<u>\$ 140,421</u>	<u>\$ 14,864,975</u>	<u>\$ 75,006</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

(Continued)

For the Fiscal Year Ended June 30, 2012

	Enterprise Funds			Total	Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Cleveland Municipal Airport Fund		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 3,732,253	\$ 3,790,888	\$ (35,366)	\$ 7,487,775	\$ (6,275)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:					
Depreciation	5,045,478	3,504,581	21,540	8,571,599	33,025
Changes in operating assets and liabilities					
Accounts receivable	(817,616)	1,319,572	113	502,069	12,741
Allowance for doubtful accounts	0	(4,373)	0	(4,373)	0
Inventories	41,516	(219,400)	0	(177,884)	(18,174)
Receivable from customers for conservation loans	0	(8,031)	0	(8,031)	0
Prepays	367,869	357,830	0	725,699	0
Other assets	0	(3,014)	0	(3,014)	0
Accounts payable	(155,380)	173,394	(3,014)	15,000	(10,420)
Customer deposits	0	191,054	0	191,054	0
Other current liabilities	(145,727)	627,375	0	481,648	0
Conservation loans	0	18,226	0	18,226	0
Net cash provided by operating activities	<u>\$ 8,068,393</u>	<u>\$ 9,748,102</u>	<u>\$ (16,727)</u>	<u>\$ 17,799,768</u>	<u>\$ 10,897</u>

NOTES

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 and wastewater services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, billing and collection.

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.

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.

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.

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

C. Measurement focus, Basis of Accounting

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

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

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

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 cost, 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
Infrastructure - Detention Ponds	40
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 2012 rates for the Electric Division and Water Divisions were 3.1% and 2.9% 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 \$187,541 and \$128,431 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	\$ 8,234,087
Depreciation charged to clearing account	<u>315,972</u>
Depreciation and amortization per statement of cash flows	<u>\$ 8,550,059</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. Net Assets and Fund Equity

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

Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2012, outstanding bond proceeds totaled \$53,616.

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

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

On the government-wide Statements of Net Assets, the restricted net assets consist of the following:

Permanent fund principal for animal shelter	\$ 459,936
Permanent principal for library	13,700
Law enforcement - federal grants	3,729
Law enforcement - drug fund	108,108
Community development - federal grants	27,393
Street maintenance - State funding	368,845
Education - federal grants	102,673
Capital outlay - federal grant	28,246
Capital outlay - donor restriction	260,064
Capital outlay - sales tax referendum	5,076,889
	<u>\$ 6,449,583</u>

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

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

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

L. Net Assets and Fund Equity - (Cont.)

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

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

Unassigned Fund Balance - the residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

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 \$9,035,001, and increase budgeted expenditures by \$14,707,997. The increase in revenues is primarily from federal grants and tax revenue received by the City. The increase in budgeted expenditures is a result of the additional funding.

N. Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2012, and December 14, 2012, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

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	\$ 819,921	\$ 819,921	\$ 0
State Treasurer's investment pool	1,043,626	1,043,626	0
Total investments	\$ 1,863,547	\$ 1,863,547	\$ 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 earns one hundred percent of the federal funds rate on accounts. During fiscal year ended June 30, 2012, a total of \$201,918 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, 2012, 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.

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

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

Note 3 - RECEIVABLES

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

Receivables	Inter-governmental	Taxes	Customer Accounts	Other	Allowance for Uncollectibles	Net Receivables
General	\$ 3,528,965	\$ 18,971,135	\$ 0	\$ 453,895	\$ (419,000)	\$ 22,534,995
School	6,154,550	707,036	0	0	(119,273)	6,742,313
Water	0	0	4,111,227	0	0	4,111,227
Electric	0	0	14,773,598	0	(154,833)	14,618,765
Airport	1,870,619	0	0	87	0	1,870,706
Nonmajor	6,376,302	0	25,233	198,396	0	6,599,931
Totals	\$ 17,930,436	\$ 19,678,171	\$ 18,910,058	\$ 652,378	\$ (693,106)	\$ 56,477,937

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

Note 3 - RECEIVABLES - (Cont.)

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 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)	\$ 1,626,336	\$ 0	\$ 1,626,336
Delinquent property taxes receivable (school fund)	156,520	0	156,520
County shared fire tax (general fund)	177,569	0	177,569
Income tax (general fund)	461,069	0	461,069
State beer tax (general fund)	4,672	0	4,672
TVA - In-lieu of tax (general fund)	119,453	0	119,453
Income tax (school fund)	13,461	0	13,461
Sales tax - (sales tax capital projects fund)	2,907,847	0	2,907,847
2012 Property tax levy (general fund)	0	16,364,000	16,364,000
2012 County shared revenues (school fund)	0	5,615,970	5,615,970
Fees collected in advance (school food service)	0	20,591	20,591
Fees collected in advance (general fund)	0	18,070	18,070
Total	\$ 5,466,927	\$ 22,018,631	\$ 27,485,558

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,112,070	\$ 104,900	\$ 0	\$ 9,216,970
Construction in progress	9,120,943	2,060,051	(8,000,118)	3,180,876
Total capital assets not being depreciated	\$ 18,233,013	\$ 2,164,951	\$ (8,000,118)	\$ 12,397,846
Capital assets, being depreciated:				
Buildings	\$ 95,581,802	\$ 8,393,490	\$ 0	\$ 103,975,292
Improvements other than buildings	6,978,849	105,942	0	7,084,791
Infrastructure	51,136,148	1,475,935	0	52,612,083
Furniture, fixtures, equipment and vehicles	27,407,938	2,214,354	(1,600,408)	28,021,884
Total capital assets being depreciated	\$ 181,104,737	\$ 12,189,721	\$ (1,600,408)	\$ 191,694,050
Less accumulated depreciation for				
Buildings	(24,617,387)	(2,104,654)	0	(26,722,041)
Improvements other than buildings	(3,816,091)	(196,614)	0	(4,012,705)
Infrastructure	(15,807,234)	(1,160,962)	0	(16,968,196)
Furniture, fixtures, equipment and vehicles	(20,194,432)	(1,732,619)	1,529,164	(20,397,887)
Total accumulated depreciation	\$ (64,435,144)	\$ (5,194,849)	\$ 1,529,164	\$ (68,100,829)
Total capital assets being depreciated, net	\$ 116,669,593	\$ 6,994,872	\$ (71,244)	\$ 123,593,221
Governmental activities capital assets, net	\$ 134,902,606	\$ 9,159,823	\$ (8,071,362)	\$ 135,991,067

Note 4 - CAPITAL ASSETS - (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 25,549,104	\$ 1,606,185	\$ (44,715)	\$ 27,110,574
Construction work-in-progress	4,932,718	3,497,052	0	8,429,770
Total capital assets not being depreciated	<u>\$ 30,481,822</u>	<u>\$ 5,103,237</u>	<u>\$ (44,715)</u>	<u>\$ 35,540,344</u>
Capital assets being depreciated:				
Plant in service	\$ 282,145,766	\$ 14,983,683	\$ (2,972,030)	\$ 294,157,419
Equipment	418,312	0	(15,850)	402,462
Total capital assets being depreciated	<u>\$ 282,564,078</u>	<u>\$ 14,983,683</u>	<u>\$ (2,987,880)</u>	<u>\$ 294,559,881</u>
Less accumulated depreciation for				
Plant in service	\$ (122,379,408)	\$ (8,574,197)	\$ 2,972,030	\$ (127,981,575)
Equipment	(227,415)	(17,290)	15,850	(228,855)
Total accumulated depreciation	<u>\$ (122,606,823)</u>	<u>\$ (8,591,487)</u>	<u>\$ 2,987,880</u>	<u>\$ (128,210,430)</u>
Total capital assets being depreciated, net	<u>\$ 159,957,255</u>	<u>\$ 6,392,196</u>	<u>\$ 0</u>	<u>\$ 166,349,451</u>
Business-type activities capital assets	<u>\$ 190,439,077</u>	<u>\$ 11,495,433</u>	<u>\$ (44,715)</u>	<u>\$ 201,889,795</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 78,283
Community development	34,225
Public safety	776,917
Public works	1,307,973
Health and welfare	19,885
Culture and recreation	562,776
Education	2,381,765
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>33,025</u>
Total depreciation expense - governmental activities	<u>\$ 5,194,849</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 291,000
General fund	Cleveland Municipal Airport	<u>4,541,000</u>
		<u>\$ 4,832,000</u>

Of the total interfund receivable/payable balances, \$4,832,000, 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	Cleveland Municipal Airport Fund	
General fund	\$ 0	\$ 5,120,000	\$ 6,859,143	\$ 34,000	\$ 12,013,143
School fund	0	0	486,800	0	486,800
Cleveland Utilities - Electric	1,725,055	0	0	0	1,725,056
Cleveland Utilities - Water	202,462	0	0	0	202,462
Nonmajor Governmental	0	3,117	396,300	0	399,417
	<u>\$ 1,927,517</u>	<u>\$ 5,123,117</u>	<u>\$ 7,742,243</u>	<u>\$ 34,000</u>	<u>\$ 14,826,878</u>

Note 6 - LONG-TERM DEBT

Capital Leases

The City has entered into two lease agreements as lessee for financing improvements to the school system to upgrade the lighting systems in its facilities. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future lease payments as of the inception date. Future payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Requirements
2013	\$ 150,187	\$ 13,774	\$ 163,961
2014	159,818	32,174	191,992
2015	167,452	22,472	189,924
2016	44,379	14,765	59,144
2017	46,262	6,688	52,950
2018-2022	124,429	7,948	132,377
	<u>\$ 692,527</u>	<u>\$ 97,821</u>	<u>\$ 790,348</u>

General Obligation Bonds

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

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

Purpose	Interest Rates	Amount
Governmental activities	4.00-5.00%	\$ 5,420,000
Governmental activities - refunding	2.00-5.00%	33,675,000
		<u>\$ 39,095,000</u>

General Obligation Bonds - (Cont.)

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2013	\$ 1,950,000	\$ 1,533,456	\$ 3,483,456
2014	1,660,000	1,486,606	3,146,606
2015	1,785,000	1,433,931	3,218,931
2016	1,865,000	1,370,806	3,235,806
2017	1,975,000	1,309,481	3,284,481
2018-2022	11,335,000	5,664,669	16,999,669
2023-2027	13,070,000	2,996,076	16,066,076
2028-2032	4,985,000	920,438	5,905,438
2033-2037	470,000	63,438	533,438
	<u>\$ 39,095,000</u>	<u>\$ 16,778,901</u>	<u>\$ 55,873,901</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:

Purpose	Interest Rates	Amount
Cleveland Utilities - Water Division	1.00-5.75%	\$ 45,165,000
Cleveland Utilities - Electric Division	1.00-5.75%	13,710,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2013	\$ 3,820,000	\$ 2,074,994	\$ 5,894,994
2014	3,900,000	1,969,188	5,869,188
2015	3,945,000	1,861,275	5,806,275
2016	3,965,000	1,754,341	5,719,341
2017	4,075,000	1,633,687	5,708,687
2018-2022	18,220,000	6,248,456	24,468,456
2023-2027	13,375,000	3,058,985	16,433,985
2027-2032	5,385,000	967,051	6,352,051
2033-2037	2,190,000	295,093	2,485,093
	<u>\$ 58,875,000</u>	<u>\$ 19,863,070</u>	<u>\$ 78,738,070</u>

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

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Principal		Interest		Total
					Requirements
2013	\$	680,346	\$	1,275,560	\$ 1,955,906
2014		1,101,822		1,260,464	2,362,286
2015		1,059,337		1,226,346	2,285,683
2016		1,069,906		1,191,309	2,261,215
2017		1,055,577		1,155,140	2,210,717
2018-2022		5,648,886		5,214,212	10,863,098
2023-2027		7,369,470		3,877,874	11,247,344
2028-2032		11,443,000		1,142,542	12,585,542
	\$	29,428,344	\$	16,343,447	\$ 45,771,791

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Principal		Interest		Total
					Requirements
2013	\$	109,129	\$	21,332	\$ 130,461
2014		68,856		16,855	85,711
2015		35,599		14,412	50,011
2016		36,358		13,654	50,012
2017		37,133		12,878	50,011
2018-2022		197,872		52,184	250,056
2023-2027		219,868		30,188	250,056
2028-2032		172,450		6,752	179,202
	\$	877,265	\$	168,255	\$ 1,045,520

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 40,950,000	\$ 0	\$ (1,855,000)	\$ 39,095,000	\$ 1,950,000
Notes payable	27,398,285	2,615,335	(585,276)	29,428,344	680,346
Capital leases	375,238	354,870	(37,581)	692,527	150,187
Compensated absences	1,686,580	1,380,513	(1,367,131)	1,699,962	135,997
Postemployment benefits	7,620,448	2,955,117	(820,333)	9,755,232	0
Derivative - interest rate swap	4,483,038	2,769,042	0	7,252,080	0
Less bond discount/premium	237,132	0	(24,748)	212,384	0
Less deferred charges	(449,148)	32,835	0	(416,313)	0
Total	\$ 82,301,573	\$ 10,107,712	\$ (4,690,069)	\$ 87,719,216	\$ 2,916,530
Business-type activities:					
Revenue bonds	\$ 62,700,000	\$ 0	\$ (3,825,000)	\$ 58,875,000	\$ 3,820,000
Notes payable	0	109,000	0	109,000	75,000
State revolving loan fund	792,000	9,683	(33,418)	768,265	34,129
Conservation advances	1,744,197	366,913	(348,687)	1,762,423	253,608
Postemployment benefits	3,176,772	1,484,359	(533,702)	4,127,429	0
Less bond discount/premiums	154,692	0	(11,503)	143,189	0
Less deferred charges	(1,180,176)	0	130,959	(1,049,217)	0
Total	\$ 67,387,485	\$ 1,969,955	\$ (4,621,351)	\$ 64,736,089	\$ 4,182,737

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

On April 18, 2012, the Public Building Authority of the City of Clarksville, Tennessee, issued \$1,006,000, in aggregate principal amount of Local Government Public Improvement Bonds, Adjustable Rate Series 2012 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 infrastructure along Durkee Road. The loan matures May 25, 2027, and bears interest at a weekly variable rate. As of June 30, 2012, the City had drawn down \$905,135 of the \$1,006,000 loan proceeds.

On April 18, 2012, the Public Building Authority of the City of Clarksville, Tennessee, issued \$1,710,200, in aggregate principal amount of Local Government Public Improvement Bonds, Fixed Rate Series 2012 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 infrastructure at the APD-40 Interstate connector. The loan matures April 1, 2032 and bears interest at 2.32%. As of June 30, 2012, the City had drawn down all of the loan proceeds.

On May 30, 2012, The Public Building Authority of the City of Clarksville, Tennessee, issued \$1,509,000, in aggregate principal amount of Local Government Public Improvements Bonds, Adjustable Rate Series 2012 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 constructing a new airport. The loan matures June 1, 2027, and bears interest at a weekly variable rate. As of June 30, 2012, the City had drawn down \$109,000, of the \$1,509,000 loan proceeds.

Interest Rate Swap - Notes Payable

The City is a party to an interest rate swap agreement which is considered a derivative instrument. All derivatives must be tested for effectiveness to qualify for hedge accounting. The tests are outlined in GASB 53. Depending on the test results, the changes in fair value are either reported on the statement of net assets as a deferral, or in the statement of activities as investment revenue or loss.

The City engaged an independent party to perform the valuations and required tests on the swaps. Both of the City's swaps qualify for hedge accounting under GASB 53, therefore all cumulative changes in fair value, as of June 30, 2012 all swap liabilities, are offset by a corresponding deferred outflow asset on the statement of net assets.

All pay-fixed swap transactions are associated with variable debt. Combining a pay-fixed receive-variable rate swap with variable debt results in what is termed "synthetic" fixed rate debt. It is called synthetic because the economics are similar to fixed rate debt, but another instrument is involved unlike regular fixed rate debt. Each time the City created synthetic fixed rate debt, a comparison and determination was made that the fixed rate on regular debt would have been higher than the fixed rate on the swap.

For all swaps, there are two main strategies the City pursues with respect to each transaction. Each swap can achieve one or more of these strategies. Then as a result of execution of the derivative, its value will change with respect to how prevailing rates on each reporting period compare to when the derivative was put in place. The accumulated changes in fair value, or total fair value of all the derivatives are a function of how prevailing interest rates and other market factors affect each transaction at each reporting period. Pursuant to GASB 53, each swap transaction is then evaluated to determine what type of accounting treatment to apply.

(i) Mitigate the effect of fluctuations in variable interest rates. The primary function of the swaps is for the City to pay a fixed rate, and receive a floating rate. In an interest rate environment whose level is generally higher than the rate at which the City is fixed, the swap would result in a positive value to the City. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the City. The value primarily depends on the overall level of interest rates on the reporting date compared to what the City pays. The overall level of long term interest rates from period to period is the primary driver of changes in value recorded from the investment derivatives where the City pays fixed and receives a floating rate. Interest rates have trended lower since inception of the pay fixed swaps, therefore, the mark-to-market value is generally more negative to the City.

Interest Rate Swap - Notes Payable - (Cont.)

(ii) Reduce interest expense from expected benefit resulting from the difference between tax-exempt and taxable rates. This is a function of swaps where the City receives 70% of 3-Month LIBOR when hedging tax-exempt variable debt, with the expectation of receiving an ongoing net benefit from paying a lower fixed rate at the time of putting on the swap transaction. The historical average ratio of 3-Month LIBOR (short-term taxable rates) versus tax-exempt rates, a direct function of tax rates, is approximately 70%, but the ratio of long-term taxable rates and long-term tax-exempt rates is normally significantly higher than 70%. Therefore, the fixed rate payable in exchange for a smaller percentage of LIBOR will be significantly less than a long-term tax-exempt fixed rate. This reduction in fixed rate is the value of the benefit, the risk being tax rates change over the life of the percentage of LIBOR swap, or the variable rates on the City's hedged bonds do not closely match the percentage of LIBOR variable rate on the swap. The value of such a swap is determined by the prevailing level of taxable interest rates, with no reference to tax-exempt interest rates.

The following table provides a summary of the basic terms of the swap agreements as of June 30, 2012.

Associated Bonds	Current Notional	Effective Date	Maturity Date	Rate Paid	Rate Received	Fair Value	Bank Counterparty	Counterparty Ratings Moody's/S&P/Fitch
Series E-9-A	\$ 11,175,000	1/29/10	6/1/2030	4.4300%	70% of 3-Month	(\$4,608,138)	Deutsche Bank AG -New York Branch	A2/A+/A+
Series E-9-A	\$ 10,000,000	2/02/10	6/1/2025	4.4250%	70% of 3-Month	(\$2,643,942)	Deutsche Bank AG -New York Branch	A2/A+/A+

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, entered into interest rate swap agreements for Series A-2-A, and IV-C-3. The Series A-2-A and the Series IV-C-3 notes have since been refunded with a portion of the proceeds of the E-9-A notes, and the interest rate swaps are now associated with the Series E-9-A notes.

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 Authorities, on its behalf, to enter into interest rate swaps 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 swaps was to effectively change the City's variable interest rate on the notes to a synthetic fixed rate.

Under the swaps, the Authorities 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 70.0 percent of the three-month London Interbank Offered Rate (LIBOR). At no time will the notional amount on interest rate swap agreements exceed the outstanding principal of the Series E-9-A notes. The notes variable-rates have historically approximated the Securities Industry and Financial Markets Association Index (the "SIFMA"). The notes mature and the related swap agreements mature on June 1, 2025 (Series IV-C-3) and June 1, 2030 (Series A-2-A). As of June 30, 2012, 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	(0.616)	(0.616)
Net interest rate swap payment	3.809 %	3.814 %
Variable-rate note payments	0.190	0.190
Synthetic interest rate on notes	3.999 %	4.004 %

As of June 30, 2012, the swaps had a negative fair value of \$2,643,942, (IV-C-3) and \$4,608,138, (A-2-A). The negative fair value of the swaps may be countered by reductions in total interest payments required under the variable-rate notes, creating lower synthetic rates. Because the rates on the government's variable-rate notes adjust to changing interest rates, the notes do not have a corresponding fair value increase. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions

Interest Rate Swap - Notes Payable - (Cont.)

of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swaps, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

The City was not exposed to credit risk because the swaps 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 swaps.

As noted above, the swaps expose the City to basis risk should the rate on the notes increase to above 63.5% of LIBOR, thus increasing the synthetic rate on the notes. If a change occurs that results in the rate on the notes to be below 63.5% of LIBOR, then the synthetic rate on the notes 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.

As of June 30, 2012, 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	
	Principal	Interest	Interest Rate Swap Payment	Total
2013	\$ 120,000	\$ 18,791	\$ 376,715	\$ 515,506
2014	505,000	18,563	372,144	895,707
2015	530,000	17,604	352,908	900,512
2016	575,000	16,597	332,721	924,318
2017	575,000	15,504	310,818	901,322
2018-2022	3,120,000	60,724	1,217,372	4,398,096
2023-2027	4,465,000	21,052	422,043	4,908,095
	<u>\$ 9,890,000</u>	<u>\$ 168,835</u>	<u>\$ 3,384,721</u>	<u>\$ 13,443,556</u>

Fiscal Year Ending June 30,	Series A-2-A		Net	
	Principal	Interest	Interest Rate Swap Payment	Total
2013	\$ 0	\$ 21,233	\$ 426,220	\$ 447,453
2014	0	21,233	426,220	447,453
2015	0	21,233	426,220	447,453
2016	0	21,233	426,220	447,453
2017	0	21,233	426,220	447,453
2018-2022	0	106,163	2,131,100	2,237,263
2023-2027	435,000	106,163	2,131,100	2,672,263
2028-2032	10,740,000	41,601	835,086	11,616,687
	<u>\$ 11,175,000</u>	<u>\$ 360,092</u>	<u>\$ 7,228,386</u>	<u>\$ 18,763,478</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 board consists of ten ex-officio members including: the County Mayor, the City of Cleveland Mayor, the City of Charleston Police Chief, the County Sheriff, the Cleveland Police Chief, the Cleveland Fire Chief, the Director of Emergency Medical Services, the Director of the Emergency Management Agency, Cleveland City Manager and Bradley County Fire Chief, along with three persons appointed by the County Mayor with the approval of the County Commission and the City of Cleveland Council. The City has constructed a building and purchased equipment for the 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 \$79,852,740, are as follows:

Bonds payable	\$ 39,095,000
Notes payable	29,428,344
Capital leases	692,527
Compensated absences	1,699,962
Postemployment benefits	9,755,232
Interest payable	133,791
Premium on bonds payable	212,384
Bond issuance costs	(748,187)
Unamortized bond costs	<u>(416,313)</u>
Net adjustment	<u>\$ 79,852,740</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 \$1,167,953, difference are as follows:

Capital outlay	\$ 6,329,776
Depreciation expense	<u>(5,161,823)</u>
Net adjustment	<u>\$ 1,167,953</u>

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

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 \$2,477,857, difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 1,855,000
Notes Payable	585,276
Capital leases payable	<u>37,581</u>
Net adjustment	<u>\$ 2,477,857</u>

Note 10 - COMMITMENTS AND CONTINGENCIES

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

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

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

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

Note 11 - LITIGATION

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

Note 12 - TENNESSEE VALLEY AUTHORITY (TVA) CONSERVATION PROGRAMS

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

Note 13 - RISK MANAGEMENT

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

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 - 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. The City has authorized mandatory retirement for its Public Safety Officers. Public Safety Officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. 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 system after July 1, 1979 become vested after five 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 Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/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, 2012 was 17.84% of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirement for the City of Cleveland is established and may be amended by the TCRS Board of Trustees.

ANNUAL PENSION COST

For the year ending June 30, 2012, the City's annual pension cost of \$4,974,186 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost 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 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 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 ten-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 6 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ 4,974,186	100%	\$0.00
6/30/11	4,751,248	100%	\$0.00
6/30/10	4,782,285	100%	\$0.00

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2011, the most recent actuarial valuation date, the plan was 80.89% funded. The actuarial accrued liability for benefits was \$102.37 million, and the actuarial value of assets was \$82.81 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19.56 million. The covered payroll (annual payroll of active employees covered by the plan) was \$26.73 million, and the ratio of the UAAL to the covered payroll was 73.18%.

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.

CLEVELAND CITY SCHOOLS SYSTEM

PLAN DESCRIPTION

The Cleveland City Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), 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 to retirees 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 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 SETHEEPP. 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.tn.gov/treasury/tcrs/Schools

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, 2012 was 9.05 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, 2012, 2011, and 2010, were \$1,792,845, \$1,764,065, and \$1,188,516, 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, P.O. Box 3480, 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, 2012, 2011, and 2010 were \$1,175,552, \$1,126,146, and 1,274,256, respectively, and were equal to the required contribution established by the CSA Board.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

Determined in accordance with current standards, 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, 2011, 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.

Effective October 1, 2008, the actuarial value of assets are set to the smoothed asset value determined by recognizing the difference between actual versus expected asset return for each year over a five year period. The resulting smoothed asset value cannot be less than 90%, and not more than 110% of the market value of assets. The actuarial value of assets is used to determine the minimum required contribution.

CITY EMPLOYEES OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES

PLAN DESCRIPTION

The City provides postretirement medical, dental and life insurance benefits to employees who retire from the City with 30 years of service, public safety employees 25 years) or age 55 with 10 years of service. Medical benefits are provided using a point of service (POS) single-employer plan through 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. No separate report is issued for this plan.

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

FUNDING POLICY AND ANNUAL OPEB COST

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

Annual Required Contribution (ARC)	\$ 1,875,328
Interest on net OPEB obligation	210,143
Adjustment to annual required contribution	<u>(242,533)</u>
Annual OPEB cost (expense)	\$ 1,842,938
Contributions made	<u>(457,860)</u>
Increase in net OPEB obligation	\$ 1,385,078
Net OPEB obligation - June 30, 2011	<u>5,253,571</u>
Net OPEB obligation - June 30, 2012	<u><u>\$ 6,638,649</u></u>

Note 18 - POSTEMPLOYMENT BENEFITS - (Cont.)

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 1,413,196	24.62%	\$ 3,913,923
6/30/2011	1,726,281	22.40%	5,253,571
6/30/2012	1,842,938	24.84%	6,638,649

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 19,584,486
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 19,584,486</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 15,380,355
UAAL as a percentage of covered payroll	127.3%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% funding interest rate and no post retirement benefit increases. A 3% inflation rate is being assumed by the plan. The 2011 medical cost trend rate used was 10% with an ultimate medical cost trend rate of 5% projected to be reached in 2016. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized on a closed basis over a period of 27.20 years as of June 30, 2012.

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN

PLAN DESCRIPTION

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

Years of Service At At Retirement	Percentage of Premium Paid by Participant
<15	100.00%
15	50.00%
16	46.67%
17	43.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%

Years of Service At Retirement	Percentage of Premium Paid by Participant
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

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

Monthly premiums effective August 1, 2012, are as follows:

	Medical	Dental
Pre-65 Retiree	\$ 435.45	\$ 24.18
Pre-65 Retiree and Spouse	1,149.75	62.58
Post-65 Retiree	266.71	24.18
Post-65 Retiree and Spouse	533.42	62.58

FUNDING POLICY AND ANNUAL OPEB COST

The Utilities' annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of governmental auditing standards. The ARC represents a level of funding that, if paid on an ongoing basis, is 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)	\$ 1,505,116
Interest on net OPEB obligation	127,070
Adjustment to annual required contribution	<u>(147,827)</u>
Annual OPEB cost (expense)	\$ 1,484,359
Contributions made	<u>(533,702)</u>
Increase in net OPEB obligation	\$ 950,657
Net OPEB obligation - June 30, 2011	<u>3,176,772</u>
Net OPEB obligation - June 30, 2012	<u><u>\$ 4,127,429</u></u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 1,154,947	31.95%	\$ 2,384,539
6/30/2011	1,214,538	34.77%	3,176,722
6/30/2012	1,484,359	35.96%	4,127,429

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2009, was as follows:

Actuarial accrued liability (AAL)	\$ 18,690,885
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	<u>\$ 18,690,885</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 10,123,317
UAAL as a percentage of covered payroll	184.6%

ACTUARIAL METHODS AND ASSUMPTIONS

In the July 1, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.00% funding interest rate and no post retirement benefit increases. A 3% inflation rate is being assumed by the plan. The 2011 medical cost trend rate used was 8% with an ultimate medical cost trend rate of 5% projected to be reached in 2014. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized on a closed basis over a period of 27.07 years as of June 30, 2010.

CLEVELAND CITY SCHOOLS SYSTEM

The Cleveland City Schools participate in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. 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)	\$ 1,118,000
Interest on net OPEB obligation	94,675
Adjustment to annual required contribution	<u>(100,496)</u>
Annual OPEB cost (expense)	\$ 1,112,179
Contributions made	<u>(362,473)</u>
Increase in net OPEB obligation	\$ 749,706
Net OPEB obligation - June 30, 2011	2,366,876
Net OPEB obligation - June 30, 2012	<u>\$ 3,116,582</u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 1,061,228	31.22%	\$ 1,667,438
6/30/2011	1,075,961	34.99%	2,366,876
6/30/2012	1,112,179	32.59%	3,116,582

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 8,625,000
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,625,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 25,299,624
UAAL as a percentage of covered payroll	34.1%

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

In the July 1, 2011, actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75% in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of 5 percent by fiscal year 2021. A 3% inflation rate is being assumed by the plan. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

Note 19 - FEMA REIMBURSEMENT

On April 27, 2011, numerous tornadoes struck within and around the City of Cleveland. Damage to the Electric System was extensive and the cost to repair the system was approximately \$2,692,918. In addition, the City incurred cost for debris removal of approximately \$737,998. During fiscal year ended June 30, 2012, a total of \$1,881,311, was received from the Federal Emergency Management Agency (FEMA) and the Tennessee Emergency Management Agency (TEMA). A remaining balance receivable of \$703,229 is expected to be recovered after FEMA performs its inspection on the completed work. This should occur in fiscal year 2013.

Note 20 - PRIOR PERIOD ADJUSTMENT

In November 2012, The Court of Appeals of the State of Tennessee rendered an opinion and ruled that the City of Cleveland was entitled to sales tax revenue that had been in dispute with Bradley County. The dispute arose from a sales tax increase in 2009 voted on by the citizens of the City of Cleveland and subsequently passed by citizens outside the City. As a result, Bradley County will pay sales tax proceeds from an escrowed account that total approximately \$1,566,883. In addition, Bradley County Schools will repay \$1,422,683, over a period of 30 months beginning July 1, 2013. As of June 30, 2012, \$2,907,847 has been reflected as deferred revenue in the Sales Tax Capital Projects Fund and will be recognized as revenue when the funds meet the criteria of currently available. The government wide statements report current year revenue of \$546,520, and a prior period adjustment of \$2,361,327 related to the amount of sales tax before July 1, 2011.

Note 21- SUBSEQUENT EVENTS

On September 20, 2012, the City of Cleveland on behalf of the Water Division of Cleveland Utilities entered in a loan agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$3,750,000 for the purpose of making extensions and improvements to the water system. The variable rate loan was obtained through the Tennessee Municipal Bond Fund and is amortized over 20 years.

The City of Cleveland in conjunction with the Cleveland Utilities Board, Bradley County, and the local Industrial Development board has agreed to the purchase of an undeveloped tract of land off of APD-40 within the city limits of Cleveland, Tennessee. The land will become an industrial park when developed. The City, Bradley County and Cleveland Utilities, with the approval of the Tennessee Valley Authority, have each agreed to fund 1/3 of the \$6 million acquisition and improvement costs. Cleveland Utilities will receive 25 acres of the park property for the future development of an electric operations center. Upon the sale of the remaining park property, and after all development costs have been recovered, the net proceeds will be distributed to the 3 parties involved. On December 13, 2012, the City issued notes of \$6,000,000 variable rate notes that will mature through May 25, 2028. Bradley County and Cleveland Utilities will repay the City each 1/3 of the debt obligation as it becomes due.

CITY OF CLEVELAND, TENNESSEE
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)
07/01/11	\$82,810	\$102,371	\$19,561	80.89%	\$26,731	73.18%
07/01/09	\$65,941	\$70,566	\$4,625	93.45%	\$27,521	16.81%
07/01/07	\$59,075	\$64,847	\$5,772	91.10%	\$24,855	23.22%

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)
07/01/11	\$0	\$19,584	\$19,584	0.00%	\$15,380	127.33%
07/01/09	\$0	\$14,601	\$14,601	0.00%	\$15,112	96.62%
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)
07/01/11	\$0	\$18,691	\$18,691	0.00%	\$10,123	184.64%
07/01/09	\$0	\$14,772	\$14,772	0.00%	\$10,795	136.84%
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)
07/01/11	\$0	\$8,625	\$8,625	0.00%	\$25,299	34.10%
07/01/10	\$0	\$8,807	\$8,807	0.00%	\$24,970	35.30%
07/01/09	\$0	\$8,700	\$8,700	0.00%	\$24,213	35.93%

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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.

Storm Water Management Fund: This fund is used to meet the National Pollutant Discharge Elimination System requirements. The City of Cleveland has committed funds for this purpose.

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.

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.

2009 Justice Assistance Grant-ARRA: This fund is used to account for grant received from the United States Department of Justice and the America Recovery and Reinvestment Act (ARRA) for the purchase of equipment.

COPS Hiring Recovery Grant Fund: This fund is used to account for a grant received from the America Recovery and Reinvestment Act (ARRA) to hire four police officers for a period of three years.

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 equipment.

THDA Neighborhood Stabilization Program Fund: This fund is used to account for funds for renovating houses owned by low income individuals.

Targeted Crime Reduction Project Fund: This fund is used to account for a grant from the Office of Criminal Justice Programs. The grant provides funding for two police officers and programs with various partners to reduce crime in sectors 1 and 2 in the City.

Debt Service

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

Capital Projects

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

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

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

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

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

2009 Bradley County Build America Bond Fund: This fund accounts for Build America Bonds issued by Bradley County to fund public school systems' capital improvement needs.

ARRA Grants Fund: This fund accounts for the proceeds from America Recovery and Reinvestment Act (ARRA) grants for acquiring various capital assets for the city.

Tennessee Housing Development Agency Home Grant Fund: This fund is used to account for a grant for housing rehabilitation in the community.

Permanent Fund

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

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue				
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund
ASSETS					
Cash and cash equivalents	\$ 187,424	\$ 576,353	\$ 218,966	\$ 308,369	\$ 188,684
Cash and cash equivalents - restricted	0	0	0	0	0
Investments	0	0	0	0	364,921
Investments - restricted	0	0	0	0	0
Accounts receivable	0	197,413	0	0	0
Due from other government agencies	190,017	0	42,775	181,117	0
Total Assets	\$ 377,441	\$ 773,766	\$ 261,741	\$ 489,486	\$ 553,605
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 8,468	\$ 11,429	\$ 248,494	\$ 0	\$ 0
Accounts payable	128	86	0	48,462	5,988
Due to other funds	0	0	0	0	0
Matured interest payable	0	0	0	0	0
Matured bonds payable	0	0	0	0	0
Deferred revenue	0	0	0	20,591	0
Total Liabilities	\$ 8,596	\$ 11,515	\$ 248,494	\$ 69,053	\$ 5,988
Fund Balances:					
Nonspendable:					
Permanent fund principal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,700
Restricted for:					
Law enforcement	0	0	0	0	0
Community development - federal grants	0	0	0	0	0
Street improvements	368,845	0	0	0	0
Capital outlay	0	0	0	0	259,014
Education	0	0	13,247	0	0
Committed to:					
Solid Waste	0	762,251	0	0	0
Storm Water	0	0	0	0	0
Law enforcement	0	0	0	0	0
Assigned to:					
Education	0	0	0	420,433	0
Library	0	0	0	0	274,903
Debt service	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total Fund Balances	\$ 368,845	\$ 762,251	\$ 13,247	\$ 420,433	\$ 547,617
Total Liabilities and Fund Balances	\$ 377,441	\$ 773,766	\$ 261,741	\$ 489,486	\$ 553,605

Special Revenue

Drug Enforcement Fund	Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	Department of Justice Asset Forfeiture Fund	COPS Hiring Recovery Grant Fund
\$ 106,586	\$ 116,414	\$ 15,492	\$ 32,210	\$ 1,311	\$ 472
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,697	0	20,974	11,631	0	29,528
<u>\$ 108,283</u>	<u>\$ 116,414</u>	<u>\$ 36,466</u>	<u>\$ 43,841</u>	<u>\$ 1,311</u>	<u>\$ 30,000</u>

\$ 0	\$ 1,981	\$ 0	\$ 0	\$ 0	\$ 0
175	8,746	8,220	16,448	0	0
0	0	0	0	0	30,000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 175</u>	<u>\$ 10,727</u>	<u>\$ 8,220</u>	<u>\$ 16,448</u>	<u>\$ 0</u>	<u>\$ 30,000</u>

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
108,108	0	0	0	0	0
0	0	0	27,393	0	0
0	0	0	0	0	0
0	0	28,246	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	105,687	0	0	0	0
0	0	0	0	1,311	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 108,108</u>	<u>\$ 105,687</u>	<u>\$ 28,246</u>	<u>\$ 27,393</u>	<u>\$ 1,311</u>	<u>\$ 0</u>
<u>\$ 108,283</u>	<u>\$ 116,414</u>	<u>\$ 36,466</u>	<u>\$ 43,841</u>	<u>\$ 1,311</u>	<u>\$ 30,000</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2012

	Special Revenue			Debt Service	Capital Projects
	THDA Neighborhood Stabilization Program Fund	2011 Byrne Memorial Justice Assistance Grant	Targeted Crime Reduction Project Fund	Debt Service Fund	Capital Improvement Program Fund
ASSETS					
Cash and cash equivalents	\$ 0	\$ 3,729	\$ 5,374	\$ 2,550,604	\$ 710,230
Cash and cash equivalents - restricted	0	0	0	0	0
Investments	0	0	0	0	1,043,626
Investments - restricted	0	0	0	0	0
Accounts receivable	0	0	0	0	0
Due from other government agencies	13,114	0	48,934	0	2,026,129
Total Assets	\$ 13,114	\$ 3,729	\$ 54,308	\$ 2,550,604	\$ 3,779,985
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 0	\$ 0	\$ 1,827	\$ 0	\$ 0
Accounts payable	13,114	0	5,481	0	787,526
Due to other funds	0	0	47,000	0	0
Matured interest payable	0	0	0	1,097	0
Matured bonds payable	0	0	0	1,000	0
Deferred revenue	0	0	0	0	0
Total Liabilities	\$ 13,114	\$ 0	\$ 54,308	\$ 2,097	\$ 787,526
Fund Balances:					
Nonspendable:					
Permanent fund principal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:					
Law enforcement	0	3,729	0	0	0
Community development - federal grants	0	0	0	0	0
Street improvements	0	0	0	0	0
Capital outlay	0	0	0	0	0
Education	0	0	0	0	0
Committed to:					
Solid Waste	0	0	0	0	0
Storm Water	0	0	0	0	0
Law enforcement	0	0	0	0	0
Assigned to:					
Education	0	0	0	0	0
Library	0	0	0	0	0
Debt service	0	0	0	2,548,507	0
Capital outlay	0	0	0	0	2,992,459
Total Fund Balances	\$ 0	\$ 3,729	\$ 0	\$ 2,548,507	\$ 2,992,459
Total Liabilities and Fund Balances	\$ 13,114	\$ 3,729	\$ 54,308	\$ 2,550,604	\$ 3,779,985

Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
Greenway Fund	Fletcher Park Trust Fund	Sales Tax Capital Projects Fund	ARRA Grants Fund	Meiler Estate Animal Shelter Trust Fund	
\$ 17,164	\$ 5,403	\$ 1,783,893	\$ 1,950	\$ 33	\$ 6,830,661
0	0	0	0	4,936	4,936
0	0	0	0	0	1,408,547
0	0	0	0	455,000	455,000
0	0	0	0	983	198,396
274,857	0	3,378,877	156,652	0	6,376,302
<u>\$ 292,021</u>	<u>\$ 5,403</u>	<u>\$ 5,162,770</u>	<u>\$ 158,602</u>	<u>\$ 460,952</u>	<u>\$ 15,273,842</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 272,199
225,889	0	85,881	8,602	0	1,214,746
63,000	0	0	150,000	1,000	291,000
0	0	0	0	0	1,097
0	0	0	0	0	1,000
0	0	2,907,847	0	0	2,928,438
<u>\$ 288,889</u>	<u>\$ 0</u>	<u>\$ 2,993,728</u>	<u>\$ 158,602</u>	<u>\$ 1,000</u>	<u>\$ 4,708,480</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 459,936	\$ 473,636
0	0	0	0	0	111,837
0	0	0	0	0	27,393
0	0	0	0	0	368,845
0	1,050	2,169,042	0	0	2,457,352
0	0	0	0	0	13,247
0	0	0	0	0	762,251
0	0	0	0	0	105,687
0	0	0	0	0	1,311
0	0	0	0	0	420,433
0	0	0	0	0	274,903
0	0	0	0	0	2,548,507
3,132	4,353	0	0	16	2,999,960
<u>\$ 3,132</u>	<u>\$ 5,403</u>	<u>\$ 2,169,042</u>	<u>\$ 0</u>	<u>\$ 459,952</u>	<u>\$ 10,565,362</u>
<u>\$ 292,021</u>	<u>\$ 5,403</u>	<u>\$ 5,162,770</u>	<u>\$ 158,602</u>	<u>\$ 460,952</u>	<u>\$ 15,273,842</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, 2012

	Special Revenue					
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund	Library Fund	Drug Enforcement Fund
Revenues:						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	1,070,298	0	3,779,487	2,009,259	573,556	0
Fines and forfeitures	0	0	0	0	0	17,969
Charges for services	0	2,374,851	0	728,593	74,738	0
Interest	310	1,860	0	153	1,957	306
Miscellaneous	0	1,350	0	0	36,484	0
Total revenues	\$ 1,070,608	\$ 2,378,061	\$ 3,779,487	\$ 2,738,005	\$ 686,735	\$ 18,275
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	54,525
Public works	549,494	3,536,714	0	0	0	0
Culture and recreation	0	0	0	0	1,235,438	0
Education	0	0	3,832,793	2,618,362	0	0
Capital Outlay	0	0	0	0	4,778	0
Debt Service	0	0	0	0	0	0
Total expenditures	\$ 549,494	\$ 3,536,714	\$ 3,832,793	\$ 2,618,362	\$ 1,240,216	\$ 54,525
Excess (deficiency) of revenues over expenditures	\$ 521,114	\$ (1,158,653)	\$ (53,306)	\$ 119,643	\$ (553,481)	\$ (36,250)
Other financing sources (uses):						
Transfers in	\$ 0	\$ 1,226,000	\$ 0	\$ 0	\$ 567,943	\$ 0
Transfers out	(372,300)	0	(3,117)	0	0	0
Notes issued	0	0	0	0	0	0
Total other financing sources sources (uses)	\$ (372,300)	\$ 1,226,000	\$ (3,117)	\$ 0	\$ 567,943	\$ 0
Net change in fund balances	\$ 148,814	\$ 67,347	\$ (56,423)	\$ 119,643	\$ 14,462	\$ (36,250)
Fund balances at beginning of year	220,031	694,904	69,670	300,790	533,155	144,358
Fund balances at end of year	\$ 368,845	\$ 762,251	\$ 13,247	\$ 420,433	\$ 547,617	\$ 108,108

Special Revenue

Storm Water Management Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	Department of Justice Asset Forfeiture Fund	2009 Justice Assistance Grant ARRA	COPS Hiring Recovery Grant Fund	2009 Byrne Memorial Justice Assistance Grants
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	74,265	317,437	0	0	205,163	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
245	0	0	0	0	0	0
13,000	0	0	0	0	0	0
<u>\$ 13,245</u>	<u>\$ 74,265</u>	<u>\$ 317,437</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 205,163</u>	<u>\$ 0</u>
\$ 0	\$ 128,640	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	207,116	0	0	0	0
0	0	0	0	57,913	205,163	19,185
204,982	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	122,688	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 204,982</u>	<u>\$ 128,640</u>	<u>\$ 329,804</u>	<u>\$ 0</u>	<u>\$ 57,913</u>	<u>\$ 205,163</u>	<u>\$ 19,185</u>
<u>\$ (191,737)</u>	<u>\$ (54,375)</u>	<u>\$ (12,367)</u>	<u>\$ 0</u>	<u>\$ (57,913)</u>	<u>\$ 0</u>	<u>\$ (19,185)</u>
\$ 199,000	\$ 32,300	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0
(18,300)	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 180,700</u>	<u>\$ 32,300</u>	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ (11,037)	\$ (22,075)	\$ (2,367)	\$ 0	\$ (57,913)	\$ 0	\$ (19,185)
<u>116,724</u>	<u>50,321</u>	<u>29,760</u>	<u>1,311</u>	<u>57,913</u>	<u>0</u>	<u>19,185</u>
<u>\$ 105,687</u>	<u>\$ 28,246</u>	<u>\$ 27,393</u>	<u>\$ 1,311</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2012

	Special Revenue				Debt Service	Capital Projects
	2010 Byrne Memorial Justice Assistance Grants	2011 Byrne Memorial Justice Assistance Grants	THDA Neighborhood Stabilization Program Fund	Targeted Crime Reduction Project Fund	Debt Service Fund	Capital Improvement Program Fund
Revenues:						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	35,657	178,455	245,626	74,636	1,475,481
Fines and forfeitures	0	0	0	0	0	0
Charges for services	0	0	0	0	0	0
Interest	0	0	0	0	6,789	1,032
Miscellaneous	0	0	0	0	79,900	118,211
Total revenues	\$ 0	\$ 35,657	\$ 178,455	\$ 245,626	\$ 161,325	\$ 1,594,724
Expenditures:						
Current:						
General government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0	0	0
Public safety	243	31,928	0	245,626	0	0
Public works	0	0	0	0	0	0
Culture and recreation	0	0	0	0	0	0
Education	0	0	0	0	0	0
Capital Outlay	0	0	178,482	0	0	3,482,715
Debt Service	0	0	0	0	4,708,664	16,200
Total expenditures	\$ 243	\$ 31,928	\$ 178,482	\$ 245,626	\$ 4,708,664	\$ 3,498,915
Excess (deficiency) of revenues over expenditures	\$ (243)	\$ 3,729	\$ (27)	\$ 0	\$ (4,547,339)	\$ (1,904,191)
Other financing sources (uses):						
Transfers in	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,552,300	\$ 1,154,700
Transfers out	0	0	0	0	0	0
Notes issued	0	0	0	0	0	2,615,335
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,552,300	\$ 3,770,035
Net change in fund balances	\$ (243)	\$ 3,729	\$ (27)	\$ 0	\$ 4,961	\$ 1,865,844
Fund balances at beginning of year	243	0	27	0	2,543,546	1,126,615
Fund balances at end of year	\$ 0	\$ 3,729	\$ 0	\$ 0	\$ 2,548,507	\$ 2,992,459

Capital Projects							Permanent Fund	
Greenway Fund	Fletcher Park Trust Fund	Sales Tax Capital Projects Fund	2009 Bradley County Build America Bonds	ARRA Grants Fund	Tennessee Housing Development Agency Home Grant Fund	Meiler Estate Animal Shelter Trust Fund	Total Nonmajor Governmental Funds	
\$ 0	\$ 0	\$ 2,796,667	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,796,667	
486,255	0	0	811,142	751,423	199,449	0	12,287,589	
0	0	0	0	0	0	0	17,969	
0	0	0	0	0	0	0	3,178,182	
110	0	19,864	419	0	0	5,164	38,209	
8,025	0	0	0	0	0	0	256,970	
<u>\$ 494,390</u>	<u>\$ 0</u>	<u>\$ 2,816,531</u>	<u>\$ 811,561</u>	<u>\$ 751,423</u>	<u>\$ 199,449</u>	<u>\$ 5,164</u>	<u>\$ 18,575,586</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 128,640	
0	0	0	0	0	0	0	207,116	
0	0	0	0	0	0	0	614,583	
0	0	0	0	0	0	0	4,291,190	
3,992	0	0	0	0	0	0	1,239,430	
0	0	0	0	0	0	0	6,451,155	
613,356	0	1,860,961	811,561	751,423	199,449	0	8,025,413	
0	0	326,761	0	0	0	0	5,051,625	
<u>\$ 617,348</u>	<u>\$ 0</u>	<u>\$ 2,187,722</u>	<u>\$ 811,561</u>	<u>\$ 751,423</u>	<u>\$ 199,449</u>	<u>\$ 0</u>	<u>\$ 26,009,152</u>	
<u>\$ (122,958)</u>	<u>\$ 0</u>	<u>\$ 628,809</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,164</u>	<u>\$ (7,433,566)</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,742,243	
0	0	0	0	0	0	(5,700)	(399,417)	
0	0	0	0	0	0	0	2,615,335	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,700)</u>	<u>\$ 9,958,161</u>	
\$ (122,958)	\$ 0	\$ 628,809	\$ 0	\$ 0	\$ 0	\$ (536)	\$ 2,524,595	
126,090	5,403	1,540,233	0	0	0	460,488	8,040,767	
<u>\$ 3,132</u>	<u>\$ 5,403</u>	<u>\$ 2,169,042</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 459,952</u>	<u>\$ 10,565,362</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,000,000	\$ 1,000,000	\$ 1,070,298	\$ 70,298
Interest	0	0	310	310
Total revenues	\$ 1,000,000	\$ 1,000,000	\$ 1,070,608	\$ 70,608
Expenditures:				
Current:				
Public works:				
Salaries	\$ 387,200	\$ 387,200	\$ 352,493	\$ 34,707
Overtime wages	6,000	6,000	5,218	782
Service awards	600	600	600	0
Longevity	7,800	8,000	8,000	0
Sold vacations	3,200	3,180	2,663	517
Christmas bonus	1,200	7,420	7,420	0
Dental insurance	5,200	5,200	4,651	549
Social security	31,200	31,200	26,975	4,225
Health insurance	79,200	72,800	65,030	7,770
Retirement	68,000	68,000	62,658	5,342
Life and disability insurance	5,100	5,100	4,500	600
Worker's compensation insurance	21,200	21,200	8,181	13,019
Worker's compensation claims	500	500	120	380
Pre-employment testing	0	0	0	0
Safety shoes	1,100	1,100	985	115
Total expenditures	\$ 617,500	\$ 617,500	\$ 549,494	\$ 68,006
Excess of revenues over expenditures	\$ 382,500	\$ 382,500	\$ 521,114	\$ 138,614
Other financing sources (uses):				
Transfers out	\$ (372,300)	\$ (372,300)	\$ (372,300)	\$ 0
Total other financing sources (uses)	\$ (372,300)	\$ (372,300)	\$ (372,300)	\$ 0
Net change in fund balances	\$ 10,200	\$ 10,200	\$ 148,814	\$ 138,614
Fund balance at beginning of year	220,031	220,031	220,031	0
Fund balance at end of year	\$ 230,231	\$ 230,231	\$ 368,845	\$ 138,614

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 964,000	\$ 978,500	\$ 974,171	\$ (4,329)
Residential garbage	1,366,800	1,401,100	1,400,680	(420)
Interest	1,000	1,000	1,860	860
Miscellaneous	0	0	1,350	1,350
Total revenues	\$ 2,331,800	\$ 2,380,600	\$ 2,378,061	\$ (2,539)
Expenditures:				
Current:				
Public works:				
Salaries	\$ 469,500	\$ 463,600	\$ 465,146	\$ (1,546)
Overtime wages	7,000	15,600	15,104	496
Supplement pay	700	700	613	87
Service awards	1,400	1,325	1,325	0
Longevity	9,700	9,700	9,700	0
Sold vacation	3,800	3,376	3,173	203
Christmas bonus	1,500	9,645	9,645	0
Dental insurance	5,300	5,100	4,964	136
Social security	37,900	37,700	36,092	1,608
Health insurance	85,200	77,750	77,789	(39)
Retirement	82,700	85,800	83,877	1,923
Life insurance	6,200	5,876	5,871	5
Worker's compensation claims	500	1,328	1,327	1
Safety shoes	1,200	1,200	1,195	5
Postage	300	100	2	98
GPS services	0	3,100	2,480	620
Printing	200	0	0	0
Subscriptions and memberships	100	100	69	31
Advertising	100	143	142	1
Training and travel	800	324	323	1
Landfill	270,000	240,000	212,979	27,021
Residential account	1,089,000	1,093,660	1,093,655	5
Commercial account	1,000,800	1,018,130	1,010,297	7,833
Commercial recycling	61,000	69,010	69,009	1
Office expenditures	1,800	1,406	1,439	(33)
Operating supplies	1,500	1,800	1,687	113
Safety supplies	800	850	848	2
Janitorial supplies	600	550	322	228
Uniforms	4,000	4,200	4,129	71
Gasoline and oil	57,200	62,200	54,687	7,513
Repairs and parts	110,000	149,000	145,252	3,748
Insurance - property	1,000	1,000	0	1,000
Insurance - vehicle	3,500	3,700	3,687	13
Insurance - general liability	7,800	7,927	7,927	0
Insurance - workers compensation	25,500	16,400	16,323	77

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Computer maintenance and support	\$ 1,000	\$ 4,000	\$ 0	\$ 4,000
Miscellaneous	500	500	198	302
Bradley County recycling	20,000	20,000	20,000	0
Office furniture and equipment	800	1,100	1,097	3
Knuckleboom replacement	0	121,600	121,600	0
Public Works dump truck	0	87,000	52,741	34,259
Total expenditures	<u>\$ 3,370,900</u>	<u>\$ 3,626,500</u>	<u>\$ 3,536,714</u>	<u>\$ 89,786</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,039,100)</u>	<u>\$ (1,245,900)</u>	<u>\$ (1,158,653)</u>	<u>\$ 87,247</u>
Other financing sources:				
Transfers in	<u>\$ 1,226,000</u>	<u>\$ 1,226,000</u>	<u>\$ 1,226,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 1,226,000</u>	<u>\$ 1,226,000</u>	<u>\$ 1,226,000</u>	<u>\$ 0</u>
Net change in fund balances	\$ 186,900	\$ (19,900)	\$ 67,347	\$ 87,247
Fund balance at beginning of year	<u>694,904</u>	<u>694,904</u>	<u>694,904</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 881,804</u></u>	<u><u>\$ 675,004</u></u>	<u><u>\$ 762,251</u></u>	<u><u>\$ 87,247</u></u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 4,322,548	\$ 4,522,452	\$ 3,779,487	\$ (742,965)
Total revenues	\$ 4,322,548	\$ 4,522,452	\$ 3,779,487	\$ (742,965)
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,492,551	\$ 1,527,270	\$ 1,324,856	\$ 202,414
Special education	1,226,165	1,231,263	1,053,206	178,057
Vocational education	88,690	84,942	84,942	0
Support services	1,659,746	1,730,851	1,369,789	361,062
Total expenditures	\$ 4,467,152	\$ 4,574,326	\$ 3,832,793	\$ 741,533
Excess of revenues over expenditures	\$ (144,604)	\$ (51,874)	\$ (53,306)	\$ (1,432)
Other financing sources (uses):				
Transfers in	\$ 93,985	\$ 93,985	\$ 0	\$ (93,985)
Transfers out	(18,665)	(111,780)	(3,117)	108,663
Total other financing sources (uses)	\$ 75,320	\$ (17,795)	\$ (3,117)	\$ 14,678
Net change in fund balances	\$ (69,284)	\$ (69,669)	\$ (56,423)	\$ 13,246
Fund balance at beginning of year	69,670	69,670	69,670	0
Fund balance at end of year	<u>\$ 386</u>	<u>\$ 1</u>	<u>\$ 13,247</u>	<u>\$ 13,246</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 1,665,000	\$ 2,012,150	\$ 2,009,259	\$ (2,891)
Charges for services	800,000	787,700	728,593	(59,107)
Interest	2,000	150	153	3
Total revenues	\$ 2,467,000	\$ 2,800,000	\$ 2,738,005	\$ (61,995)
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 54,000	\$ 62,000	\$ 70,920	\$ (8,920)
Cafeteria personnel	740,000	710,000	734,945	(24,945)
In-service training	2,000	1,000	1,675	(675)
Social security	45,000	45,000	45,751	(751)
State retirement	120,000	110,000	112,367	(2,367)
Life insurance	5,000	5,000	4,598	402
Medical insurance	230,000	252,000	258,356	(6,356)
Unemployment compensation	1,000	1,000	995	5
Employer medicare liability	12,000	12,000	10,700	1,300
Other fringe benefits	15,000	18,000	17,961	39
Communication	500	700	600	100
Dues and membership	600	700	665	35
Maintenance and repair services	15,000	20,000	17,556	2,444
Transportation	3,000	2,000	2,114	(114)
Travel	3,000	3,000	3,037	(37)
Other contracted services	14,000	25,000	6,649	18,351
Food supplies	986,000	1,200,000	1,060,706	139,294
Office supplies	8,500	9,000	7,975	1,025
Uniforms	2,000	2,000	267	1,733
Utilities	5,000	4,000	3,951	49
In-service staff development	1,000	1,000	920	80
Food commodities	0	127,000	123,871	3,129
Other supplies and materials	184,000	150,000	100,134	49,866
Applicant investigation	400	600	372	228
Food service equipment	20,000	39,000	31,277	7,723
Total expenditures	\$ 2,467,000	\$ 2,800,000	\$ 2,618,362	\$ 181,638
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 119,643	\$ 119,643
Fund balance at beginning of year	300,790	300,790	300,790	0
Fund balance at end of year	\$ 300,790	\$ 300,790	\$ 420,433	\$ 119,643

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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Library archive grant	\$ 0	\$ 0	\$ 783	\$ 783
Technology grant	0	2,700	2,670	(30)
SNAP grant	0	0	2,160	2,160
Bradley County	571,800	571,800	567,943	(3,857)
Charges for services	77,000	77,000	74,738	(2,262)
Interest	2,000	2,000	1,957	(43)
Miscellaneous:				
Gifts	70,000	67,300	36,484	(30,816)
E-Rate Money	800	800	0	(800)
Total revenues	<u>\$ 721,600</u>	<u>\$ 721,600</u>	<u>\$ 686,735</u>	<u>\$ (34,865)</u>
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 691,500	\$ 692,900	\$ 692,887	\$ 13
Employee benefits	217,100	215,700	191,476	24,224
Supplies	63,300	66,600	66,725	(125)
Books	126,100	127,900	127,910	(10)
Utilities	84,600	67,600	67,597	3
Equipment repair/replacement	15,300	23,700	23,606	94
Building maintenance	5,000	9,700	9,618	82
Insurance	19,000	17,800	17,400	400
Gift and memorial expenditures	70,000	61,522	33,141	28,381
Grant expenditures	0	2,670	2,670	0
License fees	0	2,408	2,408	0
Capital Outlay:				
Technology equipment	0	3,400	3,330	70
Furniture	1,500	1,500	1,448	52
Total expenditures	<u>\$ 1,293,400</u>	<u>\$ 1,293,400</u>	<u>\$ 1,240,216</u>	<u>\$ 53,184</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (571,800)</u>	<u>\$ (571,800)</u>	<u>\$ (553,481)</u>	<u>\$ 18,319</u>
Other financing sources:				
Transfers in	<u>\$ 571,800</u>	<u>\$ 571,800</u>	<u>\$ 567,943</u>	<u>\$ (3,857)</u>
Total other financing sources	<u>\$ 571,800</u>	<u>\$ 571,800</u>	<u>\$ 567,943</u>	<u>\$ (3,857)</u>
Net change in fund balances	\$ 0	\$ 0	\$ 14,462	\$ 14,462
Fund balance at beginning of year	<u>533,155</u>	<u>533,155</u>	<u>533,155</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 533,155</u></u>	<u><u>\$ 533,155</u></u>	<u><u>\$ 547,617</u></u>	<u><u>\$ 14,462</u></u>

CITY OF CLEVELAND, TENNESSEE
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 17,969	\$ (22,031)
Interest	0	0	306	306
Total revenues	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 18,275</u>	<u>\$ (21,725)</u>
Expenditures:				
Current:				
Public safety:				
Part-time wages	\$ 7,400	\$ 7,400	\$ 0	\$ 7,400
Social security	600	600	0	600
Seized vehicles	5,000	5,000	1,169	3,831
Subscriptions and memberships	900	900	900	0
Investigative funds	41,000	41,000	20,000	21,000
Telephone	2,500	2,800	2,744	56
Auto track	1,300	300	105	195
Vehicle maintenance	10,000	10,000	7,280	2,720
Travel and training	3,500	6,300	6,238	62
Equipment maintenance	4,000	4,000	0	4,000
Batteries	600	600	555	45
Audio/video tapes	500	400	0	400
Detective supplies	1,000	500	60	440
Office supplies	1,500	500	0	500
OSHA safety supplies	500	0	0	0
Uniforms	1,400	700	700	0
Drug education	2,500	2,500	2,500	0
Gasoline	6,000	9,000	8,229	771
Canine supplies	1,000	500	0	500
Miscellaneous	500	500	0	500
Equipment	10,000	8,200	4,045	4,155
Total expenditures	<u>\$ 101,700</u>	<u>\$ 101,700</u>	<u>\$ 54,525</u>	<u>\$ 47,175</u>
Excess (deficiency) of revenues over expenditures	\$ (61,700)	\$ (61,700)	\$ (36,250)	\$ 25,450
Fund balance at beginning of year	<u>144,358</u>	<u>144,358</u>	<u>144,358</u>	<u>0</u>
Fund balance at end of year	<u>\$ 82,658</u>	<u>\$ 82,658</u>	<u>\$ 108,108</u>	<u>\$ 25,450</u>

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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 200	\$ 245	\$ 45
Miscellaneous	200	13,000	13,000	0
Total revenues	\$ 200	\$ 13,200	\$ 13,245	\$ 45
Expenditures:				
Current:				
Public works:				
Salaries	\$ 98,400	\$ 108,600	\$ 99,157	\$ 9,443
Overtime	300	300	128	172
Longevity	600	600	600	0
Sold vacations	1,900	1,900	1,891	9
Christmas bonus	300	1,484	1,484	0
Dental insurance	1,100	1,100	1,023	77
Social security	7,900	8,900	7,059	1,841
Health insurance	19,200	19,200	16,077	3,123
Retirement	17,200	19,000	17,611	1,389
Life and disability insurance	1,300	1,388	1,388	0
Education reimbursement	1,500	228	0	228
Postage	200	130	41	89
Printing	200	0	0	0
Public education programs	6,800	8,900	8,892	8
Subscriptions and memberships	1,200	0	0	0
Advertising	200	45	45	0
Telephone	3,000	3,610	3,577	33
Travel and training	5,500	5,180	5,180	0
Work session	2,500	348	347	1
NPDES permit fee	3,500	3,500	3,460	40
Office supplies	1,000	1,475	1,471	4
Operating supplies	1,500	1,525	1,471	54
Benthic sampling/labwork	7,000	12,000	11,941	59
Clothing	1,000	1,000	800	200
Gasoline	2,700	2,160	1,986	174
Repairs and parts	2,000	927	924	3
Insurance - vehicles	400	395	394	1
Insurance - general liability	500	505	505	0
Insurance - worker's compensation	300	256	0	256
Miscellaneous	500	144	143	1
Maintenance - drainage projects	0	0	8,744	(8,744)
Trash receptacles	5,000	5,500	5,289	211
Computer software	600	100	0	100
Office furniture and equipment	1,000	1,000	0	1,000
Trail development	0	53,578	3,354	50,224
Total expenditures	\$ 196,300	\$ 264,978	\$ 204,982	\$ 59,996

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$ (196,100)	\$ (251,778)	\$ (191,737)	\$ 60,041
Other financing sources:				
Transfers in	\$ 199,000	\$ 199,000	\$ 199,000	\$ 0
Transfers out	(18,300)	(18,300)	(18,300)	0
Total other financing sources	<u>\$ 180,700</u>	<u>\$ 180,700</u>	<u>\$ 180,700</u>	<u>\$ 0</u>
Net change in fund balance	\$ (15,400)	\$ (71,078)	\$ (11,037)	\$ 60,041
Fund balance at beginning of year	<u>116,724</u>	<u>116,724</u>	<u>116,724</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 101,324</u></u>	<u><u>\$ 45,646</u></u>	<u><u>\$ 105,687</u></u>	<u><u>\$ 60,041</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 200,000	\$ 200,000	\$ 74,265	\$ (125,735)
Total revenues	\$ 200,000	\$ 200,000	\$ 74,265	\$ (125,735)
Expenditures:				
Current:				
General government:				
MPO Plan #55				
Salaries	\$ 50,000	\$ 50,000	\$ 58,521	\$ (8,521)
Consultant services	150,000	168,700	39,019	129,681
Benefits	16,500	16,500	19,633	(3,133)
Postage and shipping	1,000	1,000	23	977
Printing and publications	4,500	4,500	1,689	2,811
Telephone	1,700	1,700	869	831
Travel and meeting	6,500	6,500	1,084	5,416
Supplies	5,600	5,600	2,002	3,598
Capital purchase	4,500	7,500	5,800	1,700
Total expenditures	\$ 240,300	\$ 262,000	\$ 128,640	\$ 133,360
Excess (deficiency) of revenues over expenditures	\$ (40,300)	\$ (62,000)	\$ (54,375)	\$ 7,625
Other financing sources:				
Transfers in	\$ 32,300	\$ 32,300	\$ 32,300	\$ 0
Total other financing sources	\$ 32,300	\$ 32,300	\$ 32,300	\$ 0
Net change in fund balances	\$ (8,000)	\$ (29,700)	\$ (22,075)	\$ 7,625
Fund balance at beginning of year	50,321	50,321	50,321	0
Fund balance at end of year	\$ 42,321	\$ 20,621	\$ 28,246	\$ 7,625

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant-2010	\$ 0	\$ 35,000	\$ 350	\$ (34,650)
Community Development Block Grant-2011	364,000	328,553	238,184	(90,369)
THDA Emergency Shelter Grant	68,000	68,504	78,903	10,399
Emergency Shelter Matching grant	68,000	0	0	0
Total revenues	\$ 500,000	\$ 432,057	\$ 317,437	\$ (114,620)
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 51,200	\$ 51,200	\$ 50,776	\$ 424
Longevity	300	300	300	0
Christmas bonus	100	742	742	0
Dental insurance	900	550	530	20
Social security	3,900	4,000	3,655	345
Health insurance	9,600	9,600	8,971	629
Retirement	8,600	8,750	8,646	104
Life insurance and disability	700	700	649	51
Printing	400	400	291	109
Advertising	800	800	311	489
Telephone	1,500	1,500	939	561
Travel and training	1,400	1,400	0	1,400
Office supplies	1,200	1,200	380	820
Gasoline	1,000	1,000	233	767
Miscellaneous	1,200	658	25	633
Codes Enforcement:				
Salaries	35,300	35,263	35,263	0
Longevity	300	300	300	0
Christmas bonus	100	742	742	0
Dental insurance	300	300	289	11
Social security tax	2,800	2,827	2,827	0
Health insurance	5,300	4,750	4,742	8
Retirement	6,000	6,060	6,059	1
Life insurance	500	450	442	8
Laundry and dry cleaning	600	0	0	0
Printing	400	0	0	0
Advertising	100	0	0	0
Telephone	1,500	1,500	710	790
Legal services	300	0	0	0
Vehicle maintenance	1,500	1,500	1,219	281
Travel and training	500	500	0	500
Office supplies	300	300	31	269
Clothing allowance	400	400	0	400
Gasoline	1,200	2,600	2,374	226

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Community development - (Continued):				
Codes Enforcement - (Continued):				
Insurance - vehicles	\$ 300	\$ 300	\$ 171	\$ 129
Miscellaneous	500	208	0	208
Emergency shelter:				
Shelter operations	136,000	65,242	75,499	(10,257)
Administrative costs	3,000	3,262	0	3,262
Capital outlay:				
Land acquisition - College Hill recreation	35,000	35,000	350	34,650
Community Center	95,000	109,797	22,338	87,459
Acquisition of property - housing	100,000	100,000	100,000	0
Total Expenditures	\$ 510,000	\$ 454,101	\$ 329,804	\$ 124,297
Excess (deficiency) of revenues over expenditures	\$ (10,000)	\$ (22,044)	\$ (12,367)	\$ 9,677
Other financing sources:				
Transfers in	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total other financing sources	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Net change in fund balance	\$ 0	\$ (12,044)	\$ (2,367)	\$ 9,677
Fund balance at beginning of year	29,760	29,760	29,760	0
Fund balance at end of year	\$ 29,760	\$ 17,716	\$ 27,393	\$ 9,677

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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Equipment	\$ 0	\$ 1,311	\$ 0	\$ 1,311
Total expenditures	\$ 0	\$ 1,311	\$ 0	\$ 1,311
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (1,311)	\$ 0	\$ 1,311
Fund balance at beginning of year	0	1,311	1,311	0
Fund balance at end of year	\$ 0	\$ 0	\$ 1,311	\$ 1,311

CITY OF CLEVELAND, TENNESSEE
 2009 JUSTICE ASSISTANCE GRANT - ARRA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Metal storage facility	\$ 0	\$ 9,550	\$ 9,550	\$ 0
Taser cameras	0	752	752	0
Swat vest	0	47,611	47,611	0
Total expenditures	<u>\$ 0</u>	<u>\$ 57,913</u>	<u>\$ 57,913</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (57,913)	\$ (57,913)	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>57,913</u>	<u>57,913</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
COPS HIRING RECOVERY GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 225,000	\$ 225,000	\$ 205,163	\$ (19,837)
Total Revenues	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 205,163</u>	<u>\$ (19,837)</u>
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 135,000	\$ 135,000	\$ 133,180	\$ 1,820
Christmas bonus	500	500	2,968	(2,468)
Dental insurance	2,000	2,000	1,129	871
Social security	11,000	11,000	10,359	641
Health insurance	29,000	29,000	18,932	10,068
Retirement	36,000	36,000	33,125	2,875
Life & Disability insurance	1,500	1,500	1,242	258
Worker's compensation	10,000	10,000	4,228	5,772
Total expenditures	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 205,163</u>	<u>\$ 19,837</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 2009 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
In-car cameras	\$ 0	\$ 19,185	\$ 19,185	\$ 0
Total expenditures	\$ 0	\$ 19,185	\$ 19,185	\$ 0
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (19,185)	\$ (19,185)	\$ 0
Fund balance at beginning of year	0	19,185	19,185	0
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF CLEVELAND, TENNESSEE
 2010 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public safety:				
Digital Audio System/Recorders	\$ 0	\$ 243	\$ 243	\$ 0
Total expenditures	\$ 0	\$ 243	\$ 243	\$ 0
Excess of revenues over expenditures	\$ 0	\$ (243)	\$ (243)	\$ 0
Fund balance at beginning of year	0	243	243	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
 2011 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 35,657	\$ 35,657	\$ 0
Total revenues	\$ 0	\$ 35,657	\$ 35,657	\$ 0
Expenditures:				
Current:				
Public safety:				
In-car Cameras/Server	\$ 0	\$ 35,657	\$ 31,928	\$ 3,729
Total expenditures	\$ 0	\$ 35,657	\$ 31,928	\$ 3,729
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 3,729	\$ 3,729
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$ 0	\$ 0	\$ 3,729	\$ 3,729

CITY OF CLEVELAND, TENNESSEE
 THDA NEIGHBORHOOD STABILIZATION PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
THDA Stabilization grant	\$ 0	\$ 185,000	\$ 178,455	\$ (6,545)
Total Revenues	\$ 0	\$ 185,000	\$ 178,455	\$ (6,545)
Expenditures:				
Capital outlay:				
Housing construction	\$ 0	\$ 185,000	\$ 178,482	\$ 6,518
Total expenditures	\$ 0	\$ 185,000	\$ 178,482	\$ 6,518
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ (27)	\$ (27)
Fund balance at beginning of year	0	27	27	0
Fund balance at end of year	\$ 0	\$ 27	\$ 0	\$ (27)

CITY OF CLEVELAND, TENNESSEE
 TARGETED CRIME REDUCTION PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 284,200	\$ 290,100	\$ 245,626	\$ (44,474)
Total revenues	\$ 284,200	\$ 290,100	\$ 245,626	\$ (44,474)
Expenditures:				
Current:				
Public safety:				
Salaries	\$ 67,600	\$ 67,600	\$ 74,808	\$ (7,208)
Dental insurance	1,500	1,500	881	619
Social security	5,200	5,200	5,270	(70)
Health insurance	18,000	18,000	12,713	5,287
Retirement	14,000	14,000	14,611	(611)
Life and disability insurance	400	400	940	(540)
Employee physicals	0	0	25	(25)
Postage	400	400	0	400
Printing	2,000	2,000	0	2,000
Travel and training	500	500	799	(299)
Office expenditures	0	0	212	(212)
Neighborhood watch signs	200	200	319	(119)
Uniforms	700	700	2,383	(1,683)
Gasoline	1,500	1,500	54	1,446
Positive action - Boys & Girls Club	46,000	46,000	55,602	(9,602)
RPT Program - Juvenile Court	14,000	14,000	17,287	(3,287)
GRAAB Director	31,500	4,846	4,846	0
GRAAB Assistant	10,500	2,423	2,423	0
GRAAB Office space	1,200	1,200	0	1,200
GRAAB Office supplies	2,000	2,000	250	1,750
Project evaluator	12,000	12,000	15,500	(3,500)
Project Liaison	0	34,731	7,100	27,631
Behavioral research	55,000	55,000	24,867	30,133
Office equipment	0	5,900	4,736	1,164
Total expenditures	\$ 284,200	\$ 290,100	\$ 245,626	\$ 44,474
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
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,700	\$ 146,700	\$ 74,636	\$ (72,064)
Interest	2,800	2,800	6,789	3,989
Miscellaneous:				
Other	79,900	79,900	79,900	0
Total revenues	<u>\$ 229,400</u>	<u>\$ 229,400</u>	<u>\$ 161,325</u>	<u>\$ (68,075)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 2,104,000	\$ 2,044,000	\$ 2,044,000	\$ 0
Interest and fiscal charges	2,817,700	2,761,700	2,664,664	97,036
Total expenditures	<u>\$ 4,921,700</u>	<u>\$ 4,805,700</u>	<u>\$ 4,708,664</u>	<u>\$ 97,036</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,692,300)</u>	<u>\$ (4,576,300)</u>	<u>\$ (4,547,339)</u>	<u>\$ 28,961</u>
Other financing sources (uses):				
Transfers in	<u>\$ 4,692,300</u>	<u>\$ 4,576,300</u>	<u>\$ 4,552,300</u>	<u>\$ (24,000)</u>
Total other financing sources	<u>\$ 4,692,300</u>	<u>\$ 4,576,300</u>	<u>\$ 4,552,300</u>	<u>\$ (24,000)</u>
Net change in fund balances	\$ 0	\$ 0	\$ 4,961	\$ 4,961
Fund balance at beginning of year	<u>2,543,546</u>	<u>2,543,546</u>	<u>2,543,546</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,543,546</u></u>	<u><u>\$ 2,543,546</u></u>	<u><u>\$ 2,548,507</u></u>	<u><u>\$ 4,961</u></u>

CITY OF CLEVELAND, TENNESSEE
 CAPITAL IMPROVEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental				
Federal grant - Fire MDT's	\$ 0	\$ 119,252	\$ 64,236	\$ (55,016)
Federal grant - 800 MHZ Radios	0	28,925	28,925	0
Federal grant - FEMA Waterville	0	0	4,407	4,407
Federal grant - Roadscapes phase I	0	37,300	12,552	(24,748)
Federal grant - Roadscapes phase II	0	119,200	0	(119,200)
Federal grant - Economic Development	0	125,000	71,575	(53,425)
State grant - Local Interstate Connector	0	917,665	733,963	(183,702)
State grant - National Emergency	0	11,800	6,720	(5,080)
State grant - Tinsley Park playground	0	110,000	110,000	0
Bradley County - LIC	0	925,600	407,315	(518,285)
Bradley County - comprehensive plan	0	60,000	35,788	(24,212)
Charleston - comprehensive plan	0	5,000	0	(5,000)
Interest	0	0	1,032	1,032
Miscellaneous:				
Sale of assets	0	67,200	69,276	2,076
Insurance reimbursement - vehicle	0	22,000	22,000	0
Insurance reimbursement - storm damage	0	26,000	25,977	(23)
Sundry income	0	0	958	958
Total revenues	\$ 0	\$ 2,574,942	\$ 1,594,724	\$ (980,218)
Expenditures:				
Capital outlay:				
Legislative and judicial:				
First Street Square Project	\$ 0	\$ 0	\$ 922	\$ (922)
Whirlpool investment	0	597,600	597,590	10
Municipal improvements	0	147,800	0	147,800
Planning and inspection:				
Comprehensive plan	0	190,000	94,919	95,081
City-wide computer information systems:				
Electronic document management	0	35,000	0	35,000
Software maintenance	0	117,000	109,659	7,341
Travel and training	0	5,000	4,808	192
Hardware	0	147,709	115,917	31,792
GIS	0	75,000	82,142	(7,142)
License fees	0	25,000	5,296	19,704
GIS flyover	0	20,000	0	20,000
Police department:				
800 mhz radios	0	28,925	28,925	0
Vehicle repairs	0	45,000	18,830	26,170
Fire department:				
CPAT equipment	0	5,454	5,454	0
Fire truck equipment	0	4,000	0	4,000
Fire tone alert system	0	88,508	88,258	250
Fire grant MDT's	0	119,252	73,737	45,515
Public works - street department				
Dump truck	0	34,100	34,100	0
Roadscapes grant match	0	46,652	15,869	30,783

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Public works - street department - (Continued)				
City-wide ITS system	\$ 0	\$ 0	\$ 20	\$ (20)
Safe routes to schools	0	25,000	2,550	22,450
LIC on APD 40	0	700,000	130,317	569,683
Roadscapes grant match II	0	149,000	0	149,000
Roadscapes grant match III	0	30,000	0	30,000
LIC on Stone Lake Road	0	2,768,911	1,161,900	1,607,011
Dalton Pike	0	41,500	0	
Durkee Road project	0	899,135	57,067	842,068
Public works - state street aid:				
ITS - Apd 40	0	50,000	0	50,000
25th Street & Peerless	0	40,000	0	40,000
Animal Shelter:				
Vehicle	0	22,000	21,499	501
Parks and recreation:				
Used greens mower	0	52,200	31,335	20,865
Golf carts	0	28,000	27,943	57
National Emergency Grant equipment	0	11,800	6,719	5,081
Fletcher Park debris cleanup	0	6,000	3,590	2,410
Pool at Community Center	0	547,000	470,219	76,781
Splash Park at Community Center	0	38,000	4,805	33,195
Tinsley playground	0	110,000	111,893	(1,893)
ATV's	0	12,000	6,170	5,830
Mohawk Drive trailhead	0	0	16,546	(16,546)
Dalton Pike widening	0	135,000	118,264	16,736
Lightening damage	0	10,247	6,500	3,747
Restroom damage	0	29,000	28,952	48
Debt service:				
Interest and fiscal charges	0	16,200	16,200	0
Total expenditures	<u>\$ 0</u>	<u>\$ 7,452,993</u>	<u>\$ 3,498,915</u>	<u>\$ 3,912,578</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ (4,878,051)</u>	<u>\$ (1,904,191)</u>	<u>\$ 2,932,360</u>
Other financing sources (uses):				
Transfers in	\$ 0	\$ 1,154,700	\$ 1,154,700	\$ 0
Notes issued	0	2,615,335	2,615,335	0
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 3,770,035</u>	<u>\$ 3,770,035</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ (1,108,016)	\$ 1,865,844	\$ 2,932,360
Fund balance at beginning of year	0	1,126,615	1,126,615	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 18,599</u>	<u>\$ 2,992,459</u>	<u>\$ 2,932,360</u>

CITY OF CLEVELAND, TENNESSEE
GREENWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 569,000	\$ 486,255	\$ (82,745)
Bradley County	0	4,000	0	(4,000)
Interest	0	0	110	110
Miscellaneous	0	8,000	8,025	25
Total revenues	\$ 0	\$ 581,000	\$ 494,390	\$ (86,610)
Expenditures:				
Current:				
Culture and recreation:				
Utilities	\$ 0	\$ 3,000	\$ 3,117	\$ (117)
Ground maintenance	0	876	875	1
Capital outlay:				
Phase IV - Raider to Tinsley	0	664,661	600,315	64,346
Phase VI-A HCI funded	0	2,616	2,616	0
Greenway benches and banners	0	15,300	10,425	4,875
Mohawk Drive trailhead	0	16,547	0	16,547
Total expenditures	\$ 0	\$ 703,000	\$ 617,348	\$ 85,652
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (122,000)	\$ (122,958)	\$ (958)
Fund balance at beginning of year	0	126,090	126,090	0
Fund balance at end of year	\$ 0	\$ 4,090	\$ 3,132	\$ (958)

CITY OF CLEVELAND, TENNESSEE
SALES TAX CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Local 1/2 sales tax	\$ 1,700,000	\$ 1,796,300	\$ 1,872,117	\$ 75,817
School 1/2 cent sales tax	800,000	884,000	924,550	40,550
Interest	0	19,700	19,864	164
Total revenues	\$ 2,500,000	\$ 2,700,000	\$ 2,816,531	\$ 116,531
Expenditures:				
Capital outlay:				
City capital projects	\$ 1,700,000	\$ 43,040	\$ 0	\$ 43,040
EMA cell tower	0	50,000	40,441	9,559
Street paving	0	926,293	772,423	153,870
Police vehicles	0	475,000	279,596	195,404
20th/Dalton Pike design	0	36,060	0	36,060
Mouse Creek road design	0	60,000	0	60,000
Firehall #6 survey and design	0	9,500	0	9,500
Fire training tower survey and design	0	2,000	0	2,000
Guardrail at Blythe Ferry Road	0	15,897	12,396	3,501
Guthrie Drive Drainage Project	0	30,800	0	30,800
Hunters Run Circle Drainage Project	0	18,000	17,207	793
North Ocoee/McIntire Drainage	0	32,700	32,217	483
Comprehensive Plan - City Share	0	62,500	60,000	2,500
LIC Projects	0	175,000	175,000	0
MPO- paving match	0	133,800	0	133,800
MPO- Michigan Ave Road	0	12,000	0	12,000
Georgetown/25th Street Intersection	0	95,000	12,255	82,745
Stormwater mapping	0	100,000	0	100,000
Durkee Road - Whirlpool	0	100,000	0	100,000
Drainage projects	0	116,000	54,685	61,315
Sidewalk projects	0	30,000	5,597	24,403
MPO - 20th at Tasso	0	7,000	0	7,000
Dirt removal - Blythe Bower	0	21,390	21,389	1
Tinsley Park tennis lights	0	80,520	53,231	27,289
Tinsley Park Playground match	0	110,000	110,000	0
School capital projects	495,000	1,170,340	214,524	955,816
Debt service				
QSCB principal	238,000	260,000	259,578	422
QSCB interest	67,000	63,100	63,023	77
QSCB fiscal charges	0	4,160	4,160	0
Total expenditures	\$ 2,500,000	\$ 4,240,100	\$ 2,187,722	\$ 2,052,378
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (1,540,100)	\$ 628,809	\$ 2,168,909
Fund balance at beginning of year	1,540,233	1,540,233	1,540,233	0
Fund balance at end of year	\$ 1,540,233	\$ 133	\$ 2,169,042	\$ 2,168,909

CITY OF CLEVELAND, TENNESSEE
 2009 BRADLEY COUNTY BUILD AMERICA BONDS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 0	\$ 811,161	\$ 811,142	\$ (19)
Interest	0	400	419	19
Total revenues	<u>\$ 0</u>	<u>\$ 811,561</u>	<u>\$ 811,561</u>	<u>\$ 0</u>
Expenditures:				
Capital Outlay:				
Cleveland High School science wing	\$ 0	\$ 221,415	\$ 221,415	\$ 0
Buses	0	544,126	544,126	0
Building improvements	0	17,021	17,021	0
Vehicle maintenance	0	28,999	28,999	0
Total expenditures	<u>\$ 0</u>	<u>\$ 811,561</u>	<u>\$ 811,561</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
ARRA GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Sidewalks - ARRA	\$ 0	\$ 100	\$ 82	\$ (18)
Greenway Restrooms - ARRA	0	800	753	(47)
Train Depot - ARRA	0	437,753	445,532	7,779
Energy Grant - HVAC	0	9,465	9,465	0
Energy Grant - Replacement lights	0	90,870	90,870	0
SETHRA reimbursement	0	362,247	204,721	(157,526)
Total Revenues	\$ 0	\$ 901,235	\$ 751,423	\$ (149,812)
Expenditures:				
Capital outlay:				
HVAC	\$ 0	\$ 9,465	\$ 9,465	\$ 0
Replacement lights	0	90,870	90,870	0
Sidewalks	0	100	82	18
Restrooms	0	800	753	47
Train Depot	0	800,000	650,253	149,747
Total expenditures	\$ 0	\$ 901,235	\$ 751,423	\$ 149,812
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF CLEVELAND, TENNESSEE
 TENNESSEE HOUSING DEVELOPMENT AGENCY HOME GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
2010 Home grant	\$ 0	\$ 199,449	\$ 199,449	\$ 0
Total Revenues	<u>\$ 0</u>	<u>\$ 199,449</u>	<u>\$ 199,449</u>	<u>\$ 0</u>
Expenditures:				
Capital outlay:				
Housing rehabilitation	\$ 0	\$ 170,830	\$ 170,830	\$ 0
Administrative fees	<u>0</u>	<u>28,619</u>	<u>28,619</u>	<u>0</u>
Total expenditures	<u>\$ 0</u>	<u>\$ 199,449</u>	<u>\$ 199,449</u>	<u>\$ 0</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
 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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 5,000	\$ 5,300	\$ 5,164	\$ (136)
Total revenues	<u>5,000</u>	<u>5,300</u>	<u>5,164</u>	<u>(136)</u>
Excess of revenues over expenditures	<u>5,000</u>	<u>5,300</u>	<u>5,164</u>	<u>(136)</u>
Other financing sources (uses):				
Transfers out	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ 0
Total other financing sources (uses)	<u>(5,700)</u>	<u>(5,700)</u>	<u>(5,700)</u>	<u>0</u>
Net change in fund balances	\$ (700)	\$ (400)	\$ (536)	\$ (136)
Fund balance at beginning of year	<u>460,488</u>	<u>460,488</u>	<u>460,488</u>	<u>0</u>
Fund balance at end of year	<u><u>459,788</u></u>	<u><u>460,088</u></u>	<u><u>459,952</u></u>	<u><u>(136)</u></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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 751,000	\$ 751,000	\$ 742,456	\$ (8,544)
Other operating revenue	200	200	0	(200)
Total operating revenues	<u>\$ 751,200</u>	<u>\$ 751,200</u>	<u>\$ 742,456</u>	<u>\$ (8,744)</u>
Operating Expenses:				
General and administrative:				
Salaries	\$ 339,100	\$ 339,300	\$ 341,006	\$ (1,706)
Overtime	5,000	4,800	4,332	468
Service awards	300	300	225	75
Longevity	2,400	2,400	2,350	50
Sold vacation	2,700	2,700	2,691	9
Christmas bonus	900	5,936	5,935	1
Dental insurance	3,600	3,505	3,495	10
Social security	26,900	26,900	25,676	1,224
Health insurance	59,200	52,800	52,783	17
Retirement	58,700	60,500	58,981	1,519
Life and disability insurance	4,400	4,159	4,158	1
Worker's compensation claims	500	500	0	500
Postage	600	600	464	136
Printing	200	0	0	0
Advertising	100	145	144	1
Membership dues	1,000	2,000	1,989	11
Utilities	23,400	19,400	16,570	2,830
Telephone	8,500	8,500	8,364	136
Vehicle maintenance	4,000	8,800	8,710	90
Contracted services - vehicle maintenance	110,000	112,000	103,773	8,227
Building maintenance	4,000	10,000	9,657	343
Central fuel maintenance and supplies	8,000	9,000	7,924	1,076
Travel and training	1,000	500	447	53
Pest control	300	300	271	29
Office expense	3,000	3,183	3,182	1
Waste disposal services	4,000	4,100	3,636	464
Janitorial supplies	4,400	2,801	1,858	943
Uniforms	3,500	3,338	3,338	0
Gasoline and oil	5,500	7,100	6,885	215
Insurance - building and contents	2,100	1,900	1,855	45
Insurance - vehicles	700	600	512	88
Insurance - general liability	1,800	1,800	1,768	32
Insurance - worker's compensation	12,500	10,308	10,307	1
Depreciation	40,800	40,800	33,025	7,775

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, 2012

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Expenses (Continued):				
Computer software maintenance	\$ 5,000	\$ 23,700	\$ 21,118	\$ 2,582
Miscellaneous	500	100	59	41
Equipment and tools	1,900	11,213	1,243	9,970
Computer equipment	1,200	0	0	0
Fuel pumps	0	14,812	0	14,812
Total operating expenses	<u>\$ 751,700</u>	<u>\$ 800,800</u>	<u>\$ 748,731</u>	<u>\$ 52,069</u>
Operating income	<u>\$ (500)</u>	<u>\$ (49,600)</u>	<u>\$ (6,275)</u>	<u>\$ 43,325</u>
Non Operating Revenues (Expenses):				
Interest income	\$ 500	\$ 500	\$ 387	\$ (113)
Gain (loss) on sale of assets	<u>0</u>	<u>0</u>	<u>400</u>	<u>400</u>
Total non operating revenues (expenses)	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 787</u>	<u>\$ 287</u>
Income (loss) before contributions and transfers	\$ 0	\$ (49,100)	\$ (5,488)	\$ 43,612
Capital contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	<u>\$ 0</u>	<u>\$ (49,100)</u>	<u>\$ (5,488)</u>	<u>\$ 43,612</u>
Total net assets - beginning	<u>1,464,360</u>	<u>1,464,360</u>	<u>1,464,360</u>	<u>0</u>
Total net assets - ending	<u>\$ 1,464,360</u>	<u>\$ 1,415,260</u>	<u>\$ 1,458,872</u>	<u>\$ 43,612</u>

CAPITAL ASSETS

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2012 and 2011

	2012	2011
Governmental funds capital assets:		
Land	\$ 9,108,679	\$ 9,003,779
Buildings	102,770,320	94,376,829
Public improvements other than buildings	7,010,575	6,904,633
Infrastructure	52,612,083	51,136,147
Furniture, fixtures, equipment and vehicles	27,812,591	27,213,121
Total governmental funds capital assets	\$ 199,314,248	\$ 188,634,509
 Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 199,314,248	\$ 188,634,509

(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, 2012

<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	\$ 1,042,431	\$ 1,800	\$ 396,880	\$ 174,681	\$ 0	\$ 469,070
General government	776,692	180,600	185,251	370,027	0	40,814
Community development	533,734	56,361	271,086	1,805	0	204,482
Library	7,855,955	302,000	4,742,955	0	0	2,811,000
Total General Government	\$ 10,208,812	\$ 540,761	\$ 5,596,172	\$ 546,513	\$ 0	\$ 3,525,366
Public Safety:						
Police	\$ 9,967,932	\$ 290,097	\$ 5,179,696	\$ 28,017	\$ 0	\$ 4,470,122
Fire	8,686,725	461,500	3,078,947	170,228	0	4,976,050
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 19,522,275	\$ 751,597	\$ 9,126,261	\$ 198,245	\$ 0	\$ 9,446,172
Public Works:						
Street Department	\$ 4,001,966	\$ 249,715	\$ 318,738	\$ 90,681	\$ 0	\$ 3,342,832
Engineering	472,620	0	146,579	35,130	0	290,911
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Primary Roads	8,291,509	67,965	0	0	8,223,544	0
Secondary Roads	36,828,264	378,887	0	0	36,449,377	0
Drainage	3,641,233	12,147	0	0	3,629,086	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	1,269,731	0	0	0	1,269,731	0
Bridges	196,992	0	0	0	196,992	0
Total Public Works	\$ 58,408,726	\$ 1,542,772	\$ 490,317	\$ 129,811	\$ 52,612,083	\$ 3,633,743
Parks and Recreation:						
Recreation Office	\$ 917,733	\$ 0	\$ 0	\$ 70,585	\$ 0	\$ 847,148
Tinsley Park	1,865,856	211,980	165,860	1,413,820	0	74,196
Waterville Golf Course	1,426,432	256,816	521,641	245,531	0	402,444
College Hill Center	1,038,518	76,890	231,658	641,524	0	88,446
Cleveland Community Center	628,463	47,000	376,318	122,138	0	83,007
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	1,967,462	0	66,802	1,774,347	0	126,313
Fletcher Park	661,326	64,373	118,973	477,980	0	0
1st Street Square Park	535,363	174,595	0	360,768	0	0
Soccer Complex	390,562	50,000	0	340,562	0	0
Total Parks and Recreation	\$ 10,336,148	\$ 1,166,528	\$ 1,499,629	\$ 6,048,437	\$ 0	\$ 1,621,554

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

(Continued)

June 30, 2012

<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>
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	320,831	0	95,301	60,347	0	165,183
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	\$ 808,573	\$ 448,110	\$ 107,711	\$ 87,569	\$ 0	\$ 165,183
Cleveland City Schools:						
School Property	\$ 98,862,075	\$ 4,658,911	\$ 85,950,230	\$ 0	\$ 0	\$ 8,252,934
Food Service	1,167,639	0	0	0	0	1,167,639
Total City Schools	\$ 100,029,714	\$ 4,658,911	\$ 85,950,230	\$ 0	\$ 0	\$ 9,420,573
Total Capital Assets	\$ 199,314,248	\$ 9,108,679	\$ 102,770,320	\$ 7,010,575	\$ 52,612,083	\$ 27,812,591

(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, 2012

Function and Activity	Beginning Balance	Additions	Deductions	Ending Balance
General Government:				
Administration and finance	\$ 1,018,573	\$ 37,306	\$ 13,448	\$ 1,042,431
General government	671,213	105,479	0	776,692
Community development	523,993	9,741	0	533,734
Library	7,693,524	170,390	7,959	7,855,955
Total General Government	\$ 9,907,303	\$ 322,916	\$ 21,407	\$ 10,208,812
Public Safety:				
Police	\$ 9,596,592	\$ 486,809	\$ 115,469	\$ 9,967,932
Fire	8,542,988	144,986	1,249	8,686,725
911 Center	867,618	0	0	867,618
Total Public Safety	\$ 19,007,198	\$ 631,795	\$ 116,718	\$ 19,522,275
Public Works:				
Street Department	\$ 4,072,853	\$ 216,606	\$ 287,493	\$ 4,001,966
Engineering	502,627	7,216	37,223	472,620
Old City Landfill	92,500	0	0	92,500
Primary Roads	8,291,509	0	0	8,291,509
Secondary Roads	36,082,629	745,635	0	36,828,264
Drainage	3,307,797	333,436	0	3,641,233
Detention Ponds	3,613,911	0	0	3,613,911
Sidewalks	872,866	396,865	0	1,269,731
Bridges	196,992	0	0	196,992
Total Public Works	\$ 57,033,684	\$ 1,699,758	\$ 324,716	\$ 58,408,726
Parks and Recreation:				
Recreation Office	\$ 896,571	\$ 21,162	\$ 0	\$ 917,733
Tinsley Park	1,867,231	0	1,375	1,865,856
Waterville Golf Course	1,466,967	88,590	129,125	1,426,432
College Hill Center	1,032,096	6,422	0	1,038,518
Cleveland Community Center	609,533	18,930	0	628,463
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	1,960,637	6,825	0	1,967,462
Fletcher Park	661,326	0	0	661,326
1st Street Square Park	535,363	0	0	535,363
Soccer Complex	390,562	0	0	390,562
Total Parks and Recreation	\$ 10,324,719	\$ 141,929	\$ 130,500	\$ 10,336,148

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, 2012

<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	300,391	20,440	0	320,831
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	\$ 788,133	\$ 20,440	\$ 0	\$ 808,573
Cleveland City Schools:				
School Property	\$ 90,437,705	\$ 9,421,133	\$ 996,763	\$ 98,862,075
Food Service	1,135,767	31,872	0	1,167,639
Total City Schools	\$ 91,573,472	\$ 9,453,005	\$ 996,763	\$ 100,029,714
Total Capital Assets	\$ 188,634,509	\$ 12,269,843	\$ 1,590,104	\$ 199,314,248

(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.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 54,406,384	\$ 52,526,979	\$ 51,571,926	\$ 48,522,525
Restricted	459,646	459,646	459,646	459,646
Unrestricted	<u>11,142,970</u>	<u>14,385,306</u>	<u>17,119,787</u>	<u>22,366,833</u>
Total governmental activities net assets	<u>\$ 66,009,000</u>	<u>\$ 67,371,931</u>	<u>\$ 69,151,359</u>	<u>\$ 71,349,004</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 86,878,434	\$ 89,150,550	\$ 92,033,295	\$ 92,062,798
Unrestricted	<u>11,107,428</u>	<u>13,550,964</u>	<u>13,421,845</u>	<u>16,935,342</u>
Total business-type activities	<u>\$ 97,985,862</u>	<u>\$ 102,701,514</u>	<u>\$ 105,455,140</u>	<u>\$ 108,998,140</u>
Primary government				
Invested in capital assets, net of related debt	\$ 141,284,818	\$ 141,677,529	\$ 143,605,221	\$ 140,585,323
Restricted	459,646	459,646	459,646	459,646
Unrestricted	<u>22,250,398</u>	<u>27,936,270</u>	<u>30,541,632</u>	<u>39,302,175</u>
Total primary government net assets	<u>\$ 163,994,862</u>	<u>\$ 170,073,445</u>	<u>\$ 174,606,499</u>	<u>\$ 180,347,144</u>

Source: Official record of Office of City Clerk.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 54,639,891	\$ 58,694,649	\$ 59,721,184	\$ 57,893,731	\$ 66,391,099	\$ 66,979,125
459,740	459,740	459,740	473,440	2,926,017	6,449,583
<u>22,488,017</u>	<u>16,590,395</u>	<u>15,821,883</u>	<u>17,372,612</u>	<u>12,436,686</u>	<u>14,134,054</u>
<u>\$ 77,587,648</u>	<u>\$ 75,744,784</u>	<u>\$ 76,002,807</u>	<u>\$ 75,739,783</u>	<u>\$ 81,753,802</u>	<u>\$ 87,562,762</u>
\$ 98,773,538	\$ 100,513,728	\$ 112,581,181	\$ 120,603,787	\$ 132,342,820	\$ 143,097,174
<u>14,329,076</u>	<u>22,347,483</u>	<u>15,355,800</u>	<u>12,830,051</u>	<u>13,179,002</u>	<u>10,789,348</u>
<u>\$ 113,102,614</u>	<u>\$ 122,861,211</u>	<u>\$ 127,936,981</u>	<u>\$ 133,433,838</u>	<u>\$ 145,521,822</u>	<u>\$ 153,886,522</u>
\$ 153,413,429	\$ 159,208,377	\$ 172,302,365	\$ 178,497,518	\$ 198,733,919	\$ 210,076,299
459,740	459,740	459,740	473,440	2,926,017	6,449,583
<u>36,817,093</u>	<u>38,937,878</u>	<u>31,177,683</u>	<u>30,202,663</u>	<u>25,615,688</u>	<u>24,923,402</u>
<u>\$ 190,690,262</u>	<u>\$ 198,605,995</u>	<u>\$ 203,939,788</u>	<u>\$ 209,173,621</u>	<u>\$ 227,275,624</u>	<u>\$ 241,449,284</u>

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

	2003	2004	2005
EXPENSES			
Governmental activities:			
General government	\$ 2,586,632	\$ 3,325,573	\$ 2,391,498
Community development	310,918	539,414	622,028
Public safety	12,132,200	12,683,638	14,180,863
Public works	7,203,565	8,138,030	8,429,567
Health and welfare	491,225	500,734	538,263
Culture and recreation	2,564,187	2,559,373	2,952,398
Education	30,729,336	31,429,169	35,475,697
Interest on long-term debt	2,119,811	2,094,798	1,992,504
Total governmental activities	<u>\$ 58,137,874</u>	<u>\$ 61,270,729</u>	<u>\$ 66,582,818</u>
Business-type activities:			
Water and sewer	\$ 14,356,114	\$ 15,037,429	\$ 16,105,695
Electric	59,697,868	62,524,728	62,737,439
Brush Chipping	123,343	134,631	140,635
Airport	0	0	0
Total business-type activities expenses	<u>\$ 74,177,325</u>	<u>\$ 77,696,788</u>	<u>\$ 78,983,769</u>
Total primary government expenses	<u>\$ 132,315,199</u>	<u>\$ 138,967,517</u>	<u>\$ 145,566,587</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	\$ 6,543,638	\$ 7,127,661	\$ 7,706,701
Operating grants and contributions	26,248,710	27,093,926	29,500,770
Capital grants and contributions	10,850	765,700	2,342,151
Total governmental activities program revenues	<u>\$ 32,803,198</u>	<u>\$ 34,987,287</u>	<u>\$ 39,549,622</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 15,187,407	\$ 16,152,299	\$ 16,437,866
Electric	61,925,568	65,987,477	65,541,717
Brush Chipping	119,333	87,075	202,790
Airport	0	0	0
Operating grants and contributions	0	0	0
Capital grants and contributions	1,012,220	1,448,663	708,439
Total business-type activities program revenues	<u>\$ 78,244,528</u>	<u>\$ 83,675,514</u>	<u>\$ 82,890,812</u>
Total primary government program revenues	<u>\$ 111,047,726</u>	<u>\$ 118,662,801</u>	<u>\$ 122,440,434</u>
Net (Expense) Revenue			
Governmental activities	\$ (25,334,676)	\$ (26,283,442)	\$ (27,033,196)
Business-type activities	4,067,203	5,978,726	3,907,043
Total primary government net expense	<u>\$ (21,267,473)</u>	<u>\$ (20,304,716)</u>	<u>\$ (23,126,153)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
Governmental activities:			
Property taxes	\$ 8,320,628	\$ 8,508,570	\$ 8,967,774
Property taxes - fire	3,723,281	3,805,969	4,019,302
Interest and penalty on taxes	100,204	110,668	119,841
In lieu of taxes	32,972	26,977	19,411
Local sales tax	6,319,495	6,912,834	7,186,302
Wholesale beer tax	995,889	1,054,330	1,088,535
Gross receipts tax	708,331	823,885	943,128
Franchise tax	463,846	494,096	716,475
State sales tax	2,247,016	2,221,608	2,273,609
Other state taxes	1,055,125	1,736,563	919,876
Grants and contributions not restricted	735,014	344,205	442,832
Unrestricted investment earnings	178,092	137,287	621,856
Gain on sale of capital assets	0	0	0
Transfers	1,257,907	1,469,381	1,493,683
Total governmental activities	<u>\$ 26,137,800</u>	<u>\$ 27,646,373</u>	<u>\$ 28,812,624</u>
Business-type activities:			
Unrestricted investment earnings	\$ 233,513	\$ 206,307	\$ 340,266
Transfers	(1,257,907)	(1,469,381)	(1,493,683)
Total business-type activities	<u>\$ (1,024,394)</u>	<u>\$ (1,263,074)</u>	<u>\$ (1,153,417)</u>
Total primary government	<u>\$ 25,113,406</u>	<u>\$ 26,383,299</u>	<u>\$ 27,659,207</u>
CHANGE IN NET ASSETS			
Governmental activities	\$ 803,124	\$ 1,362,931	\$ 1,779,428
Business-type activities	3,042,809	4,715,652	2,753,626
Total primary government	<u>\$ 3,845,933</u>	<u>\$ 6,078,583</u>	<u>\$ 4,533,054</u>

Source: Official record of Office of City Clerk.

2006	2007	2008	2009	2010	2011	2012
\$ 2,693,884	\$ 2,674,062	\$ 3,045,455	\$ 3,125,773	\$ 4,294,917	\$ 3,396,302	\$ 3,463,066
1,054,852	882,244	1,071,399	1,052,676	867,709	1,373,602	1,481,745
15,151,467	15,897,312	18,599,983	19,173,722	18,190,814	18,488,592	18,523,073
9,265,703	9,080,972	9,076,371	9,442,505	9,913,297	9,725,715	10,047,079
552,573	607,956	659,474	665,951	680,086	699,095	725,353
2,962,458	3,451,275	4,387,539	3,807,169	4,014,995	3,864,303	4,638,754
37,495,574	39,363,223	39,878,902	41,239,156	42,725,119	46,137,209	46,792,601
2,297,623	2,637,740	3,152,029	2,923,763	2,298,214	2,814,385	2,822,451
<u>\$ 71,474,134</u>	<u>\$ 74,594,784</u>	<u>\$ 79,871,152</u>	<u>\$ 81,430,715</u>	<u>\$ 82,985,151</u>	<u>\$ 86,499,203</u>	<u>\$ 88,494,122</u>
\$ 17,588,719	\$ 18,626,226	\$ 20,426,089	\$ 20,856,642	\$ 20,890,587	\$ 21,254,266	\$ 21,547,173
71,747,592	75,438,689	79,179,669	91,699,799	83,803,232	92,666,017	91,125,591
197,614	221,463	176,191	144,655	159,000	0	0
0	0	206,011	52,591	263,379	62,617	51,203
<u>\$ 89,533,925</u>	<u>\$ 94,286,378</u>	<u>\$ 99,987,960</u>	<u>\$ 112,753,687</u>	<u>\$ 105,116,198</u>	<u>\$ 113,982,900</u>	<u>\$ 112,723,967</u>
<u>\$ 161,008,059</u>	<u>\$ 168,881,162</u>	<u>\$ 179,859,112</u>	<u>\$ 194,184,402</u>	<u>\$ 188,101,349</u>	<u>\$ 200,482,103</u>	<u>\$ 201,218,089</u>
\$ 8,200,575	\$ 7,540,322	\$ 7,837,356	\$ 7,644,180	\$ 7,331,254	\$ 7,618,007	\$ 7,308,364
31,417,297	31,719,118	34,905,174	35,612,093	37,462,812	42,206,859	42,136,892
1,770,080	5,605,567	2,767,768	1,914,789	2,302,461	5,806,175	2,823,302
<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>	<u>\$ 47,096,527</u>	<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>
\$ 17,957,369	\$ 19,411,182	\$ 20,208,450	\$ 20,724,856	\$ 20,356,004	\$ 21,846,514	\$ 23,391,403
74,832,241	77,279,666	80,786,137	94,209,090	86,785,472	96,353,160	94,456,322
197,167	234,142	187,296	130,710	0	0	0
0	0	12,781	17,484	16,775	11,645	15,719
0	90,324	40,523	270,000	3,549	5,569	174,663
1,121,813	2,282,693	8,879,491	3,685,707	4,882,848	9,401,737	4,800,720
<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>	<u>\$ 112,044,648</u>	<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>
<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>	<u>\$ 159,141,175</u>	<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>
\$ (30,086,182)	\$ (29,729,777)	\$ (34,360,854)	\$ (36,259,653)	\$ (35,888,624)	\$ (30,868,162)	\$ (36,225,564)
4,574,665	5,011,629	10,126,718	6,284,160	6,928,450	13,635,725	10,114,860
<u>\$ (25,511,517)</u>	<u>\$ (24,718,148)</u>	<u>\$ (24,234,136)</u>	<u>\$ (29,975,493)</u>	<u>\$ (28,960,174)</u>	<u>\$ (17,232,437)</u>	<u>\$ (26,110,704)</u>
\$ 14,798,767	\$ 15,480,244	\$ 15,497,594	\$ 15,848,544	\$ 16,465,931	\$ 16,629,270	\$ 16,497,090
0	0	0	0	0	0	0
133,275	150,071	156,498	131,485	194,301	275,607	270,429
19,829	30,136	19,208	22,112	90,822	77,898	281,289
7,601,091	8,018,692	7,929,077	8,389,829	9,840,465	10,173,414	11,726,645
1,131,612	1,162,392	1,206,434	1,239,216	1,245,869	1,303,212	1,490,010
821,430	857,958	883,959	939,795	913,170	962,609	1,103,755
1,142,767	1,041,053	992,888	929,622	953,496	843,753	790,234
2,517,380	2,702,704	2,685,932	2,454,675	2,397,165	2,505,215	2,803,138
1,075,526	1,800,451	2,116,359	2,513,984	1,298,234	1,685,668	2,046,650
481,343	633,364	738,101	455,312	536,334	605,104	708,181
960,778	1,203,574	527,603	80,157	27,007	50,070	58,173
0	0	0	1,893,766	(59,455)	(22,362)	4,085
1,600,029	1,688,551	1,526,951	1,619,179	1,722,261	1,792,723	1,893,518
<u>\$ 32,283,827</u>	<u>\$ 34,769,190</u>	<u>\$ 34,280,604</u>	<u>\$ 36,517,676</u>	<u>\$ 35,625,600</u>	<u>\$ 36,882,181</u>	<u>\$ 39,673,197</u>
\$ 568,364	\$ 781,396	\$ 595,448	\$ 410,789	\$ 290,668	\$ 244,982	\$ 143,358
(1,600,029)	(1,688,551)	(1,526,951)	(1,619,179)	(1,722,261)	(1,792,723)	(1,893,518)
<u>\$ (1,031,665)</u>	<u>\$ (907,155)</u>	<u>\$ (931,503)</u>	<u>\$ (1,208,390)</u>	<u>\$ (1,431,593)</u>	<u>\$ (1,547,741)</u>	<u>\$ (1,750,160)</u>
<u>\$ 31,252,162</u>	<u>\$ 33,862,035</u>	<u>\$ 33,349,101</u>	<u>\$ 35,309,286</u>	<u>\$ 34,194,007</u>	<u>\$ 35,334,440</u>	<u>\$ 37,923,037</u>
\$ 2,197,645	\$ 5,039,413	\$ (80,250)	\$ 258,023	\$ (263,024)	\$ 6,014,019	\$ 3,447,633
3,543,000	4,104,474	9,195,215	5,075,770	5,496,857	12,087,984	8,364,700
<u>\$ 5,740,645</u>	<u>\$ 9,143,887</u>	<u>\$ 9,114,965</u>	<u>\$ 5,333,793</u>	<u>\$ 5,233,833</u>	<u>\$ 18,102,003</u>	<u>\$ 11,812,333</u>

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

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
General government	\$ 20,945	\$ 117,132	\$ 141,362	\$ 144,712
Community development	414,037	569,681	599,802	845,564
Public safety	3,262,132	3,130,973	4,046,913	4,037,012
Public works	3,002,316	3,880,121	3,861,476	3,740,271
Health and welfare	249,206	253,654	265,624	223,382
Culture and recreation	746,510	848,808	1,407,893	1,011,707
Education	<u>25,108,052</u>	<u>26,186,918</u>	<u>29,226,552</u>	<u>31,385,304</u>
Subtotal governmental activities	<u>\$ 32,803,198</u>	<u>\$ 34,987,287</u>	<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>
Business-type activities				
Water and sewer	\$ 16,199,627	\$ 17,600,962	\$ 17,146,305	\$ 19,079,182
Electric	61,925,568	65,987,477	65,541,717	74,832,241
Brush Chipping	119,333	87,075	202,790	197,167
Airport	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal business-type activities	<u>\$ 78,244,528</u>	<u>\$ 83,675,514</u>	<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>
Total primary government	<u>\$ 111,047,726</u>	<u>\$ 118,662,801</u>	<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>

Source: Official record of Office of City Clerk.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 94,478	\$ 135,035	\$ 92,145	\$ 379,084	\$ 234,666	\$ 116,736
942,799	925,752	554,623	656,137	1,472,042	1,548,127
3,280,867	3,593,229	3,500,312	3,780,466	3,488,411	3,516,915
3,394,983	5,130,737	4,609,105	3,556,569	5,889,898	5,431,881
272,474	327,852	358,574	376,131	356,526	353,828
1,124,039	1,497,747	1,533,839	1,349,080	948,610	1,041,708
<u>35,755,367</u>	<u>33,899,946</u>	<u>34,522,464</u>	<u>36,999,060</u>	<u>43,240,888</u>	<u>40,259,363</u>
<u>\$ 44,865,007</u>	<u>\$ 45,510,298</u>	<u>\$ 45,171,062</u>	<u>\$ 47,096,527</u>	<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>
\$ 21,784,199	\$ 21,065,966	\$ 23,133,452	\$ 21,801,228	\$ 22,650,899	\$ 24,677,843
77,279,666	80,826,660	94,209,090	86,785,871	96,353,979	94,477,235
234,142	187,296	130,710	0	0	0
<u>0</u>	<u>8,034,756</u>	<u>1,564,595</u>	<u>3,457,549</u>	<u>8,613,747</u>	<u>3,683,749</u>
<u>\$ 99,298,007</u>	<u>\$ 110,114,678</u>	<u>\$ 119,037,847</u>	<u>\$ 112,044,648</u>	<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>
<u>\$ 144,163,014</u>	<u>\$ 155,624,976</u>	<u>\$ 164,208,909</u>	<u>\$ 159,141,175</u>	<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>

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

(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Unassigned	0	0	0	0
Unreserved	<u>4,098,424</u>	<u>5,771,581</u>	<u>6,667,277</u>	<u>7,861,168</u>
Total general fund	<u>\$ 4,098,424</u>	<u>\$ 5,771,581</u>	<u>\$ 6,667,277</u>	<u>\$ 7,861,168</u>
All Other Governmental Funds:				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unreserved, reported in:				
Special revenue funds	2,815,644	3,526,721	4,797,634	3,942,290
Debt service funds	1,406,706	1,467,483	1,647,744	2,602,622
Capital projects funds	2,263,708	2,013,662	1,998,815	6,045,791
Permanent funds	<u>7,475</u>	<u>2,148</u>	<u>8,315</u>	<u>21,825</u>
Total all other governmental funds	<u>\$ 6,493,533</u>	<u>\$ 7,010,014</u>	<u>\$ 8,452,508</u>	<u>\$ 12,612,528</u>

Source: Official record of Office of City Clerk.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,067	\$ 4,193
0	0	0	0	10,152,078	11,955,804
<u>8,642,201</u>	<u>8,670,275</u>	<u>8,771,673</u>	<u>9,115,200</u>	<u>0</u>	<u>0</u>
<u>\$ 8,642,201</u>	<u>\$ 8,670,275</u>	<u>\$ 8,771,673</u>	<u>\$ 9,115,200</u>	<u>\$ 10,156,145</u>	<u>\$ 11,959,997</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 473,636	\$ 473,636
0	0	0	0	2,452,381	3,068,100
0	0	0	0	812,939	869,249
0	0	0	0	7,165,754	9,287,308
3,910,827	3,803,130	2,868,027	3,542,121	0	0
3,146,620	2,692,706	2,849,584	3,246,244	0	0
5,871,288	2,086,748	1,957,547	3,133,624	0	0
<u>28,697</u>	<u>20,122</u>	<u>6,647</u>	<u>521</u>	<u>0</u>	<u>0</u>
<u>\$ 12,957,432</u>	<u>\$ 8,602,706</u>	<u>\$ 7,681,805</u>	<u>\$ 9,922,510</u>	<u>\$ 10,904,710</u>	<u>\$ 13,698,293</u>

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

	2003	2004	2005	2006
REVENUES				
Taxes	\$ 20,591,043	\$ 21,820,687	\$ 23,050,456	\$ 25,598,961
Licenses and permits	422,002	614,120	499,409	511,731
Intergovernmental	30,546,411	32,780,677	36,107,621	36,272,316
Fines and forfeitures	816,304	897,881	1,135,822	1,863,507
Charges for services	3,770,640	3,969,522	4,205,563	5,852,986
Interest	178,093	137,286	621,858	960,812
Miscellaneous	947,595	795,869	775,016	982,971
Total Revenues	\$ 57,272,088	\$ 61,016,042	\$ 66,395,745	\$ 72,043,284
EXPENDITURES				
General government	\$ 1,864,227	\$ 1,929,123	\$ 2,035,118	\$ 2,053,861
Community development	477,536	446,997	563,108	961,245
Public safety	11,284,364	12,010,132	13,133,222	13,692,605
Public works	6,056,573	6,152,910	7,054,780	7,664,026
Health and welfare	361,105	379,761	428,047	415,101
Culture and recreation	2,198,402	2,321,247	2,414,280	2,692,519
Education	28,817,716	29,924,557	32,955,018	34,023,865
Appropriations	898,681	856,465	858,485	996,770
Capital outlay	2,650,162	2,970,045	4,316,712	12,123,365
Debt service:				
Interest	2,121,674	2,112,091	2,087,467	1,380,000
Principal	1,380,000	1,430,000	1,355,000	2,245,522
Total Expenditures	\$ 58,110,440	\$ 60,533,328	\$ 67,201,237	\$ 78,248,879
Excess of revenues over (under) expenditures	\$ (838,352)	\$ 482,714	\$ (805,492)	\$ (6,205,595)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 12,164,831	\$ 12,908,687	\$ 13,883,341	\$ 17,533,104
Transfers out	(10,906,924)	(11,439,306)	(12,414,658)	(15,933,075)
Notes issued	1,242,422	703,200	1,025,000	9,836,795
Bonds issued	0	0	0	0
Capital leases issued	0	0	0	0
Refunding bonds issued	0	0	10,580,000	0
Premium on bonds issued	0	0	0	0
Payment to refunding bond escrow agent	0	0	(10,483,075)	0
Total other financing sources (uses)	\$ 2,500,329	\$ 2,172,581	\$ 2,590,608	\$ 11,436,824
Net change in fund balances	\$ 1,661,977	\$ 2,655,295	\$ 1,785,116	\$ 5,231,229
Debt service as a percent of noncapital expenditures	6.31%	6.15%	5.47%	5.48%

Source: Official record of Office of City Clerk.

	2007	2008	2009	2010	2011	2012
\$	26,692,073	\$ 26,427,496	\$ 27,162,225	\$ 29,323,204	\$ 30,419,645	\$ 31,817,105
	540,832	568,441	341,384	377,132	584,538	427,088
	41,769,671	41,534,518	41,359,146	43,498,396	51,877,725	49,795,300
	1,179,606	990,387	884,237	958,249	872,680	716,361
	5,851,999	6,162,803	6,317,883	6,010,112	6,160,788	6,164,915
	1,203,574	527,698	80,159	27,007	50,905	58,173
	969,776	2,066,056	3,134,650	1,236,941	833,158	689,868
\$	<u>78,207,531</u>	<u>\$ 78,277,399</u>	<u>\$ 79,279,684</u>	<u>\$ 81,431,041</u>	<u>\$ 90,799,439</u>	<u>\$ 89,668,810</u>
\$	2,266,987	\$ 2,260,515	\$ 2,386,824	\$ 2,429,060	\$ 2,376,498	\$ 2,243,393
	770,395	854,944	876,634	783,855	760,472	828,940
	14,622,596	16,066,722	17,004,076	15,793,335	16,638,957	16,334,062
	7,710,740	7,679,981	8,107,529	8,075,972	8,412,481	8,242,610
	483,957	497,414	493,166	506,882	533,470	548,043
	2,883,687	3,314,547	3,052,883	3,188,748	3,254,143	3,352,727
	35,296,056	38,597,871	38,826,465	40,237,280	43,728,161	43,685,843
	1,061,885	1,088,089	1,083,718	1,072,554	1,070,897	1,070,066
	24,865,184	9,730,177	7,979,274	7,708,385	11,792,319	8,380,283
	1,495,000	1,816,428	2,015,129	1,939,428	2,282,667	2,477,857
	2,592,796	3,148,679	3,191,643	2,896,597	2,748,022	2,771,273
\$	<u>94,049,283</u>	<u>\$ 85,055,367</u>	<u>\$ 85,017,341</u>	<u>\$ 84,632,096</u>	<u>\$ 93,598,087</u>	<u>\$ 89,935,097</u>
\$	<u>(15,841,752)</u>	<u>\$ (6,777,968)</u>	<u>\$ (5,737,657)</u>	<u>\$ (3,201,055)</u>	<u>\$ (2,798,648)</u>	<u>\$ (266,287)</u>
\$	15,587,872	\$ 14,898,717	\$ 13,963,115	\$ 13,766,312	\$ 14,513,077	\$ 14,792,877
	(13,899,321)	(13,371,766)	(12,343,936)	(12,044,051)	(12,720,354)	(12,899,360)
	9,163,205	951,300	3,761,400	4,160,000	312,203	2,615,335
	6,100,000	0	0	0	0	0
	0	0	0	0	394,272	354,870
	0	0	25,525,000	24,960,000	0	0
	0	0	19,831	265,800	0	0
	0	0	(25,337,924)	(24,652,000)	0	0
\$	<u>16,951,756</u>	<u>\$ 2,478,251</u>	<u>\$ 5,587,486</u>	<u>\$ 6,456,061</u>	<u>\$ 2,499,198</u>	<u>\$ 4,863,722</u>
\$	<u>1,110,004</u>	<u>\$ (4,299,717)</u>	<u>\$ (150,171)</u>	<u>\$ 3,255,006</u>	<u>\$ (299,450)</u>	<u>\$ 4,597,435</u>
	5.78%	6.59%	6.76%	6.29%	6.18%	6.28%

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

Schedule 6

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Wholesale Beer	Gross Receipts	Franchise	Total
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
2009	15,510,166	131,485	22,112	8,389,829	1,239,216	939,795	929,622	27,162,225
2010	16,099,996	194,301	90,822	9,840,465	1,245,869	898,254	953,497	29,323,204
2011	16,783,152	275,607	77,898	10,173,414	1,303,212	962,609	843,753	30,419,645
2012	16,701,263	270,429	281,289	11,180,125	1,490,010	1,103,755	790,234	31,817,105
Change 2003-2012	39.5%	169.9%	753.1%	76.9%	49.6%	55.8%	70.4%	54.5%

Source: Official record of Office of City Clerk.

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

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

Fiscal Year	Residential Property	Commercial Industrial Property	Personal Property
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	347,243,375	425,427,920	139,911,613
2009	355,300,063	436,612,400	166,089,242
2010	407,472,125	506,762,040	166,851,361
2011	408,217,333	512,694,120	170,285,930
2012	410,701,412	504,059,160	156,135,468

Source: Bradley County Assessor of Property.

- (1) 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. In tax year 2009, the State conducted a comprehensive reappraisal which is reflected in the FY 2010 financial statements.
- (2) Property in Bradley County is reassessed once every four years on average. The county assesses property at approximately 40 percent of actual value for commercial and industrial property and 25 percent for residential property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value.

	Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$	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	934,734,388	1.65	2,972,811,888	31.4
	22,742,171	980,743,876	1.65	3,121,695,808	31.4
	24,313,598	1,105,399,124	1.4904	3,512,121,976	31.5
	23,460,241	1,114,657,624	1.4904	3,539,305,277	31.5
	22,703,062	1,093,599,102	1.4904	3,478,643,702	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>
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
2009	1.65	2.02	3.67
2010	1.4904	1.7920	3.2824
2011	1.4904	1.7920	3.2824
2012	1.4904	1.7920	3.2824

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	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Ocoee Health Corporation	\$ 37,334,853	1	3.44%	-	-	-
Masterfoods USA	34,405,512	2	3.17	\$ 26,007,079	1	3.69
Life Care Centers of America	23,607,787	3	2.17	8,229,809	5	1.17
Duracell Company	19,198,520	4	1.77	19,007,996	2	2.69
Schering-Plough	18,475,973	5	1.70	-	-	-
Peyton's Southeastern	10,722,496	6	0.99	5,185,903	10	0.74
Walmart	9,939,375	7	0.92	-	-	-
Southeastern Container	9,900,767	8	0.91	-	-	-
Johnston Coca-Cola	7,806,595	9	0.72	6,397,784	7	0.91
Bellsouth	7,621,183	10	0.70	12,044,376	4	1.71
Whirlpool	-	-	-	17,220,877	3	2.44
Bradley Square Mall	-	-	-	8,093,685	6	1.15
Honeywell International	-	-	-	5,942,422	8	0.84
Fairfield Development	-	-	-	5,838,370	9	0.83
Totals	<u>\$ 179,013,061</u>		<u>16.48%</u>	<u>\$ 113,968,301</u>		<u>16.17%</u>

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

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

Schedule 10

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2003	\$ 11,947,480	\$ 11,303,576	94.6 %	\$ 621,677	\$ 11,925,253	99.8 %
2004	12,464,657	11,671,276	93.6	777,738	12,449,014	99.9
2005	13,004,505	12,257,261	94.3	730,951	12,988,212	99.9
2006	14,777,295	13,963,167	94.5	804,296	14,767,463	99.9
2007	15,473,857	14,486,289	93.6	963,361	15,449,650	99.8
2008	15,514,444	14,406,638	92.9	1,075,102	15,481,740	99.8
2009	15,869,700	14,659,032	92.4	1,116,549	15,775,581	99.4
2010	16,491,558	14,982,438	90.8	1,329,953	16,312,391	98.9
2011	16,608,494	15,383,696	92.6	820,355	16,204,051	97.6
2012	16,294,716	15,299,096	93.9	0	15,299,096	93.9

Source: Official records of Office of City Clerk.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Apparel Stores	\$ 19,893,441	\$ 20,067,489	\$ 20,838,181	\$ 22,977,123
General Merchandise Stores	152,421,847	156,574,634	185,089,441	186,651,791
Food Stores	90,642,312	88,428,286	82,104,833	80,325,692
Eating and Drinking Places	83,947,833	89,273,487	98,404,213	102,259,368
Furniture Stores	24,534,439	26,189,600	27,948,716	28,225,563
Building Materials	56,812,640	61,524,532	71,604,267	81,440,562
MV Dealers and Service Stations	35,669,431	34,550,414	42,391,937	48,059,604
Other Retail	50,010,170	49,907,813	52,947,959	56,146,560
All Other Outlets	<u>105,070,368</u>	<u>106,722,004</u>	<u>114,746,617</u>	<u>121,559,017</u>
Total	\$ 619,002,481	\$ 633,238,259	\$ 696,076,164	\$ 727,645,280
City direct sales tax rate	2.25%	2.25%	2.25%	2.25%

Source: Tennessee Department of Revenue, Research Division.

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 24,118,354	\$ 24,557,551	\$ 23,889,508	\$ 23,196,641	\$ 22,968,582	\$ 23,696,309
194,129,215	198,812,878	217,069,065	211,669,093	212,408,304	218,850,296
80,846,489	81,744,415	85,451,136	83,313,624	81,734,875	89,648,300
107,408,150	110,229,805	114,031,347	113,360,467	115,354,893	125,492,706
29,458,464	25,419,561	29,137,587	20,378,691	18,206,730	24,584,741
92,086,623	86,587,221	77,945,342	64,311,183	64,449,914	72,925,808
49,518,509	54,702,390	57,305,039	58,349,439	63,719,429	69,025,064
56,400,083	54,205,683	53,159,542	54,525,312	56,470,758	59,093,623
<u>128,462,703</u>	<u>125,169,940</u>	<u>128,726,025</u>	<u>114,423,011</u>	<u>114,343,520</u>	<u>126,459,065</u>
<u>\$ 762,428,590</u>	<u>\$ 761,429,444</u>	<u>\$ 786,714,591</u>	<u>\$ 743,527,461</u>	<u>\$ 749,657,005</u>	<u>\$ 809,775,912</u>
2.25%	2.25%	2.25%	2.25%/2.75%	2.75%	2.75%

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

Schedule 12

<u>Fiscal Year</u>	<u>City of Cleveland and Bradley County Rate</u>
2003	2.25 %
2004	2.25
2005	2.25
2006	2.25
2007	2.25
2008	2.25
2009	2.25/2.75
2010	2.75
2011	2.75
2012	2.75

Source: Official records of Office of City Clerk.

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

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

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CITY OF CLEVELAND, TENNESSEE
 LOCAL SALES TAX REVENUE BY INDUSTRY
 FISCAL YEARS 2003 AND 2012

	Fiscal Year 2003			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	783	56.86 %	\$ 11,535,165	83.77 %
2 Services	336	24.40	1,019,418	7.40
3 Manufacturing	94	6.83	480,922	3.49
4 Wholesale Trade	81	5.88	511,817	3.72
5 Construction	20	1.45	23,660	0.17
6 Finance Insurance Real Estate	18	1.31	11,711	0.09
7 Transportation and Utilities	23	1.67	99,997	0.73
8 Agriculture	5	0.36	4,641	0.03
Other, Non Classified	17	1.23	82,608	0.60
Total	1,377	100.00 %	\$ 13,769,939	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. Thus, amounts presented above do not match to amounts reflected within the financial report.
3. Changes in local telecommunications sourcing rules in 2003 reduced the number of taxpayers reporting in the Transportation and Utilities sector.
4. Does not include Cleveland's share of county clerk or out-of-state taxpayer amounts.

Fiscal Year 2012			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
854	58.29 %	\$ 19,460,143	84.07 %
342	23.34	1,719,827	7.43
95	6.48	590,631	2.55
72	4.91	733,327	3.17
12	0.82	11,301	0.05
26	1.77	36,394	0.16
9	0.61	152,132	0.66
11	0.75	18,534	0.08
44	3.00	424,774	1.84
<u>1,465</u>	<u>100.00 %</u>	<u>\$ 23,147,063</u>	<u>100.00 %</u>

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

Fiscal Year	Governmental Activities			
	General Obligation Bonds	General Obligation Refunding Bonds	Notes	Capital Leases
2003	\$ 11,440,000	\$ 8,895,000	\$ 24,466,800	\$ 0
2004	11,290,000	8,070,000	24,715,000	0
2005	1,225,000	17,700,000	25,535,000	0
2006	1,025,000	16,760,000	43,795,000	0
2007	6,850,000	15,790,000	44,045,000	0
2008	6,370,000	14,785,000	44,664,872	0
2009	5,885,000	13,770,000	48,116,144	0
2010	5,735,000	37,070,000	27,494,716	0
2011	5,580,000	35,370,000	27,398,285	375,238
2012	5,420,000	33,675,000	29,428,344	692,527

Source: Official record of Office of City Clerk.

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

Business-type Activities

Revenue Bonds	Notes	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 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	2.47	3,268
28,270,000	32,030,000	128,071,144	2.62	3,181
57,165,000	606,994	128,071,710	2.32	3,102
62,700,000	792,000	132,215,523	2.40	3,168
58,875,000	877,265	128,968,136	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
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	2,972,811,888	39,333	2.2	1,673
2009	67,771,144	3,121,695,808	39,753	2.2	1,705
2010	70,299,716	3,512,121,976	40,261	2.0	1,746
2011	68,723,523	3,539,305,277	41,285	1.9	1,665
2012	69,215,871	3,478,643,702	41,723	2.0	1,659

Source: Official records of Office of City Clerk.

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

CITY OF CLEVELAND, TENNESSEE
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30, 2012

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	\$ 66,667,364	100.00%	\$ 66,667,364
Bradley County, Tennessee	<u>74,763,411</u>	55.22%	<u>41,284,356</u>
Total direct and overlapping debt	<u>\$ 141,430,775</u>		<u>\$ 107,951,720</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 72,834,260	\$ 75,126,959	\$ 78,684,956	\$ 89,559,361
Total net debt applicable to limit	<u>43,395,094</u>	<u>42,607,517</u>	<u>42,812,256</u>	<u>58,977,378</u>
Legal debt margin	<u>\$ 29,439,166</u>	<u>\$ 32,519,442</u>	<u>\$ 35,872,700</u>	<u>\$ 30,581,983</u>
Total net debt applicable to limit as a percentage of debt limit	59.58%	56.71%	54.41%	65.85%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 93,780,950	\$ 98,015,319	\$ 98,074,388	\$ 110,382,770	\$ 111,465,762	\$ 109,359,910
<u>63,538,380</u>	<u>63,127,166</u>	<u>64,921,560</u>	<u>67,053,472</u>	<u>65,804,739</u>	<u>66,667,364</u>
<u>\$ 30,242,570</u>	<u>\$ 34,888,153</u>	<u>\$ 33,152,828</u>	<u>\$ 43,329,298</u>	<u>\$ 45,661,023</u>	<u>\$ 42,692,546</u>
67.75%	64.41%	66.20%	60.75%	59.04%	60.96%

Legal Debt Margin Calculation for Fiscal Year 2012

Total assessed value		<u>\$ 1,093,599,102</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 109,359,910
Debt applicable to limit:		
Total bonded debt	\$ 128,968,136	
Less: Revenue bonds	59,752,265	
Amount available for repayment of general obligation bonds	<u>2,548,507</u>	
Total debt applicable to limit		<u>66,667,364</u>
Legal debt margin		<u>\$ 42,692,546</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	
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
2009	20,994,856	14,279,638	6,715,218	3,275,000	1,930,027	5,205,027	1.29
2010	20,359,154	14,338,730	6,020,424	3,535,000	1,939,915	5,474,915	1.10
2011	21,846,514	14,496,608	7,349,906	2,605,000	1,942,720	4,547,720	1.62
2012	23,545,153	14,742,103	8,803,050	2,928,418	1,888,023	4,816,441	1.83

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
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
2008	39,753	3,210,000	29,207	37
2009	40,261	3,367,000	29,704	37
2010	41,285	2,964,034	30,335	37
2011	41,723	3,170,403	31,687	38

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>
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
76	22	4,849	6.4
76	22	4,869	9.9
82	25	4,965	9.3
83	24	5,009	9.0

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

<u>Employer</u>	<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Labor Force Bradley County</u>
Whirlpool/Maytag	1,386	1	2.90 %
Bradley County Schools	1,200	2	2.51
City Government	1,182	3	2.47
SkyRidge Medical Center	1,147	4	2.40
Peyton's Southeastern	950	5	1.98
Lee University	815	6	1.70
Wal-Mart	640	7	1.34
Bradley County Government	620	8	1.30
Amazon	600	9	1.25
Merck (Schering Plough)	537	10	1.12
Mars Snackfood US	495	N/A	1.03
Duracell	350	N/A	0.73
Jackson Furniture Industries	-	N/A	-
Bradley Memorial Hospital	-	N/A	-
Total	<u>9,922</u>		<u>20.73 %</u>

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

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

2003		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,200	1	4.86 %
800	6	1.77
1,111	4	2.45
N/A	N/A	N/A
1,200	2	2.65
N/A	N/A	N/A
N/A	N/A	N/A
400	10	0.88
N/A	N/A	N/A
500	9	1.10
700	7	1.55
600	8	1.32
1,000	5	2.21
1,200	3	2.65
<u>9,711</u>		<u>21.44 %</u>

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

Schedule 21

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government										
City Council and legislative	1	1	1	1	1	1	1	1	1	1
Administration and finance	16	16	16	16	16	16	16	15	14	14
Community development	7	8	9	10	10	10	8	8	8	8
Police										
Officers	91	90	90	90	92	92	88	94	95	85
Civilians	11	11	12	12	12	12	11	12	12	11
Fire										
Firefighters and officers	79	79	82	88	91	97	94	94	94	89
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	18	19	23	26	26	26	25	26	26	20
Engineering	9	9	9	7	7	7	7	7	5	4
Landscaping maintenance	7	7	8	8	8	8	10	0	0	0
Solid waste management	13	13	13	13	13	13	14	14	14	13
Stormwater management fund	0	1	1	2	2	2	2	2	2	2
State street aid	13	12	11	11	11	11	11	11	11	10
Fleet management	9	9	8	8	8	8	8	8	8	8
Brush chipping	1	1	1	1	1	1	0	0	0	0
Parks and recreation										
Administration and maintenance	8	8	8	8	9	9	9	9	9	9
Landscaping maintenance	0	0	0	0	0	0	0	7	7	7
College Hill Center	3	3	3	3	3	3	3	3	3	3
Cleveland Community Center	4	4	4	4	4	4	4	4	4	4
Waterville Golf Course	7	7	6	6	6	6	6	6	6	6
Animal control										
Administration and operations	7	7	7	7	8	8	8	8	8	8
Weed and seed program	2	2	3	3	0	0	0	0	0	0
Community development block grant	0	0	1	2	2	2	2	2	2	2
Subtotal	307	308	317	327	331	337	328	332	330	305
Cleveland Utilities										
Electric division	107	105	109	108	114	115	91	89	88	84
Water/wastewater division	83	83	85	86	86	85	109	102	98	98
City schools										
Certificated staff	350	357	359	364	370	379	383	387	397	407
Non-certificated personnel	253	254	253	253	258	263	268	270	274	277
Library	11	11	10	10	10	10	10	10	11	11
Total	1,111	1,118	1,133	1,148	1,169	1,189	1,189	1,190	1,198	1,182

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government				
Building permits issued	392	438	495	460
Value of constructed permitted	\$58,922,242	\$110,607,005	\$56,689,803	\$75,980,803
Police				
Parking violations	1,353	1,245	1,425	1,625
Traffic violations	7,422	6,180	9,609	12,143
Fire				
Emergency responses (city only)	693	803	884	1,256
Fires extinguished (city only)	138	138	252	182
Fire inspections	850	450	450	846
Public works				
Street resurfacing (tonnage)	13,437	434	22,940	32,863
Utility cut permits (# Excavations)	392	310	346	319
Drainage pipe installed (linear ft.)	5,781	8,085	7,280	7,644
Tons of brush chipped	1,007	1,200	1,188	1,269
Parks and recreation				
Softball league participants	3,855	1,450	1,400	1,477
Basketball league participants	746	350	400	454
Football league participants	n/a	n/a	n/a	n/a
Soccer league participants	782	638	730	750
Rounds of golf played	21,500	11,500	11,900	12,120
Library				
Volumes in collection	117,829	124,572	128,491	131,099
Circulation	287,494	290,461	293,402	326,927
Attendants	186,388	215,543	223,546	239,067
City Schools				
Average Daily Membership				
High School	1,089	1,109	1,152	1,385
Middle School	1,090	1,050	1,069	1,187
Elementary Schools	2,080	2,123	2,162	1,906
Ungraded - Special Education	62	48	72	68
ACT composite scores	20.9	21.2	20.9	21.3
% of High School graduates	n/a	n/a	75.4	84.9
Electric				
Class of Service # of Customers				
Residential	23,530	23,813	24,031	24,315
Small lighting and power	3,216	3,319	3,382	3,407
Large lighting and power	576	587	593	649
Street and outdoor lighting	53	135	128	129
Kilowatt-hours purchased	1,116,501,227	1,130,449,913	1,115,957,513	1,150,136,397
Kilowatt-hours sold	1,080,749,736	1,092,827,383	1,076,529,177	1,118,005,640
Line losses and kilowatt-hours unaccounted for	35,751,491	37,622,530	39,428,336	32,130,757
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.20%	3.33%	3.53%	2.79%

2007	2008	2009	2010	2011	2012
437	393	247	286	217	360
\$83,346,627	\$107,879,191	\$39,596,442	\$41,805,750	\$43,490,568	\$63,587,030
1,716	1,082	1,349	1,659	1,669	1,130
11,472	8,437	6,244	7,617	8,771	5,603
1,313	1,456	1,932	2,497	2,969	2,939
140	178	135	150	245	136
2,522	2,973	2,755	2,713	3,162	2,454
12,334	6,362	0	3,773	8,669	9,967
422	329	321	290	293	228
4,953	7,119	5,995	3,166	5,054	3,901
1,978	1,080	4,353	5,507	8,523	6,446
1,350	1,500	1,814	1,820	1,155	1,440
350	184	212	220	200	216
n/a	n/a	90	258	150	74
850	875	920	950	950	950
14,700	12,400	10,000	9,600	3,500	4,000
135,000	144,202	149,970	149,867	152,407	156,934
348,159	356,498	356,050	361,590	389,603	421,792
245,146	251,246	254,440	261,118	269,262	307,291
1,203	1,274	1,246	1,224	1,254	1,297
1,053	1,035	1,207	1,117	1,124	1,147
2,248	2,241	2,315	2,380	2,514	2,567
61	82	81	81	81	81
21	21	22	20	21	20
83	82	89	88	81	82
24,541	24,672	24,539	24,720	25,003	25,170
3,426	3,627	3,616	3,652	3,669	3,706
620	647	619	624	647	609
119	113	115	110	108	188
1,146,736,443	1,136,162,043	1,095,830,882	1,112,981,850	1,118,790,042	1,090,315,133
1,107,755,437	1,102,780,890	1,060,994,420	1,078,380,377	1,095,719,182	1,051,139,979
38,981,006	33,381,153	34,836,462	34,601,473	23,070,860	39,175,154
3.40%	2.94%	3.18%	3.11%	2.06%	3.59%

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Water				
Class of Service # of Customers				
Residential	23,872	24,343	24,870	25,414
Commercial & Industrial	3,029	3,091	3,139	3,220
Gallons purchased	1,054,236,887	1,050,685,973	1,103,601,315	1,207,869,115
Gallons pumped	2,586,512,489	2,599,175,514	2,569,476,656	2,736,379,124
Gallons sold	2,860,158,000	2,799,868,500	2,779,692,000	2,895,225,000
Line losses and gallons unaccounted for	780,591,376	849,992,987	893,385,971	1,049,023,239
Percentage of losses and unaccounted for gallons to total provided	21.44%	23.29%	24.32%	26.60%
Average daily water consumption (gallons)	7,836,049	7,670,873	7,615,595	7,932,123
Wastewater				
Class of Service # of Customers				
Residential	13,438	13,688	13,903	14,255
Commercial & Industrial	2,345	2,398	2,420	2,487
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,837,476,000	3,514,220,000	3,778,740,000	2,927,060,000

Sources: Various city departments.

2007	2008	2009	2010	2011	2012
25,898	26,322	26,286	26,465	26,096	26,327
3,054	3,056	3,017	3,034	3,611	3,639
1,255,708,159	1,411,079,914	1,648,632,220	1,827,886,130	1,860,475,140	1,845,875,000
2,791,321,111	2,526,119,809	2,107,995,107	1,664,898,520	1,785,496,000	1,874,042,670
3,016,467,750	3,040,388,250	2,861,916,000	2,668,847,250	2,937,399,663	2,959,307,166
1,030,561,520	896,811,473	894,711,327	823,937,400	708,571,477	760,610,504
25.46%	22.78%	23.82%	23.59%	19.43%	20.45%
8,264,295	8,329,831	7,840,866	7,311,910	8,047,670	7,904,814
14,356	14,663	14,629	14,792	14,989	15,156
2,482	2,534	2,502	2,517	2,543	2,553
21,600	21,600	21,600	21,600	21,600	21,600
2,824,970,000	3,098,910,000	3,482,470,000	3,955,870,000	3,499,120,000	3,615,480,000

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

Schedule 23

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	6	0	0	0	0	0	0	0	0	0
Patrol units	110	117	110	110	103	88	85	85	95	112
Fire										
Stations	4	4	4	5	5	5	5	5	5	5
Fire Trucks (pumpers, ladders & tankers	10	10	10	15	15	16	16	16	14	14
Public works										
Street (miles)	270	291	302	321	323	323	323	323	346	357
Street lights	5,474	5,594	5,738	5,873	6,047	6,020	6,307	5,714	5,734	5,844
Traffic signals	487	503	517	540	542	566	582	595	599	604
Pedestrians signals	96	96	88	88	54	56	64	70	70	70
Knucklebooms	5	5	6	6	6	6	5	6	6	6
Parks and recreation										
Acreage	292	292	292	289	289	289	289	289	289	289
Playgrounds	9	9	9	8	8	8	8	8	8	8
Softball fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	15	15	15	15	15	16	16	16	16	16
Tennis courts	12	12	12	12	12	8	8	8	8	8
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary schools	7	7	7	6	6	6	6	6	6	6
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Library										
Bookmobiles	0	0	1	1	1	1	1	1	1	1
Electric										
Electric lines (miles)	496	500	500	513	518	522	525	528	528	534
Substations	14	14	14	15	15	15	15	15	15	15
Water										
Water mains (miles)	623	623	688	697	710	728	736	738	741	743
Fire hydrants	1,894	2,127	2,228	2,302	2,343	2,416	2,492	2,510	2,565	2,571
Storage capacity (thousands of gal)	14,300	14,300	14,300	14,300	14,300	15,300	15,300	15,300	15,300	15,300
Wastewater										
Sanitary sewers (miles)	252	269	322	326	329	334	347	355	355	356
Treatment capacity (thousands of gal)	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600

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

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

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OTHER

INSURANCE IN FORCE

ALL FUND TYPES EXCLUDING CLEVELAND UTILITIES

For the Fiscal Year Ended June 30, 2012

<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	9/1/2011 to 8/31/2012	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 45,250,002	\$ 66,550
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2011 to 6/30/2012	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 295,989
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2011 to 6/30/2012	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 328,596
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	TNRMT	7/1/2011 to 7/1/2012	Property Equipment Liability	Various	\$ 262,198
Worker's Compensation Tennessee Risk Management Trust	TNRMT	7/1/2011 to 7/1/2012	Job related injuries, employees	\$ 1,000,000	\$ 153,185

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2012

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	\$ 131,403,128
Hartford	Machinery and equipment breakdown	\$ 10,000,000
Affiliated FM	Flood and earthquake	\$ 10,000,000
Chubb	General liability (excess)	\$ 2,250,000 (1)
Distributors Insurance Co.	General liability (primary)	\$ 750,000 (1)
Chubb	Auto liability and physical damage	\$ 1,000,000
Zurich-American	Public official and employees	\$ 5,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 1,000,000
North River	Umbrella liability	\$ 15,000,000
Houston Casualty Co.	Professional liability	\$ 2,000,000
Lloyd's	Corporate Identity	\$ 1,000,000

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

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN PROPERTY TAXES RECEIVABLE
 For the Year Ended June 30, 2012

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2011</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2012</u>
2011	\$ 0	\$ 16,294,716	\$ 15,299,096	\$ 995,620
2010	1,224,798	0	820,355	404,443
2009	465,893	0	286,726	179,167
2008	187,131	0	93,012	94,119
2007	99,978	0	67,274	32,704
2006	25,431	0	1,224	24,207
2005	10,002	0	170	9,832
2004	16,402	0	109	16,293
2003	15,742	0	99	15,643
2002	22,462	0	235	22,227
2001	8,858	0	8,858	0
	<u>\$ 2,076,697</u>	<u>\$ 16,294,716</u>	<u>\$ 16,577,158</u>	<u>\$ 1,794,255</u>

Note - Property taxes receivable also include the 2012 levy reported as deferred revenue in the amount of \$16,364,000.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN GENERAL
 OBLIGATION BONDS PAYABLE
 For the Year Ended June 30, 2012

Table 4

	Interest Rates	Balance 07/01/11	General Obligation		Balance 06/30/12
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-5.00%	\$ 10,010,000	\$ 0	\$ 215,000	\$ 9,795,000
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	5,580,000	0	160,000	5,420,000
General Improvement Refunding Bonds					
Series 2009B					
Maturing 2012	3.00%	1,360,000	0	675,000	685,000
General Improvement Refunding Bonds					
Series 2009C					
Maturing 2031	2.00-4.50%	15,860,000	0	525,000	15,335,000
General Improvement Refunding Bonds					
Series 2009D					
Maturing 2022	2.00-4.00%	<u>8,140,000</u>	<u>0</u>	<u>280,000</u>	<u>7,860,000</u>
Total General Obligation Bonds		<u>\$ 40,950,000</u>	<u>\$ 0</u>	<u>\$ 1,855,000</u>	<u>\$ 39,095,000</u>

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN REVENUE BONDS PAYABLE
 For the Year Ended June 30, 2012

Table 5

	Balance 07/01/11	Revenue		Balance 06/30/12
		New Bonds Issued	Bonds Retired	
Water and sewer revenue and tax bonds, maturing through 2037				
Due September 2013 - 2.00% to 3.50%	\$ 1,455,000	\$ 0	\$ 500,000	\$ 955,000
Due September 2028 - 2.00% to 4.375%	11,770,000	0	990,000	10,780,000
Due June 2037 - 4.00% to 5.00%	8,310,000	0	165,000	8,145,000
Due June 2015 - 2.00% to 3.00%	2,515,000	0	755,000	1,760,000
Due June 2028 - 2.00% to 4.375%	18,455,000	0	535,000	17,920,000
Due June 2028 - 2.50% to 4.25%	11,445,000	0	475,000	10,970,000
Due June 2031 - 1.00% to 5.75%	8,750,000	0	405,000	8,345,000
Total Revenue Bonds	\$ 62,700,000	\$ 0	\$ 3,825,000	\$ 58,875,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2012

Table 6

	Maturity Date	Interest Rate	Balance 06/30/11	Additions	Retirements	Balance 06/30/12
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2031	Variable	\$ 660,000	8,068	\$ 27,848	\$ 640,220
Water Division:						
Note payable to the State of Tennessee revolving loan fund - ARRA	2031	Variable	132,000	1,614	5,569	128,045
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2008 TMBF	2028	Variable	1,653,000	0	64,000	1,589,000
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2032	Fixed for 5 years	0	1,710,200	0	1,710,200
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2027	Variable	0	905,135	0	905,135
Airport Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2027	Variable	0	109,000	0	109,000
Refunding Debt:						
Note payable to the Public Building Authority Blount County, TN Series E-9-A	2028	Variable	21,335,000	0	125,000	21,210,000
Capital Outlay Notes						
Local Government Energy Loan: Local Government Energy Efficiency Loan Program	2013	0.00%	214,287	0	71,429	142,858
School Construction Loan:						
Qualified School Construction Loan (QSCB) Series 2009	2027	1.1515%	3,922,054	0	259,578	3,662,476
School Energy Loan:						
Tennessee Energy Efficient School Initiative Program (EESI) Loan	2016	3.00%	273,944	0	65,269	208,675
Totals			<u>\$ 28,190,285</u>	<u>\$ 2,734,017</u>	<u>\$ 618,693</u>	<u>\$ 30,305,609</u>

CITY OF CLEVELAND, TENNESSEE
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2012

Table 7

<u>Tax Year</u>	<u>Original Amount Filed</u>	<u>Unpaid Balance</u>	<u>Percentage Collected</u>
2002	\$ 212,633	\$ 22,227	89.5 %
2003	207,721	15,643	92.5
2004	232,661	16,293	93.0
2005	203,051	9,832	95.2
2006	305,663	24,207	92.1
2007	452,759	32,704	92.8
2008	501,311	94,119	81.2
2009	614,201	179,167	70.8
2010	501,912	404,443	19.4

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2012

Fiscal Year	2005 Series		2007 Series		2009B Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 215,000	\$ 412,688	\$ 170,000	\$ 233,512	\$ 685,000	\$ 10,275
2014	570,000	404,087	175,000	226,713		
2015	590,000	381,288	250,000	219,712		
2016	610,000	351,787	265,000	209,713		
2017	800,000	328,913	275,000	199,112		
2018	870,000	298,912	285,000	188,113		
2019	925,000	261,938	295,000	176,712		
2020	960,000	222,625	305,000	164,913		
2021	1,000,000	184,225	320,000	152,712		
2022	1,050,000	139,225	335,000	139,513		
2023	1,075,000	95,125	350,000	125,694		
2024	1,130,000	49,438	360,000	111,256		
2025			380,000	96,406		
2026			390,000	77,406		
2027			410,000	57,906		
2028			70,000	37,406		
2029			75,000	34,344		
2030			75,000	31,063		
2031			80,000	27,781		
2032			85,000	24,281		
2033			85,000	20,563		
2034			90,000	16,844		
2035			95,000	12,906		
2036			100,000	8,750		
2037			100,000	4,375		
Total	\$ 9,795,000	\$ 3,130,251	\$ 5,420,000	\$ 2,597,706	\$ 685,000	\$ 10,275

Table 8

2009C Series		2009D Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 550,000	\$ 615,906	\$ 330,000	\$ 261,075	\$ 1,950,000	\$ 1,533,456
550,000	602,156	365,000	253,650	1,660,000	1,486,606
250,000	588,406	695,000	244,525	1,785,000	1,433,931
250,000	582,156	740,000	227,150	1,865,000	1,370,806
30,000	574,656	870,000	206,800	1,975,000	1,309,481
30,000	573,756	890,000	180,700	2,075,000	1,241,481
25,000	572,781	910,000	151,775	2,155,000	1,163,206
25,000	571,906	990,000	119,925	2,280,000	1,079,369
25,000	570,969	1,040,000	82,800	2,385,000	990,706
25,000	569,969	1,030,000	41,200	2,440,000	889,907
1,100,000	568,969			2,525,000	789,788
1,050,000	524,969			2,540,000	685,663
300,000	482,969			680,000	579,375
3,400,000	470,969			3,790,000	548,375
3,125,000	334,969			3,535,000	392,875
350,000	206,063			420,000	243,469
100,000	190,750			175,000	225,094
100,000	186,500			175,000	217,563
4,050,000	182,250			4,130,000	210,031
				85,000	24,281
				85,000	20,563
				90,000	16,844
				95,000	12,906
				100,000	8,750
				100,000	4,375
<u>\$ 15,335,000</u>	<u>\$ 8,971,069</u>	<u>\$ 7,860,000</u>	<u>\$ 1,769,600</u>	<u>\$ 39,095,000</u>	<u>\$ 16,478,901</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES & AIRPORT
 June 30, 2012

Fiscal Year	Note Payable - Public Building Authority of Clarksville TN 2008 TMBF Series		Note Payable - Public Building Authority of Blount County TN E-9-A Series		Note Payable - Energy Efficient Schools Initiative Loan EESI Loan Series		Note Payable - Public Building Authority of Clarksville, TN 2012 Series	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2013	\$ 67,000	\$ 79,450	\$ 130,000	\$ 1,060,500	\$ 56,771	\$ 5,568	\$ 50,000
2014	70,000	76,100	515,000	1,054,000	63,816	3,684	52,000	23,900
2015	74,000	72,600	535,000	1,028,250	65,760	1,740	54,000	22,600
2016	78,000	68,900	580,000	1,001,500	22,328	150	57,000	21,250
2017	82,000	65,000	580,000	972,500			59,000	19,825
2018	86,000	60,900	580,000	943,500			61,000	18,350
2019	90,000	56,600	595,000	914,500			64,000	16,825
2020	94,000	52,100	625,000	884,750			66,000	15,225
2021	99,000	47,400	660,000	853,500			69,000	13,575
2022	104,000	42,450	685,000	820,500			72,000	11,850
2023	109,000	37,250	730,000	786,250			74,000	10,050
2024	115,000	31,800	870,000	749,750			77,000	8,200
2025	121,000	26,050	2,875,000	706,250			80,000	6,275
2026	127,000	20,000		562,500			84,000	4,275
2027	133,000	13,650	450,000	562,500			87,000	2,175
2028	140,000	7,000	3,400,000	540,000				
2029			3,600,000	370,000				
2030			3,800,000	190,000				
2031								
2032								
	<u>\$ 1,589,000</u>	<u>\$ 757,250</u>	<u>\$ 21,210,000</u>	<u>\$ 14,000,750</u>	<u>\$ 208,675</u>	<u>\$ 11,142</u>	<u>\$ 1,006,000</u>	<u>\$ 219,525</u>

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

Table 9

Note Payable - Public Building Authority of Clarksville, TN 2012 Series		2009 QSCB Series		Local Government Energy Loan (2)	Total	
Principal	Interest	Principal	Interest	Principal	Principal	Interest (1)
\$ 67,200	\$ 37,803	\$ 237,946	\$ 69,611	\$ 71,429	\$ 680,346	\$ 1,278,082
70,000	38,118	259,577	67,184	71,429	1,101,822	1,262,986
71,000	36,494	259,577	67,184		1,059,337	1,228,868
73,000	34,846	259,578	67,184		1,069,906	1,193,830
75,000	33,153	259,577	67,184		1,055,577	1,157,662
77,000	31,413	259,577	67,184		1,063,577	1,121,347
78,000	29,626	259,577	67,184		1,086,577	1,084,735
80,000	27,817	259,578	67,184		1,124,578	1,047,076
82,000	25,961	259,577	67,184		1,169,577	1,007,620
84,000	24,058	259,577	67,184		1,204,577	966,042
86,000	22,110	259,577	67,184		1,258,577	922,844
88,000	20,114	259,578	67,184		1,409,578	877,048
90,000	18,073	259,578	67,184		3,425,578	823,832
92,000	15,985	285,130	67,184		588,130	669,944
94,000	13,850	24,472	6,292		788,472	598,467
96,000	11,670				3,636,000	558,670
98,000	9,442				3,698,000	379,442
101,000	7,169				3,901,000	197,169
103,000	4,825				103,000	4,825
105,000	2,436				105,000	2,436
<u>\$ 1,710,200</u>	<u>\$ 444,963</u>	<u>\$ 3,662,476</u>	<u>\$ 949,295</u>	<u>\$ 142,858</u>	<u>\$ 29,529,209</u>	<u>\$ 16,382,925</u>

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2012

Water and Sewer Revenue and Tax Bonds

Fiscal Year	2003 Series		2004 Series		2007 Series		2009B Series	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 495,000	\$ 24,762	\$ 975,000	\$ 422,359	\$ 165,000	\$ 352,813	\$ 780,000	\$ 41,100
2014	460,000	8,050	970,000	385,896	170,000	346,212	490,000	22,050
2015			965,000	347,196	180,000	339,412	490,000	7,350
2016			955,000	308,796	190,000	332,212		
2017			945,000	270,796	200,000	324,613		
2018			710,000	233,697	210,000	316,612		
2019			905,000	199,496	225,000	308,213		
2020			540,000	174,596	330,000	299,212		
2021			440,000	156,676	345,000	286,013		
2022			435,000	138,141	360,000	271,781		
2023			435,000	119,110	375,000	256,931		
2024			430,000	100,187	390,000	241,463		
2025			425,000	81,484	405,000	225,375		
2026			420,000	63,000	305,000	205,125		
2027			415,000	44,735	315,000	189,875		
2028			410,000	26,687	330,000	174,125		
2029			405,000	8,860	345,000	159,688		
2030					355,000	144,594		
2031					370,000	129,062		
2032					390,000	112,875		
2033					405,000	95,812		
2034					420,000	78,094		
2035					435,000	59,719		
2036					455,000	40,687		
2037					475,000	20,781		
Total	\$ 955,000	\$ 32,812	\$ 10,780,000	\$ 3,081,712	\$ 8,145,000	\$ 5,311,299	\$ 1,760,000	\$ 70,500

Table 10

2009C Series		2009D Series		2010 Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 475,000	\$ 392,469	\$ 525,000	\$ 617,738	\$ 405,000	\$ 223,753	\$ 3,820,000	\$ 2,074,994
860,000	380,594	540,000	605,924	410,000	220,462	3,900,000	1,969,188
895,000	359,094	1,000,000	592,425	415,000	215,798	3,945,000	1,861,275
600,000	336,719	1,805,000	567,424	415,000	209,190	3,965,000	1,754,341
410,000	318,719	2,100,000	517,788	420,000	201,771	4,075,000	1,633,687
435,000	306,419	2,040,000	454,787	425,000	192,898	3,820,000	1,504,413
475,000	292,281	1,545,000	388,488	425,000	183,230	3,575,000	1,371,708
625,000	275,656	1,680,000	334,412	430,000	172,732	3,605,000	1,256,608
500,000	252,219	1,895,000	271,413	435,000	161,552	3,615,000	1,127,873
575,000	232,218	1,800,000	195,612	435,000	150,102	3,605,000	987,854
675,000	209,219	1,385,000	123,613	440,000	138,084	3,310,000	846,957
600,000	182,218	1,010,000	68,213	445,000	125,358	2,875,000	717,439
970,000	158,219	420,000	25,288	450,000	111,908	2,670,000	602,274
1,040,000	119,418	75,000	7,438	455,000	97,721	2,295,000	492,702
985,000	77,819	50,000	4,250	460,000	82,934	2,225,000	399,613
850,000	37,188	50,000	2,125	465,000	67,535	2,105,000	307,660
				465,000	51,516	1,215,000	220,064
				475,000	35,043	830,000	179,637
				475,000	17,753	845,000	146,815
						390,000	112,875
						405,000	95,812
						420,000	78,094
						435,000	59,719
						455,000	40,687
						475,000	20,781
<u>\$10,970,000</u>	<u>\$ 3,930,469</u>	<u>\$ 17,920,000</u>	<u>\$ 4,776,938</u>	<u>\$ 8,345,000</u>	<u>\$ 2,659,340</u>	<u>\$ 58,875,000</u>	<u>\$ 19,863,070</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2012

Fiscal Year	State of Tennessee	
	Revolving Loan Fund	
	Principal	Interest
2013	\$ 34,129	\$ 15,882
2014	34,856	15,155
2015	35,599	14,412
2016	36,358	13,654
2017	37,133	12,878
2018	37,924	12,088
2019	38,731	11,280
2020	39,557	10,454
2021	40,399	9,612
2022	41,261	8,750
2023	42,139	7,872
2024	43,037	6,974
2025	43,954	6,058
2026	44,891	5,120
2027	45,847	4,164
2028	46,824	3,187
2029	47,821	2,190
2030	48,840	1,171
2031	28,965	204
	\$ 768,265	\$ 161,105

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND MUNICIPAL AIRPORT
 June 30, 2012

Fiscal Year	2012 Series Public Building Authority Clarksville, TN	
	Principal (2)	Interest (1)
2013	\$ 75,000	\$ 75,450
2014	78,000	71,700
2015	82,000	67,800
2016	85,000	63,700
2017	88,000	59,450
2018	92,000	55,050
2019	95,000	50,450
2020	99,000	45,700
2021	103,000	40,750
2022	107,000	35,600
2023	112,000	30,250
2024	116,000	24,650
2025	121,000	18,850
2026	125,000	12,800
2027	131,000	6,550
	<u>\$ 1,509,000</u>	<u>\$ 658,750</u>

(1) Variable rates of 5% have been assumed on loans through Clarksville, TN.

(2) As of June 30, 2012 only \$109,000 of loan proceeds have been drawn down.

CITY OF CLEVELAND, TENNESSEE
 INVESTMENTS
 June 30, 2012

Table 13

Description		Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	0.70%	\$ 57,593	\$ 57,593
First Tennessee Bank	0.80%	50,000	50,000
First Tennessee Bank	0.90%	40,548	40,548
First Tennessee Bank	0.70%	37,965	37,965
First Tennessee Bank	0.90%	33,680	33,680
First Tennessee Bank	0.15%	30,328	30,328
First Tennessee Bank	0.60%	25,000	25,000
First Tennessee Bank	0.70%	20,000	20,000
First Tennessee Bank	0.70%	5,991	5,991
First Tennessee Bank	0.15%	13,699	13,699
First Tennessee Bank	0.15%	30,002	30,002
First Tennessee Bank	0.15%	15,001	15,001
First Tennessee Bank	0.70%	5,114	5,114
FSG Bank	1.20%	455,000	455,000
Total Certificates of Deposit		\$ 819,921	\$ 819,921
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 301	\$ 301
State of Tennessee		43,669	43,669
State of Tennessee		999,656	999,656
Total Local Government Investment Pool		\$ 1,043,626	\$ 1,043,626
Total Investments		\$ 1,863,547	\$ 1,863,547

TRANSFERS

For the Fiscal Year Ended June 30, 2012

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program	General Fund	\$ 1,149,000
Capital Improvement Program	Meiler Estate Animal Shelter Trust Fund	5,700
Cleveland Municipal Airport Authority Fund	General Fund	34,000
Community Development Block Grant Fund	General Fund	10,000
Debt Service Fund	General Fund	3,674,900
Debt Service Fund	School Fund	486,800
Debt Service Fund	State Street Aid Fund	372,300
Debt Service Fund	Storm Water Management Fund	18,300
General Fund	Cleveland Utilities - Electric Division	1,725,056
General Fund	Cleveland Utilities - Water Division	202,462
Library Fund	General Fund	567,943
Metropolitan Transportation Planning Organization	General Fund	32,300
School Fund	General Fund	5,120,000
School Fund	School Federal Projects Fund	3,117
Solid Waste Management Fund	General Fund	1,226,000
Storm Water Management Fund	General Fund	199,000
	Total	<u>\$ 14,826,878</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF UNACCOUNTED FOR WATER
 For the Year Ended June 30, 2012

Table 15

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	1,845,875,000	
C	Water Purchased	<u>1,874,042,670</u>	
D	Total Water Treated and Purchased (Sum of Lines B and C)		3,719,917,670
E	Accounted for Water:		
F	Water Sold	2,885,257,224	
G	Metered for Consumption (in house usage)	93,536,750	
H	Fire Department(s) Usage	1,486,622	
I	Flushing	869,920	
J	Tank Cleaning/Filling	0	
K	Street Cleaning	106,900	
L	Bulk Sales	0	
M	Water Bill Adjustments/ plus or (minus)	<u>(21,950,250)</u>	
N	Total Accounted for Water (Sum of Lines F thru M)		2,959,307,166
O	Unaccounted for Water (Line D minus Line N)		760,610,504
P	Percent Unaccounted for Water (Line O divided by Line D times 100)		20.447%
Q	Other (explain)	See Below	

Explain Other:

0

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for a line item or if the line item is not applicable, a "0" is shown.

CITY OF CLEVELAND, TENNESSEE
 SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 For the Year Ended June 30, 2012

Table 16

<u>Name</u>	<u>Office</u>	<u>Salary</u>	<u>Amount of Bond</u>
Tom Rowland	Mayor	\$ 12,000	\$ 600,000
Avery Johnson, Sr.	Vice Mayor	7,200	600,000
Richard Banks	Councilman	7,200	0
William Estes	Councilman	7,200	0
Dale Hughes	Councilman	7,200	0
David May, Jr.	Councilman	7,200	0
Charles McKenzie	Councilman	7,200	0
George Poe, Jr.	Councilman	7,200	0
Janice S. Casteel	City Manager	137,466	600,000
Melinda Carroll	Assistant City Manager	78,625	150,000
Michael L. Keith, CPA	City Clerk	75,161	1,150,000

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SINGLE AUDIT SECTION

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2012

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
American Recovery Grants:			
Education Technology State Grants - ARRA	Dept. of Education	84.386	N/A
Title I Grants to Local Educational Agencies - ARRA	Dept. of Education	84.389 *	N/A
Special Education - Grants to States - ARRA	Dept. of Education	84.391 *	N/A
SFSF - Race to the Top - ARRA	Dept. of Education	84.395	N/A
SFSF - Government Services Health - ARRA	Dept. of Education	84.397	N/A
SFSF - Government Services Ext Cont. - ARRA	Dept. of Education	84.397	N/A
SFSF - Government Services Safe Schools - ARRA	Dept. of Education	84.397	N/A
COPS Hiring Recovery Program - ARRA	Dept. of Justice	16.710	N/A
Edward Byrne Memorial Justice Grant - ARRA	Dept. of Justice	16.804	N/A
Resurfacing Freewill Road - ARRA	Dept. of Transportation	20.205 *	N/A
Resurfacing Raider Drive - ARRA	Dept. of Transportation	20.205 *	N/A
Pedestrian Facilities - ARRA	Dept. of Transportation	20.205 *	N/A
Restroom Facilities Construction - ARRA	Dept. of Transportation	20.205 *	N/A
Train Depot Restoration - ARRA	Dept. of Transportation	20.205 *	N/A
Grants for Clean Water State Revolving Loan Fund - Loan - ARRA	Environmental Protection Agency	66.458	N/A
Grants for Clean Water State Revolving Loan Fund - Principal Forgiveness - ARRA	Environmental Protection Agency	66.458	N/A
Energy Efficiency & Cons. Block Grant - ARRA	Dept. of Energy	81.128	N/A
Bringing Broadband Tech to Tennessee - ARRA	TN State Archives	11.557	N/A
Schools:			
Enforcing Underage Drinking Laws (EUDL)	Dept. of Justice	16.727	N/A
Safe Routes to Schools	Dept. of Transportation	20.200	N/A
Title I Grant to Local Educational Agencies	Dept. of Education	84.010 *	N/A
Special Education - Grants to States	Dept. of Education	84.027 *	N/A
Special Education - Grants to States	Dept. of Education	84.027 *	N/A
Vocational Improvement	Dept. of Education	84.048	N/A
Special Education - Preschool Grants	Dept. of Education	84.173 *	N/A
Readiness and Emergency Management for Schools	Dept. of Education	84.184	N/A
Smaller Learning Communities Program	Dept. of Education	84.215	N/A
Education Technology State Grants	Dept. of Education	84.318	N/A
English Language Acquisition Enhancement Title III	Dept. of Education	84.365	N/A
Teacher and Principal Training & Recruiting Title II-A	Dept. of Education	84.367	N/A
Education Jobs Program	Dept. of Education	84.410	N/A
School Lunch Program	Dept. of Agriculture	10.555 *	N/A
School Breakfast Program	Dept. of Agriculture	10.553 *	N/A
USDA Fresh Fruits and Vegetables	Dept. of Agriculture	10.582	N/A
Police Department:			
Protective vests	Dept. of Justice	16.607	N/A
Project Safe Neighborhood	Dept. of Justice	16.744	N/A
Edward Byrne Memorial Justice Assistance - 2009	Dept. of Justice	16.738	N/A
Edward Byrne Memorial Justice Assistance - 2010	Dept. of Justice	16.738	N/A
Edward Byrne Memorial Justice Assistance - 2011	Dept. of Justice	16.738	N/A
Targeted Crime Reduction Grant	Dept. of Justice	16.738	N/A
Homeland Security Grant	Dept. of Military	97.067	N/A
Homeland Security Grant	Dept. of Homeland Sec	97.067	N/A
Fire Department:			
Assistance to Firefighters	FEMA	97.044	N/A
Engineering:			
Detention Ponds	EPA	66.202	N/A

(Continued)

Balance July 1, 2011	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2012
\$ 0	\$ 1,591	\$ 0	\$ 1,591	\$ 0	\$ 0	\$ 0
(13,788)	167,792	0	154,004	0	0	0
(15,641)	52,402	0	36,761	0	0	0
(61,404)	275,052	0	249,315	0	0	(35,667)
(48,035)	48,035	0	0	0	0	0
(99,900)	99,900	0	0	0	0	0
(15,846)	15,846	0	0	0	0	0
(10,915)	186,550	0	205,163	0	0	(29,528)
57,913	0	0	57,913	0	0	0
(40,167)	40,167	0	0	0	0	0
(28,568)	28,568	0	0	0	0	0
0	82	0	82	0	0	0
0	753	0	753	0	0	0
(5,620)	321,906	0	445,532	0	0	(129,246)
0	1,614	0	1,614	0	0	0
0	6,455	0	6,455	0	0	0
9,465	90,870	0	100,335	0	0	0
70	0	0	70	0	0	0
(7,586)	21,143	0	23,011	0	0	(9,454)
(307,751)	307,751	0	0	0	0	0
(74,070)	1,682,458	112	1,613,219	0	112	(4,831)
516	1,215,951	0	1,203,492	0	0	12,975
0	40,598	0	40,598	0	0	0
(3,785)	105,563	0	101,778	0	0	0
(2,892)	65,298	0	62,406	0	0	0
0	4,756	0	4,756	0	0	0
(82,543)	236,195	0	209,479	0	0	(55,827)
0	1,128	0	1,128	0	0	0
2	32,658	0	32,660	0	0	0
(19,799)	382,577	0	364,781	0	0	(2,003)
0	14,774	0	14,774	0	0	0
0	1,227,071	0	1,354,211	0	0	(127,140)
0	446,470	0	496,658	0	0	(50,188)
(14,686)	45,520	0	34,519	0	0	(3,685)
0	7,522	0	21,484	0	0	(13,962)
(2,413)	2,413	0	0	0	0	0
19,185	0	0	19,185	0	0	0
243	0	0	243	0	0	0
0	35,657	0	31,928	0	0	3,729
(56,750)	253,441	0	245,626	0	0	(48,935)
(51,305)	51,305	0	0	0	0	0
0	0	0	28,925	0	0	(28,925)
0	64,236	0	64,236	0	0	0
(525,600)	0	0	0	0	0	(525,600)

CITY OF CLEVELAND, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2012

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
Transportation:			
Transportation Planning	Dept of Transportation	20.205 *	Z-07036293
Cleveland Mouse Creek Greenway - Phase IV	Dept of Transportation	20.205 *	N/A
Cleveland Island Landscaping Phase I	Dept of Transportation	20.205 *	N/A
Airport Construction Phase I	Dept of Transportation	20.106 *	DG-1029290
Airport Construction Phase II	Dept of Transportation	20.106 *	DG-1133041
Airport Engineering Phase III	Dept of Transportation	20.106 *	N/A
Airport Construction Phase III	Dept of Transportation	20.106 *	N/A
Airport Land Options	Dept of Transportation	20.106 *	N/A
Utilities/Public Works:			
Federal Disaster Relief - Utilities	FEMA	97.036	N/A
Federal Disaster Relief - Public Works	FEMA	97.036	N/A
Library:			
2012 LSTA Technology Grant	Library & Archives	45.310	N/A
State and National Archival Partnership	TN State Lib & Arch	89.003	N/A
Planning and Inspection:			
Community Development Block Grant	Dept of HUD	14.218	N/A
Emergency Shelter	Dept of HUD	14.231	ESG-09-24
THDA Home Grant	Dept of HUD	14.239	HM-09-12
Neighborhood Stabilization Program	Dept of HUD	14.228	N/A
Comprehensive Economic Development Plan	Dept. of Commerce	11.306	N/A
Total Federal Grants			
State Grants:			
Schools:			
High Schools That Work	Dept. of Education	N/A	N/A
Safe Schools Act	Dept. of Education	N/A	N/A
Coordinated School Health	Dept. of Education	N/A	N/A
Lottery for Education - Afterschool Programs	Dept. of Education	N/A	N/A
Student Ticket Subsidy	TN Arts Commission	N/A	N/A
Police:			
Highway safety grant	Dept of Transportation	N/A	N/A
Utilities/Public Works			
Disaster Relief - Utilities	TEMA	N/A	N/A
Disaster Relief - Public Works	TEMA	N/A	N/A
Library:			
Archives Development	Library and Archives	N/A	N/A
Engineering:			
Airport Maintenance	Dept of Transportation	N/A	DG-11-31518-00
Airport Maintenance	Dept of Transportation	N/A	AERO-12167
Airport Site Improvement	Dept of Transportation	N/A	AERO-12215
Airport Lighting Grant	Dept of Transportation	N/A	AERO-12216
Airport Terminal Building	Dept of Transportation	N/A	AERO-12173
Airport State Business Plan	Dept of Transportation	N/A	AERO-12167
Airport Hangar Grant	Dept of Transportation	N/A	AERO-12214
National Emergency Grant	TN Career Center	N/A	N/A
Local Interstate Connector, Stone Lake Rd	Dept of Transportation	N/A	113131
Parks and Recreation:			
Tinsley park playground	Environment & Conserv.	N/A	GG1135120
Tree planting	Environment & Conserv.	N/A	N/A
Total State Grants			
Total Federal and State Financial Assistance Activity			

*Denotes major programs

(Continued)

Balance July 1, 2011	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2012
\$ (92,935)	\$ 146,226	\$ 0	\$ 74,265	\$ 0	\$ 0	\$ (20,974)
0	211,398	0	486,255	0	0	(274,857)
(64,279)	76,830	0	12,551	0	0	0
0	318,049	0	318,049	0	0	0
(1,367,781)	2,333,627	0	965,846	0	0	0
0	548,832	0	548,832	0	0	0
0	0	0	1,509,073	0	0	(1,509,073)
0	24,580	0	24,580	0	0	0
(1,564,788)	1,255,109	0	92,159	0	0	(401,838)
(553,499)	557,906	0	18,895	0	0	(14,488)
0	2,670	0	2,670	0	0	0
0	2,160	0	2,160	0	0	0
(3,646)	239,964	0	238,534	0	0	(2,216)
(10,293)	79,780	0	78,903	0	0	(9,416)
(40,768)	240,217	0	199,449	0	0	0
(18,626)	197,080	0	178,454	0	0	0
0	0	0	71,575	0	0	(71,575)
<u>\$ (5,118,285)</u>	<u>\$ 13,816,496</u>	<u>\$ 112</u>	<u>\$ 12,050,935</u>	<u>\$ 0</u>	<u>\$ 112</u>	<u>\$ (3,352,724)</u>
\$ (4,903)	\$ 8,903	\$ 0	\$ 4,000	\$ 0	\$ 0	\$ 0
0	13,817	0	22,600	0	0	(8,783)
0	70,751	0	122,433	0	0	(51,682)
0	140,919	0	162,000	0	0	(21,081)
0	1,596	0	1,596	0	0	0
0	965	0	965	0	0	0
0	0	0	280,694	0	0	(280,694)
0	68,296	0	74,505	0	0	(6,209)
0	783	0	783	0	0	0
(4,368)	4,368	0	0	0	0	0
0	2,005	0	9,389	0	0	(7,384)
0	8,203	0	14,401	0	0	(6,198)
0	43,200	0	52,200	0	0	(9,000)
0	0	0	60,678	0	0	(60,678)
0	73,050	0	73,050	0	0	0
0	0	0	51,000	0	0	(51,000)
0	6,719	0	6,719	0	0	0
(148,750)	0	0	733,963	0	0	(882,713)
0	0	0	110,000	0	0	(110,000)
0	3,087	0	3,087	0	0	0
<u>\$ (158,021)</u>	<u>\$ 446,662</u>	<u>\$ 0</u>	<u>\$ 1,784,063</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,495,422)</u>
<u>\$ (5,276,306)</u>	<u>\$ 14,263,158</u>	<u>\$ 112</u>	<u>\$ 13,834,998</u>	<u>\$ 0</u>	<u>\$ 112</u>	<u>\$ (4,848,146)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE

For the Year Ended June 30, 2012

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2011</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2012</u>
10.569	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 123,871</u>	<u>\$ 123,871</u>	<u>\$ 0</u>

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

RONALD E. ARNETT, CPA/PFS, CVA
WILLIAM B. KIRKSEY, CPA
BUDDY E. KIMSEY, CPA/PFS
VICKI PIERCE SULLIVAN, CPA
MARK A. LAY, CPA
SCOTT D. HALL, CPA

WEDGEWOOD OFFICE PARK
4395 N. OCOEE STREET
CLEVELAND, TENNESSEE 37312

TELEPHONE: (423) 476-5581
FACSIMILE: (423) 472-9893
EMAIL: cpa@akkslh.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
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, 2012, which collectively comprise the City of Cleveland, Tennessee's basic financial statements and have issued our report thereon dated December 14, 2012. 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

Management of the City of Cleveland, Tennessee, is responsible for establishing and maintaining effective 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting: 2012-1 and 2012-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cleveland, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

December 14, 2012

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

RONALD E. ARNETT, CPA/PFS, CVA
WILLIAM B. KIRKSEY, CPA
BUDDY E. KIMSEY, CPA/PFS
VICKI PIERCE SULLIVAN, CPA
MARK A. LAY, CPA
SCOTT D. HALL, CPA

WEDGEWOOD OFFICE PARK
4395 N. OCOEE STREET
CLEVELAND, TENNESSEE 37312

TELEPHONE: (423) 476-5581
FACSIMILE: (423) 472-9893
EMAIL: cpa@akkslh.com

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 City of Cleveland, Tennessee's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Cleveland, Tennessee's major federal programs for the year ended June 30, 2012. The City of Cleveland, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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 the responses.

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

December 14, 2012

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Cleveland, Tennessee.
2. The audit of the financial statements of the City of Cleveland, Tennessee, disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that were required to be reported under Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs included:

	CFDA#
(Cluster)	
Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
 (Cluster)	
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Special Education - Grants to States -Recovery Act	84.391
 (Cluster)	
School Breakfast Program	10.553
School Lunch Program	10.555
Airport Improvement Program	20.106
Transportation Projects	20.205

- 7 The threshold for distinguishing Types A and B programs was \$365,244.
- 8 The City of Cleveland, Tennessee, was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2012-1 Invoices

Condition: Invoices related to airport construction are being received in the public works office instead of accounts payable.

Criteria: All invoices should be received in accounts payable.

Effect: Invoices are not being received in the required centralized location.

Recommendation: Efforts should be made to have invoices directed to the accounts payable office by all vendors.

Response: Management agrees with the finding and will direct all departments to have invoices sent to accounts payable.

2012-2 Procurement Cards

Condition: Aggregate purchases over \$499 were made using procurement cards in four instances during the fiscal year.

Criteria: The City has a limit for individual purchases with procurement cards of \$499.

Effect: Purchases were made in violation of City policy.

Recommendation: The current policy regarding purchases with procurement cards should be reiterated to all employees.

Response: Management agrees with the finding and will encourage the proper use of procurement cards.

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

U.S. Department of Education:

Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Special Education - Grants to States -Recovery Act	84.391

NONE

U.S. Department of Agriculture:

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

U.S. Department of Transportation:

Airport Improvement Program	20.106
Transportation Projects	20.205

NONE

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012

A. FINANCIAL STATEMENT AUDIT

Compliance Finding 2011-1 as restated below was corrected during the current year.

2011-1 Purchase orders

Condition: Purchase orders are not being obtained in all required instances.

Criteria: Purchase orders are required to be used for all purchases of \$25 or more.

Effect: Purchases are not properly approved and documented prior to the purchase being made.

Recommendation: Purchase orders should be properly completed in advance of making the purchase and maintained on file.

Response: Management agrees with the finding and will encourage the proper use of purchase orders.

Compliance Finding 2011-2 as restated below was repeated during the current year as compliance finding 2012-2.

2011-2 Procurement Cards

Condition: Aggregate purchases over \$499 were made using procurement cards in four instances during the fiscal year.

Criteria: The City has a limit for individual purchases with procurement cards of \$499.

Effect: Purchases were made in violation of City policy.

Recommendation: The current policy regarding purchases with procurement cards should be reiterated to all employees.

Response: Management agrees with the finding and will encourage the proper use of procurement cards.

B. MAJOR FEDERAL AWARD PROGRAMS AUDIT

None from prior year

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City of Cleveland

CLEVELAND, TENNESSEE

William Watson, CPA
Director of Finance/City Clerk
wwatson@cityofclevelandtn.com
Fax (423) 559-3302



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

December 14, 2012

U.S. Department of Education

The City of Cleveland, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2012.

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

Audit Period: July 1, 2011 to June 30, 2012

SIGNIFICANT DEFICIENCIES

2012-1 Invoices

Condition: Invoices related to airport construction are being received in the public works office instead of accounts payable.

Criteria: All invoices should be received in accounts payable.

Effect: Invoices are not being received in the required centralized location.

Recommendation: Efforts should be made to have invoices directed to the accounts payable office by all vendors.

Response: Management agrees with the finding and will direct all departments to have invoices sent to accounts payable.

2012-2 Procurement Cards

Condition: Aggregate purchases over \$499 were made using procurement cards in four instances during the fiscal year.

Criteria: The City has a limit for individual purchases with procurement cards of \$499.

Effect: Purchases were made in violation of City policy.

Recommendation: The current policy regarding purchases with procurement cards should be reiterated to all employees.

Response: Management agrees with the finding and will encourage the proper use of procurement cards.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Education:

Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
Special Education - Grants to States -Recovery Act	84.391

NONE

U.S. Department of Agriculture:

School Breakfast Program	10.553
School Lunch Program	10.555

NONE

U.S. Department of Transportation:

Airport Improvement Program	20.106
Transportation Projects	20.205

NONE

Respectfully submitted,



William Watson, CPA
Director of Finance/City Clerk