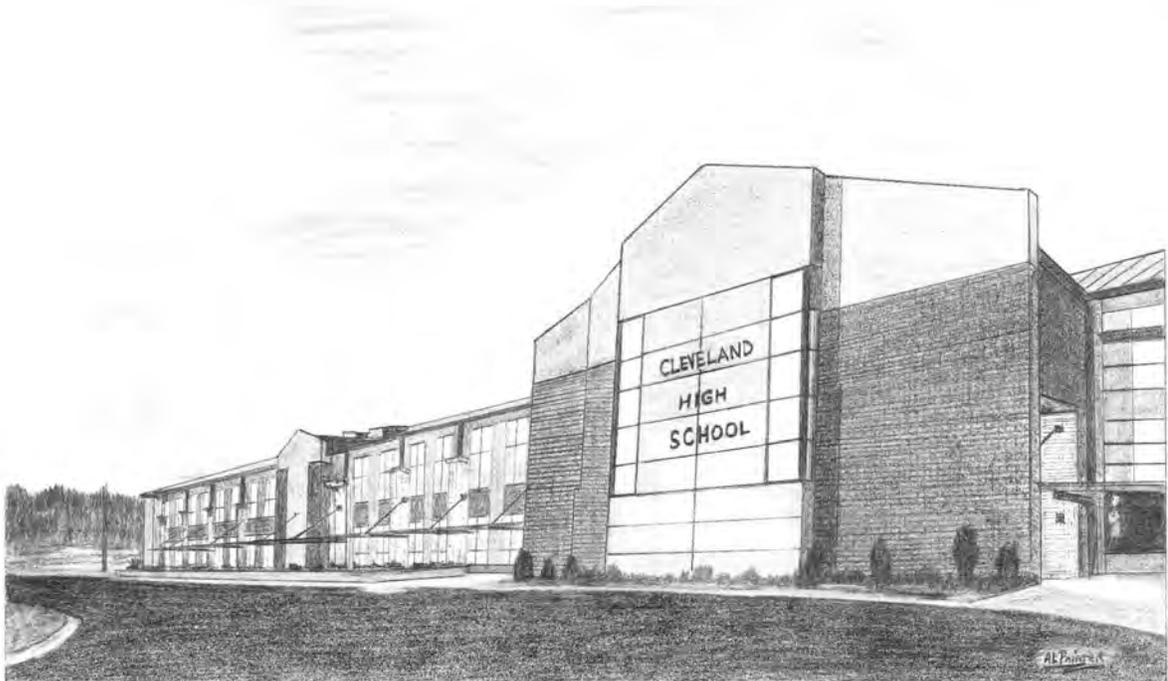


Comprehensive Annual Financial Report City of Cleveland, Tennessee



**For the Year Ended
June 30, 2014**

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014

Prepared by:
Department of Finance

CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

City of Cleveland

CLEVELAND, TENNESSEE

Shawn McKay

Director of Finance/City Clerk

smckay@clevelandtn.gov

Phone (423) 472.4551

Fax (423) 559.3302



Municipal Building
190 Church Street, N.E.

P.O. Box 1519

Cleveland, Tennessee 37364-1519

December 19, 2014

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, 2014.

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

The City of Cleveland's financial statements have been audited by Arnett, Kirksey, Kimsey, Sullivan, Lay and Hall, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cleveland, for the fiscal year ended June 30, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE CITY OF CLEVELAND

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

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

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

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

The annual budget serves as the foundation for the City of Cleveland's financial planning and control. All departments of the city are required to submit capital requests to the city manager by December 31st and operating budget requests to the finance director by March 1st each year. The city manager and finance director make revenue estimates for the upcoming fiscal year. A budget work session is held in late March or early April, at which time department heads and the city manager make presentations to the council. The finance director and city manager provide projections for the current fiscal year's budget and the coming year's proposed operating budget for council review. In addition, the city manager presents the council with her recommendation for a six-year capital improvements program based upon the fall planning session held by the city council, city manager, and department heads. After much review and debate among the council, the budget is revised to include any recommendations of the city council. A proposed budget is submitted to the city council by the 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. However, transfers of appropriations between funds require approval of the city council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 23-45 as part of the basic financial statements for the governmental funds. The school fund comparison is presented on pages 46-55. 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 has shown signs of sustaining economic growth for the current year. The economic decline in previous years was not as drastic as many other locations in the state or nation because of the diverse economy and the proximity to several large industrial construction projects.

In the June 2014 issue of Civic Report published by the Manhattan Institute, an article titled "*America's Tops Metros: Who's Leading the Recovery, and Why*" ranked the Cleveland Metropolitan Statistical Area (Cleveland MSA) 14th overall out of 381 MSA's in the United States and 8th in private sector employment. Of the ten Metropolitan

Statistical Areas in Tennessee, only Nashville ranked higher than Cleveland overall at 13th and ranked 11th in private sector employment.

As reported July 2014 by the Cleveland/Bradley Chamber of Commerce, *Area Development*, in cooperation with Moody Analytics, published a comparison of metropolitan area economic performance using multiple measures to determine the leading locations for business in 2014. The Cleveland MSA's overall ranking was 127 out of 384. Compared to metro areas with populations under 160,000, Cleveland is ranked 32 out of 118. Compared to metropolitan areas in Tennessee, Cleveland is second only to Nashville in overall performance.

Cleveland's strong economy is evidenced by the following:

- Whirlpool Corporation completed the third and final phase of its new investment with the completion of its research and development laboratory at the new facility on Benton Pike. Transfer of production lines from the old plant to the new facility continues with the final 200 workers expected to leave the King Edward site by mid-2015. Whirlpool Corporation is the largest employer in the City with approximately 1,500 employees and one of the largest taxpayers.
- Volkswagen announced a \$900 million expansion of its manufacturing plant in nearby Hamilton County. The plant, located less than twenty minutes from Cleveland, will produce a sport utility vehicle and add approximately 2,000 auto assembly and 200 research and development jobs. Production of the SUV is expected to start at the end of 2016.
- Wacker Chemie continues its construction of a new facility in Bradley County with a capital investment in excess of \$2.0 billion. With an initial workforce of approximately 750 highly skilled workers, production is expected to begin in late 2015. The company will produce a key component in photovoltaics for solar energy and semiconductors for the electronics industry at one of the most modern polysilicon manufacturing facilities in the world.
- Lee University continued to expand its campus footprint south to the heart of downtown with the purchase of the former First Baptist Church. The renovated sanctuary now known as Pangle Hall compliments the addition of the Lee's state of the art Communications Building.
- Various commercial developments, totaling over \$3.6 million, have occurred during 2014 including Tennessee Oncology, Ocoee OB/Gyn, Speedway and Arby's Restaurant.
- Residential growth included Phase 2 of Brookes Edge Apartments totaling 144 units. With this addition, the Brookes Edge complex now consists of 324 luxury apartments, club house and pool.

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

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

The City and Bradley County will each provide \$2 million to match a TDOT grant of \$4 million for the construction of two local interstate connectors (LIC) in southern area of the City near the industrial park property. LIC South is complete and work on LIC North continues. In addition, work on the expansion of the Exit 20 Interchange on I-75 is progressing. The City believes the development of this area will produce additional tax revenues and jobs.

Financial Policies

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-sixth 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.

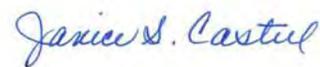
In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the last fifteen fiscal years, beginning in Fiscal Year 1999. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient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

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

Respectfully submitted,



Shawn McKay
Director of Finance/City Clerk



Janice S. Casteel
City Manager



Government Finance Officers Association

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

Presented to

**City of Cleveland
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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CITY OF CLEVELAND, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OFFICIALS
June 30, 2014

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

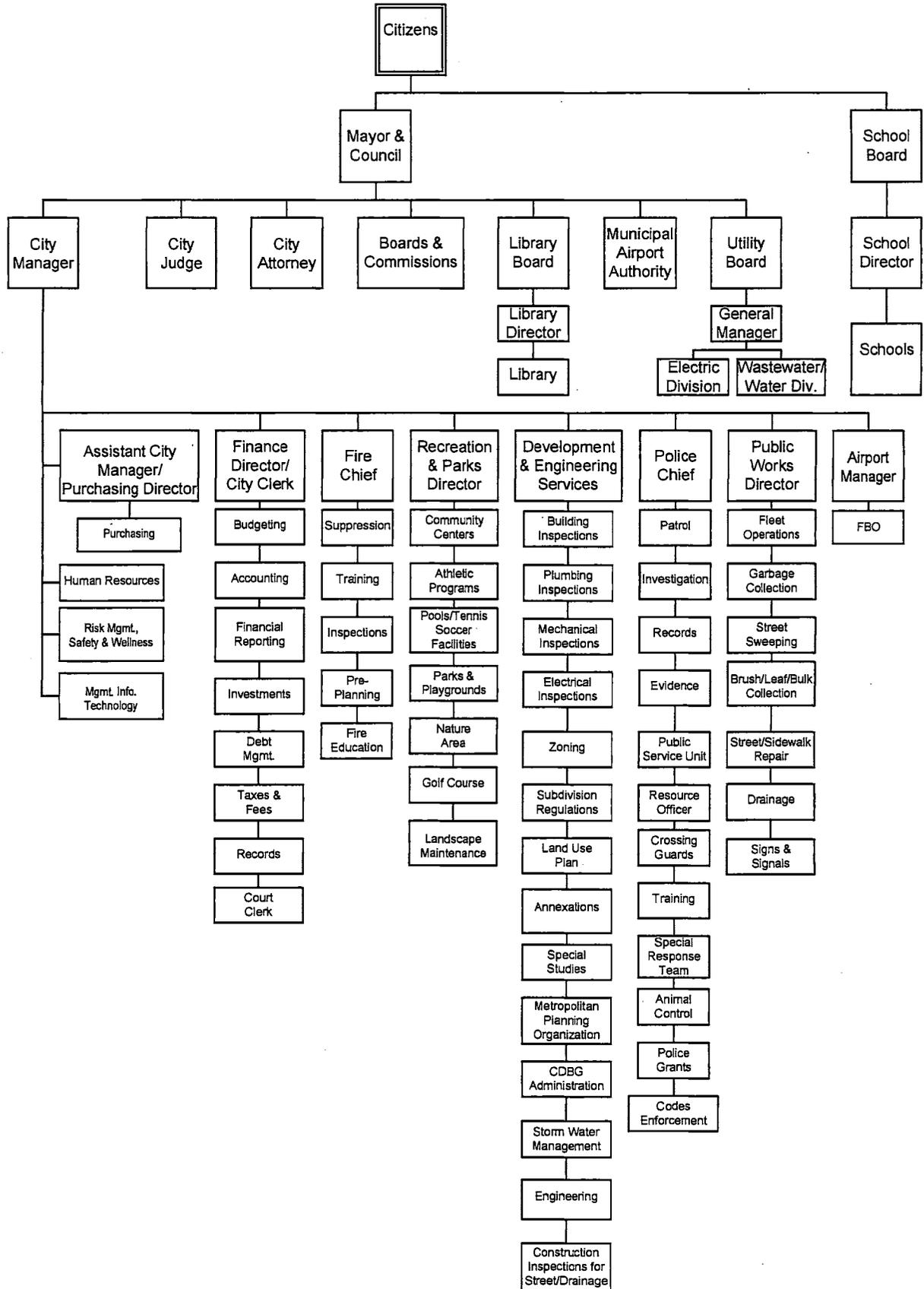
Janice S. Casteel	City Manager
Melinda Carroll	Assistant City Manager

Department Heads

J. David Bishop	Police Chief
Mark Fidler	Jetport Manager
Steve Haun	Fire Chief
Andrew Hunt	Library Director
Jonathan Jobe	Director of Development & Engineering Services
John Kimball	City Attorney
Shawn McKay	Director of Finance/City Clerk
Tommy Myers	Public Works Director
Bill B. Moss	City Judge
Patti Petitt	Parks and Recreation Director
Dr. Martin Ringstaff	Director of Schools
Ken Webb	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

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

ANGELA D. KEY, CPA
CALEB J. PEACOCK, 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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and School Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in the notes to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which became effective in fiscal year June 30, 2014.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Cleveland, Tennessee's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the statistical section and the other information section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of federal and state financial assistance activity is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The introductory, statistical sections and other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 12, 2014, on our consideration of the City of Cleveland, Tennessee's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

December 12, 2014

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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, 2014. 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, 2014 by \$254,276,067 (net position). Of this amount, \$17,811,217 (unrestricted net position) may be used to meet the city's ongoing obligations to citizens and creditors.
- Net position (defined as the difference in revenues and expenses) increased by \$4,009,163. The City of Cleveland's changes in net position is detailed in the chart on page eight of this report. Total revenues decreased \$2,071,438 which primarily included a decrease in capital grants as the Cleveland Regional Jetport was completed. Expenses increased \$4,124,970 over last fiscal year with the largest increase consisting of \$2,432,141 for Cleveland Utilities.
- The city's property tax rate increased to \$1.7655 per hundred dollars of assessment. This restores funding for previously unfunded personnel and continues the level of services city residents have come to expect.
- The city's residential sanitation fee remained at \$6.95 per month.
- The animal control contract with Bradley County ended in FY2014.
- As of the close of the current fiscal year, the City of Cleveland's governmental funds reported combined ending fund balances of \$25,788,035.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,098,326 with \$10,666,100 assigned to capital outlay for the construction of the new Cleveland High School gym. In March, 2014, the City Council passed a resolution for the City to reimburse itself for the costs associated with this project. Expenditures do not include transfers to other funds, which totaled \$12,137,345 in the city's general fund.
- Long-term debt increased approximately \$4,896,959.
- In June, the City issued \$4,300,000 in debt for its share of the new Jetport valued at approximately \$50,000,000.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 65. This is described in more detail in Note 20 of the financial statements.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Cleveland that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cleveland include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Cleveland include Cleveland Utilities Electric and Water Systems and the Cleveland Municipal Airport Authority Fund.

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, Cleveland Utilities 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 17-18 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 19-55 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 56-59 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 60-85 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 non-major governmental funds, as well as the data for the internal service fund, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 87-123 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Cleveland, assets exceeded liabilities by \$254,276,067 at the close of this fiscal year.

The largest portion of the City of Cleveland's net position (91.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. The City of Cleveland uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Cleveland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Cleveland's Net Position

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Current assets	\$58,401,511	\$58,322,457	\$30,674,100	\$24,273,878	\$89,075,611	\$82,596,335
Receivables and other noncurrent assets	0	0	3,264,592	3,340,740	3,264,592	3,340,740
Deferred charges	0	729,600	0	506,789	0	1,236,389
Capital assets	183,134,203	140,299,894	180,398,545	220,488,717	363,532,748	360,788,611
Total assets	241,535,714	199,351,951	214,337,237	248,610,124	455,872,951	447,962,075
Total deferred outflows of resources	4,187,034	5,149,662	718,765	0	4,905,799	5,149,662
Long-term liabilities outstanding	90,701,203	87,052,064	59,953,258	61,598,314	150,654,461	148,650,378
Other liabilities	8,676,389	30,781,932	22,149,347	22,024,572	30,825,736	52,806,504
Total liabilities	99,377,592	117,833,996	82,102,605	83,622,886	181,480,197	201,456,882
Total deferred inflows of resources	25,006,119	0	16,367	0	25,022,486	0
Net position:						
Invested in capital assets, net of related debt	108,313,394	68,705,499	124,523,849	161,333,006	232,837,243	230,038,505
Restricted	3,627,607	4,903,327	0	0	3,627,607	4,903,327
Unrestricted	9,398,036	13,058,791	8,413,181	3,654,232	17,811,217	16,713,023
Total net position	\$121,339,037	\$86,667,617	\$132,937,030	\$164,987,238	\$254,276,067	\$251,654,855

1.4 percent of the City of Cleveland's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$17,811,217 in unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors.

At June 30, 2014, the City of Cleveland is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

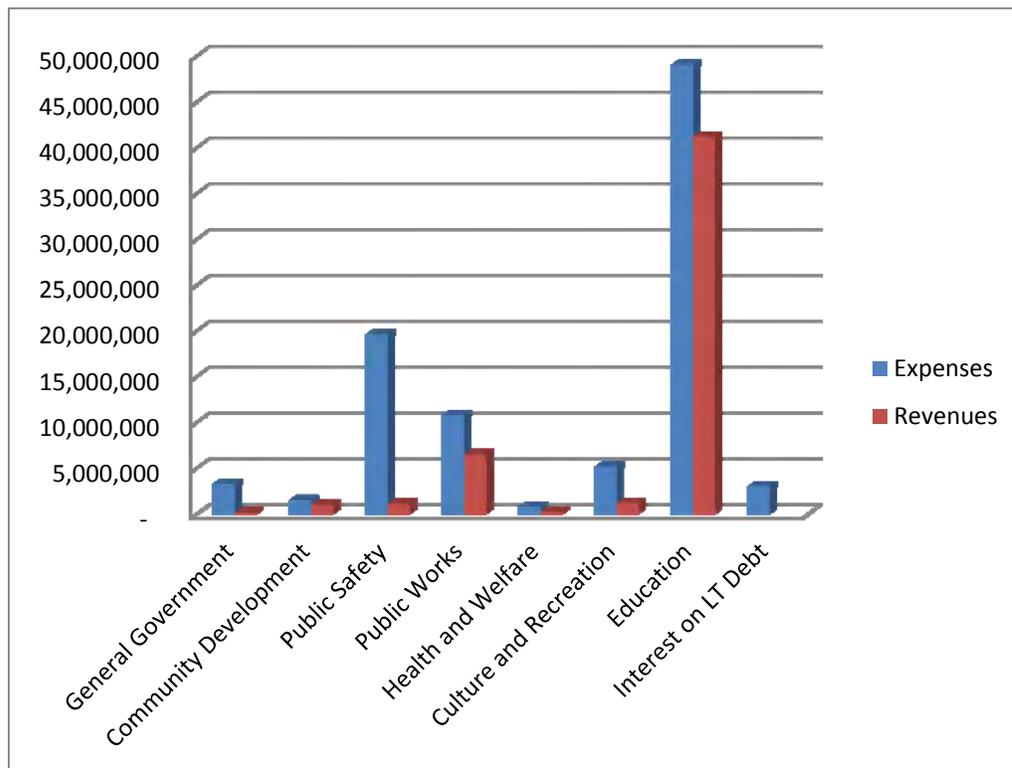
Governmental activities. Governmental activities increased the City of Cleveland’s net position by \$791,865, detailed as follows:

City of Cleveland’s Changes in Net Position

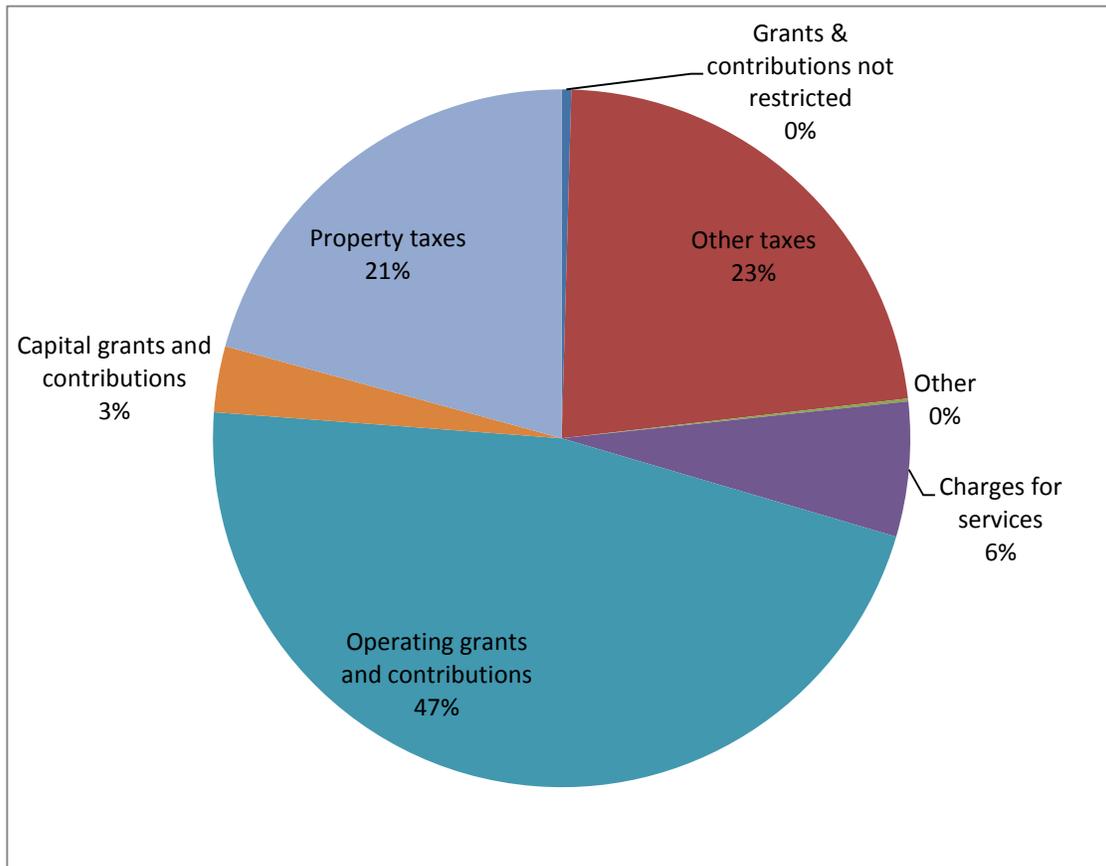
	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Revenues:						
Program revenues:						
Charges for services	\$5,719,960	\$6,394,007	\$122,482,258	\$119,276,712	\$128,202,218	\$125,670,719
Operating grants and Contributions	42,755,489	42,650,493	48,977	45,097	42,804,466	42,695,590
Capital grants and contributions	2,805,953	1,622,538	961,210	9,622,580	3,767,163	11,245,118
General revenues:					-	0
Property taxes	19,016,017	16,598,001	0	0	19,016,017	16,598,001
Other taxes	20,620,443	20,431,482	0	0	20,836,070	20,431,482
Grants and contributions not restricted to specific programs	407,799	566,435	0	0	407,799	566,435
Other	338,447	361,702	65,171	55,945	403,618	417,647
Total revenues	91,664,108	88,624,658	123,557,616	129,000,334	215,221,724	217,624,992
Expenses:						
General government	3,285,177	6,338,456	0	0	3,285,177	6,338,456
Planning and inspection	1,498,726	1,140,908	0	0	1,498,726	1,140,908
Public safety	19,610,293	18,702,183	0	0	19,610,293	18,702,183
Public works	10,767,515	9,539,339	0	0	10,767,515	9,539,339
Health and welfare	740,903	829,343	0	0	740,903	829,343
Culture and recreation	5,150,586	4,734,464	0	0	5,150,586	4,734,464
Education	49,017,773	46,972,946	0	0	49,017,773	46,972,946
Interest on long-term debt	2,999,643	2,878,690	0	0	2,999,643	2,878,690
Water and sewer	0	0	22,606,739	22,183,642	22,606,739	22,183,642
Electric	0	0	95,535,206	93,194,332	95,535,206	93,194,332
Other enterprise	0	0	0	573,288	0	573,288
Total expenses	93,070,616	91,136,329	118,141,945	116,283,092	211,212,561	207,087,591
Increase (decrease) in net position before transfers	(1,406,508)	(2,511,671)	5,415,671	12,717,242	4,009,163	10,205,571
Transfers	2,198,373	1,616,526	(2,198,373)	(1,616,526)	0	0
Increase (decrease) in net position	791,865	(895,145)	3,217,298	11,100,716	4,009,163	10,205,571
Net position – beginning	121,300,754	87,562,762	130,354,101	153,886,522	251,654,855	241,449,284
Prior period adjustment	(753,582)	0	(634,369)	0	(1,387,951)	0
Net position – ending	\$121,339,037	\$86,667,617	\$132,937,030	\$164,987,238	\$254,276,067	\$251,654,855

- The city’s property tax rate increased to \$1.7655 per \$100 of assessed value in fiscal year 2014. Tax revenues increased \$2,606,977 over FY2013.
- Operating grants and contributions increased \$104,996 due to a combination of increases in federal, state and Bradley County funds received for education.
- Capital grants and contributions increased \$1,183,415 primarily due to an increase in public works projects.
- Cleveland’s second largest revenue source is local sales tax which increased \$133,946. In Tennessee, the first half of local sales tax goes to education based upon average daily attendance. The second half is generally distributed between cities and counties based upon whether the sale occurred in the city or the county; however, Cleveland and Bradley County’s local sales tax (second half) is distributed according to a local agreement, instead of the state’s situs-based formula. However, the 2010 half cent increase is outside this agreement and follows the state formula.
- Expenses increased \$1,934,287 with increases in public safety and education.

Expenses and Program Revenues – Governmental Activities



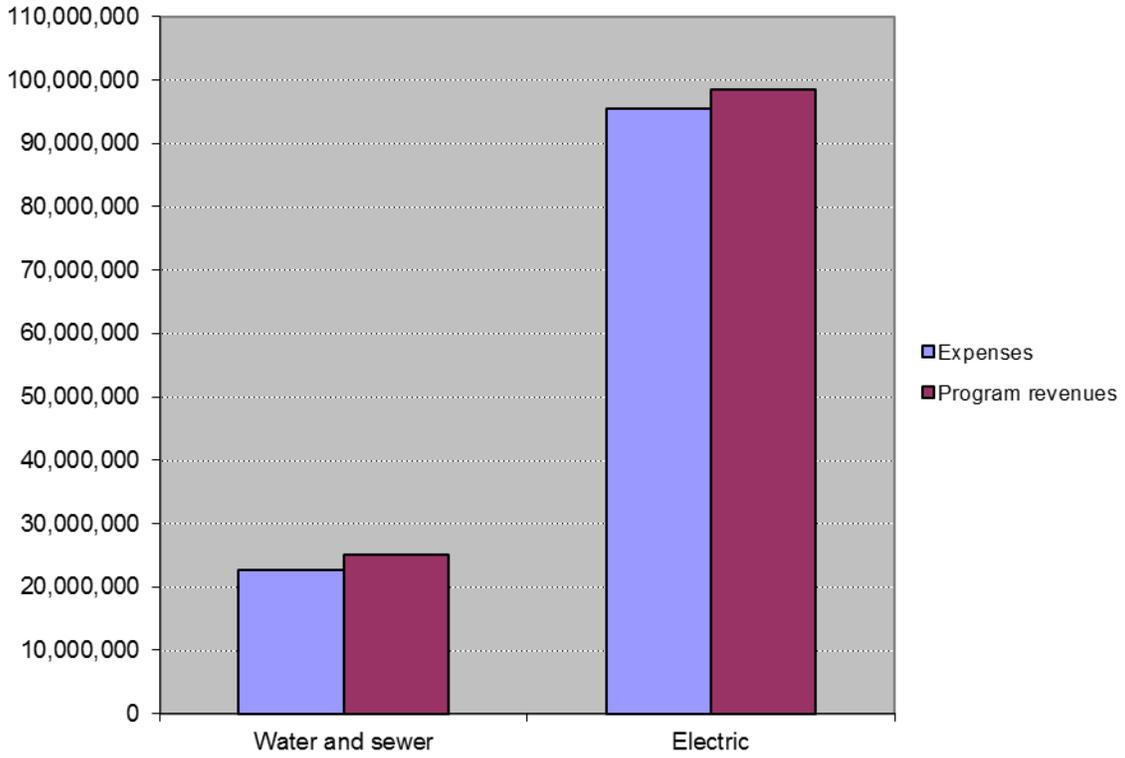
Revenues by Source – Governmental Activities



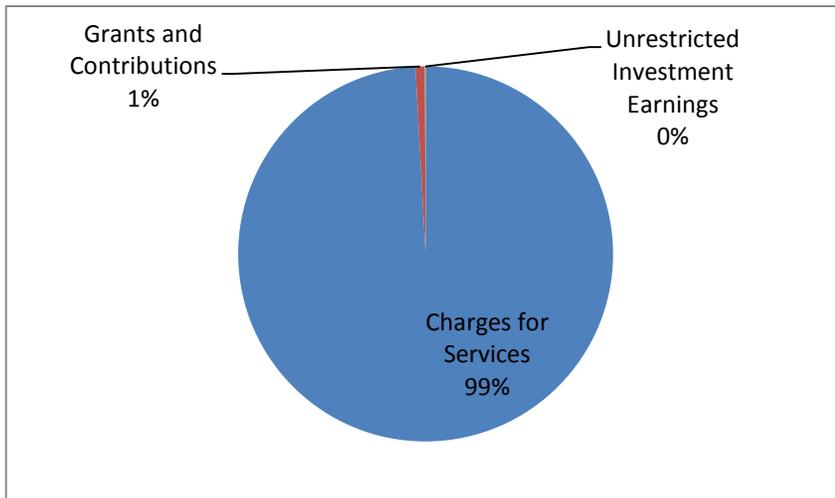
Business-type activities. Business-type activities increased the City of Cleveland’s net position by \$3,217,298.

- Charges for services increased \$3,205,546. This increase is attributed to a combination of the electric and water operations of Cleveland Utilities.
- Capital grants and contributions decreased \$8,661,370. This was primarily due to the completion of the Cleveland Regional Jetport.
- Expenses for business-type activities increased \$1,858,853. The most significant changes in expenses were electric power purchased and the water system operation.

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 \$25,788,035, a decrease of \$1,265,758. The combined fund balance is broken down as follows:

- \$521,265 is non-spendable consisting of inventories and permanent fund principal
- \$3,153,971 is restricted for limited use in law enforcement, community development, street improvements, recycling, capital outlay and education
- \$494,210 is committed by the City Council for use by Solid Waste Management
- \$19,520,263 is assigned for designated use for education, the library, debt service and capital outlay
- \$2,098,326 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 \$2,098,326. Unassigned fund balance represents 7% of total fund expenditures. However, the unassigned fund balance only represents 5% 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 \$343,201 during the current fiscal year. This is attributed to revenues exceeding budgeted amounts (property taxes and state-shared revenues) and city departments spending less than the final amended budget. Several vacant employee positions remained unfilled due to the slow recovery of the national and local economy. The fund balance of the School Fund decreased \$616,042. This is due to increased expenditures for regular instruction and other student support.

The debt service fund has a total fund balance of \$3,396,541. The net increase in fund balance during the current year was \$715,076.

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

Unrestricted net position at the end of the year amounted to \$4,283,928 for the Cleveland Utilities Water Division, \$4,129,253 for Cleveland Utilities Electric Division and \$326,373 for the Fleet Management Fund.

General Fund Budgetary Highlights

General fund revenues were amended during the year to increase \$357,367 with property tax and in lieu of taxes making up most of the increase. General fund expenditures were amended to increase \$708,759 distributed among several departments. Departmental budget officers closely monitored expenditures during the fiscal year in order to minimize budget amendments.

Actual revenues exceeded the final amended budget by \$140,191. This was primarily due to an increase in lieu of tax payments.

Differences between the final amended budget and actual expenditures were \$600,690. Vacancies in various departments and reductions in spending throughout all departments accounted for this.

Capital Asset and Debt Administration

Capital assets. The City of Cleveland's investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to \$363,532,748 (net of accumulated depreciation), which is a \$2,744,137 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 \$154,548 in city-wide software improvements.
- Public Safety added \$156,520 in bunker gear equipment for the fire department.
- Public Works added \$755,566 primarily in road, sidewalk, and drainage infrastructure.
- Parks and Recreation added \$265,740 in improvements including Mosby Pool.
- Cleveland City Schools added \$512,409 in capital assets largely due to the initial construction of the Cleveland High School gym.
- Business-type activities added \$930,337 in T-hangars at the new Jetport.

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

	Governmental Activities		Business-type Activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Land	\$ 37,494,939	\$ 10,385,070	\$ 1,699,449	\$ 28,609,250	\$ 39,194,388	\$ 38,994,320
Buildings and Systems	76,562,546	75,799,745	174,737,495	177,463,305	251,300,041	253,263,050
Improvements other than buildings	14,372,327	4,623,912	0	9,982,285	14,372,327	14,606,197
Furniture, fixtures, equipment & vehicles	9,162,440	7,512,115	0	857,624	9,162,440	8,369,739
Infrastructure	41,113,453	36,262,282	0	0	41,113,453	36,262,282
Construction in Progress	4,428,498	5,716,770	3,961,601	3,576,253	8,390,099	9,293,023
Total	\$183,134,203	\$140,299,894	\$180,398,545	\$220,488,717	\$363,532,748	\$360,788,611

Additional information on the City of Cleveland's capital assets can be found in Note 4 on pages 68-69 of this report.

Long-term debt. At the end of the current fiscal year, the City of Cleveland had total debt outstanding of \$135,647,200. Of this amount, \$60,271,480 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 \$51,155,000 in revenue bonds outstanding at the end of the fiscal year. The city also finances capital projects through loans from bond proceeds issued by various agencies in Tennessee, including \$17,975,620 for city general projects and \$5,384,687 for Cleveland Utilities. The City also has a capital lease on lighting upgrades for the City Schools in the amount of \$587,468.

City of Cleveland's Outstanding Debt

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

	Governmental activities		Business-type Activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
General obligation bonds	60,271,480	37,145,000	0	0	60,271,480	37,145,000
Long-term notes issued through various agencies in TN	17,975,620	33,986,442	5,384,687	4,903,981	23,360,307	38,890,423
Capital leases	587,468	653,351	0	0	587,468	653,351
Revenue bonds	0	0	51,155,000	55,055,000	51,155,000	55,055,000
Less bond discount/ Premiums	173,275	192,357	99,670	131,688	272,945	324,045
Less Deferred Charges for refunding	0	(382,755)	0	(934,823)	0	(1,317,578)
Total	79,007,873	71,594,395	56,639,357	59,155,846	135,647,200	130,750,241

During 2014, the city issued general obligation refunding bonds, Series 2014A and 2014B, for the purpose of refunding Series E-9-A and terminating the interest rate swap agreement that was in place. Additional details about the city's long-term debt are included in Note 6 on pages 70-73.

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

State statutes do not limit the amount of general obligation debt a governmental entity may issue; however, the city has adopted a financial policy which limits long-term debt to 10 percent of its total assessed valuation. This calculation does not include revenue bonds issued for improvements in the electric and water systems. The city's legal debt margin at June 30, 2014 is \$32,171,433, and is calculated on page 151 of this report.

Economic Factors and Next Year's Budget and Rates

- The June 2014 unemployment rate for Cleveland was 7.7 percent, which is down from the 8.5 percent a year ago. Bradley County was 7.0 percent, which is down from 7.7 percent from a year ago. Tennessee's average unemployment rate was 6.6 percent and the national average rate was 6.1 percent.
- The city qualifies as an Entitlement Community for the CDBG program due to designation as a principal city in a Metropolitan Statistical Area (MSA).
- Local sales tax collections increased 0.8% from the previous fiscal year. This is a positive sign that a recovery in the current economy continues. State sales tax collections have shown positive signs as well, with a 3.4% increase.

All of these factors were considered in preparing the city's budget for the 2015 fiscal year. Management has again been conservative in estimating revenues for 2015.

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 POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 19,740,130	\$ 11,395,729	\$ 31,135,859
Cash and cash equivalents - restricted	459,936	62,263	522,199
Investments	670,333	0	670,333
Accounts receivable - net	781,896	18,173,396	18,955,292
Property taxes receivable - net	20,849,996	0	20,849,996
Sales tax receivable	2,374,216	0	2,374,216
Due from other government agencies	11,198,463	0	11,198,463
Internal balances	1,736,692	(1,736,692)	0
Inventories	254,961	1,842,568	2,097,529
Prepays	334,888	936,836	1,271,724
Total current assets	<u>\$ 58,401,511</u>	<u>\$ 30,674,100</u>	<u>\$ 89,075,611</u>
Noncurrent assets:			
Receivable from customers for conservation loans	\$ 0	\$ 1,420,471	\$ 1,420,471
Other noncurrent assets	0	1,844,121	1,844,121
Capital assets:			
Land and construction in progress	41,923,437	5,661,050	47,584,487
Other capital assets, net of accumulated depreciation	141,210,766	174,737,495	315,948,261
Total noncurrent assets	<u>\$ 183,134,203</u>	<u>\$ 183,663,137</u>	<u>\$ 366,797,340</u>
Total Assets	<u>\$ 241,535,714</u>	<u>\$ 214,337,237</u>	<u>\$ 455,872,951</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	\$ 4,187,034	\$ 718,765	\$ 4,905,799
Total Deferred Outflows of Resources	<u>\$ 4,187,034</u>	<u>\$ 718,765</u>	<u>\$ 4,905,799</u>
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ 3,261,470	\$ 3,095,032	\$ 6,356,502
Accounts payable	1,244,303	11,292,697	12,537,000
Customer deposits	0	3,274,769	3,274,769
Unearned revenue	43,896	0	43,896
Bonds, notes and capital leases - current	3,981,532	4,486,849	8,468,381
Compensated absences payable - current	145,188	0	145,188
Total current liabilities	<u>\$ 8,676,389</u>	<u>\$ 22,149,347</u>	<u>\$ 30,825,736</u>
Long-term liabilities:			
Conservation advances from TVA	\$ 0	\$ 1,459,909	\$ 1,459,909
Bonds, notes and capital leases payable	75,026,311	52,152,508	127,178,819
Compensated absences payable	1,669,665	0	1,669,665
Post-employment benefits payable	14,005,227	6,340,841	20,346,068
Total long-term liabilities	<u>\$ 90,701,203</u>	<u>\$ 59,953,258</u>	<u>\$ 150,654,461</u>
Total Liabilities	<u>\$ 99,377,592</u>	<u>\$ 82,102,605</u>	<u>\$ 181,480,197</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 25,006,119	\$ 0	\$ 25,006,119
Deferred gain on refunding	0	16,367	16,367
Total Deferred Inflows of Resources	<u>\$ 25,006,119</u>	<u>\$ 16,367</u>	<u>\$ 25,022,486</u>
NET POSITION			
Net investment in capital assets	\$ 108,313,394	\$ 124,523,849	\$ 232,837,243
Restricted for:			
Law enforcement	77,939	0	77,939
Community development - federal grants	45,867	0	45,867
Street improvements	514,498	0	514,498
Capital outlay	2,453,695	0	2,453,695
Recycling	4,000	0	4,000
Education	57,972	0	57,972
Perpetual care:			
Nonexpendable	473,636	0	473,636
Unrestricted	9,398,036	8,413,181	17,811,217
Total Net Position	<u>\$ 121,339,037</u>	<u>\$ 132,937,030</u>	<u>\$ 254,276,067</u>

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,285,177	\$ 40,419	\$ 82,269	\$ 0	\$ (3,162,489)	\$ 0	\$ (3,162,489)
Development and engineering	1,498,726	249,947	443,529	300,420	(504,830)	0	(504,830)
Public safety	19,610,293	934,438	1,14,710	45,788	(18,515,357)	0	(18,515,357)
Public works	10,767,515	3,131,835	1,071,708	2,325,983	(4,237,989)	0	(4,237,989)
Health and welfare	740,903	177,060	49,057	0	(514,786)	0	(514,786)
Culture and recreation	5,150,586	361,783	644,035	133,762	(4,011,006)	0	(4,011,006)
Education	49,017,773	824,478	40,350,181	0	(7,843,114)	0	(7,843,114)
Interest on long-term debt	2,999,643	0	0	0	(2,999,643)	0	(2,999,643)
Total governmental activities	\$ 93,070,616	\$ 5,719,960	\$ 42,755,489	\$ 2,805,953	\$ (41,789,214)	\$ 0	\$ (41,789,214)
Business-type activities:							
Water and wastewater	\$ 22,606,739	\$ 24,232,749	\$ 0	\$ 812,979	\$ 0	\$ 2,438,989	\$ 2,438,989
Electric	95,535,206	98,249,509	48,977	148,231	0	2,911,511	2,911,511
Total business-type activities	\$ 118,141,945	\$ 122,482,258	\$ 48,977	\$ 961,210	\$ 0	\$ 5,350,500	\$ 5,350,500
Total primary government	\$ 211,212,561	\$ 128,202,218	\$ 42,804,466	\$ 3,767,163	\$ (41,789,214)	\$ 5,350,500	\$ (36,438,714)
General revenues:							
Property taxes					\$ 19,016,017	\$ 0	\$ 19,016,017
Interest and penalty on taxes					215,627	0	215,627
In lieu of taxes					501,661	0	501,661
Local sales tax					11,976,829	0	11,976,829
Wholesale beer tax					1,555,503	0	1,555,503
Gross receipts tax					956,672	0	956,672
Franchise tax					933,173	0	933,173
State sales tax - unrestricted					2,953,870	0	2,953,870
Other state taxes - unrestricted					1,742,735	0	1,742,735
Grants and contributions not restricted to specific programs					407,799	0	407,799
Unrestricted investment earnings					79,985	65,171	145,156
Gain on sale of capital assets					42,835	0	42,835
Transfers					2,198,373	(2,198,373)	0
Total general revenues and transfers					\$ 42,581,079	\$ (2,133,202)	\$ 40,447,877
Change in net position					\$ 791,865	\$ 3,217,298	\$ 4,009,163
Net position - beginning					\$ 121,300,754	\$ 130,354,101	\$ 251,654,855
Prior Period Adjustment					(753,582)	(634,369)	(1,387,951)
Net position - restated					\$ 120,547,172	\$ 129,719,732	\$ 250,266,904
Net position - ending					\$ 121,339,037	\$ 132,937,030	\$ 254,276,067

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

CITY OF CLEVELAND, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,127,787	\$ 4,298,462	\$ 7,311,337	\$ 19,737,586
Cash and cash equivalents - restricted	0	0	459,936	459,936
Investments	0	0	670,333	670,333
Accounts receivable - net	553,080	0	204,623	757,703
Property taxes receivable - net	20,849,996	0	0	20,849,996
Sales tax receivable	2,005,926	368,290	0	2,374,216
Due from other government agencies	1,646,012	6,237,841	3,314,610	11,198,463
Due from other funds	1,603,142	513,290	1,736,692	3,853,124
Inventories	47,629	0	0	47,629
Prepays	0	0	334,888	334,888
Total Assets	\$ 34,833,572	\$ 11,417,883	\$ 14,032,419	\$ 60,283,874
LIABILITIES				
Accrued liabilities	\$ 440,098	\$ 2,334,841	\$ 317,280	\$ 3,092,219
Accounts payable	277,733	427,382	523,201	1,228,316
Due to other funds	0	0	2,116,432	2,116,432
Unearned revenue	18,070	0	25,826	43,896
Total Liabilities	\$ 735,901	\$ 2,762,223	\$ 2,982,739	\$ 6,480,863
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - current property taxes	\$ 19,164,211	\$ 5,841,908	\$ 0	\$ 25,006,119
Unavailable revenue - delinquent property taxes	1,586,720	117,412	0	1,704,132
Unavailable revenue - sales tax	0	0	758,764	758,764
Unavailable revenue - other	534,685	11,276	0	545,961
Total Deferred Inflows of Resources	\$ 21,285,616	\$ 5,970,596	\$ 758,764	\$ 28,014,976
FUND BALANCES				
Nonspendable:				
Inventories	\$ 47,629	\$ 0	\$ 0	\$ 47,629
Permanent fund principal	0	0	473,636	473,636
Restricted for:				
Law enforcement	0	0	77,939	77,939
Community development - federal grants	0	0	45,867	45,867
Street improvements	0	0	514,498	514,498
Recycling	0	0	4,000	4,000
Capital outlay	0	0	2,453,695	2,453,695
Education	0	57,972	0	57,972
Committed to:				
Solid Waste	0	0	494,210	494,210
Assigned to:				
Education	0	2,627,092	498,660	3,125,752
Library	0	0	343,158	343,158
Debt service	0	0	3,396,541	3,396,541
Capital outlay	10,666,100	0	1,988,712	12,654,812
Unassigned	2,098,326	0	0	2,098,326
Total Fund Balances	\$ 12,812,055	\$ 2,685,064	\$ 10,290,916	\$ 25,788,035
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,833,572	\$ 11,417,883	\$ 14,032,419	\$ 60,283,874

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

CITY OF CLEVELAND, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2014

Total fund balances per governmental funds balance sheet	\$ 25,788,035
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	182,039,960
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.	(94,997,174)
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.	1,312,325
The net difference on debt refunding is deferred and expensed over the life of the refunding debt issue.	4,187,034
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.	3,008,857
Net position of governmental activities	<u>\$ 121,339,037</u>

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

For the Fiscal Year Ended June 30, 2014

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 31,707,721	\$ 0	\$ 4,025,568	\$ 35,733,289
Licenses and permits	353,841	0	0	353,841
Intergovernmental	4,897,695	34,301,063	10,931,919	50,130,677
Fines and forfeitures	505,798	0	31,519	537,317
Charges for services	1,505,901	215,788	3,110,691	4,832,380
Interest	7,561	4,435	70,642	82,638
Miscellaneous	187,621	237,170	273,424	698,215
Total revenues	<u>\$ 39,166,138</u>	<u>\$ 34,758,456</u>	<u>\$ 18,443,763</u>	<u>\$ 92,368,357</u>
Expenditures:				
Current:				
General government	\$ 2,326,824	\$ 0	\$ 110,083	\$ 2,436,907
Development and engineering	1,119,329	0	227,394	1,346,723
Public safety	16,538,274	0	78,647	16,616,921
Public works	4,395,025	0	4,294,766	8,689,791
Health and welfare	566,625	0	0	566,625
Culture and recreation	2,835,794	0	1,241,681	4,077,475
Education	0	39,522,254	6,540,573	46,062,827
Appropriations	1,185,501	0	0	1,185,501
Capital outlay	0	162,608	8,599,959	8,762,567
Debt service:				
Principal retirement	41,253	287,095	3,009,577	3,337,925
Interest and fiscal charges	2,560	35,857	2,661,323	2,699,740
Total expenditures	<u>\$ 29,011,185</u>	<u>\$ 40,007,814</u>	<u>\$ 26,764,003</u>	<u>\$ 95,783,002</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 10,154,953</u>	<u>\$ (5,249,358)</u>	<u>\$ (8,320,240)</u>	<u>\$ (3,414,645)</u>
Other financing sources (uses):				
Transfers in	\$ 2,198,373	\$ 5,120,035	\$ 8,010,947	\$ 15,329,355
Transfers out	(12,137,345)	(486,719)	(506,918)	(13,130,982)
Notes issued	0	0	4,600,000	4,600,000
Capital leases	127,220	0	0	127,220
Refunding bonds issued	0	0	25,306,480	25,306,480
Payment to refunding bond agent	0	0	(25,173,537)	(25,173,537)
Total other financing sources (uses)	<u>\$ (9,811,752)</u>	<u>\$ 4,633,316</u>	<u>\$ 12,236,972</u>	<u>\$ 7,058,536</u>
Net change in fund balances	\$ 343,201	\$ (616,042)	\$ 3,916,732	\$ 3,643,891
Fund balance at beginning of year	12,468,854	3,301,106	6,374,184	22,144,144
Fund balance at end of year	<u>\$ 12,812,055</u>	<u>\$ 2,685,064</u>	<u>\$ 10,290,916</u>	<u>\$ 25,788,035</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, 2014

Net change in fund balances for total governmental funds	\$	3,643,891
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
		1,922,537
<p>Governmental funds report only the proceeds from the sale of assets and do not take into effect the cost of capital assets sold.</p>		
		(24,182)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(680,067)
<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		28,511,462
<p>Debt issued is reported as a financial resource in the governmental funds. However, this is reported as an increase in long-term liabilities in the statement of net assets. During the current year additional loan proceeds were drawn on notes, bonds and capital leases payable issued.</p>		
		(30,033,700)
<p>Internal service funds are used by management to charge the costs of fleet management services to individual funds. The net activity of the internal service fund is reported with governmental activities.</p>		
		(62,385)
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Net increase in accrued interest	\$	(45,358)
Amortization of deferred outflows		(273,627)
Amortization of bond premiums		19,082
Increase in compensated absences		(136,802)
Increase in post-employment benefits		(2,048,986)
Total additional expenditures		(2,485,691)
Change in net position of governmental activities	\$	791,865

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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Taxes:				
Property taxes - real estate	\$ 18,500,000	\$ 18,500,000	\$ 18,636,297	\$ 136,297
Property taxes - utility	390,000	389,288	388,452	(836)
Interest and penalty on taxes	225,000	225,000	215,627	(9,373)
In lieu of taxes	256,000	256,000	501,661	245,661
Local sales tax	8,424,500	8,514,500	8,520,336	5,836
Wholesale beer tax	1,565,000	1,565,000	1,555,503	(9,497)
Gross receipts tax	1,075,000	1,075,000	956,672	(118,328)
Franchise taxes - gas	380,000	380,000	468,050	88,050
Franchise taxes - charter	423,000	423,000	465,123	42,123
Total taxes	\$ 31,238,500	\$ 31,327,788	\$ 31,707,721	\$ 379,933
Licenses and permits:				
Beer licenses	\$ 5,600	\$ 5,600	\$ 4,000	\$ (1,600)
Beer renewal fee	12,700	12,700	13,084	384
Liquor license	2,000	2,000	0	(2,000)
Liquor renewal license	22,000	22,000	23,335	1,335
Building permits	200,000	200,000	141,446	(58,554)
Electrical permits	7,300	7,300	7,085	(215)
Electricians licenses	19,000	17,500	16,216	(1,284)
Mechanical permits	14,000	14,000	12,161	(1,839)
Mechanical licenses	3,500	3,500	7,725	4,225
Plumbing permits	38,000	38,000	29,342	(8,658)
Plumbing licenses	9,000	9,000	10,100	1,100
Street cut permits	55,000	55,000	50,916	(4,084)
Land disturbance permit	6,000	6,000	5,915	(85)
Rezoning fee	3,000	3,000	2,100	(900)
Pud rezoning fee	650	650	0	(650)
Zoning appeal fee	750	750	2,100	1,350
Zoning letter fee	1,250	1,250	825	(425)
Certificate of appropriateness	800	800	400	(400)
Recreation permits and maintenance fee	5,200	5,200	6,645	1,445
Plat review fee	2,500	2,500	2,245	(255)
Plans review fee	15,000	15,000	10,591	(4,409)
Certificate of occupancy	6,500	6,500	6,250	(250)
Alley or street abandonment fee	150	150	450	300
Wrecker permit fees	225	225	700	475
Taxicab driver fees	0	0	210	210
Total licenses and permits	\$ 430,125	\$ 428,625	\$ 353,841	\$ (74,784)
Intergovernmental revenues:				
Federal grant - protective vest	\$ 0	\$ 0	\$ 8,310	\$ 8,310
Police training supplement	49,800	48,600	48,600	0
Fire training supplement	48,000	52,800	52,800	0
Federal - high visabilty enforcement	0	5,000	5,000	0
State sales tax	2,915,000	2,915,000	2,953,870	38,870
State income tax	800,000	925,000	831,448	(93,552)
State beer tax	20,500	20,500	19,535	(965)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Intergovernmental revenues - (Continued)				
State mixed drink tax	\$ 100,000	\$ 100,000	\$ 122,061	\$ 22,061
State gas inspection tax	85,000	85,000	84,489	(511)
State highway maintenance tax	200,000	194,500	194,579	79
T.V.A. - In lieu of taxes	472,000	472,000	457,523	(14,477)
Excise tax	92,000	119,000	119,480	480
Total intergovernmental revenues	<u>\$ 4,782,300</u>	<u>\$ 4,937,400</u>	<u>\$ 4,897,695</u>	<u>\$ (39,705)</u>
Fines and forfeitures:				
Traffic tickets	\$ 560,000	\$ 560,000	\$ 341,149	\$ (218,851)
Parking tickets	30,000	30,000	23,715	(6,285)
Animal Shelter tickets	600	600	400	(200)
Code enforcement tickets	3,000	2,000	1,715	(285)
Court clerk fees	3,500	3,500	2,401	(1,099)
Drug fines	14,000	14,000	12,809	(1,191)
Sessions court	43,000	43,000	29,504	(13,496)
Circuit court	10,000	10,000	15,246	5,246
Officers - sessions court	72,500	72,500	65,316	(7,184)
Officers - circuit court	5,500	5,500	4,823	(677)
State refunds	500	500	320	(180)
Sex offender registry	8,000	8,000	8,400	400
Total fines and forfeitures	<u>\$ 750,600</u>	<u>\$ 749,600</u>	<u>\$ 505,798</u>	<u>\$ (243,802)</u>
Charges for services:				
Police protection	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Fire inspection fees	1,500	1,500	1,000	(500)
Police accidents report	0	0	1,348	1,348
Police department contracted services	0	37,560	42,651	5,091
Airport maintenance	15,000	15,000	3,579	(11,421)
Animal Shelter - boarding fees	85,000	57,500	57,060	(440)
Bradley County - animal control	298,455	120,000	120,000	0
Wellness program dues city	9,100	9,100	7,572	(1,528)
Waterville - miscellaneous revenue	2,000	2,000	2,024	24
Waterville - Permits-Jr/Sr	20,000	20,000	13,028	(6,972)
Waterville - Permits-individual	7,000	7,000	5,259	(1,741)
Waterville - Permits-family	2,000	2,000	1,765	(235)
Waterville - Tournament/outings	10,000	10,000	9,432	(568)
Waterville - Specials/promotions	80,000	80,000	89,869	9,869
Waterville - Cart rental fee	17,000	17,000	12,714	(4,286)
Waterville - Cart shed rental	1,500	1,500	1,350	(150)
Waterville - Green fee-wkday reg	2,000	2,000	949	(1,051)
Waterville - Green fee-wkday 9 hole	3,500	3,500	3,720	220
Waterville - Green fee-wkday Jr/Sr	9,000	9,000	5,440	(3,560)
Waterville - Green fee-wkend reg	2,000	2,000	272	(1,728)
Waterville - Green fee-wkend 9 hole	3,000	3,000	364	(2,636)
Waterville - Concessions	30,000	30,000	21,235	(8,765)
Waterville - Pro shop	3,500	3,500	6,914	3,414
Waterville - Wellness program dues-schools	3,000	3,000	2,032	(968)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Charges for services - (Continued)				
Wellness program dues	\$ 5,000	\$ 5,000	\$ 4,670	\$ (330)
Tinsley pool gate	25,000	25,000	17,606	(7,394)
Tinsley pool concessions	7,000	7,000	6,352	(648)
Tinsley pool rental	5,500	5,500	2,830	(2,670)
Tinsley Park tournament	4,000	4,000	0	(4,000)
Tinsley Park concessions	25,000	25,000	41,472	16,472
Tinsley Park rental	2,500	2,500	3,900	1,400
Cleveland Community Center	6,000	6,000	11,731	5,731
College Hill	9,000	9,000	5,252	(3,748)
College Hill Panther account	0	270	270	0
College Hill football fundraising	0	1,150	1,150	0
College Hill program fee	8,500	8,500	3,103	(5,397)
Park and recreation miscellaneous	2,500	2,500	4,170	1,670
Jetport-jet fuel	210,000	312,000	372,633	60,633
Jetport-Avgas	90,500	151,000	156,144	5,144
Jetport-ground/land lease	14,700	14,700	43,079	28,379
Jetport-T/hangar rent	67,200	67,200	40,672	(26,528)
Jetport-terminal bldg rental	5,500	5,500	4,530	(970)
Jetport-tie downs	1,500	1,500	520	(980)
Jetport-community hangars	1,400	1,400	1,682	282
Jetport - GPU service fee	0	0	95	95
Jetport-video adv	0	5,000	5,000	0
Jetport-special events	0	0	7,000	7,000
SRO-schools	203,000	253,000	302,121	49,121
SRO-2 additional city schools	50,000	0	0	0
Stormwater fees	0	0	10,342	10,342
Total charges for services	<u>\$ 1,398,355</u>	<u>\$ 1,398,880</u>	<u>\$ 1,505,901</u>	<u>\$ 107,021</u>
Interest				
Interest - checking	\$ 14,700	\$ 14,500	\$ 7,267	\$ (7,233)
Interest - payroll	0	0	294	294
Total Interest	<u>\$ 14,700</u>	<u>\$ 14,500</u>	<u>\$ 7,561</u>	<u>\$ (6,939)</u>
Miscellaneous revenues:				
Sale of scrap metal	\$ 6,000	\$ 6,000	\$ 9,562	\$ 3,562
Donations - Memorial tree fund	0	7,250	8,300	1,050
Old timers banquet	2,500	2,500	2,375	(125)
Greenway Public Arts Comm	0	5,450	7,005	1,555
Sign and decal reimbursement	3,500	3,500	640	(2,860)
Donations - Cleveland Fire Department	0	10,566	10,666	100
Donations Deer Park tire swing	0	0	500	500
TML safety grant - matching	0	2,000	1,986	(14)
TML package bonus	5,000	5,000	5,000	0
TML driver safety grant	0	5,000	5,000	0
Miscellaneous insurance revenue	0	0	250	250
Reimbursement - Public Works trucks	0	39,900	16,808	(23,092)
Animal Shelter donations	0	1,000	967	(33)
Animal Shelter - pet adoptions	10,000	7,176	8,472	1,296
Donations - national night out	0	500	500	0

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued):				
Miscellaneous revenues - (Continued)				
TML reimbursement police vehicles	\$ 0	\$ 0	\$ 6,411	\$ 6,411
Fire misc/reports	0	0	81	81
TML reimbursement for property damage	0	39,834	40,085	251
TML work comp salary reimbursement	0	0	9,939	9,939
Donations-Terminal Bldg	0	0	24,000	24,000
Employee jury duty reimbursement	0	0	44	44
Sundry income	15,000	21,478	10,323	(11,155)
Sundry income - copies	0	0	16	16
Sundry income - clerk and master	12,000	12,000	17,175	5,175
Temporary collection - business tax	0	0	1,500	1,500
Temporary collection account	0	0	16	16
Total miscellaneous revenues	<u>\$ 54,000</u>	<u>\$ 169,154</u>	<u>\$ 187,621</u>	<u>\$ 18,467</u>
Total revenues	<u>\$ 38,668,580</u>	<u>\$ 39,025,947</u>	<u>\$ 39,166,138</u>	<u>\$ 140,191</u>
Expenditures:				
Current				
General government:				
Legislative and judicial:				
Salaries - administrative	\$ 63,550	\$ 63,550	\$ 63,880	\$ (330)
New administrative officer	16,000	0	0	0
Salaries - city council	62,400	62,400	62,700	(300)
Salaries - judicial	34,900	34,900	36,192	(1,292)
Part time wages	1,200	1,200	0	1,200
Service awards	700	725	725	0
Longevity	4,000	3,700	3,700	0
Sold vacations	1,200	1,250	1,221	29
Christmas bonus	400	325	325	0
Dental insurance	6,720	6,720	4,471	2,249
Social security	12,600	12,600	11,422	1,178
Health insurance	69,000	69,000	61,022	7,978
Retirement	27,500	27,500	22,676	4,824
Life and disability insurance	5,150	5,150	1,177	3,973
Postage	500	500	134	366
Printing	1,500	500	168	332
Subscriptions and memberships	5,200	4,200	384	3,816
Advertising	3,000	3,000	1,220	1,780
Telephone and pager	11,000	16,200	16,602	(402)
Contracted services-reporters	0	11,000	11,000	0
Administrative officer services	0	5,000	0	5,000
Government consulting services	8,000	3,000	3,000	0
Equipment repair and replacement	1,600	500	0	500
Contract maintenance services	4,500	4,500	3,611	889
Building maintenance	0	200	120	80
Emergency repairs - city buildings	15,000	15,000	11,542	3,458
Travel and training	12,000	12,000	3,814	8,186
Council work sessions	3,000	3,000	1,447	1,553
Complimentary meals	1,500	1,500	609	891

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Legislative and judicial - (Continued)				
Office expenditures and paper	\$ 4,000	\$ 4,400	\$ 4,539	\$ (139)
Janitorial	400	400	0	400
Gasoline	0	0	153	(153)
Insurance - general liability	950	950	1,126	(176)
Insurance - workers compensation	1,200	1,200	0	1,200
Rent - parking lots	1,800	1,800	0	1,800
Service pins - all departments	900	900	511	389
Employee Christmas dinner	2,200	0	0	0
Employee picnic	12,000	12,000	12,118	(118)
Miscellaneous	500	900	1,028	(128)
Office machinery and equipment	700	200	0	200
Council room equipment and supplies	1,500	1,100	28	1,072
Total legislative and judicial	<u>\$ 398,270</u>	<u>\$ 392,970</u>	<u>\$ 342,665</u>	<u>\$ 50,305</u>
Administration and finance				
Salaries	\$ 682,100	\$ 670,500	\$ 665,645	\$ 4,855
Overtime wages	10,000	10,000	22,349	(12,349)
Part time wages	33,000	33,000	25,382	7,618
Service awards	100	300	300	0
Longevity	10,000	9,800	9,750	50
Sold vacations	10,000	10,000	8,810	1,190
Christmas bonus	1,500	1,500	1,293	207
College pay	2,000	2,000	1,965	35
Dental insurance	6,500	6,500	5,943	557
Social security	57,300	57,300	52,677	4,623
Health insurance	106,000	106,000	95,447	10,553
Retirement	119,000	114,000	108,683	5,317
Life and disability insurance	8,500	8,500	7,243	1,257
Employee assistance program	9,500	9,500	8,876	624
Education reimbursement	1,430	0	0	0
Worker's compensation claims	0	600	576	24
Flex spending program	12,000	12,000	8,273	3,727
Laundry and dry cleaning	2,400	1,000	2,653	(1,653)
Pre employment expense	0	1,830	1,800	30
Postage	27,500	27,500	17,014	10,486
Postage machine lease	700	700	660	40
GPS service	0	0	225	(225)
Printing	10,000	5,100	4,324	776
Printing - property taxes	10,000	10,000	8,241	1,759
Citizens Newsletter	1,650	1,650	0	1,650
Subscriptions and memberships	6,000	6,000	4,660	1,340
Advertising	10,500	10,500	6,572	3,928
Utilities	30,000	30,000	30,539	(539)
Telephone	29,000	31,000	31,579	(579)
Contracted services - computer systems	242,000	242,000	274,318	(32,318)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Administration and finance - (Continued)				
Drug and alcohol tests	\$ 3,500	\$ 3,500	\$ 4,065	\$ (565)
Legal fees	105,000	105,000	83,173	21,827
Audit fees	49,000	49,000	49,000	0
Reappraisal fee	51,500	55,425	55,425	0
Appraisal fee	1,500	1,500	1,500	0
Actuarial services	10,500	10,500	10,000	500
Vehicle	3,000	3,000	1,221	1,779
Small equipment repairs	750	2,650	2,065	585
Copier maintenance	2,200	2,200	2,189	11
Building maintenance	20,000	48,195	48,466	(271)
Maintenance - Little Building	0	1,300	2,831	(1,531)
Car allowance	12,600	12,600	10,850	1,750
Training and travel	20,000	15,400	10,945	4,455
Departmental work sessions	2,000	5,000	4,554	446
Credit card fees	20,000	20,000	27,811	(7,811)
Pest control	1,000	1,100	1,126	(26)
Office expenditures	31,000	31,000	29,504	1,496
First aid safety supplies	100	100	30	70
Janitorial supplies	2,000	2,000	1,603	397
Gasoline and oil	2,500	2,500	2,423	77
Insurance - buildings and contents	4,700	4,700	4,430	270
Insurance - vehicles	400	400	310	90
Insurance - general liability	5,400	5,400	5,356	44
Insurance - workers compensation	2,835	2,835	2,644	191
Insurance - professional liability	58,275	50,250	49,016	1,234
Insurance - employee bonds	1,275	1,275	1,275	0
Contracted services - security	1,500	1,500	1,500	0
Employee appreciation day	11,000	11,000	12,738	(1,738)
Miscellaneous	500	500	3,776	(3,276)
Bad debt	30,000	30,000	25,677	4,323
Equipment	1,100	9,800	10,481	(681)
Total administration and finance	<u>\$ 1,893,815</u>	<u>\$ 1,908,410</u>	<u>\$ 1,871,781</u>	<u>\$ 36,629</u>
Safety program:				
Salaries	\$ 53,820	\$ 53,820	\$ 51,735	\$ 2,085
Longevity	1,250	1,250	1,250	0
Sold vacation	1,000	1,000	989	11
Christmas bonus	100	100	108	(8)
College pay	300	300	280	20
Dental insurance	300	300	296	4
Social security	4,200	4,200	4,055	145
Health insurance	5,500	5,500	5,541	(41)
Retirement	9,100	9,100	9,044	56
Life and disability insurance	625	625	612	13
Clothing allowance	350	350	350	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
General government - (Continued)				
Safety program - (Continued)				
Hazard Comm-MSDS	\$ 450	\$ 189	\$ 231	\$ (42)
Telephone	1,100	2,570	1,597	973
Equipment maintenance	4,600	9,555	9,386	169
Training and travel	1,500	970	970	0
Janitorial contract	5,950	5,950	5,940	10
Office supplies	100	100	107	(7)
Wellness center operations	1,500	3,941	3,984	(43)
Safety supplies	300	0	0	0
Gasoline and oil	200	200	184	16
TML driver safety grant	5,000	10,000	10,021	(21)
TML safety grant	2,000	4,000	3,670	330
Insurance - vehicles	350	350	310	40
Insurance - general liability	300	300	295	5
Miscellaneous	200	700	652	48
Incentive program	4,275	500	771	(271)
Total safety program	<u>\$ 104,370</u>	<u>\$ 115,870</u>	<u>\$ 112,378</u>	<u>\$ 3,492</u>
Total general government	<u>\$ 2,396,455</u>	<u>\$ 2,417,250</u>	<u>\$ 2,326,824</u>	<u>\$ 90,426</u>
Development and engineering:				
Salaries	\$ 642,700	\$ 624,270	\$ 624,952	\$ (682)
Overtime wages	2,100	240	231	9
Part time wages	8,500	4,460	4,459	1
Service awards	300	300	225	75
Longevity	4,800	6,050	6,050	0
Sold vacations	11,800	6,600	6,551	49
Christmas bonus	1,400	1,410	1,408	2
College pay	700	700	625	75
Dental insurance	7,800	8,290	8,234	56
Social security	48,100	46,400	44,933	1,467
Health insurance	109,735	120,350	118,931	1,419
Retirement	104,600	109,700	106,598	3,102
Life and disability insurance	8,300	8,100	7,127	973
Education reimbursement	5,600	1,450	1,401	49
Worker's compensation claims	400	0	0	0
Laundry and dry cleaning	1,200	1,200	1,335	(135)
Postage	5,400	2,130	2,113	17
Scanner/copier lease	4,700	4,700	4,683	17
GPS services	0	0	998	(998)
Printing and artwork	2,800	450	411	39
Subscriptions and memberships	6,100	4,400	3,692	708
Advertising	2,500	200	410	(210)
Utilities	11,000	10,350	10,415	(65)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Development and Engineering - (Continued)				
Telephone	\$ 21,700	\$ 24,000	\$ 22,620	\$ 1,380
Engineering services	20,000	9,900	8,640	1,260
Survey	7,000	3,900	1,637	2,263
Vehicle maintenance	12,800	9,800	8,615	1,185
Office equipment maintenance	3,000	3,900	3,871	29
Building maintenance	4,000	7,000	7,162	(162)
Car allowance	4,200	4,200	4,200	0
Travel and training	15,000	8,300	8,390	(90)
Complimentary meals	1,200	1,800	1,804	(4)
Credit card fees	4,500	3,900	3,628	272
Contracted services - pest control	300	300	227	73
Camera supplies	750	750	750	0
Office supplies	10,000	23,000	22,676	324
O.S.H.A. first aid kits	200	200	198	2
Janitorial supplies	1,400	1,700	1,590	110
Uniforms	4,400	3,400	3,078	322
Gasoline and oil	9,800	9,800	7,649	2,151
Insurance - buildings and contents	1,200	1,200	1,104	96
Insurance - vehicles and equipment	2,300	2,100	2,069	31
Insurance - general liability	3,300	3,525	3,521	4
Insurance - workers compensation	8,500	8,500	7,760	740
Insurance - employee bonds	100	100	50	50
Planning commission	4,000	4,000	2,621	1,379
Board of zoning appeals	700	775	762	13
Historic zoning commission	700	700	351	349
Miscellaneous	500	500	443	57
Vehicle	0	33,085	33,085	0
Office equipment	6,900	6,900	5,046	1,854
Total Development and Engineering	<u>\$ 1,138,985</u>	<u>\$ 1,138,985</u>	<u>\$ 1,119,329</u>	<u>\$ 19,656</u>
Public safety:				
Police department:				
Salaries	\$ 4,421,550	\$ 4,289,240	\$ 4,303,805	\$ (14,565)
Overtime wages	242,000	381,500	325,345	56,155
Part-time wages	12,900	13,050	13,134	(84)
Accumulated holiday pay	10,861	12,861	12,812	49
Salaries - school patrol	83,400	84,700	77,534	7,166
Supplemental pay	1,800	1,800	1,786	14
State grant - in service training	55,200	48,600	48,600	0
Overtime - contracted services	0	37,560	39,171	(1,611)
Service awards	2,225	2,225	2,225	0
Longevity	60,250	55,250	54,625	625
Sold vacations	46,000	48,475	48,428	47
Christmas bonus	12,450	12,350	12,344	6

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
College pay	\$ 5,920	\$ 6,045	\$ 6,045	\$ 0
Dental insurance	52,900	50,400	49,665	735
Social security	379,024	381,624	355,618	26,006
Health insurance	806,100	751,100	747,493	3,607
Retirement	938,200	967,200	920,567	46,633
Life and disability insurance	55,700	52,200	50,203	1,997
Unemployment compensation	1,500	1,500	0	1,500
Education reimbursement	4,350	7,150	5,803	1,347
Worker's compensation claims	10,000	10,000	2,043	7,957
Laundry and dry cleaning	24,000	10,000	20,513	(10,513)
Employee physicals	14,500	17,900	16,992	908
Pre-employment tests	3,000	3,725	3,703	22
Uniforms - school patrol	5,000	5,000	4,693	307
Postage	2,500	2,500	1,765	735
GPS service	0	34,660	27,957	6,703
800 MHZ radio	21,000	21,000	357	20,643
Lease - radio tower	5,000	5,000	4,927	73
Contracted services - vehicles	5,600	5,600	4,819	781
Communications - replacement	10,300	10,300	5,106	5,194
Printing	8,000	8,000	3,596	4,404
Subscriptions and memberships	8,450	8,450	7,007	1,443
Accreditation	10,000	7,500	7,507	(7)
Advertising	500	1,200	837	363
Utilities	95,000	94,500	82,552	11,948
Telephone	149,200	153,700	153,178	522
NCIC computer line	8,000	14,820	14,820	0
Vehicle maintenance	335,000	324,430	286,790	37,640
Small equipment repair	1,000	1,000	0	1,000
Copier maintenance	1,500	2,450	2,099	351
Building maintenance	24,000	29,800	30,835	(1,035)
Travel and training	59,000	59,000	49,553	9,447
Recruiting	8,500	8,500	5,329	3,171
Mutual aid meals	1,000	1,000	973	27
Bradley Co. equipment maintenance	1,950	1,950	0	1,950
Janitorial contract	30,000	30,000	29,940	60
Police supplies	6,000	21,450	21,206	244
Batteries	2,000	2,000	916	1,084
Tapes - video and audio	1,000	1,000	405	595
Crime scene unit supplies	2,000	2,500	1,923	577
SRT supplies	7,500	7,500	6,365	1,135
Office expenditures and paper	28,000	28,000	24,246	3,754
Protective vests - federal grants	0	683	80	603
Protective vests	11,600	16,900	16,804	96
OSHA safety supplies	800	1,700	1,638	62

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Police department - (Continued)				
Janitorial supplies	\$ 3,000	\$ 3,000	\$ 2,818	\$ 182
Uniforms	52,750	57,750	53,757	3,993
Ammunition	40,000	37,700	36,583	1,117
Firing range	3,200	6,800	6,590	210
Code Enf educational supplies	1,000	1,000	0	1,000
Gasoline and oil	337,500	296,400	274,956	21,444
Canine fees	3,000	2,000	1,778	222
Insurance - buildings and contents	12,200	11,200	10,797	403
Insurance - vehicles and equipment	78,750	68,750	66,833	1,917
Insurance - general liability	61,950	57,950	57,662	288
Insurance - workers compensation	168,000	143,000	142,611	389
Insurance - employee bonds	500	500	500	0
Computer software support	2,500	17,600	15,091	2,509
Miscellaneous	500	500	908	(408)
Honor Guard	500	500	0	500
Volunteer services	2,500	3,500	3,300	200
Investigative funds	1,500	1,500	1,500	0
Sex offender registry	0	6,052	4,197	1,855
Bike program - donations	0	500	469	31
National night out	500	0	0	0
Guns/taser replacements	30,950	33,450	30,809	2,641
Small equipment	1,500	6,450	6,426	24
Hwy safety grant equipment	0	5,400	5,396	4
Total police department	<u>\$ 8,895,530</u>	<u>\$ 8,920,050</u>	<u>\$ 8,639,658</u>	<u>\$ 280,392</u>
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department:				
Salaries	\$ 4,275,616	\$ 4,212,866	\$ 4,256,270	\$ (43,404)
Overtime wages	210,000	260,000	307,291	(47,291)
Fire runs	10,000	4,000	1,024	2,976
Supplemental pay	68,000	68,000	74,708	(6,708)
State grant - in service training	48,000	52,800	52,800	0
Service awards	2,800	2,700	2,125	575
Longevity	55,750	53,750	53,575	175
Sold vacations	15,000	15,100	16,085	(985)
Christmas bonus	8,700	10,400	9,962	438
Dental insurance	55,550	55,550	53,774	1,776
Social security	353,879	353,879	342,049	11,830
Health insurance	875,464	875,464	910,388	(34,924)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department:				
Retirement	\$ 934,748	\$ 934,748	\$ 922,505	\$ 12,243
Life and disability insurance	49,000	49,300	49,206	94
Education reimbursement	7,700	7,700	1,430	6,270
Worker's compensation claims	6,500	6,500	3,805	2,695
Laundry and dry cleaning	18,400	18,400	17,303	1,097
Immunization and physicals	51,500	43,500	42,638	862
Postage	500	500	387	113
Radio maintenance fee	6,000	0	0	0
Radio and repeater maintenance	4,200	4,200	3,900	300
Communications replacement	3,000	15,000	14,591	409
Printing	500	500	382	118
Subscriptions and memberships	3,200	3,370	3,367	3
License/certification renewal	2,400	2,925	2,923	2
Advertising	0	76	76	0
Utilities	115,500	115,500	100,726	14,774
Telephone	67,500	88,300	88,249	51
Apparatus equipment testing	3,900	2,900	1,965	935
Vehicle maintenance	90,000	99,242	115,592	(16,350)
Small equipment repair	3,000	3,000	2,805	195
Copier maintenance	2,500	2,500	1,992	508
Extrication repair/test	6,000	5,000	4,339	661
Building maintenance	40,000	57,500	59,127	(1,627)
Travel and training	21,000	18,000	16,064	1,936
Training/education material	4,000	4,000	3,640	360
Mutual aid meals	2,000	2,100	2,130	(30)
Towels and cloths	800	800	360	440
Batteries	1,000	1,000	329	671
Office supplies	6,500	6,500	5,749	751
Arson supplies	1,500	0	0	0
Safety	4,500	4,500	1,955	2,545
Medical supplies/equipment	9,000	6,000	3,112	2,888
Janitorial supplies	16,000	16,000	16,059	(59)
Bedding	1,000	2,029	1,794	235
Uniforms	25,000	12,500	9,930	2,570
Operating costs	6,500	4,500	3,956	544
Gasoline	70,000	70,000	56,923	13,077
Appliance repair	5,500	5,500	3,206	2,294
PPE equipment gear	25,000	20,000	15,496	4,504
Extinguisher refills	2,000	2,000	756	1,244
Hazmat supplies	5,000	5,000	1,832	3,168
Insurance - buildings and contents	8,800	8,800	8,586	214
Insurance - vehicles and equipment	28,350	28,350	27,485	865

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Fire department - (Continued)				
Insurance - general liability	\$ 43,050	\$ 44,901	\$ 44,901	\$ 0
Insurance - workers compensation	110,200	108,349	97,719	10,630
Miscellaneous	500	500	75	425
Honor guard donations	0	9,416	8,533	883
Public information	500	500	0	500
City funded - Honor Guard	1,000	1,300	1,299	1
Fire prevention program	3,200	3,700	2,923	777
Truck equipment	11,800	16,800	15,012	1,788
Donation expense	0	650	209	441
ISO firefighting equipment	15,000	15,000	13,541	1,459
Office equipment	400	2,900	2,800	100
Breathing apparatus equipment	15,000	15,000	11,190	3,810
Furniture	2,000	1,000	907	93
Small equipment	1,600	1,600	0	1,600
Radio equipment	3,500	4,039	2,786	1,253
Total fire department	<u>\$ 7,846,007</u>	<u>\$ 7,868,404</u>	<u>\$ 7,898,616</u>	<u>\$ (30,212)</u>
Total public safety	<u>\$ 16,741,537</u>	<u>\$ 16,788,454</u>	<u>\$ 16,538,274</u>	<u>\$ 250,180</u>
Public works:				
Operations division:				
Salaries	\$ 761,200	\$ 758,200	\$ 725,179	\$ 33,021
Overtime wages	10,400	13,400	13,525	(125)
Part time wages	7,000	7,000	6,786	214
Supplemental pay	700	700	603	97
Service awards	900	900	900	0
Longevity	13,700	13,700	13,700	0
Sold vacations	9,700	9,700	8,466	1,234
Christmas bonus	2,300	2,300	2,057	243
College pay	200	200	125	75
Dental insurance	10,600	10,600	9,747	853
Social security	61,700	61,700	55,579	6,121
Health insurance	162,900	162,900	152,265	10,635
Retirement	132,900	132,900	124,678	8,222
Life and disability insurance	10,100	10,100	9,629	471
Worker's compensation claims	2,000	2,000	2,000	0
Laundry and dry cleaning	600	600	19	581
Pre-employment drug testing	500	500	321	179
Safety shoes	2,900	2,900	2,732	168
Postage	300	300	20	280
800 MHZ radio	3,000	3,000	3,000	0
GPS services	6,300	6,600	6,931	(331)
Printing	200	200	0	200
Subscriptions and memberships	400	400	299	101
Advertising	300	500	460	40
Utilities	33,000	33,000	32,113	887

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Operations division - (Continued)				
Telephone	\$ 28,000	\$ 28,000	\$ 24,271	\$ 3,729
Surveys	3,000	3,000	0	3,000
Small equipment maintenance - signs	1,700	200	178	22
Building maintenance	9,000	16,300	15,726	574
Insurance reimbursement - HVAC unit	0	44,900	44,868	32
Travel and training	1,000	1,000	486	514
Departmental work sessions	0	900	837	63
Pest control	1,000	1,000	934	66
Office expenditures and paper	6,800	5,900	3,862	2,038
Operating supplies	4,000	4,300	4,226	74
Safety supplies	1,500	5,000	4,833	167
Janitorial supplies	1,500	1,500	1,177	323
Uniforms	10,300	9,000	8,743	257
Gasoline and oil	142,000	142,000	128,553	13,447
Repairs and parts	250,000	242,700	170,346	72,354
Sign shop supplies	2,800	2,800	2,183	617
Sign parts and supplies	40,000	90,100	86,787	3,313
Major safety markings	80,000	65,000	61,474	3,526
Thermoplastic contract	40,000	28,900	28,225	675
Paving and materials	250,000	320,022	272,254	47,768
Insurance - buildings and contents	6,000	6,000	4,842	1,158
Insurance - vehicle and equipment	15,600	16,700	16,623	77
Insurance - general liability	12,400	13,000	12,397	603
Insurance - workers compensation	33,500	31,800	29,032	2,768
Miscellaneous	500	500	409	91
Incentive program	4,000	2,300	2,234	66
Small equipment	3,000	4,600	4,539	61
Small equipment - signs	1,800	1,400	1,058	342
Total operations division	<u>\$ 2,183,200</u>	<u>\$ 2,323,122</u>	<u>\$ 2,102,231</u>	<u>\$ 220,891</u>
Street lighting and signals:				
Street lighting	\$ 442,500	\$ 803,400	\$ 751,467	\$ 51,933
Street lighting - investment	380,000	0	0	0
Traffic light utility service	45,000	45,000	27,535	17,465
Pole attachments	3,000	6,500	4,791	1,709
Interchange lighting	0	1,000	141	859
Traffic light repair maintenance	320,000	528,484	527,487	997
Signal preemption - CU	16,400	16,400	3,938	12,462
Small equipment	1,000	1,000	0	1,000
Total street lighting and signals	<u>\$ 1,207,900</u>	<u>\$ 1,401,784</u>	<u>\$ 1,315,359</u>	<u>\$ 86,425</u>
Storm water management:				
Salaries	\$ 83,000	\$ 84,600	\$ 85,096	\$ (496)
Overtime	1,000	4,125	4,101	24
Contract labor	0	2,675	2,240	435
Longevity	1,100	1,050	1,050	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Storm water management - (Continued)				
Sold vacations	\$ 1,600	\$ 300	\$ 0	\$ 300
Christmas bonus	200	300	217	83
Dental insurance	1,100	1,100	1,046	54
Social security	6,600	6,050	6,049	1
Health insurance	19,600	19,600	19,286	314
Retirement	14,500	15,500	15,283	217
Life and disability insurance	1,100	1,325	1,301	24
Education reimbursement	3,000	0	0	0
Postage	200	200	75	125
GPS services	0	0	399	(399)
Printing	2,200	900	774	126
Public education programs	7,500	7,500	10,445	(2,945)
Subscriptions and memberships	1,400	1,700	1,613	87
Advertising	200	200	0	200
Telephone	3,200	3,200	3,636	(436)
Travel and training	6,000	4,875	4,852	23
Work session	2,500	1,500	786	714
NPDES permit fee	3,500	3,500	3,460	40
Office supplies	1,200	1,900	3,057	(1,157)
Operating supplies	1,500	3,500	3,370	130
Benthic sampling/labwork	7,000	0	0	0
Clothing	1,000	1,150	1,000	150
Gasoline	2,900	2,900	3,011	(111)
Repairs and parts	2,500	4,125	5,833	(1,708)
Insurance - vehicles	550	550	499	51
Insurance - general liability	600	700	635	65
Insurance - worker's compensation	400	25	0	25
Miscellaneous	100	0	0	0
Trash receptacles	6,300	12,570	12,530	40
Computer software	6,700	6,700	0	6,700
Office furniture and equipment	1,000	1,000	0	1,000
Ocoee Crossing Greenway	15,000	0	0	0
Total storm water management	<u>\$ 206,250</u>	<u>\$ 195,320</u>	<u>\$ 191,644</u>	<u>\$ 3,676</u>
Cleveland Regional Jetport Operations:				
Salaries	\$ 68,500	\$ 69,700	\$ 68,905	\$ 795
Contracted services - FBO	90,000	99,200	97,664	1,536
Sold vacations	1,400	1,400	0	1,400
Christmas bonus	200	200	108	92
Dental insurance	600	0	0	0
Social security tax	5,400	5,700	5,641	59
Health insurance	9,800	0	0	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Public works - (Continued)				
Cleveland Regional Jetport Operations - (Continued)				
Retirement	\$ 11,700	\$ 11,700	\$ 10,352	\$ 1,348
Life and disability insurance	900	900	677	223
Worker's compensation claims	500	500	0	500
Laundry and dry cleaning	600	300	114	186
Clothing allowance	400	400	350	50
Postage	300	300	80	220
Printing	500	100	59	41
Service agreement - Cleveland Utilities	2,000	400	400	0
Advertising	0	4,700	4,609	91
Subscriptions and memberships	700	1,300	1,245	55
Utilities	21,000	47,300	41,892	5,408
Telephone	6,500	14,100	9,015	5,085
Contracted services - security	0	2,000	269	1,731
Airport masterplan	5,000	2,300	0	2,300
Building maintenance	0	3,500	3,471	29
Ground maintenance	0	4,800	8,058	(3,258)
Car allowance	4,200	4,200	4,200	0
Travel and training	2,500	1,700	1,652	48
Credit card fees	7,000	15,100	13,914	1,186
Lease agreement	30,000	30,000	30,000	0
Office supplies	1,200	700	432	268
Gasoline	5,000	1,000	772	228
Repairs and parts	2,000	1,500	914	586
Avgas and jetfuel	244,400	370,000	469,817	(99,817)
Insurance - buildings and contents	5,000	7,600	7,518	82
Insurance - vehicles and equipment	1,500	0	0	0
Insurance - general liability	1,500	3,000	2,940	60
Miscellaneous	3,500	1,500	436	1,064
Small equipment	1,000	1,000	287	713
Total Cleveland Regional Jetport Operations	<u>\$ 534,800</u>	<u>\$ 708,100</u>	<u>\$ 785,791</u>	<u>\$ (77,691)</u>
Total Public Works	<u>\$ 4,132,150</u>	<u>\$ 4,628,326</u>	<u>\$ 4,395,025</u>	<u>\$ 233,301</u>
Health and welfare				
Animal Control				
Salaries	\$ 272,950	\$ 252,950	\$ 251,139	\$ 1,811
Overtime wages	18,630	21,330	19,749	1,581
Part time wages	2,070	2,070	624	1,446
Service awards	150	0	0	0
Longevity	5,450	5,450	5,450	0
Sold vacations	700	0	0	0
Christmas bonus	900	870	866	4

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Dental insurance	\$ 2,600	\$ 2,500	\$ 2,252	\$ 248
Social security	23,000	23,000	21,041	1,959
Health insurance	46,500	41,000	39,642	1,358
Retirement	49,600	47,100	45,553	1,547
Life and disability insurance	3,400	3,150	2,950	200
Education reimbursement	1,500	0	0	0
Worker's compensation claims	1,000	1,000	1,000	0
Laundry and dry cleaning	4,750	4,500	4,270	230
Employee physicals	600	600	75	525
Protective immunizations	300	300	56	244
Postage	100	250	189	61
GPS services	0	0	1,572	(1,572)
Contracted services - vehicles	900	400	347	53
Communications replacement	500	300	0	300
Printing	2,000	1,000	481	519
Subscriptions and memberships	1,100	1,100	220	880
Advertising	300	300	81	219
Utilities and pager	12,075	12,075	10,659	1,416
Telephone	14,000	14,000	11,344	2,656
Donated spay and neuter	0	10,234	7,752	2,482
Adoption and veterinary fees	100,000	85,000	39,373	45,627
Sick/veterinary	5,000	21,000	22,580	(1,580)
Vehicle maintenance	15,000	16,794	15,233	1,561
Copier maintenance	600	600	459	141
Building maintenance	6,500	7,500	6,211	1,289
Training and travel	1,500	0	0	0
Credit card fees	2,500	2,500	1,389	1,111
Landfill	1,500	1,000	759	241
Janitorial contract	6,400	6,400	6,035	365
Office supplies and printing	2,500	2,500	1,987	513
OSHA safety supplies	500	500	13	487
Janitorial supplies	6,500	6,500	6,293	207
Uniforms and safety shoes	5,000	3,750	2,473	1,277
Ammunition	500	500	0	500
Gasoline and oil	20,000	18,000	14,949	3,051
Euthanasia and supplies	3,000	2,000	853	1,147
Pet food	7,500	11,000	8,926	2,074
Donations - cages and supplies	0	282	0	282
Insurance - buildings and contents	315	438	437	1
Insurance - vehicles and equipment	1,575	1,385	1,385	0
Insurance - general liability	1,785	1,873	1,873	0
Insurance - workers compensation	7,353	6,882	6,881	1

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Health and welfare - (Continued)				
Animal Control - (Continued)				
Miscellaneous	\$ 500	\$ 500	\$ 202	\$ 298
Equipment	1,100	1,100	1,002	98
Total Animal Control	<u>\$ 662,203</u>	<u>\$ 643,483</u>	<u>\$ 566,625</u>	<u>\$ 76,858</u>
Total health and welfare	<u>\$ 662,203</u>	<u>\$ 643,483</u>	<u>\$ 566,625</u>	<u>\$ 76,858</u>
Culture and recreation:				
College Hill Recreation Center:				
Salaries	\$ 104,600	\$ 104,600	\$ 97,244	\$ 7,356
Overtime wages	5,000	5,000	1,518	3,482
Part time wages	60,000	60,000	60,467	(467)
Accumulated holiday pay	0	0	267	(267)
Service awards	150	150	150	0
Longevity	2,450	1,850	1,800	50
Sold vacations	2,000	2,000	1,993	7
Christmas bonus	400	400	325	75
Dental insurance	1,200	1,200	1,049	151
Social security	13,400	13,400	12,414	986
Health insurance	21,600	21,600	21,086	514
Retirement	19,000	19,000	17,262	1,738
Life and disability insurance	1,300	1,300	1,203	97
Education reimbursement	400	0	0	0
Worker's compensation claims	200	200	0	200
Utilities	50,000	42,500	39,056	3,444
Telephone	5,500	6,500	7,472	(972)
Building maintenance	20,700	27,328	26,543	785
Team competition and trips	2,600	1,600	1,228	372
Office expenditures and paper	1,600	2,100	1,973	127
Janitorial supplies	3,500	3,500	3,047	453
Gate concession supplies	3,500	3,500	3,688	(188)
Gasoline	400	200	10	190
Pool	7,500	5,500	7,716	(2,216)
Athletic supplies	3,000	2,000	1,395	605
Program development	6,000	6,000	4,662	1,338
Insurance - buildings and contents	4,800	4,800	4,529	271
Insurance - general liability	2,600	2,600	2,424	176
Insurance - workers compensation	4,800	4,800	3,874	926
College Hill - football fundraising	0	150	104	46
Cheerleading program	0	270	685	(415)
College Hill gate/program	6,000	6,000	5,559	441
Miscellaneous	500	700	926	(226)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
College Hill Recreation Center - (Continued)				
BCCSA activities	\$ 15,000	\$ 15,000	\$ 15,924	\$ (924)
Youth achievement program	5,300	5,300	4,820	480
Swim team	2,000	0	518	(518)
Small equipment	1,000	700	695	5
Total College Hill Recreation Center	<u>\$ 378,000</u>	<u>\$ 371,748</u>	<u>\$ 353,626</u>	<u>\$ 18,122</u>
Parks and recreation:				
Salaries	\$ 340,600	\$ 340,600	\$ 364,665	\$ (24,065)
Overtime wages	3,500	3,500	3,950	(450)
Part time wages	20,000	20,000	12,361	7,639
Service awards	250	350	250	100
Longevity	3,800	4,200	4,150	50
Sold vacation	2,600	2,600	1,985	615
Christmas bonus	100	1,100	1,083	17
College pay	125	125	125	0
Dental insurance	4,000	4,000	4,779	(779)
Social security	28,500	28,500	27,619	881
Health insurance	75,300	75,300	83,947	(8,647)
Retirement	58,300	58,300	63,314	(5,014)
Life and disability insurance	4,300	4,300	4,113	187
Worker's compensation claims	900	900	1,751	(851)
Laundry and dry cleaning	500	500	751	(251)
Postage	200	200	118	82
GPS services	0	7,900	5,584	2,316
Membership	700	820	740	80
Advertising	300	300	249	51
Utilities	9,400	13,600	13,435	165
Telephone	9,000	9,000	10,637	(1,637)
Vehicle maintenance	44,000	33,000	33,726	(726)
Equipment and repairs	5,500	1,250	952	298
Grounds maintenance	23,000	28,000	33,253	(5,253)
Fletcher building	9,000	12,300	12,832	(532)
Greenway utilities	0	17,000	15,788	1,212
Greenway maintenance	0	0	5,498	(5,498)
Car allowance	4,200	4,200	4,200	0
Training and travel	4,500	4,500	4,112	388
Office expenditures	1,300	1,180	1,389	(209)
Uniforms	3,500	3,500	3,454	46
Gasoline and oil	40,000	40,000	41,293	(1,293)
Insurance - buildings and contents	4,000	4,000	3,932	68

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Parks and recreation - (Continued)				
Insurance - vehicles and equipment	\$ 5,100	\$ 5,100	\$ 6,295	\$ (1,195)
Insurance - general liability	4,800	4,800	4,662	138
Insurance - worker's compensation	5,700	5,700	5,324	376
Miscellaneous	500	500	176	324
Old timers banquet	2,500	1,500	1,370	130
Greenway public arts comm	0	9,557	3,678	5,879
Equipment lease - mowers	6,000	6,000	6,000	0
Small equipment	1,000	2,750	2,739	11
Total parks and recreation	<u>\$ 726,975</u>	<u>\$ 760,932</u>	<u>\$ 796,279</u>	<u>\$ (35,347)</u>
Landscaping maintenance:				
Salaries	\$ 235,800	\$ 236,456	\$ 229,609	\$ 6,847
Overtime wages	900	900	1,715	(815)
Part-time wages	0	1,700	1,666	34
Longevity	4,000	4,000	4,000	0
Sold vacations	1,900	1,900	570	1,330
Christmas bonus	800	800	758	42
Dental insurance	3,000	3,000	2,922	78
Social security	18,600	18,600	17,004	1,596
Health Insurance	53,800	53,800	50,944	2,856
Retirement	40,450	40,450	38,895	1,555
Life and disability insurance	3,600	3,600	2,819	781
Worker's compensation claims	500	1,000	1,000	0
Pre-employment testing	100	100	250	(150)
Postage	100	100	21	79
Printing	400	400	0	400
Subscriptions and memberships	1,500	1,500	630	870
Advertising	200	200	0	200
Utilities	3,300	3,300	1,328	1,972
Telephone	4,600	4,600	4,832	(232)
Vehicle maintenance	60,000	57,500	54,341	3,159
Equipment repairs	1,800	1,800	437	1,363
Travel and training	2,600	5,400	5,133	267
Work sessions	0	200	148	52
Other contracted services	300	1,200	1,102	98
Office expenditures	500	500	173	327
Botanical supplies	11,000	13,500	15,457	(1,957)
Uniforms	3,500	3,500	3,517	(17)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Landscaping maintenance - (Continued)				
Trees	\$ 7,500	\$ 7,500	\$ 9,204	\$ (1,704)
Donations - memorial tree fund	0	19,677	9,853	9,824
Gasoline and oil	29,000	29,000	25,446	3,554
Insurance - vehicle and equipment	5,700	6,300	6,226	74
Insurance - general liability	3,400	3,400	3,299	101
Insurance - workers compensation	8,000	8,000	7,423	577
Miscellaneous	500	500	0	500
Equipment lease - mowers	6,000	6,000	89,408	(83,408)
Small equipment	1,000	1,000	1,524	(524)
Total landscaping maintenance	<u>\$ 514,350</u>	<u>\$ 541,383</u>	<u>\$ 591,654</u>	<u>\$ (50,271)</u>
Cleveland Community Center:				
Salaries	\$ 143,400	\$ 143,400	\$ 149,292	\$ (5,892)
Part time wages	40,000	45,000	60,120	(15,120)
Service awards	0	550	792	(242)
Longevity	5,400	5,300	5,100	200
Sold vacations	1,650	1,650	1,700	(50)
Christmas bonus	500	600	541	59
Dental insurance	1,300	1,300	1,153	147
Social security	14,600	14,600	16,259	(1,659)
Health insurance	22,000	22,000	20,853	1,147
Retirement	25,100	25,100	25,971	(871)
Life and disability insurance	1,800	1,800	1,640	160
Worker's compensation claims	100	350	304	46
Advertising	0	0	62	(62)
Utilities	42,000	35,000	32,225	2,775
Telephone	5,000	5,000	5,389	(389)
Vehicle maintenance	500	500	466	34
Building maintenance	9,500	12,500	12,891	(391)
Team trips and competition	1,500	1,750	2,013	(263)
Office expenditures and paper	700	1,200	1,421	(221)
Janitorial contract	3,500	3,500	3,047	453
Pool	7,500	7,500	3,788	3,712
Athletic supplies	1,500	1,500	963	537
Ceramic supplies	500	200	13	187
Insurance - buildings and contents	3,300	3,300	3,090	210
Insurance - general liability	2,200	2,300	2,241	59

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Cleveland Community Center - (Continued)				
Insurance - worker's compensation	\$ 2,500	\$ 2,500	\$ 2,086	\$ 414
Contracted services - floor maintenance	2,000	2,000	492	1,508
Contracted services - security	1,600	1,600	1,372	228
Miscellaneous	500	500	565	(65)
Swim team	2,000	2,000	2,000	0
Junior pro basketball	3,000	2,800	2,458	342
Cardinal account	3,700	1,500	2,056	(556)
Small equipment	600	3,550	3,491	59
Total Cleveland Community Center	<u>\$ 349,450</u>	<u>\$ 352,350</u>	<u>\$ 365,854</u>	<u>\$ (13,504)</u>
Tinsley Park:				
Salaries	\$ 119,750	\$ 119,750	\$ 104,327	\$ 15,423
Overtime	2,500	2,500	360	2,140
Social security	9,200	9,200	8,000	1,200
Utilities	36,750	36,250	28,045	8,205
Telephone	1,300	1,800	1,738	62
Maintenance and repairs	10,000	11,375	14,916	(3,541)
Lifeguard training	1,000	1,000	1,988	(988)
Janitorial supplies	3,000	3,000	2,940	60
Tournament	6,000	9,000	8,592	408
Pool	17,000	17,000	20,046	(3,046)
Concession supplies	22,000	22,000	24,675	(2,675)
Insurance - buildings and contents	2,800	2,800	2,780	20
Insurance - general liability	1,500	1,500	1,512	(12)
Insurance - worker's compensation	3,000	2,700	2,697	3
Equipment	0	0	138	(138)
Total Tinsley Park	<u>\$ 235,800</u>	<u>\$ 239,875</u>	<u>\$ 222,754</u>	<u>\$ 17,121</u>
Waterville:				
Salaries	\$ 192,200	\$ 174,200	\$ 170,983	\$ 3,217
Overtime	6,000	7,000	6,586	414
Part time wages	43,000	50,000	49,329	671
Service awards	175	175	175	0
Longevity	300	2,600	2,600	0
Sold vacations	2,500	2,600	2,597	3
Christmas bonus	700	700	541	159
Dental insurance	2,800	2,800	2,145	655
Social security	18,900	18,900	16,709	2,191
Health insurance	53,100	53,100	41,068	12,032
Retirement	34,000	34,000	30,034	3,966
Life and disability insurance	2,400	2,400	2,328	72

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Culture and recreation - (Continued)				
Waterville - (Continued)				
Worker's compensation claims	\$ 100	\$ 1,000	\$ 1,000	\$ 0
Subscriptions and memberships	500	600	534	66
Advertising and marketing	1,800	3,300	2,056	1,244
Utilities	27,300	28,800	33,373	(4,573)
Telephone	9,200	12,700	11,608	1,092
Vehicle maintenance	1,300	1,300	906	394
Equipment parts and maintenance	19,000	17,500	17,994	(494)
Sod, seed and course maintenance	8,000	10,400	9,989	411
Building maintenance	7,000	11,000	10,761	239
Golf cart maintenance	0	2,061	1,840	221
Travel and training	900	0	35	(35)
Credit card fees	3,500	3,500	2,200	1,300
Contracted services - pest control	300	300	257	43
Office expenditures	700	1,000	1,177	(177)
Janitorial	1,500	1,500	1,753	(253)
Uniform	3,000	3,000	2,187	813
Golf course accessories	1,000	1,000	938	62
Gasoline	0	0	120	(120)
Tires, tubes, etc.	900	400	0	400
Irrigation and drainage supplies	2,000	3,900	3,083	817
Proshop	7,000	7,000	5,771	1,229
Concession supplies	17,000	17,000	16,178	822
Small supplies	500	500	430	70
Fertilizer and chemicals	20,000	16,500	12,671	3,829
Insurance - buildings and contents	1,900	1,800	1,424	376
Insurance - general liability	2,500	4,200	4,280	(80)
Insurance - worker's compensation	5,600	5,800	5,750	50
Contracted services - security	2,700	2,900	2,861	39
Miscellaneous	500	500	70	430
Equipment	28,000	30,217	29,286	931
Total Waterville Golf Course	<u>\$ 529,775</u>	<u>\$ 538,153</u>	<u>\$ 505,627</u>	<u>\$ 32,526</u>
Total culture and recreation	<u>\$ 2,734,350</u>	<u>\$ 2,804,441</u>	<u>\$ 2,835,794</u>	<u>\$ (31,353)</u>
Appropriations:				
Jointly funded	\$ 4,100	\$ 2,104	\$ 0	\$ 2,104
Regional Museum	42,300	43,000	43,000	0
MTAS benchmarking	4,000	4,000	3,500	500
Municipal League dues	9,200	9,200	9,102	98
Economic development	45,000	45,000	45,000	0
Southeast Tennessee Development	8,000	8,257	8,257	0
Mainstreet Cleveland	25,000	25,000	25,000	0

CITY OF CLEVELAND, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Current - (Continued)				
Appropriations - (Continued)				
Cemetery Association	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Court's Community Services	59,400	59,400	60,434	(1,034)
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	998	2
SETHRA - Transit	135,000	135,000	135,000	0
Communications Center	450,000	550,000	550,000	0
Emergency Management	87,300	81,800	79,474	2,326
SETDD legal fees	1,000	0	0	0
Veterans Affairs Office	22,600	23,639	23,239	400
Behavioral Research	2,000	2,000	2,000	0
Life Bridges (20%)	6,200	6,200	6,200	0
Community Services Agency	94,400	94,400	94,306	94
Aqua Tigers equipment	2,000	2,000	2,000	0
Boys and Girls Club	14,000	14,000	13,055	945
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	22,236	22,236	22,236	0
Total appropriations	<u>\$ 1,097,436</u>	<u>\$ 1,190,936</u>	<u>\$ 1,185,501</u>	<u>\$ 5,435</u>
Debt Service				
Principal retirement	\$ 0	\$ 0	\$ 41,253	\$ (41,253)
Interest and fiscal charges	0	0	2,560	(2,560)
Total debt service	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,813</u>	<u>\$ (43,813)</u>
Total expenditures	<u>\$ 28,903,116</u>	<u>\$ 29,611,875</u>	<u>\$ 29,011,185</u>	<u>\$ 600,690</u>
Excess of revenues over expenditures	<u>\$ 9,765,464</u>	<u>\$ 9,414,072</u>	<u>\$ 10,154,953</u>	<u>\$ 740,881</u>
Other financing sources (uses):				
Transfers in	\$ 2,010,000	\$ 2,200,384	\$ 2,198,373	\$ (2,011)
Transfers out	(11,788,800)	(12,137,345)	(12,137,345)	0
Capital leases issued	0	0	127,220	127,220
Total other financing sources(uses)	<u>\$ (9,778,800)</u>	<u>\$ (9,936,961)</u>	<u>\$ (9,811,752)</u>	<u>\$ 125,209</u>
Net change in fund balances	\$ (13,336)	\$ (522,889)	\$ 343,201	\$ 866,090
Fund balance at beginning of year	<u>12,468,854</u>	<u>12,468,854</u>	<u>12,468,854</u>	<u>0</u>
Fund balance at end of year	<u>\$ 12,455,518</u>	<u>\$ 11,945,965</u>	<u>\$ 12,812,055</u>	<u>\$ 866,090</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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal government:				
Education of the handicapped	\$ 51,759	\$ 36,462	\$ 36,462	\$ 0
Total federal government	\$ 51,759	\$ 36,462	\$ 36,462	\$ 0
State of Tennessee:				
Basic education program	\$ 22,399,000	\$ 22,177,000	\$ 22,223,000	\$ 46,000
School food service	25,663	27,275	27,275	0
Energy efficient school initiative	0	21,962	21,962	0
Driver education	8,000	8,000	8,000	0
Other state education funds	287,000	600,900	629,125	28,225
Career ladder program	224,648	224,648	141,654	(82,994)
Career ladder extended contract	164,793	164,793	49,945	(114,848)
Other state grants	967,624	1,013,604	1,013,604	0
State mixed drink tax	101,990	101,990	101,798	(192)
State income tax	30,427	40,841	22,592	(18,249)
On-behalf contributions for opeb	0	0	211,059	211,059
Total State of Tennessee	\$ 24,209,145	\$ 24,381,013	\$ 24,450,014	\$ 69,001
Bradley County:				
Property taxes - current	\$ 5,703,208	\$ 5,350,416	\$ 5,393,092	\$ 42,676
Property taxes - prior	182,061	182,061	219,160	37,099
Cir clerk/clerk & master	116,000	116,000	107,761	(8,239)
Interest and penalty	31,369	31,369	30,663	(706)
In lieu of taxes - Local Utilities	1,305	3,805	2,548	(1,257)
In lieu of taxes - Other Utilities	91,317	101,717	107,890	6,173
Marriage license	2,825	2,825	2,781	(44)
Bank excise tax	18,201	18,201	22,548	4,347
Interstate telecommunications tax	2,126	2,126	3,532	1,406
Local sales tax	4,422,978	4,265,978	3,924,612	(341,366)
Total Bradley County	\$ 10,571,390	\$ 10,074,498	\$ 9,814,587	\$ (259,911)
Total Intergovernmental	\$ 34,832,294	\$ 34,491,973	\$ 34,301,063	\$ (190,910)
Charges for services:				
Tuition	\$ 101,935	\$ 101,935	\$ 108,703	\$ 6,768
Community service fees	152,396	142,396	105,405	(36,991)
Criminal background fee	4,800	4,800	1,680	(3,120)
Total charges for services	\$ 259,131	\$ 249,131	\$ 215,788	\$ (33,343)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues - (Continued)				
Interest	\$ 6,250	\$ 6,250	\$ 4,435	\$ (1,815)
Miscellaneous:				
E rate funding	\$ 0	\$ 12,901	\$ 12,901	\$ 0
Miscellaneous refunds	98,841	98,841	40,433	(58,408)
Sale of equipment	10,000	10,000	10,642	642
Damages recovered	1,800	1,800	261	(1,539)
Contributions	137,929	153,229	158,491	5,262
Other	30,000	30,000	14,442	(15,558)
Total miscellaneous	\$ 278,570	\$ 306,771	\$ 237,170	\$ (69,601)
Total revenues	\$ 35,376,245	\$ 35,054,125	\$ 34,758,456	\$ (295,669)
Expenditures:				
Current:				
Education:				
Regular instruction:				
Teachers	\$ 13,872,184	\$ 13,963,102	\$ 13,914,649	\$ 48,453
Career ladder program	129,000	129,000	82,963	46,037
Career ladder extended contract	141,211	141,211	27,100	114,111
Homebound teachers	54,607	51,607	53,137	(1,530)
Assistants	1,100,545	1,108,545	1,105,363	3,182
Other salaries and wages	194,097	194,097	188,580	5,517
Certified substitute teachers	120,000	125,000	152,567	(27,567)
Non-certified substitute teachers	92,780	102,780	118,670	(15,890)
Social security	959,418	909,418	894,534	14,884
State retirement	1,443,605	1,413,605	1,404,456	9,149
Life insurance	15,607	15,607	29,578	(13,971)
Medical insurance	2,130,397	2,162,030	2,171,428	(9,398)
Unemployment compensation	18,000	18,000	16,915	1,085
Employer medicare liability	224,380	214,380	212,019	2,361
Other fringe benefits	144,000	144,000	129,779	14,221
Maintenance and repair	18,420	18,420	6,950	11,470
Other contracted services	331,183	395,183	410,295	(15,112)
Instructional supplies	273,065	259,565	193,615	65,950
Textbooks	255,000	105,000	122,551	(17,551)
Other supplies and materials	28,807	283,197	273,978	9,219
Other charges	9,100	9,100	1,555	7,545
Regular instruction equipment	484,009	153,609	188,150	(34,541)
Total regular instruction	\$ 22,039,415	\$ 21,916,456	\$ 21,698,832	\$ 217,624
Special education:				
Teachers	\$ 1,627,051	\$ 1,586,632	\$ 1,592,033	\$ (5,401)
Career ladder program	19,000	19,000	14,500	4,500
Homebound teachers	1,000	1,000	1,074	(74)
Assistants	286,278	295,781	297,113	(1,332)
Speech pathologist	256,291	256,291	249,494	6,797

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Special education - (Continued):				
Certified substitute teachers	\$ 4,000	\$ 8,000	\$ 9,375	\$ (1,375)
In-service training	0	5,000	6,295	(1,295)
Non-certified substitute teachers	3,000	0	0	0
Social security	134,757	134,757	124,565	10,192
State retirement	216,596	216,596	207,261	9,335
Life insurance	1,956	1,956	1,956	0
Medical insurance	240,299	261,980	260,332	1,648
Employer medicare liability	31,516	31,516	29,982	1,534
Contracts with private agencies	22,102	22,102	24,759	(2,657)
Maintenance and other repair services	1,700	1,700	1,000	700
Instructional supplies	24,500	24,500	15,927	8,573
Other supplies and materials	6,800	6,800	17,644	(10,844)
Special education equipment	4,600	4,600	2,811	1,789
Total special education	<u>\$ 2,881,446</u>	<u>\$ 2,878,211</u>	<u>\$ 2,856,121</u>	<u>\$ 22,090</u>
Vocational education:				
Teachers	\$ 788,876	\$ 821,860	\$ 823,809	\$ (1,949)
Other salaries and wages	0	0	750	(750)
Certified substitute teachers	1,500	9,500	9,638	(138)
Non-certified substitute teachers	1,000	1,000	1,636	(636)
Social security	48,665	48,665	48,080	585
State retirement	70,053	73,053	73,148	(95)
Life insurance	639	639	639	0
Medical insurance	101,540	114,303	114,160	143
Employer medicare liability	11,381	11,381	11,265	116
Maintenance and repair services	8,500	8,500	1,111	7,389
Tuition	375	375	0	375
Other contracted services	4,500	4,500	5,810	(1,310)
Instructional supplies	33,200	33,200	70,824	(37,624)
Other supplies and materials	2,300	2,300	30,106	(27,806)
Vocational instruction equipment	67,167	67,167	8,223	58,944
Total vocational education	<u>\$ 1,139,696</u>	<u>\$ 1,196,443</u>	<u>\$ 1,199,199</u>	<u>\$ (2,756)</u>
Students:				
Attendance:				
Supervisor	\$ 42,392	\$ 42,392	\$ 42,392	\$ 0
Other salaries & wages	40,421	40,421	40,421	0
Social security	5,134	5,134	4,978	156
State retirement	10,482	10,482	10,482	0
Life insurance	120	120	120	0
Medical insurance	3,295	6,569	6,569	0
Employer medicare liability	1,201	1,201	1,165	36
Other contracted services	9,000	9,000	0	9,000
Total attendance	<u>\$ 112,045</u>	<u>\$ 115,319</u>	<u>\$ 106,127</u>	<u>\$ 9,192</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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Students - (Continued):				
Health services:				
Medical personnel	\$ 83,679	\$ 83,679	\$ 83,679	\$ 0
Other salaries and wages	74,526	97,168	96,887	281
Social security	9,809	11,212	10,501	711
State retirement	15,575	13,195	15,278	(2,083)
Life insurance	94	94	94	0
Medical insurance	21,660	19,329	19,329	0
Employer medicare liability	2,294	2,622	2,456	166
Travel	4,400	2,400	1,568	832
Other contracted services	3,100	500	300	200
Drugs and medical supplies	2,000	2,000	608	1,392
Other supplies and materials	11,500	4,035	2,667	1,368
Other charges	6,125	700	86	614
Total health services	<u>\$ 234,762</u>	<u>\$ 236,934</u>	<u>\$ 233,453</u>	<u>\$ 3,481</u>
Other student support:				
Career ladder program	\$ 9,000	\$ 9,000	\$ 7,000	\$ 2,000
Guidance personnel	627,532	627,532	631,642	(4,110)
Psychological personnel	82,584	74,584	73,840	744
Career ladder extended contracts	0	0	700	(700)
Social workers	89,595	89,595	89,595	0
Attendants	76,795	106,795	111,685	(4,890)
Other salaries and wages	110,328	114,153	113,953	200
Social security	61,444	51,444	60,819	(9,375)
State retirement	93,396	89,396	90,225	(829)
Life insurance	867	867	867	0
Medical insurance	86,713	77,713	77,280	433
Employer medicare liability	14,440	14,440	14,223	217
Evaluation and testing	90,870	90,870	88,193	2,677
Maintenance and repair services	600	600	0	600
Other contracted services	292,170	297,170	308,622	(11,452)
Other supplies and materials	6,315	6,315	3,081	3,234
Total other student support	<u>\$ 1,642,649</u>	<u>\$ 1,650,474</u>	<u>\$ 1,671,725</u>	<u>\$ (21,251)</u>
Total students	<u>\$ 1,989,456</u>	<u>\$ 2,002,727</u>	<u>\$ 2,011,305</u>	<u>\$ (8,578)</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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff:				
Regular instruction program :				
Supervisor	\$ 367,159	\$ 381,454	\$ 381,454	\$ 0
Career ladder program	20,500	20,500	9,000	11,500
Librarians	481,563	468,328	468,662	(334)
Materials supervisor	43,981	43,981	43,982	(1)
Secretaries	136,275	136,275	136,275	0
Other salaries and wages	160,976	186,836	186,812	24
Social security	74,205	74,205	71,593	2,612
State retirement	130,496	130,496	137,850	(7,354)
Life insurance	1,183	1,183	1,183	0
Medical insurance	160,593	173,549	174,194	(645)
Employer medicare liability	17,354	17,354	16,743	611
Dues and subscriptions	4,000	4,000	1,504	2,496
Travel	36,000	36,000	22,735	13,265
Other contracted services	8,500	11,938	33,675	(21,737)
Library books	34,675	34,675	31,164	3,511
Other supplies and materials	21,650	21,650	23,000	(1,350)
In-service staff development	75,400	77,836	52,852	24,984
Other equipment	3,500	3,500	20,156	(16,656)
Total regular instruction program	<u>\$ 1,778,010</u>	<u>\$ 1,823,760</u>	<u>\$ 1,812,834</u>	<u>\$ 10,926</u>
Special education:				
Supervisor	\$ 89,562	\$ 89,562	\$ 89,562	\$ 0
Career ladder program	1,000	1,000	1,000	0
Social security	5,615	5,615	5,563	52
State retirement	8,042	8,042	8,042	0
Life insurance	29	29	29	0
Medical insurance	5,746	5,746	5,792	(46)
Employer medicare liability	1,303	1,303	1,301	2
Consultants	500	500	608	(108)
Travel	1,500	1,500	1,761	(261)
Total special education	<u>\$ 113,297</u>	<u>\$ 113,297</u>	<u>\$ 113,658</u>	<u>\$ (361)</u>
Vocational education:				
Supervisor	\$ 77,820	\$ 77,820	\$ 77,820	\$ 0
Career ladder program	3,000	3,000	0	3,000
Secretaries	26,395	26,395	26,395	0
Other salaries and wages	0	13,934	13,934	0
Social security	6,647	7,511	7,066	445
State retirement	11,564	11,564	11,297	267

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Instructional staff - (Continued):				
Vocational education - (Continued):				
Life insurance	\$ 72	\$ 72	\$ 73	\$ (1)
Medical insurance	11,224	11,524	11,526	(2)
Employer medicare liability	1,555	1,757	1,652	105
Travel	2,500	2,500	673	1,827
Total vocational education	<u>\$ 140,777</u>	<u>\$ 156,077</u>	<u>\$ 150,436</u>	<u>\$ 5,641</u>
Total instructional staff	<u>\$ 2,032,084</u>	<u>\$ 2,093,134</u>	<u>\$ 2,076,928</u>	<u>\$ 16,206</u>
General administration:				
Board of education:				
Board and committee members fees	\$ 52,800	\$ 52,800	\$ 52,800	\$ 0
Social security	3,274	3,274	3,274	0
Employer medicare	765	765	765	0
Other fringe benefits	740	740	743	(3)
Audit services	13,000	13,250	13,250	0
Dues and membership	14,953	15,342	15,342	0
Legal services	10,000	10,000	7,285	2,715
Liability insurance	46,769	52,092	52,092	0
Premiums on corporate surety bonds	11,070	12,629	12,629	0
Trustee's commission	109,753	118,520	116,877	1,643
Worker's compensation insurance	171,786	187,418	187,418	0
Criminal investigation	8,000	8,000	6,408	1,592
Refund for criminal investigation	2,000	2,000	966	1,034
Other charges	32,000	32,000	30,285	1,715
Total board of education	<u>\$ 476,910</u>	<u>\$ 508,830</u>	<u>\$ 500,134</u>	<u>\$ 8,696</u>
Office of superintendent:				
Administrative officer	\$ 134,001	\$ 134,001	\$ 134,001	\$ 0
Assistants	92,275	92,275	92,275	0
Career ladder program	1,000	1,000	1,000	0
Secretaries	73,768	71,220	71,220	0
Other salaries and wages	7,200	7,200	7,200	0
Social security	18,924	16,924	16,641	283
State retirement	33,082	33,082	32,658	424
Life insurance	195	195	195	0
Medical insurance	39,800	32,800	32,485	315
Employer medicare liability	4,426	4,426	4,260	166
Other fringe benefits	3,923	3,923	4,020	(97)
Communication	90,000	45,000	43,648	1,352

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, 2014

(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	\$ 2,624	\$ 3,433	\$ 3,958	\$ (525)
Postal charges	6,500	6,500	5,238	1,262
Travel	4,300	13,300	11,984	1,316
Other contracted services	24,600	22,600	20,895	1,705
Office supplies	17,500	16,500	13,259	3,241
Other charges	17,900	16,900	12,925	3,975
Administrative equipment	5,000	5,000	4,914	86
Total office of superintendent	<u>\$ 577,018</u>	<u>\$ 526,279</u>	<u>\$ 512,776</u>	<u>\$ 13,503</u>
Total general administration	<u>\$ 1,053,928</u>	<u>\$ 1,035,109</u>	<u>\$ 1,012,910</u>	<u>\$ 22,199</u>
Office of the Principal:				
Principals	\$ 621,930	\$ 677,160	\$ 677,161	\$ (1)
Career ladder program	10,000	10,000	7,000	3,000
Assistant principals	681,072	623,189	621,088	2,101
Secretaries	325,437	325,437	306,341	19,096
Clerical personnel	26,868	26,868	26,868	0
Social security	102,008	102,008	96,006	6,002
State retirement	175,148	175,148	162,328	12,820
Life insurance	1,386	1,386	1,386	0
Medical insurance	164,172	195,578	192,029	3,549
Employer medicare liability	23,857	23,857	22,453	1,404
Dues and memberships	2,600	2,600	1,255	1,345
Maintenance and repair services	2,925	2,925	720	2,205
Postal charges	7,143	7,143	3,641	3,502
Travel	5,100	5,100	262	4,838
Other contracted services	13,725	13,725	14,003	(278)
Office supplies	10,812	10,812	4,189	6,623
Other charges	625	625	932	(307)
Administrative equipment	10,895	10,895	8,375	2,520
Total office of the principal	<u>\$ 2,185,703</u>	<u>\$ 2,214,456</u>	<u>\$ 2,146,037</u>	<u>\$ 68,419</u>
Business administration:				
Bookkeepers	\$ 183,607	\$ 183,607	\$ 181,880	\$ 1,727
Social security	11,384	10,384	9,684	700
State retirement	30,515	28,515	27,602	913
Life insurance	163	163	163	0
Medical insurance	22,188	23,710	23,710	0
Employer medicare liability	2,662	2,662	2,445	217
Data processing services	12,844	13,441	13,441	0
Travel	1,000	500	457	43
Total business administration	<u>\$ 264,363</u>	<u>\$ 262,982</u>	<u>\$ 259,382</u>	<u>\$ 3,600</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, 2014

(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	\$ 23,947	\$ 23,947	\$ 23,947	\$ 0
Other salaries and wages	82,767	82,767	82,767	0
Social security	6,616	6,616	6,368	248
State retirement	11,330	11,330	11,330	0
Life insurance	84	84	84	0
Medical insurance	11,492	11,492	11,694	(202)
Employer medicare liability	1,547	1,547	1,489	58
Janitorial services	741,780	775,740	775,740	0
Operating lease payments	52,951	52,951	0	52,951
Rentals	7,200	7,200	6,600	600
Other contracted services	216,870	216,870	99,622	117,248
Electricity	1,032,422	991,621	1,024,031	(32,410)
Natural gas	130,349	110,349	97,229	13,120
Water and sewer	139,873	139,873	146,167	(6,294)
Other supplies and materials	25,000	25,000	25,537	(537)
Boiler insurance	8,855	10,103	10,103	0
Building and contents insurance	171,309	184,060	184,060	0
Other charges	0	0	341	(341)
Total operation of plant	<u>\$ 2,664,392</u>	<u>\$ 2,651,550</u>	<u>\$ 2,507,109</u>	<u>\$ 144,441</u>
Maintenance of plant:				
Supervisor	\$ 60,566	\$ 60,566	\$ 60,566	\$ 0
Maintenance personnel	398,436	403,436	415,879	(12,443)
Other salaries and wages	35,000	30,000	25,800	4,200
Social security	30,326	29,326	28,758	568
State retirement	76,286	75,286	71,540	3,746
Life insurance	592	592	592	0
Medical insurance	93,000	96,051	96,052	(1)
Employer medicare liability	7,163	7,163	6,726	437
Maintenance and repair services - building	90,140	90,140	92,575	(2,435)
Maintenance and repair services - equipment	2,000	2,000	2,889	(889)
Travel	0	1,000	1,391	(391)
Other contracted services	101,000	101,000	113,852	(12,852)
Equipment and machinery parts	5,200	5,200	(1,171)	6,371
Other supplies and materials	190,000	190,000	139,197	50,803
Other charges	5,000	5,000	9,515	(4,515)
Maintenance equipment	2,500	16,331	19,937	(3,606)
Total maintenance of plant	<u>\$ 1,097,209</u>	<u>\$ 1,113,091</u>	<u>\$ 1,084,098</u>	<u>\$ (28,993)</u>
Total operation and maintenance	<u>\$ 3,761,601</u>	<u>\$ 3,764,641</u>	<u>\$ 3,591,207</u>	<u>\$ 173,434</u>
Transportation:				
Supervisor	\$ 35,370	\$ 35,870	\$ 35,870	\$ 0
Mechanics	68,766	63,766	62,112	1,654
Bus drivers	463,290	463,290	469,625	(6,335)

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Transportation - (Continued)				
Social security	\$ 35,180	\$ 35,180	\$ 34,992	\$ 188
State retirement	17,307	17,307	16,244	1,063
Life insurance	94	94	94	0
Medical insurance	22,188	23,374	23,374	0
Employer medicare	8,228	8,228	8,184	44
Contracts with parents	1,000	1,000	742	258
Medical and dental services	3,500	3,500	4,236	(736)
Travel	1,100	1,100	286	814
Other contracted services	22,500	22,500	29,377	(6,877)
Diesel fuel	181,788	181,788	181,931	(143)
Gasoline	20,000	20,000	16,858	3,142
Lubricants	2,000	2,000	943	1,057
Tires and tubes	9,962	17,290	16,711	579
Vehicle parts	79,440	79,440	90,449	(11,009)
Other supplies and materials	2,000	2,000	8,883	(6,883)
Vehicle and equipment insurance	49,812	56,828	56,828	0
Other charges	15,550	15,550	8,112	7,438
Other equipment	0	1,140	1,140	0
Total transportation	\$ 1,039,075	\$ 1,051,245	\$ 1,066,991	\$ (15,746)
Food service:				
Other salaries and wages	\$ 59,398	\$ 59,398	\$ 59,398	\$ 0
Social security	3,683	3,683	3,583	100
State retirement	5,275	5,275	5,274	1
Life insurance	47	47	47	0
Medical insurance	5,746	5,901	5,901	0
Employer medicare liability	861	861	839	22
Total food service	\$ 75,010	\$ 75,165	\$ 75,042	\$ 123
Community services:				
Supervisor	\$ 57,829	\$ 57,829	\$ 48,576	\$ 9,253
Other salaries and wages	162,228	162,228	177,381	(15,153)
Social security	13,644	13,644	13,561	83
State retirement	5,135	5,135	4,839	296
Life insurance	34	34	0	34
Medical insurance	11,336	11,336	11,440	(104)
Employer medicare liability	3,191	3,191	3,171	20
Travel	4,141	4,141	1,135	3,006
Other contracted services	20,000	20,000	19,369	631
Food supplies	30,000	30,000	11,380	18,620
Other supplies and materials	19,509	19,509	10,539	8,970
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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Education - (Continued):				
Community services - (Continued):				
Other charges	\$ 2,000	\$ 2,000	\$ 2,245	\$ (245)
Total community services	\$ 329,397	\$ 329,397	\$ 303,636	\$ 25,761
Early Childhood Education:				
Contracts with other public agencies	\$ 967,624	\$ 1,013,604	\$ 1,013,604	\$ 0
Total early childhood education	\$ 967,624	\$ 1,013,604	\$ 1,013,604	\$ 0
Other Programs				
On-behalf payments of opeb	\$ 0	\$ 0	\$ 211,060	\$ (211,060)
Total other programs	\$ 0	\$ 0	\$ 211,060	\$ (211,060)
Total education	\$ 39,758,798	\$ 39,833,570	\$ 39,522,254	\$ 311,316
Capital Outlay:				
Building improvements	\$ 126,000	\$ 126,000	\$ 162,608	\$ (36,608)
Total capital outlay	\$ 126,000	\$ 126,000	\$ 162,608	\$ (36,608)
Debt Service				
Principal on bonds	\$ 270,244	\$ 270,244	\$ 287,095	\$ (16,851)
Interest on bonds	160,703	160,703	35,857	124,846
Other debt service	194,700	194,700	0	194,700
Total debt service	\$ 625,647	\$ 625,647	\$ 322,952	\$ 302,695
Total expenditures	\$ 40,510,445	\$ 40,585,217	\$ 40,007,814	\$ 577,403
Excess (deficiency) of revenues over expenditures	\$ (5,134,200)	\$ (5,531,092)	\$ (5,249,358)	\$ 281,734
Other Financing Sources (Uses)				
Transfers in	\$ 5,133,000	\$ 5,133,000	\$ 5,120,035	\$ (12,965)
Transfers out	0	0	(486,719)	(486,719)
Total other financing sources(uses)	\$ 5,133,000	\$ 5,133,000	\$ 4,633,316	\$ (499,684)
Net change in fund balances	\$ 0	\$ (398,092)	\$ (616,042)	\$ (217,950)
Fund balance at beginning of year	3,301,106	3,301,106	3,301,106	0
Fund balance at end of year	\$ 3,301,106	\$ 2,903,014	\$ 2,685,064	\$ (217,950)

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Enterprise Funds			Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,490,205	\$ 4,905,524	\$ 11,395,729	\$ 2,544
Cash and cash equivalents - restricted	44,563	17,700	62,263	0
Accounts receivable - net	3,195,664	14,977,732	18,173,396	24,193
Inventories	279,641	1,562,927	1,842,568	207,332
Prepays	463,341	473,495	936,836	0
Total current assets	<u>\$ 10,473,414</u>	<u>\$ 21,937,378</u>	<u>\$ 32,410,792</u>	<u>\$ 234,069</u>
Noncurrent assets:				
Receivable - conservation loans	\$ 0	\$ 1,420,471	\$ 1,420,471	\$ 0
Other assets	0	1,844,121	1,844,121	0
Capital assets:				
Land and construction in progress	3,933,772	1,727,278	5,661,050	108,291
Other capital assets, net of depreciation	104,590,841	70,146,654	174,737,495	985,952
Total noncurrent assets	<u>\$ 108,524,613</u>	<u>\$ 75,138,524</u>	<u>\$ 183,663,137</u>	<u>\$ 1,094,243</u>
Total assets	<u>\$ 118,998,027</u>	<u>\$ 97,075,902</u>	<u>\$ 216,073,929</u>	<u>\$ 1,328,312</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	\$ 699,557	\$ 19,208	\$ 718,765	\$ 0
Total deferred outflows of resources	<u>\$ 699,557</u>	<u>\$ 19,208</u>	<u>\$ 718,765</u>	<u>\$ 0</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 685,034	\$ 10,607,663	\$ 11,292,697	\$ 15,987
Customer deposits	0	3,274,769	3,274,769	0
Due to other funds	0	104,000	104,000	0
Notes payable - current	360,599	181,250	541,849	0
Revenue bonds payable - current	2,985,000	960,000	3,945,000	0
Other current liabilities	1,918,530	1,176,502	3,095,032	0
Total current liabilities	<u>\$ 5,949,163</u>	<u>\$ 16,304,184</u>	<u>\$ 22,253,347</u>	<u>\$ 15,987</u>
Noncurrent liabilities:				
Post-employment benefits payable	\$ 3,541,359	\$ 2,799,482	\$ 6,340,841	\$ 0
Conservation advances from TVA	0	1,459,909	1,459,909	0
Due to other funds	0	1,632,692	1,632,692	0
Notes payable	3,903,347	939,491	4,842,838	0
Revenue bonds payable net of discount	36,405,339	10,904,331	47,309,670	0
Total noncurrent liabilities	<u>\$ 43,850,045</u>	<u>\$ 17,735,905</u>	<u>\$ 61,585,950</u>	<u>\$ 0</u>
Total liabilities	<u>\$ 49,799,208</u>	<u>\$ 34,040,089</u>	<u>\$ 83,839,297</u>	<u>\$ 15,987</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	\$ 16,367	\$ 0	\$ 16,367	\$ 0
Total deferred inflows of resources	<u>\$ 16,367</u>	<u>\$ 0</u>	<u>\$ 16,367</u>	<u>\$ 0</u>
NET POSITION				
Net investment in capital assets	\$ 65,598,081	\$ 58,925,768	\$ 124,523,849	\$ 985,952
Unrestricted	4,283,928	4,129,253	8,413,181	326,373
Total net position	<u>\$ 69,882,009</u>	<u>\$ 63,055,021</u>	<u>\$ 132,937,030</u>	<u>\$ 1,312,325</u>

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

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Enterprise Funds			Internal Service Fund
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Total	
Operating Revenues:				
Charges for services	\$ 22,314,781	\$ 96,828,566	\$ 119,143,347	\$ 574,577
Other operating revenues	1,917,968	1,420,943	3,338,911	120
Total operating revenues	\$ 24,232,749	\$ 98,249,509	\$ 122,482,258	\$ 574,697
Operating Expenses:				
Power purchased	\$ 0	\$ 80,959,336	\$ 80,959,336	\$ 0
Operation expenses	13,149,841	7,133,200	20,283,041	604,664
Maintenance expense	2,545,299	3,067,219	5,612,518	0
Depreciation and amortization	5,211,375	3,756,038	8,967,413	32,481
Total operating expenses	\$ 20,906,515	\$ 94,915,793	\$ 115,822,308	\$ 637,145
Operating income (loss)	\$ 3,326,234	\$ 3,333,716	\$ 6,659,950	\$ (62,448)
Non Operating Revenues (Expenses):				
Interest income	\$ 33,227	\$ 31,944	\$ 65,171	\$ 63
Interest expense	(1,700,224)	(471,182)	(2,171,406)	0
Plant cost recovered through contributions	0	(148,231)	(148,231)	0
Other income (expense)	0	48,977	48,977	0
Total nonoperating revenues (expenses)	\$ (1,666,997)	\$ (538,492)	\$ (2,205,489)	\$ 63
Income before contributions and transfers	\$ 1,659,237	\$ 2,795,224	\$ 4,454,461	\$ (62,385)
Capital contributions	812,979	148,231	961,210	0
Transfers in	0	0	0	0
Transfers out	(209,148)	(1,989,225)	(2,198,373)	0
Change in net position	\$ 2,263,068	\$ 954,230	\$ 3,217,298	\$ (62,385)
Total net position - (previously reported)	\$ 68,113,250	\$ 62,240,851	\$ 130,354,101	\$ 1,374,710
Prior Period Adjustment	(494,309)	(140,060)	(634,369)	0
Total net position - beginning (restated)	\$ 67,618,941	\$ 62,100,791	\$ 129,719,732	\$ 1,374,710
Total net position - ending	\$ 69,882,009	\$ 63,055,021	\$ 132,937,030	\$ 1,312,325

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Enterprise Funds			Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Total	
Cash flows from operating activities:				
Receipts from customers	\$ 24,038,759	\$ 97,628,965	\$ 121,667,724	\$ 574,368
Payments to suppliers	(10,816,412)	(83,129,238)	(93,945,650)	(268,787)
Payments to employees for services	(4,567,162)	(7,357,838)	(11,925,000)	(325,436)
Net cash provided by (used in) operating activities	<u>\$ 8,655,185</u>	<u>\$ 7,141,889</u>	<u>\$ 15,797,074</u>	<u>\$ (19,855)</u>
Cash flows from noncapital financing activities:				
Transfers out	\$ (209,148)	\$ (1,989,225)	\$ (2,198,373)	\$ 0
Net cash provided by (used in) financing activities	<u>\$ (209,148)</u>	<u>\$ (1,989,225)</u>	<u>\$ (2,198,373)</u>	<u>\$ 0</u>
Cash flows from capital and related financing activities:				
Additions to plants	\$ (5,272,632)	\$ (4,955,636)	\$ (10,228,268)	\$ 0
Proceeds received for contributions in aid of construction	812,979	148,231	961,210	0
Proceeds from sale of assets	0	102,495	102,495	0
Removal cost	(41,666)	(239,787)	(281,453)	0
Salvage	47,331	126,560	173,891	0
Proceeds from issuance of debt	1,016,321	1,120,741	2,137,062	0
Payment of principal on long-term debt	(3,182,356)	(940,000)	(4,122,356)	0
Payment of interest on long-term debt	(1,679,487)	(483,552)	(2,163,039)	0
Net cash provided by (used in) capital and related financing activities	<u>\$ (8,299,510)</u>	<u>\$ (5,120,948)</u>	<u>\$ (13,420,458)</u>	<u>\$ 0</u>
Cash flows from investing activities:				
Interest received	\$ 33,227	\$ 80,920	\$ 114,147	\$ 63
Net cash provided by investing activities	<u>\$ 33,227</u>	<u>\$ 80,920</u>	<u>\$ 114,147</u>	<u>\$ 63</u>
Net increase (decrease) in cash and cash equivalents	\$ 179,754	\$ 112,636	\$ 292,390	\$ (19,792)
Cash and cash equivalents, beginning of year	<u>6,355,014</u>	<u>4,810,588</u>	<u>11,165,602</u>	<u>22,336</u>
Cash and cash equivalents, end of year	<u>\$ 6,534,768</u>	<u>\$ 4,923,224</u>	<u>\$ 11,457,992</u>	<u>\$ 2,544</u>

CITY OF CLEVELAND, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

(Continued)

	Enterprise Funds			Internal Service Funds
	Cleveland Utilities Water Division	Cleveland Utilities Electric Division	Total	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 3,326,234	\$ 3,333,716	\$ 6,659,950	\$ (62,448)
Adjustments to reconcile net operating revenues to net cash provided by operating activities:				
Depreciation	5,423,134	3,877,866	9,301,000	32,481
Changes in operating assets and liabilities				
Accounts receivable	(193,990)	(758,123)	(952,113)	(329)
Allowance for doubtful accounts	0	9,824	9,824	0
Inventories	30,438	107,037	137,475	5,992
Receivable from customers for conservation loans	0	15,295	15,295	0
Prepays	(435,653)	(264,751)	(700,404)	0
Other assets	0	(47,061)	(47,061)	0
Accounts payable	(231,192)	284,189	52,997	4,449
Customer deposits	0	122,284	122,284	0
Other current liabilities	736,214	476,812	1,213,026	0
Conservation loans	0	(15,199)	(15,199)	0
Net cash provided by (used in) operating activities	\$ 8,655,185	\$ 7,141,889	\$ 15,797,074	\$ (19,855)

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NOTES

CITY OF CLEVELAND, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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, debt and proposed changes in rates. The financial position and results of operations of the Board of Public Utilities are presented in the Cleveland Utilities Water Division and Cleveland Utilities Electric Division in the enterprise fund section. The activities of the Board of Public Utilities are includable as part of the primary government due to the fact that it is not considered to be legally separate.

Cleveland Public Library Board

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

B. Government-wide and Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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 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 general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Cash and Cash Equivalents

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

E. Investments

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 such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

H. Restricted Assets

Certain proceeds of the Cleveland Utilities - Water Division revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. They are represented mostly by cash and certificates of deposit. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

I. Capital Assets

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

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 2014 rates for the Electric Division and Water Divisions were 3.2% and 2.8% respectively. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its costs, together with the cost of removal less salvage, is charged to the reserve for depreciation. Replacements of property (exclusive of minor items of property) for Cleveland Utilities are charged to utility plant accounts.

Cleveland Utilities Electric and Water Divisions charge a portion of depreciation on certain transportation equipment to other expense classifications based on relative usage. Depreciation charged to other accounts was \$121,828 and \$211,759 for Cleveland Utilities Electric Division and Water Division respectively. The following schedule reconciles this allocation of depreciation expense:

	<u>Reconciliation</u>
Depreciation and amortization per statement of revenues, expenses and changes in net position	\$ 8,967,413
Depreciation charged to clearing account	<u>333,587</u>
Depreciation and amortization per statement of cash flows	<u>\$ 9,301,000</u>

J. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding (loss) results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be

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

recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet and also the government-wide statement of net position. Unavailable revenue is comprised of current property taxes (2014 levy) at the government-wide level. The governmental funds report unavailable revenue from property taxes, sales tax and other state taxes and are recognized as an inflow of resources in the period that they become available. The second item is the deferred charge on refunding (gain) resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

K. Compensated Absences

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

L. Long-term obligations

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

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

M. Net Position and Fund Equity

In the government-wide financial statements equity is classified as net position 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, 2014, outstanding bond proceeds totaled \$62,263.

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

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

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

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

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

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

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

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

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

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

N. Budgets and Budgetary Accounting

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

1. The City holds budget hearings in mid-March of each year with all department heads submitting requests. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is presented in conjunction with the operating budget.
2. At a later date, the City Manager makes a formal presentation to the Council for the finalized budget.
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 \$4,751,596, and increase budgeted expenditures by \$9,446,107. The increase in revenues is primarily from federal grants and tax revenue received by the City. The increase in budgeted expenditures is a result of the additional funding.

O. Subsequent Events

Management has evaluated events and transactions that occurred between June 30, 2014, and December 12, 2014, 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. In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

	Investment Maturities		
	Fair Value	Less than One Year	One to Five Years
Certificates of Deposit	\$ 365,834	\$ 365,834	\$ 0
State Treasurer's investment pool	304,499	304,499	0
Total investments	<u>\$ 670,333</u>	<u>\$ 670,333</u>	<u>\$ 0</u>

Interest rate risk - In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the amount invested in long-term investments and bidding the amount of interest earned on checking accounts with area banks. Presently, the City earns 0.125 percent interest rate on deposits in accounts. During fiscal year ended June 30, 2014, a total of \$147,809 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, 2014, 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	\$ 1,646,012	\$ 23,326,922	\$ 0	\$ 553,080	\$ (471,000)	\$ 25,055,014
School	6,339,036	368,290	0	0	(101,195)	6,606,131
Water	0	0	3,195,664	0	0	3,195,664
Electric	0	0	15,138,107	0	(160,375)	14,977,732
Nonmajor	3,314,610	0	24,193	204,623	0	3,543,426
Totals	<u>\$ 11,299,658</u>	<u>\$ 23,695,212</u>	<u>\$ 18,357,964</u>	<u>\$ 757,703</u>	<u>\$ (732,570)</u>	<u>\$ 53,377,967</u>

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

Note 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,339,082	\$ 155,857	\$ 0	\$ 37,494,939
Construction in progress	5,852,753	2,532,621	(3,956,876)	4,428,498
Total capital assets not being depreciated	<u>\$ 43,191,835</u>	<u>\$ 2,688,478</u>	<u>\$ (3,956,876)</u>	<u>\$ 41,923,437</u>
Capital assets, being depreciated:				
Buildings	\$ 107,789,299	\$ 4,685	\$ 0	\$ 107,793,984
Improvements other than buildings	19,401,557	65,374	(14,057)	19,452,874
Infrastructure	54,438,245	6,194,845	0	60,633,090
Furniture, fixtures, equipment and vehicles	29,623,578	3,057,157	(639,473)	32,041,262
Total capital assets being depreciated	<u>\$ 211,252,679</u>	<u>\$ 9,322,061</u>	<u>\$ (653,530)</u>	<u>\$ 219,921,210</u>
Less accumulated depreciation for				
Buildings	\$ (29,033,649)	\$ (2,197,789)	\$ 0	\$ (31,231,438)
Improvements other than buildings	(4,575,159)	(513,459)	8,071	(5,080,547)
Infrastructure	(18,175,963)	(1,343,674)	0	(19,519,637)
Furniture, fixtures, equipment and vehicles	(21,391,414)	(2,108,685)	621,277	(22,878,822)
Total accumulated depreciation	<u>\$ (73,176,185)</u>	<u>\$ (6,163,607)</u>	<u>\$ 629,348</u>	<u>\$ (78,710,444)</u>
Total capital assets being depreciated, net	<u>\$ 138,076,494</u>	<u>\$ 3,158,454</u>	<u>\$ (24,182)</u>	<u>\$ 141,210,766</u>
Governmental activities capital assets, net	<u><u>\$ 181,268,329</u></u>	<u><u>\$ 5,846,932</u></u>	<u><u>\$ (3,981,058)</u></u>	<u><u>\$ 183,134,203</u></u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights, easements	\$ 1,655,237	\$ 67,972	\$ (23,760)	\$ 1,699,449
Construction work-in-progress	3,440,271	521,330	0	3,961,601
Total capital assets not being depreciated	<u>\$ 5,095,508</u>	<u>\$ 589,302</u>	<u>\$ (23,760)</u>	<u>\$ 5,661,050</u>
Capital assets being depreciated:				
Plant in service	\$ 309,725,518	\$ 9,490,741	\$ (1,091,002)	\$ 318,125,257
Total capital assets being depreciated	<u>\$ 309,725,518</u>	<u>\$ 9,490,741</u>	<u>\$ (1,091,002)</u>	<u>\$ 318,125,257</u>
Less accumulated depreciation for				
Plant in service	\$ (135,206,591)	\$ (9,245,754)	\$ 1,064,583	\$ (143,387,762)
Total accumulated depreciation	<u>\$ (135,206,591)</u>	<u>\$ (9,245,754)</u>	<u>\$ 1,064,583</u>	<u>\$ (143,387,762)</u>
Total capital assets being depreciated, net	<u>\$ 174,518,927</u>	<u>\$ 244,987</u>	<u>\$ (26,419)</u>	<u>\$ 174,737,495</u>
Business-type activities capital assets	<u><u>\$ 179,614,435</u></u>	<u><u>\$ 834,289</u></u>	<u><u>\$ (50,179)</u></u>	<u><u>\$ 180,398,545</u></u>

Note 4 - CAPITAL ASSETS - (Cont.)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 87,465
Development and engineering	55,267
Public safety	1,084,866
Public works	1,928,080
Health and welfare	10,630
Culture and recreation	640,769
Education	2,324,049
Capital assets held by the government's internal service fund are charged to various functions based on usage	<u>32,481</u>
Total depreciation expense - governmental activities	<u>\$ 6,163,607</u>

Note 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 1,603,142
School Fund	Nonmajor governmental	513,290
Spring Branch Industrial Park Fund	Cleveland Utilities - Electric	<u>1,736,692</u>
		<u>\$ 3,853,124</u>

Of the total interfund receivable/payable balances, \$2,220,432, 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.

	<u>Transfers in:</u>			
	<u>General Fund</u>	<u>School Fund</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
Transfers out:				
General fund	\$ 0	\$ 5,120,000	\$ 7,017,345	\$ 12,137,345
School fund	0	0	486,719	486,719
Cleveland Utilities - Electric	1,989,225	0	0	1,989,225
Cleveland Utilities - Water	209,148	0	0	209,148
Nonmajor Governmental	0	35	506,883	506,918
	<u>\$ 2,198,373</u>	<u>\$ 5,120,035</u>	<u>\$ 8,010,947</u>	<u>\$ 15,329,355</u>

Note 6 - LONG-TERM DEBT

Capital Leases

The City has entered into three lease agreement as lessee for financing improvements to the school system to upgrade the lighting systems in its facilities, and mowing equipment. 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.

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

Capital Leases - (Cont.)

Future payments on capital leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Requirements
2015	\$ 203,826	\$ 24,008	\$ 227,834
2016	212,951	14,884	227,835
2017	46,262	6,688	52,950
2018	48,226	4,725	52,951
2019	50,272	2,678	52,950
2020-2024	25,931	545	26,476
	<u>\$ 587,468</u>	<u>\$ 53,528</u>	<u>\$ 640,996</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%	\$ 5,075,000
Governmental activities - refunding	2.00-5.00%	55,196,480
		<u>\$ 60,271,480</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2015	\$ 2,721,000	\$ 2,056,072	\$ 4,777,072
2016	2,842,000	1,969,453	4,811,453
2017	2,948,000	1,883,606	4,831,606
2018	3,044,480	1,791,183	4,835,663
2019	3,134,000	1,688,574	4,822,574
2020-2024	17,631,000	6,680,802	24,311,802
2025-2029	20,685,000	3,220,594	23,905,594
2030-2034	6,971,000	549,672	7,520,672
2035-2039	295,000	26,031	321,031
	<u>\$ 60,271,480</u>	<u>\$ 19,865,987</u>	<u>\$ 80,137,467</u>

Revenue Bonds

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

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

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

Revenue Bonds - (Cont.)

Revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Cleveland Utilities - Water Division	1.00-5.75%	\$ 39,305,000
Cleveland Utilities - Electric Division	1.00-5.75%	11,850,000

Debt service requirements to maturity for revenue bonds of Cleveland Utilities for the fiscal year ended June 30, 2014, are as follows:

<u>Fiscal Year</u>	<u>Total</u>		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2015	\$ 3,945,000	\$ 1,805,627	\$ 5,750,627
2016	3,965,000	1,700,586	5,665,586
2017	4,075,000	1,585,157	5,660,157
2018	4,020,000	1,460,984	5,480,984
2019	3,470,000	1,332,982	4,802,982
2020-2024	16,915,000	4,793,208	21,708,208
2025-2029	10,510,000	1,974,788	12,484,788
2030-2034	2,890,000	613,234	3,503,234
2035-2039	1,365,000	121,188	1,486,188
	<u>\$ 51,155,000</u>	<u>\$ 15,387,754</u>	<u>\$ 66,542,754</u>

Notes Payable

Principal requirements to maturity for notes payable accounted for in the governmental activities for the fiscal year ended June 30, 2014, are as follows:

<u>Fiscal Year</u>	<u>Total</u>		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2015	\$ 1,056,706	\$ 590,387	\$ 1,647,093
2016	1,069,906	568,106	1,638,012
2017	1,075,577	540,064	1,615,641
2018	1,106,577	511,129	1,617,706
2019	1,136,577	481,045	1,617,622
2020-2024	6,182,887	1,913,264	8,096,151
2025-2029	5,283,180	781,999	6,065,179
2030-2034	1,605,000	118,870	1,723,870
	<u>\$ 18,516,410</u>	<u>\$ 5,504,864</u>	<u>\$ 24,021,274</u>

Principal requirements to maturity for notes payable accounted for in the business-type activities for the fiscal year ended June 30, 2014, are as follows:

<u>Fiscal Year</u>	<u>Total</u>		
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2015	\$ 541,849	\$ 513,508	\$ 1,055,357
2016	969,724	490,972	1,460,696
2017	975,431	465,014	1,440,445
2018	981,214	438,982	1,420,196
2019	987,085	412,860	1,399,945
2020-2024	5,025,995	1,669,980	6,695,975
2025-2029	5,184,311	1,005,415	6,189,726
2030-2034	4,801,166	343,933	5,145,099
2035-2039	531,482	3,267	534,749
	<u>\$ 19,998,257</u>	<u>\$ 5,343,931</u>	<u>\$ 25,342,188</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 37,145,000	\$ 25,306,480	\$ (2,180,000)	\$ 60,271,480	\$ 2,721,000
Notes payable	35,420,442	4,600,000	(22,044,822)	17,975,620	1,056,706
Capital leases	653,351	127,220	(193,103)	587,468	203,826
Compensated absences	1,678,051	1,638,002	(1,501,200)	1,814,853	145,188
Postemployment benefits	11,956,241	3,039,289	(990,303)	14,005,227	0
Less bond discount/premium	192,357	0	(19,082)	173,275	0
Total	\$ 90,378,349	\$ 34,710,991	\$ (26,928,510)	\$ 94,827,923	\$ 4,126,720

As of June 30, 2014, a balance of \$540,790, is available in loan proceeds to be drawn down on notes.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	\$ 55,055,000	\$ 8,835,000	\$ (12,735,000)	\$ 51,155,000	\$ 3,945,000
Notes payable	2,735,846	1,879,482	(187,500)	4,427,828	506,250
State revolving loan fund	734,136	257,580	(34,857)	956,859	35,599
Conservation advances	1,756,394	358,725	(373,924)	1,741,195	281,286
Postemployment benefits	5,153,954	1,716,464	(529,577)	6,340,841	0
Less bond discount/premiums	131,689	0	(32,019)	99,670	0
	\$ 66,066,195	\$ 13,047,251	\$ (13,892,877)	\$ 64,721,393	\$ 4,768,135

As of June 30, 2014, a balance of \$14,613,570, is available in loan proceeds to be drawn down on notes.

On December 4, 2013, the City of Cleveland on behalf of the Water Division of Cleveland Utilities entered into two revolving loan agreements, with the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority. The two loans, SRF-319 and SRF-320, are being issued for the purpose of making extensions and improvements to the wastewater collection system. The SRF-319 loan is for \$1,826,000, in the form of a loan of \$1,374,978, and principal forgiveness of \$451,022. The funding is a combination of state and federal funds. The loan is to be paid back over a 20 year period with a fixed interest rate of 1.15%.

On February 27, 2014, the City of Cleveland on behalf of the Water Division of Cleveland Utilities issued bonds in the principal amount of \$8,835,000 to currently refund the balance of the Series 2004 bonds for the same amount. The 2014 Series bonds are at a fixed rate of 3.45% and will mature September 1, 2028. The Board currently refunded the 2004 Series bonds to reduce its total debt service payments over 15 years by \$435,035, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$304,485.

On February 27, 2014, the City of Cleveland on behalf of the Electric Division of Cleveland Utilities entered into a loan agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$3,625,000, for the purpose of making extension and improvements to the electric system. The variable rate loan was obtained through the Tennessee Municipal League Bond Fund and is amortized over 20 years.

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

On March 27, 2014, the City of Cleveland issued \$21,206,480, and \$4,100,000 in general obligation refunding bonds, Series 2014A and 2014B, respectively, for the purpose of refunding Series E-9-A notes in the amount of \$21,080,000, and terminating the interest rate swap agreement that had been in place. As a result of this current refunding, the E-9-A notes are considered to be defeased with no balance remaining. The new bond issues are at a fixed rate of 2.51% for five years. Series 2014A bond will mature in 2030. Series 2014B bonds will mature in 2018. The economic gain cannot be determined since the notes were at variable rates.

On May 20, 2014, the City of Cleveland on behalf of the Water Division of Cleveland Utilities entered into a loan agreement with the Public Building Authority of the City of Clarksville, TN for a loan in the amount of \$2,750,000, for the purpose of making extension and improvements to the water system. The variable rate loan was obtained through the Tennessee Municipal League Bond Fund and is amortized over 20 years.

On June 20, 2014, the City of Cleveland entered into a loan agreement with the Public Building authority of the City of Clarksville, TN for the purpose of making a loan to the City of \$4,300,000. The loan proceeds will be used to finance improvements to the Jetport. The fixed rate loan is amortized over 20 years with a fixed rate of 2.64% for five years.

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

Note 7 - RESTRICTED ASSETS

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

Note 8 - JOINT VENTURES

The City of Cleveland together with Bradley County and the City of Charleston, have created the 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 position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds, notes payable, compensated absences and interest payable are not due and payable in the current period and therefore are not reported in the funds." The details of this \$94,997,174, are as follows:

Bonds payable	\$ 60,271,480
Notes payable	17,975,620
Capital leases	587,468
Compensated absences	1,814,853
Postemployment benefits	14,005,227
Interest payable	169,251
Premium on bonds payable	<u>173,275</u>
Net adjustment	<u>\$ 94,997,174</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 position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$1,922,537, difference are as follows:

Capital outlay	\$ 8,053,663
Depreciation expense	<u>(6,131,126)</u>
Net adjustment	<u>\$ 1,922,537</u>

Another element of that reconciliation states that "Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position." The details of this \$28,511,462, difference are as follows:

Principal repayments:	
General Obligation Bonds	\$ 2,180,000
Notes Payable	964,822
Capital leases payable	193,103
Refunding agent - Notes Payable	<u>25,173,537</u>
Net adjustment	<u>\$ 28,511,462</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.

Note 10 - COMMITMENTS AND CONTINGENCIES - (Cont.)

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

Note 13 - RISK MANAGEMENT - (Cont.)

annual premium to the Tennessee Municipal League (TML) for its insurance coverage. The creation of the TML Risk Management Pool provides for it to be self-sustaining through member premiums. Settled claims from losses have not exceeded insurance coverage in any of the past three fiscal years.

Note 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Note 15 - DEFERRED COMPENSATION PLAN

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

Note 16 - ESTIMATES

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

Note 17 - 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, 15th 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, 2014 was 17.69% 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, 2014, the City's annual pension cost of \$5,089,188 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 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, 2011 was 12 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
6/30/14	\$ 5,089,188	100%	\$0.00
6/30/13	4,912,561	100%	\$0.00
6/30/12	4,974,186	100%	\$0.00

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2013, the most recent actuarial valuation date, the plan was 82.96% funded. The actuarial accrued liability for benefits was \$114.03 million, and the actuarial value of assets was \$94.60 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19.43 million. The covered payroll (annual payroll of active employees covered by the plan) was \$27.74 million, and the ratio of the UAAL to the covered payroll was 70.05%.

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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 15th 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, 2014 was 8.88 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, 2014, 2013, and 2012, were \$1,868,991, \$1,829,898, and \$1,792,845, 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."

Note 17 - RETIREMENT COMMITMENTS - (Cont.)

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, 2014, 2013, and 2012 were \$1,436,403, \$1,348,918, and \$1,175,552, 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, 2012, 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 3% 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.

Note 18 - POSTEMPLOYMENT BENEFITS

CITY EMPLOYEES OTHER THAN CITY SCHOOLS AND CLEVELAND UTILITIES

PLAN DESCRIPTION

The City provides postretirement medical, dental and life insurance benefits to employees who retire from the City with 30 years of service, public safety employees 25 years, or age 55 with 10 years of service. Medical benefits are provided using a point of service (POS) single-employer plan through Blue Cross. Dental benefits are provided using a preferred provider organization (PPO) through Blue Cross/Blue Shield. Lincoln National 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%

Note 18 - POSTEMPLOYMENT BENEFITS - (Cont.)

Years of Service At Retirement	Percentage of Premium Paid by Participant
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)	\$ 2,396,795
Interest on net OPEB obligation	324,035
Adjustment to annual required contribution	<u>(385,514)</u>
Annual OPEB cost (expense)	\$ 2,335,316
Contributions made	<u>(538,756)</u>
Increase in net OPEB obligation	\$ 1,796,560
Net OPEB obligation - June 30, 2013	<u>8,100,871</u>
Net OPEB obligation - June 30, 2014	<u><u>\$ 9,897,431</u></u>

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
6/30/2012	\$ 1,842,938	24.84%	\$ 6,638,649
6/30/2013	1,934,205	24.40%	8,100,871
6/30/2014	2,335,316	23.07%	9,987,431

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 25,049,806
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 25,049,806</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 15,125,362
UAAL as a percentage of covered payroll	165.6%

Note 18 - POSTEMPLOYMENT BENEFITS - (Cont.)

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, 2013, 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 2013 medical cost trend rate used was 9% with an ultimate medical cost trend rate of 5% projected to be reached in 2017. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

CLEVELAND UTILITIES - POSTEMPLOYMENT BENEFIT PLAN

PLAN DESCRIPTION

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

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%
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%

Note 18 - POSTEMPLOYMENT BENEFITS - (Cont.)

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

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

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

FUNDING POLICY AND ANNUAL OPEB COST

The Utilities' annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of governmental auditing standards. The ARC represents a level of funding that, if paid on an ongoing basis, is 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)	\$ 1,758,563
Interest on net OPEB obligation	206,160
Adjustment to annual required contribution	<u>(248,259)</u>
Annual OPEB cost (expense)	\$ 1,716,464
Contributions made	<u>(529,577)</u>
Increase in net OPEB obligation	\$ 1,186,887
Net OPEB obligation - June 30, 2013	<u>5,153,954</u>
Net OPEB obligation - June 30, 2014	<u><u>\$ 6,340,841</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
6/30/2012	\$ 1,484,359	35.96%	\$ 4,127,429
6/30/2013	1,552,493	30.12%	5,153,954
6/30/2014	1,716,464	27.07%	6,340,841

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 21,867,196
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 21,867,196</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 10,664,587
UAAL as a percentage of covered payroll	205.0%

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, 2013, 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 2013 medical cost trend rate used was 8% 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 as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

CLEVELAND CITY SCHOOLS SYSTEM

The Cleveland City Schools participate in the state-administered Teacher Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-302. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. 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)	\$ 700,000
Interest on net OPEB obligation	154,215
Adjustment to annual required contribution	<u>(150,242)</u>
Annual OPEB cost (expense)	\$ 703,973
Contributions made	<u>(451,547)</u>
Increase in net OPEB obligation	\$ 252,426
Net OPEB obligation - June 30, 2013	<u>3,855,369</u>
Net OPEB obligation - June 30, 2014	<u><u>\$ 4,107,795</u></u>

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

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 1,112,179	32.59%	\$ 3,116,582
6/30/2013	1,120,335	34.06%	3,855,369
6/30/2014	703,973	64.14%	4,107,795

Note 18 - POSTEMPLOYMENT BENEFITS - (Cont.)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 5,863,000
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,863,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 27,823,137
UAAL as a percentage of covered payroll	21.1%

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, 2013, 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 7.5 percent for fiscal year 2014. The trend will decrease to 7.0% in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. 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 July 1, 2007.

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, 2014, 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.

Note 20 - ACCOUNTING CHANGES

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, became effective for the year ended June 30, 2014. This statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities. Implementation of GASB Statement No. 65 resulted in a restatement of the beginning net position for the fiscal year ending June 30, 2013. The effect decreased the total beginning net position by \$1,387,951.

Note 21- SUBSEQUENT EVENTS

On August 28, 2014, Cleveland Utilities received approval for a \$2.5 million issuance from the Tennessee State Revolving Fund "TSRF" to finance a significant portion of the Automated Meter Interface for all Water Meters. The debt will be issued by the City of Cleveland and includes a total loan of \$2,500,000 with a debt forgiveness of \$500,000. The loan is for a 20-year period at a fixed rate of 1.5 percent.

On October 23, 2014, the Board of Cleveland Utilities approved the issuance of \$2,750,000 and \$3,000,000, for the Electric and Water Divisions, respectively. These issuances will be issued by the City of Cleveland through the Tennessee Municipal Bond Fund. The issuance is for a 20-year period at a variable rate of interest. The interest rate will be set according to the Securities Industry and Financial Markets Association (SIFMA) Index plus a spread of 0.85 percent and an administrative fee of 0.15 percent. The spread will be locked in for a period of seven years.

On June 5, 2014, a public auction was held to liquidate Hardwick Field. The 62.5 acres sold for \$1,037,000, and the Cleveland Municipal Airport Authority voted to accept the bids on June 27, 2014. The closing is expected to occur in the fiscal year ending June 30, 2015.

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)
07/01/13	\$94,595	\$114,027	\$19,432	82.96%	\$27,740	70.05%
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%

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)
07/01/13	\$0	\$25,050	\$25,050	0.00%	\$15,125	165.62%
07/01/11	\$0	\$19,584	\$19,584	0.00%	\$15,380	127.33%
07/01/09	\$0	\$14,601	\$14,601	0.00%	\$15,112	96.62%

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)
07/01/13	\$0	\$21,867	\$21,867	0.00%	\$10,665	205.04%
07/01/11	\$0	\$18,691	\$18,691	0.00%	\$10,123	184.64%
07/01/09	\$0	\$14,772	\$14,772	0.00%	\$10,795	136.84%

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)
07/01/13	\$0	\$5,863	\$5,863	0.00%	\$27,823	21.07%
07/01/11	\$0	\$8,625	\$8,625	0.00%	\$25,299	34.10%
07/01/09	\$0	\$8,807	\$8,807	0.00%	\$24,970	35.30%

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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.

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

Debt Service

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

Capital Projects

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

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

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

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

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

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

Permanent Fund

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

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2014

	Special Revenue			
	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
ASSETS				
Cash and cash equivalents	\$ 344,046	\$ 307,041	\$ 0	\$ 531,411
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	0	0
Accounts receivable	0	203,062	0	0
Due from other government agencies	193,591	0	800,910	0
Due from other funds	0	0	0	0
Prepays	0	0	0	0
Total Assets	\$ 537,637	\$ 510,103	\$ 800,910	\$ 531,411
LIABILITIES				
Liabilities:				
Accrued liabilities	\$ 11,800	\$ 15,763	\$ 287,620	\$ 0
Accounts payable	11,339	130	0	6,925
Due to other funds	0	0	513,290	0
Unearned revenue	0	0	0	25,826
Total Liabilities	\$ 23,139	\$ 15,893	\$ 800,910	\$ 32,751
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - sales tax	\$ 0	\$ 0	0	\$ 0
Total Deferred Inflows of Resources	\$ 0	\$ 0	0	\$ 0
FUND BALANCES				
Nonspendable:				
Permanent fund principal	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:				
Law enforcement	0	0	0	0
Community development - federal grants	0	0	0	0
Street improvements	514,498	0	0	0
Recycling	0	0	0	0
Capital outlay	0	0	0	0
Committed to:				
Solid Waste	0	494,210	0	0
Assigned to:				
Education	0	0	0	498,660
Library	0	0	0	0
Debt service	0	0	0	0
Capital outlay	0	0	0	0
Total Fund Balances	\$ 514,498	\$ 494,210	\$ 0	\$ 498,660
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 537,637	\$ 510,103	\$ 800,910	\$ 531,411

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund
\$ 253,075	\$ 77,676	\$ 30,858	\$ 45,971
0	0	0	0
365,834	0	0	0
0	0	0	0
0	713	45,383	186
0	0	0	0
0	0	0	0
<u>\$ 618,909</u>	<u>\$ 78,389</u>	<u>\$ 76,241</u>	<u>\$ 46,157</u>
\$ 0	\$ 0	\$ 0	\$ 0
727	450	13,660	290
0	0	0	0
0	0	0	0
<u>\$ 727</u>	<u>\$ 450</u>	<u>\$ 13,660</u>	<u>\$ 290</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 13,700	\$ 0	\$ 0	\$ 0
0	77,939	0	0
0	0	0	45,867
0	0	0	0
0	0	0	0
261,324	0	62,581	0
0	0	0	0
0	0	0	0
343,158	0	0	0
0	0	0	0
0	0	0	0
<u>\$ 618,182</u>	<u>\$ 77,939</u>	<u>\$ 62,581</u>	<u>\$ 45,867</u>
<u>\$ 618,909</u>	<u>\$ 78,389</u>	<u>\$ 76,241</u>	<u>\$ 46,157</u>

CITY OF CLEVELAND, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 June 30, 2014

	Special Revenue	Debt Service	Capital Projects	
	Recycling Grant Fund	Debt Service Fund	Capital Improvement Program Fund	Greenway Fund
ASSETS				
Cash and cash equivalents	\$ 4,000	\$ 3,398,638	\$ 635,170	\$ 7,594
Cash and cash equivalents - restricted	0	0	0	0
Investments	0	0	304,499	0
Accounts receivable	0	0	0	0
Due from other government agencies	0	0	817,060	0
Due from other funds	0	0	0	0
Prepays	0	0	334,888	0
Total Assets	\$ 4,000	\$ 3,398,638	\$ 2,091,617	\$ 7,594
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 0	\$ 2,097	\$ 0	\$ 0
Accounts payable	0	0	293,713	0
Due to other funds	0	0	1,603,142	0
Unearned revenue	0	0	0	0
Total Liabilities	\$ 0	\$ 2,097	\$ 1,896,855	\$ 0
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - sales tax	\$ 0	\$ 0	\$ 0	\$ 0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Nonspendable:				
Permanent fund principal	\$ 0	\$ 0	\$ 0	\$ 0
Restricted for:				
Law enforcement	0	0	0	0
Community development - federal grants	0	0	0	0
Street improvements	0	0	0	0
Recycling	4,000	0	0	0
Capital outlay	0	0	49,057	7,594
Committed to:				
Solid Waste	0	0	0	0
Assigned to:				
Education	0	0	0	0
Library	0	0	0	0
Debt service	0	3,396,541	0	0
Capital outlay	0	0	145,705	0
Total Fund Balances	\$ 4,000	\$ 3,396,541	\$ 194,762	\$ 7,594
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,000	\$ 3,398,638	\$ 2,091,617	\$ 7,594

Fletcher Park Trust Fund	Capital Projects		Permanent Fund		Total Nonmajor Governmental Funds
	Sales Tax Capital Projects Fund	Spring Branch Industrial Park Fund	Meiler Estate Animal Shelter Trust Fund		
\$ 5,403	\$ 1,564,206	\$ 100,809	\$ 5,439	\$ 7,311,337	
0	0	0	459,936	459,936	
0	0	0	0	670,333	
0	0	1,561	0	204,623	
0	1,456,767	0	0	3,314,610	
0	0	1,736,692	0	1,736,692	
0	0	0	0	334,888	
<u>\$ 5,403</u>	<u>\$ 3,020,973</u>	<u>\$ 1,839,062</u>	<u>\$ 465,375</u>	<u>\$ 14,032,419</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 317,280	
0	190,120	5,847	0	523,201	
0	0	0	0	2,116,432	
0	0	0	0	25,826	
<u>\$ 0</u>	<u>\$ 190,120</u>	<u>\$ 5,847</u>	<u>\$ 0</u>	<u>\$ 2,982,739</u>	
<u>\$ 0</u>	<u>\$ 758,764</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 758,764</u>	
<u>\$ 0</u>	<u>\$ 758,764</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 758,764</u>	
\$ 0	\$ 0	\$ 0	\$ 459,936	\$ 473,636	
0	0	0	0	77,939	
0	0	0	0	45,867	
0	0	0	0	514,498	
0	0	0	0	4,000	
1,050	2,072,089	0	0	2,453,695	
0	0	0	0	494,210	
0	0	0	0	498,660	
0	0	0	0	343,158	
0	0	0	0	3,396,541	
4,353	0	1,833,215	5,439	1,988,712	
<u>\$ 5,403</u>	<u>\$ 2,072,089</u>	<u>\$ 1,833,215</u>	<u>\$ 465,375</u>	<u>\$ 10,290,916</u>	
<u>\$ 5,403</u>	<u>\$ 3,020,973</u>	<u>\$ 1,839,062</u>	<u>\$ 465,375</u>	<u>\$ 14,032,419</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, 2014

Special Revenue

	State Street Aid Fund	Solid Waste Management Fund	School Federal Projects Fund	School Food Services Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	1,068,129	0	3,723,599	2,114,872
Fines and forfeitures	0	0	0	0
Charges for services	0	2,433,307	0	608,689
Interest	3,174	720	0	200
Miscellaneous	0	0	0	0
Total revenues	\$ 1,071,303	\$ 2,434,027	\$ 3,723,599	\$ 2,723,761
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	578,636	3,716,130	0	0
Culture and recreation	0	0	0	0
Education	0	0	3,773,296	2,767,277
Capital Outlay	96,913	0	0	0
Debt Service	0	0	0	0
Total expenditures	\$ 675,549	\$ 3,716,130	\$ 3,773,296	\$ 2,767,277
Excess (deficiency) of revenues over expenditures	\$ 395,754	\$ (1,282,103)	\$ (49,697)	\$ (43,516)
Other financing sources (uses):				
Transfers in	\$ 0	\$ 1,047,545	\$ 0	\$ 0
Transfers out	(387,500)	0	(35)	0
Notes issued	0	0	0	0
Refunding bonds issued	0	0	0	0
Payment to refunding bond agent	0	0	0	0
Total other financing sources sources (uses)	\$ (387,500)	\$ 1,047,545	\$ (35)	\$ 0
Net change in fund balances	\$ 8,254	\$ (234,558)	\$ (49,732)	\$ (43,516)
Fund balances at beginning of year	506,244	728,768	49,732	542,176
Fund balances at end of year	\$ 514,498	\$ 494,210	\$ 0	\$ 498,660

Special Revenue

Library Fund	Drug Enforcement Fund	Metropolitan Transportation Planning Organization Fund	Community Development Block Grant Fund	2013 Byrne Memorial Justice Grant
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
610,451	0	82,269	535,530	45,788
0	31,519	0	0	0
68,695	0	0	0	0
2,252	107	0	0	0
33,584	6,540	0	0	0
<u>\$ 714,982</u>	<u>\$ 38,166</u>	<u>\$ 82,269</u>	<u>\$ 535,530</u>	<u>\$ 45,788</u>
\$ 0	\$ 0	\$ 110,083	\$ 0	\$ 0
0	0	0	227,394	0
0	32,859	0	0	45,788
0	0	0	0	0
1,241,681	0	0	0	0
0	0	0	0	0
57,111	0	0	330,420	0
0	0	0	0	0
<u>\$ 1,298,792</u>	<u>\$ 32,859</u>	<u>\$ 110,083</u>	<u>\$ 557,814</u>	<u>\$ 45,788</u>
<u>\$ (583,810)</u>	<u>\$ 5,307</u>	<u>\$ (27,814)</u>	<u>\$ (22,284)</u>	<u>\$ 0</u>
\$ 608,100	\$ 0	\$ 40,000	\$ 15,000	\$ 0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>\$ 608,100</u>	<u>\$ 0</u>	<u>\$ 40,000</u>	<u>\$ 15,000</u>	<u>\$ 0</u>
\$ 24,290	\$ 5,307	\$ 12,186	\$ (7,284)	\$ 0
593,892	72,632	50,395	53,151	0
<u>\$ 618,182</u>	<u>\$ 77,939</u>	<u>\$ 62,581</u>	<u>\$ 45,867</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, 2014

	Special Revenue	Debt Service	Capital Projects	
	Recycling Grant Fund	Debt Service Fund	Capital Improvement Program Fund	Greenway Fund
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	83,366	2,632,415	35,500
Fines and forfeitures	0	0	0	0
Charges for services	0	0	0	0
Interest	0	5,386	1,656	8
Miscellaneous	0	86,600	144,200	2,500
Total revenues	<u>\$ 0</u>	<u>\$ 175,352</u>	<u>\$ 2,778,271</u>	<u>\$ 38,008</u>
Expenditures:				
Current:				
General government	\$ 0	\$ 0	\$ 0	\$ 0
Community development	0	0	0	0
Public safety	0	0	0	0
Public works	0	0	0	0
Culture and recreation	0	0	0	0
Education	0	0	0	0
Capital Outlay	0	0	4,306,968	46,203
Debt Service	0	5,214,521	21,500	0
Total expenditures	<u>\$ 0</u>	<u>\$ 5,214,521</u>	<u>\$ 4,328,468</u>	<u>\$ 46,203</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 0</u>	<u>\$ (5,039,169)</u>	<u>\$ (1,550,197)</u>	<u>\$ (8,195)</u>
Other financing sources (uses):				
Transfers in	\$ 0	\$ 5,621,302	\$ 679,000	\$ 0
Transfers out	0	0	0	0
Notes issued	0	0	4,300,000	0
Refunding bonds issued	0	25,306,480	0	0
Payment to refunding bond agent	0	(25,173,537)	0	0
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 5,754,245</u>	<u>\$ 4,979,000</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ 715,076	\$ 3,428,803	\$ (8,195)
Fund balances at beginning of year	<u>4,000</u>	<u>2,681,465</u>	<u>(3,234,041)</u>	<u>15,789</u>
Fund balances at end of year	<u>\$ 4,000</u>	<u>\$ 3,396,541</u>	<u>\$ 194,762</u>	<u>\$ 7,594</u>

Fletcher Park Trust Fund	Capital Projects		Permanent Fund		Total Nonmajor Governmental Funds
	Sales Tax Capital Projects Fund	Spring Branch Industrial Park Fund	Meiler Estate Animal Shelter Trust Fund		
\$ 0	\$ 4,025,568	\$ 0	\$ 0	\$ 4,025,568	
0	0	0	0	10,931,919	
0	0	0	0	31,519	
0	0	0	0	3,110,691	
0	36,549	19,421	1,169	70,642	
0	0	0	0	273,424	
<u>\$ 0</u>	<u>\$ 4,062,117</u>	<u>\$ 19,421</u>	<u>\$ 1,169</u>	<u>\$ 18,443,763</u>	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,083	
0	0	0	0	227,394	
0	0	0	0	78,647	
0	0	0	0	4,294,766	
0	0	0	0	1,241,681	
0	0	0	0	6,540,573	
0	3,598,270	164,074	0	8,599,959	
0	434,879	0	0	5,670,900	
<u>\$ 0</u>	<u>\$ 4,033,149</u>	<u>\$ 164,074</u>	<u>\$ 0</u>	<u>\$ 26,764,003</u>	
\$ 0	\$ 28,968	\$ (144,653)	\$ 1,169	\$ (8,320,240)	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,010,947	
0	0	(119,383)	0	(506,918)	
0	0	300,000	0	4,600,000	
0	0	0	0	25,306,480	
0	0	0	0	(25,173,537)	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 180,617</u>	<u>\$ 0</u>	<u>\$ 12,236,972</u>	
\$ 0	\$ 28,968	\$ 35,964	\$ 1,169	\$ 3,916,732	
5,403	2,043,121	1,797,251	464,206	6,374,184	
<u>\$ 5,403</u>	<u>\$ 2,072,089</u>	<u>\$ 1,833,215</u>	<u>\$ 465,375</u>	<u>\$ 10,290,916</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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gas tax	\$ 1,000,000	\$ 1,000,000	\$ 1,068,129	\$ 68,129
Interest	0	0	3,174	3,174
Total revenues	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,071,303</u>	<u>\$ 71,303</u>
Expenditures:				
Current:				
Public works:				
Salaries	\$ 397,200	\$ 388,200	\$ 371,652	\$ 16,548
Overtime wages	6,200	9,700	8,518	1,182
Service awards	500	500	500	0
Longevity	7,700	7,700	7,650	50
Sold vacations	3,400	3,900	3,892	8
Christmas bonus	1,200	1,200	1,083	117
Dental insurance	5,200	5,200	4,285	915
Social security	31,900	31,900	28,568	3,332
Health insurance	80,400	80,400	61,925	18,475
Retirement	69,200	69,200	64,886	4,314
Life and disability insurance	5,200	5,200	4,269	931
Worker's compensation insurance	14,600	19,100	19,003	97
Worker's compensation claims	500	1,000	1,000	0
Pre-employment testing	200	200	14	186
Safety shoes	1,700	1,700	1,391	309
Capital Outlay:				
8th/Bowman/Centenary/Ocoee	0	94,000	96,913	(2,913)
Total expenditures	<u>\$ 625,100</u>	<u>\$ 719,100</u>	<u>\$ 675,549</u>	<u>\$ 43,551</u>
Excess of revenues over expenditures	<u>\$ 374,900</u>	<u>\$ 280,900</u>	<u>\$ 395,754</u>	<u>\$ 114,854</u>
Other financing sources (uses):				
Transfers out	\$ (387,500)	\$ (387,500)	\$ (387,500)	\$ 0
Total other financing sources (uses)	<u>\$ (387,500)</u>	<u>\$ (387,500)</u>	<u>\$ (387,500)</u>	<u>\$ 0</u>
Net change in fund balances	\$ (12,600)	\$ (106,600)	\$ 8,254	\$ 114,854
Fund balance at beginning of year	<u>506,244</u>	<u>506,244</u>	<u>506,244</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 493,644</u></u>	<u><u>\$ 399,644</u></u>	<u><u>\$ 514,498</u></u>	<u><u>\$ 114,854</u></u>

CITY OF CLEVELAND, TENNESSEE
SOLID WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for services:				
Commercial garbage	\$ 965,000	\$ 1,000,000	\$ 1,014,693	\$ 14,693
Residential garbage	1,420,000	1,420,000	1,418,614	(1,386)
Interest	1,000	1,000	720	(280)
Total revenues	\$ 2,386,000	\$ 2,421,000	\$ 2,434,027	\$ 13,027
Expenditures:				
Current:				
Public works:				
Salaries	\$ 519,200	\$ 519,200	\$ 515,563	\$ 3,637
Overtime wages	15,600	15,600	13,467	2,133
Supplement pay	700	700	603	97
Longevity	11,200	11,200	11,200	0
Sold vacation	3,300	3,300	2,596	704
Christmas bonus	1,600	1,600	1,408	192
Dental insurance	5,800	5,800	5,171	629
Social security	42,200	41,600	39,059	2,541
Health insurance	91,500	91,500	84,158	7,342
Retirement	91,700	91,700	89,333	2,367
Life insurance	6,900	6,900	5,141	1,759
Worker's compensation claims	1,500	2,100	2,096	4
Safety shoes	2,000	2,000	1,725	275
Postage	200	200	2	198
GPS services	3,600	3,900	3,797	103
Printing	200	200	0	200
Subscriptions and memberships	100	100	69	31
Advertising	100	200	188	12
Training and travel	400	400	24	376
Tire disposal	5,000	4,600	460	4,140
Landfill	290,000	239,700	231,016	8,684
Residential account	1,143,900	1,063,700	1,059,953	3,747
Commercial account	1,034,900	1,003,200	1,000,574	2,626
Commercial recycling	73,900	78,800	78,715	85
Office expenditures	1,800	1,800	1,824	(24)
Operating supplies	2,000	1,900	1,105	795
Safety supplies	800	800	790	10
Janitorial supplies	600	700	684	16
Uniforms	4,200	4,500	4,195	305
Gasoline and oil	65,600	74,600	74,474	126
Repairs and parts	160,000	151,000	127,794	23,206
Insurance - property	400	400	333	67
Insurance - vehicle	4,500	9,900	9,854	46
Insurance - general liability	10,900	10,300	10,293	7

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued):				
Current - (Continued):				
Public works - (Continued):				
Insurance - workers compensation	\$ 17,600	\$ 24,200	\$ 24,170	\$ 30
Computer maintenance and support	4,000	0	0	0
Miscellaneous	500	200	197	3
Bradley County recycling	20,000	20,000	20,000	0
Office furniture and equipment	800	800	729	71
Knuckleboom replacement	0	252,900	251,356	1,544
Dump truck	0	6,100	4,091	2,009
Leaf machine	0	38,000	37,923	77
Total expenditures	<u>\$ 3,639,200</u>	<u>\$ 3,786,300</u>	<u>\$ 3,716,130</u>	<u>\$ 70,170</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,253,200)</u>	<u>\$ (1,365,300)</u>	<u>\$ (1,282,103)</u>	<u>\$ 83,197</u>
Other financing sources:				
Transfers in	<u>\$ 1,226,000</u>	<u>\$ 1,047,545</u>	<u>\$ 1,047,545</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 1,226,000</u>	<u>\$ 1,047,545</u>	<u>\$ 1,047,545</u>	<u>\$ 0</u>
Net change in fund balances	\$ (27,200)	\$ (317,755)	\$ (234,558)	\$ 83,197
Fund balance at beginning of year	<u>728,768</u>	<u>728,768</u>	<u>728,768</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 701,568</u></u>	<u><u>\$ 411,013</u></u>	<u><u>\$ 494,210</u></u>	<u><u>\$ 83,197</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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal government	\$ 3,809,274	\$ 4,305,025	\$ 3,723,599	\$ (581,426)
Total revenues	<u>\$ 3,809,274</u>	<u>\$ 4,305,025</u>	<u>\$ 3,723,599</u>	<u>\$ (581,426)</u>
Expenditures:				
Current:				
Education:				
Regular instruction	\$ 1,622,444	\$ 1,908,926	\$ 1,689,522	\$ 219,404
Special education	820,449	857,037	786,217	70,820
Vocational education	231,506	239,535	239,463	72
Support services	1,134,875	1,299,527	1,058,094	241,433
Total expenditures	<u>\$ 3,809,274</u>	<u>\$ 4,305,025</u>	<u>\$ 3,773,296</u>	<u>\$ 531,729</u>
Excess of revenues over expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (49,697)</u>	<u>\$ (49,697)</u>
Other financing sources (uses):				
Transfers out	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (35)</u>	<u>\$ (35)</u>
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (35)</u>	<u>\$ (35)</u>
Net change in fund balances	\$ 0	\$ 0	\$ (49,732)	\$ (49,732)
Fund balance at beginning of year	<u>49,732</u>	<u>49,732</u>	<u>49,732</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 49,732</u></u>	<u><u>\$ 49,732</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (49,732)</u></u>

CITY OF CLEVELAND, TENNESSEE
SCHOOL FOOD SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
USDA reimbursements	\$ 2,178,450	\$ 2,117,950	\$ 2,114,872	\$ (3,078)
Charges for services	752,000	669,400	608,689	(60,711)
Interest	150	200	200	0
Total revenues	<u>\$ 2,930,600</u>	<u>\$ 2,787,550</u>	<u>\$ 2,723,761</u>	<u>\$ (63,789)</u>
Expenditures:				
Current:				
Education:				
Clerical personnel	\$ 58,000	\$ 59,000	\$ 59,090	\$ (90)
Cafeteria personnel	810,000	807,000	804,240	2,760
In-service training	2,000	2,000	1,865	135
Social security	54,000	50,000	48,772	1,228
State retirement	122,000	122,500	122,496	4
Life insurance	5,000	5,000	4,138	862
Medical insurance	265,000	276,000	270,786	5,214
Unemployment compensation	1,000	500	83	417
Employer medicare liability	13,000	12,000	11,406	594
Other fringe benefits	24,000	25,000	25,123	(123)
Communication	1,000	1,300	1,274	26
Dues and membership	700	750	767	(17)
Maintenance and repair services	20,000	16,000	10,077	5,923
Transportation	3,500	3,500	3,666	(166)
Travel	4,000	3,000	5,838	(2,838)
Other contracted services	20,000	21,000	21,752	(752)
Food supplies	1,163,000	1,138,000	1,039,837	98,163
Office supplies	8,000	8,000	5,862	2,138
Uniforms	2,000	2,000	1,670	330
Utilities	4,500	3,500	3,176	324
In-service staff development	1,300	1,300	748	552
Food commodities	178,000	178,000	183,690	(5,690)
Other supplies and materials	136,000	134,000	116,784	17,216
Applicant investigation	600	500	336	164
Food service equipment	34,000	23,500	23,801	(301)
Total expenditures	<u>\$ 2,930,600</u>	<u>\$ 2,893,350</u>	<u>\$ 2,767,277</u>	<u>\$ 126,073</u>
Excess of revenues over expenditures	\$ 0	\$ (105,800)	\$ (43,516)	\$ 62,284
Fund balance at beginning of year	<u>542,176</u>	<u>542,176</u>	<u>542,176</u>	<u>0</u>
Fund balance at end of year	<u>\$ 542,176</u>	<u>\$ 436,376</u>	<u>\$ 498,660</u>	<u>\$ 62,284</u>

CITY OF CLEVELAND, TENNESSEE
LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
State technology grant	\$ 0	\$ 2,351	\$ 2,351	\$ 0
Bradley County	608,100	608,100	608,100	0
Charges for services	76,600	76,600	68,695	(7,905)
Interest	100	100	2,252	2,152
Miscellaneous:				
Gifts	70,000	70,000	33,584	(36,416)
Total revenues	<u>\$ 754,800</u>	<u>\$ 757,151</u>	<u>\$ 714,982</u>	<u>\$ (42,169)</u>
Expenditures:				
Current:				
Culture and recreation:				
Salaries	\$ 742,800	\$ 719,300	\$ 687,133	\$ 32,167
Employee benefits	217,100	200,700	198,152	2,548
Supplies	67,300	67,300	64,605	2,695
Books	141,000	156,400	157,888	(1,488)
Utilities	84,000	84,000	62,516	21,484
Equipment repair/replacement	15,300	15,300	21,904	(6,604)
Building maintenance	5,000	3,883	3,912	(29)
Insurance	18,900	18,900	19,120	(220)
Gift and memorial expenditures	70,000	70,000	24,100	45,900
Grant expenditures	0	5,851	2,351	3,500
Capital Outlay:				
Equipment - self checkout	0	60,000	45,274	
Equipment	0	10,617	10,617	0
Furniture	1,500	1,500	1,220	280
Total expenditures	<u>\$ 1,362,900</u>	<u>\$ 1,413,751</u>	<u>\$ 1,298,792</u>	<u>\$ 100,233</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (608,100)</u>	<u>\$ (656,600)</u>	<u>\$ (583,810)</u>	<u>\$ 58,064</u>
Other financing sources:				
Transfers in	<u>\$ 608,100</u>	<u>\$ 608,100</u>	<u>\$ 608,100</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 608,100</u>	<u>\$ 608,100</u>	<u>\$ 608,100</u>	<u>\$ 0</u>
Net change in fund balances	\$ 0	\$ (48,500)	\$ 24,290	\$ 58,064
Fund balance at beginning of year	<u>593,892</u>	<u>593,892</u>	<u>593,892</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 593,892</u></u>	<u><u>\$ 545,392</u></u>	<u><u>\$ 618,182</u></u>	<u><u>\$ 58,064</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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 31,519	\$ 16,519
Interest	0	100	107	7
Miscellaneous:				
Other miscellaneous	0	0	6,540	6,540
Total revenues	\$ 15,000	\$ 15,100	\$ 38,166	\$ 23,066
Expenditures:				
Current:				
Public safety:				
Seized vehicles	\$ 2,500	\$ 5,000	\$ 2,859	\$ 2,141
Investigative funds	31,000	21,000	20,000	1,000
Equipment maintenance	4,000	4,000	0	4,000
Drug education	2,500	2,500	2,500	0
Equipment	1,000	1,000	0	1,000
Vehicles	0	7,500	7,500	0
Total expenditures	\$ 41,000	\$ 41,000	\$ 32,859	\$ 8,141
Excess (deficiency) of revenues over expenditures	\$ (26,000)	\$ (25,900)	\$ 5,307	\$ 31,207
Fund balance at beginning of year	72,632	72,632	72,632	0
Fund balance at end of year	\$ 46,632	\$ 46,732	\$ 77,939	\$ 31,207

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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal grant	\$ 200,000	\$ 200,000	\$ 82,269	\$ (117,731)
Total revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 82,269</u>	<u>\$ (117,731)</u>
Expenditures:				
Current:				
General government:				
Salaries	\$ 51,200	\$ 51,200	\$ 36,867	\$ 14,333
Consultant services	150,000	150,000	48,007	101,993
Benefits	17,900	17,900	12,688	5,212
Postage and shipping	1,000	1,000	97	903
Printing and publications	4,500	4,500	2,814	1,686
Telephone	1,800	1,800	2,056	(256)
Travel and meeting	2,800	2,800	2,726	74
Supplies	5,600	5,600	2,778	2,822
Capital purchase	4,500	4,500	2,050	2,450
Total expenditures	<u>\$ 239,300</u>	<u>\$ 239,300</u>	<u>\$ 110,083</u>	<u>\$ 129,217</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (39,300)</u>	<u>\$ (39,300)</u>	<u>\$ (27,814)</u>	<u>\$ 11,486</u>
Other financing sources:				
Transfers in	\$ 40,000	\$ 40,000	\$ 40,000	\$ 0
Total other financing sources	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 0</u>
Net change in fund balances	\$ 700	\$ 700	\$ 12,186	\$ 11,486
Fund balance at beginning of year	<u>50,395</u>	<u>50,395</u>	<u>50,395</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 51,095</u></u>	<u><u>\$ 51,095</u></u>	<u><u>\$ 62,581</u></u>	<u><u>\$ 11,486</u></u>

CITY OF CLEVELAND, TENNESSEE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental:				
Community Development Block Grant-2012	\$ 0	\$ 117,266	\$ 117,266	\$ 0
Community Development Block Grant-2013	332,936	353,451	340,804	(12,647)
THDA Emergency Shelter Grant 2011	68,000	17,027	17,026	(1)
THDA Emergency Shelter Grant 2012	0	60,434	60,434	0
	<u>0</u>	<u>60,434</u>	<u>60,434</u>	<u>0</u>
Total revenues	<u>\$ 400,936</u>	<u>\$ 548,178</u>	<u>\$ 535,530</u>	<u>\$ (12,648)</u>
Expenditures:				
Current:				
Community development:				
Administration:				
Salaries	\$ 54,000	\$ 54,020	\$ 54,019	\$ 1
Longevity	400	400	400	0
Christmas bonus	100	110	108	2
Dental insurance	600	600	549	51
Social security	4,200	4,200	3,859	341
Health insurance	9,800	10,035	10,034	1
Retirement	9,100	9,160	9,159	1
Life insurance and disability	700	700	646	54
Printing	400	400	0	400
Advertising	800	825	815	10
Telephone	1,450	1,450	1,217	233
Travel and training	1,200	1,150	524	626
Office supplies	1,200	1,200	28	1,172
Gasoline	1,000	1,000	380	620
Miscellaneous	1,000	700	696	4
Codes Enforcement:				
Salaries	37,200	37,200	37,166	34
Longevity	400	400	400	0
Christmas bonus	100	110	108	2
Dental insurance	300	300	296	4
Social security tax	2,900	2,915	2,908	7
Health insurance	5,200	5,215	5,212	3
Retirement	6,300	6,300	6,262	38
Life insurance	450	450	404	46
Laundry and dry cleaning	600	600	0	600
Printing	400	400	123	277
Advertising	100	100	0	100
Telephone	1,500	1,500	632	868
Legal services	300	300	0	300
Vehicle maintenance	1,500	1,500	1,240	260
Travel and training	500	500	0	500
Office supplies	300	750	728	22
Clothing allowance	400	400	40	360
Gasoline	1,500	1,500	1,193	307

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Expenditures - (Continued):				
Current - (Continued):				
Community development - (Continued):				
Codes Enforcement - (Continued):				
Insurance - vehicles	\$ 500	\$ 250	\$ 249	\$ 1
Miscellaneous	400	160	0	160
Emergency shelter:				
Shelter operations 2011	65,000	13,651	13,651	0
Administrative costs 2011	3,000	3,375	0	3,375
Shelter operations 2012	0	55,598	55,598	0
Administrative costs 2012	0	4,836	0	4,836
Consultant's services		25,000	18,750	6,250
Capital outlay:				
Projects to be determined	205,536	0	0	0
Community Center	0	109,177	100,420	8,757
Mosby Park pool	0	200,000	200,000	0
Downpayment assistance	0	30,000	30,000	0
Total Expenditures	<u>\$ 420,336</u>	<u>\$ 588,437</u>	<u>\$ 557,814</u>	<u>\$ 30,623</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (19,400)</u>	<u>\$ (40,259)</u>	<u>\$ (22,284)</u>	<u>\$ 17,975</u>
Other financing sources:				
Transfers in	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 0</u>
Total other financing sources	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 0</u>
Net change in fund balance	\$ (4,400)	\$ (25,259)	\$ (7,284)	\$ 17,975
Fund balance at beginning of year	<u>53,151</u>	<u>53,151</u>	<u>53,151</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 48,751</u></u>	<u><u>\$ 27,892</u></u>	<u><u>\$ 45,867</u></u>	<u><u>\$ 17,975</u></u>

CITY OF CLEVELAND, TENNESSEE
 2013 BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal grant	\$ 0	\$ 45,788	\$ 45,788	\$ 0
Total revenues	<u>\$ 0</u>	<u>\$ 45,788</u>	<u>\$ 45,788</u>	<u>\$ 0</u>
Expenditures:				
Current:				
Public safety:				
Bradley County	\$ 0	\$ 18,288	\$ 18,288	\$ 0
In-car Cameras	<u>0</u>	<u>27,500</u>	<u>27,500</u>	<u>0</u>
Total expenditures	<u>\$ 0</u>	<u>\$ 45,788</u>	<u>\$ 45,788</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
 RECYCLING GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Recycling Grant	\$ 15,000	\$ 26,074	\$ 0	\$ (26,074)
Total revenues	<u>\$ 15,000</u>	<u>\$ 26,074</u>	<u>\$ 0</u>	<u>\$ (26,074)</u>
Expenditures:				
Current:				
Public works:				
Litter grant expenditures	\$ 14,500	\$ 25,574	\$ 0	\$ 25,574
Training and travel	500	500	0	500
Total expenditures	<u>\$ 15,000</u>	<u>\$ 26,074</u>	<u>\$ 0</u>	<u>\$ 26,074</u>
Excess of revenues over expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance at beginning of year	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 4,000</u></u>	<u><u>\$ 4,000</u></u>	<u><u>\$ 4,000</u></u>	<u><u>\$ 0</u></u>

CITY OF CLEVELAND, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County	\$ 146,100	\$ 146,100	\$ 83,366	\$ (62,734)
Interest	6,800	4,000	5,386	1,386
Miscellaneous:				
Other	86,600	86,600	86,600	0
Total revenues	<u>\$ 239,500</u>	<u>\$ 236,700</u>	<u>\$ 175,352</u>	<u>\$ (61,348)</u>
Expenditures:				
Debt service:				
Principal retirement	\$ 2,914,000	\$ 2,914,000	\$ 2,680,000	\$ 234,000
Interest and fiscal charges	3,111,304	3,111,304	2,534,521	576,783
Total expenditures	<u>\$ 6,025,304</u>	<u>\$ 6,025,304</u>	<u>\$ 5,214,521</u>	<u>\$ 810,783</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,785,804)</u>	<u>\$ (5,788,604)</u>	<u>\$ (5,039,169)</u>	<u>\$ 749,435</u>
Other financing sources (uses):				
Transfers in	\$ 5,789,100	\$ 5,820,847	\$ 5,621,302	\$ (199,545)
Refunding bonds issued	0	0	25,306,480	25,306,480
Payment to refunding bond agent	0	0	(25,173,537)	(25,173,537)
Total other financing sources	<u>\$ 5,789,100</u>	<u>\$ 5,820,847</u>	<u>\$ 5,754,245</u>	<u>\$ (66,602)</u>
Net change in fund balances	\$ 3,296	\$ 32,243	\$ 715,076	\$ 682,833
Fund balance at beginning of year	<u>2,681,465</u>	<u>2,681,465</u>	<u>2,681,465</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 2,684,761</u></u>	<u><u>\$ 2,713,708</u></u>	<u><u>\$ 3,396,541</u></u>	<u><u>\$ 682,833</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, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental				
Federal grant - Economic Development	\$ 0	\$ 10,650	\$ 8,966	\$ (1,684)
Federal grant - Jetport T hangars	0	943,766	883,876	(59,890)
Federal grant - Jetport land options	0	30,600	36,163	5,563
State grant - Local Interstate Connector	500,000	743,402	319,273	(424,129)
State grant - 25th and Georgetown Rd	0	0	21,788	21,788
State grant - Mosby Pool	0	250,000	92,203	(157,797)
State grant - SCCC Roof	0	39,110	41,309	2,199
State grant - Roadscapes phase II	0	119,200	0	(119,200)
State grant - Roadscapes phase IV	0	117,850	0	(117,850)
State grant - Jetport lighting	0	1,485	1,337	(148)
State grant - Jetport site improvement	0	41,000	0	(41,000)
State grant - Jetport runway extension	0	66,500	0	(66,500)
State grant - Jetport Southside Corporate	0	712,500	50,864	(661,636)
State grant - Jetport taxilane addition	0	958,550	803,641	(154,909)
State grant - Jetport phase II construction	0	26,844	0	(26,844)
State grant - Jetport phase III construction	0	174,680	17,319	(157,361)
State grant - Jetport gas line grant	0	156,433	42,762	(113,671)
State grant - Jetport security enhance gate	0	9,600	8,830	(770)
State grant - Jetport environmental monitor	0	92,910	0	(92,910)
State grant - Jetport ALP	0	90,250	73,756	(16,494)
State grant - Jetport Hardwick Field disposal	0	30,875	30,875	0
Bradley County - LIC	500,000	371,701	199,453	(172,248)
Interest	500	1,700	1,656	(44)
Miscellaneous:				
Sale of assets	0	45,387	56,375	10,988
Insurance reimbursement - fire	0	1,700	2,700	1,000
Insurance reimbursement - police	0	0	3,250	3,250
Animal Shelter donations	0	10,000	49,057	39,057
Veterans Park donations	0	0	250	250
Sundry income	0	32,300	32,568	268
Total revenues	\$ 1,000,500	\$ 5,078,993	\$ 2,778,271	\$ (2,300,722)
Expenditures:				
Capital outlay:				
Legislative and judicial:				
Veterans Park trees	\$ 0	\$ 13,669	\$ 500	\$ 13,169
Contingency	0	22,793	0	22,793
Development and Engineering				
Comprehensive plan	0	21,300	13,943	7,357
City-wide computer information systems:				
Software maintenance	146,700	197,400	154,548	42,852
Travel and training	5,200	9,500	10,442	(942)
Miscellaneous	100	100	0	100
Police department:				
E-Ticketing equipment	0	10,500	10,571	(71)
Patrol vehicles	0	19,989	19,989	0
TML vehicle hail damage	0	11,900	11,900	0

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Fire department:				
Bunker gear equipment	\$ 0	\$ 160,000	\$ 156,520	\$ 3,480
Public works - street department				
Street department	0	14,168	0	14,168
Public works equipment	0	24,700	24,700	0
City-wide ITS system	0	0	21	(21)
LIC on APD 40	1,000,000	724,814	76,744	648,070
Roadscapes grant match II	0	149,000	0	149,000
Roadscapes grant match III	0	147,300	0	147,300
LIC on Stone Lake Road	0	762,286	755,566	6,720
Dalton Pike	0	41,500	0	41,500
Durkee Road project	0	332,000	72,747	259,253
Stormwater management				
Benjamin Crest lot 38	0	43,500	21,624	21,876
Ocoee Crossing greenway	0	15,000	0	15,000
Benthic sampling/labwork	0	2,200	2,140	60
Public works - state street aid:				
ITS - APD 40	0	50,000	1,980	48,020
25th Street & Peerless	0	40,000	0	40,000
Cleveland Regional Jetport:				
Land options/purchase	0	34,000	40,181	(6,181)
Airport mitigation	0	2,400	2,302	98
Jetport runway extension study	0	70,000	0	70,000
Southside Corporate area	0	750,000	53,541	696,459
Environmental monitoring	0	97,800	0	97,800
ALP & exhibit A	0	95,000	77,638	17,362
Hardwick Field disposal	0	60,500	51,483	9,017
Phase II construction	0	29,827	0	29,827
T-Hangars construction	0	993,437	930,337	63,100
Jetport/taxilane addition	0	1,009,000	845,937	163,063
Security enhancements - gate	0	9,600	9,588	12
Phase III construction	0	166,089	19,243	146,846
Gas line	0	312,866	85,523	227,343
Lighting	0	1,485	1,485	0
Site improvement	0	41,000	545	40,455
Animal Shelter				
Capital needs	0	10,000	0	10,000
Parks and recreation:				
Greenway restroom permit fees	0	5,000	1,208	3,792
Mosby Pool replacement	0	322,674	272,386	50,288
South Cleveland Center roof	0	39,110	43,443	(4,333)
Mowing equipment	0	6,900	6,900	0
ATV's	0	5,830	5,587	243
Greenway - Bennett property	0	113	113	0
Mower at College Hill	0	8,000	7,163	837
Recreation equipment	0	7,200	0	7,200
Dalton Pike widening	0	8,271	6,021	2,250
Lighting damage	0	3,747	0	3,747

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, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Parks and recreation - (Continued)				
Roof repairs	\$ 0	\$ 856	\$ 0	\$ 856
Education:				
Cleveland High Gymnasium	0	333,900	512,409	(178,509)
Debt service:				
Debt issuance costs	0	0	21,500	(21,500)
Total expenditures	<u>\$ 1,152,000</u>	<u>\$ 7,238,224</u>	<u>\$ 4,328,468</u>	<u>\$ 2,909,756</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (151,500)</u>	<u>\$ (2,159,231)</u>	<u>\$ (1,550,197)</u>	<u>\$ 609,034</u>
Other financing sources (uses):				
Transfers in	\$ 152,000	\$ 679,000	\$ 679,000	\$ 0
Notes issued	0	0	4,300,000	4,300,000
Total other financing sources (uses)	<u>\$ 152,000</u>	<u>\$ 679,000</u>	<u>\$ 4,979,000</u>	<u>\$ 4,300,000</u>
Net change in fund balances	\$ 500	\$ (1,480,231)	\$ 3,428,803	\$ 4,909,034
Fund balance at beginning of year	<u>(3,234,041)</u>	<u>(3,234,041)</u>	<u>(3,234,041)</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ (3,233,541)</u></u>	<u><u>\$ (4,714,272)</u></u>	<u><u>\$ 194,762</u></u>	<u><u>\$ 4,909,034</u></u>

CITY OF CLEVELAND, TENNESSEE
GREENWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Bradley County HCI	\$ 0	\$ 35,500	\$ 35,500	\$ 0
Interest	0	0	8	8
Miscellaneous	0	2,500	2,500	0
Total revenues	<u>\$ 0</u>	<u>\$ 38,000</u>	<u>\$ 38,008</u>	<u>\$ 8</u>
Expenditures:				
Current:				
Capital outlay:				
Dues	\$ 0	\$ 950	\$ 872	\$ 78
Donation PCL restroom	0	1,000	1,000	0
Mohawk extension	0	35,500	35,500	0
Greenway benches and banners	0	13,400	8,831	4,569
Total expenditures	<u>\$ 0</u>	<u>\$ 50,850</u>	<u>\$ 46,203</u>	<u>\$ 4,647</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ (12,850)	\$ (8,195)	\$ 4,655
Fund balance at beginning of year	<u>0</u>	<u>15,789</u>	<u>15,789</u>	<u>0</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 2,939</u>	<u>\$ 7,594</u>	<u>\$ 4,655</u>

CITY OF CLEVELAND, TENNESSEE
 FLETCHER PARK TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2014

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

CITY OF CLEVELAND, TENNESSEE
 SALES TAX CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Local 1/2 sales tax	\$ 2,529,475	\$ 2,529,475	\$ 2,502,049	\$ (27,426)
School 1/2 cent sales tax	925,000	925,000	954,446	29,446
Lawsuit - City's share	340,132	340,132	340,132	0
Lawsuit - School's share	228,941	228,941	228,941	0
Interest	19,000	27,800	36,549	8,749
Total revenues	\$ 4,042,548	\$ 4,051,348	\$ 4,062,117	\$ 10,769
Expenditures:				
Capital outlay:				
Equipment	\$ 0	\$ 9,300	\$ 9,291	\$ 9
Inspector vehicles	24,000	14,700	14,504	196
EMA cell tower	41,000	0	0	0
Street paving	1,000,000	1,205,420	937,128	268,292
Police vehicles	285,000	336,877	330,471	6,406
20th/Dalton Pike design	0	36,060	0	36,060
Firehall #6 survey and design	0	9,500	0	9,500
Fire training tower survey and design	0	1,950	0	1,950
Comprehensive Plan - City Share	0	2,500	0	2,500
Electronic Document Management	5,000	12,000	0	12,000
Hardware	107,000	128,472	119,643	8,829
GIS program	78,000	88,726	66,369	22,357
License fees	25,000	50,000	40,852	9,148
GIS flyover	5,000	10,000	0	10,000
GIS Rover	5,000	10,000	0	10,000
E ticketing equipment	0	72,000	72,101	(101)
Fire building improvements	20,000	20,000	19,352	648
Inspector vehicles	70,000	70,000	57,002	12,998
Refurbish 97 Pierce Engine#5	190,000	190,000	182,552	7,448
Opticom Signal Equipment	0	1,250	0	1,250
Breathing apparatus	300,000	300,000	299,449	551
Fire apparatus replacement program	180,000	180,000	0	180,000
Extrication equipment		100,000	0	100,000
Stormwater mapping	225,000	375,000	150,000	225,000
Drainage projects	120,000	132,320	68,555	63,765
Sidewalk projects	30,000	33,221	25,368	7,853
MPO - 20th and Tasso	0	8,800	8,229	571
8th/Bowman/Cent/Ocoee Drainage	0	50,610	40,904	9,706
MPO - Central Ave 3R Project	14,330	166,400	0	166,400
MPO - 20th St sidewalk project	13,997	41,035	11,371	29,664
MPO 17th Street 3R project	14,720	66,140	0	66,140
MPO - Stuart Rd 3R project	149,893	0	0	0
MPO - Greenway Ocoee connector	15,600	97,600	0	97,600
MPO - Adkisson	160,832	0	0	0
MPO - Georgetown Rd @ 25th Street	125,720	125,720	7,395	118,325
MPO - Mousecreek Rd 3R	44,800	28,800	0	28,800
MPO - Planning and overrun	36,583	27,783	0	27,783

CITY OF CLEVELAND, TENNESSEE
 SALES TAX CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Expenditures - (Continued)				
Capital outlay - (Continued)				
Sidewalk project - Ocoee Crossing	\$ 75,000	\$ 75,000	\$ 0	\$ 75,000
Public works equipment replacement	150,000	150,000	150,000	0
MPO - Interchange lighting @ 20th	0	45,000	45,000	0
Mowing equipment	24,000	24,000	24,000	0
Greenway- Willow/Inman survey	0	20,000	0	20,000
Waterville improvements	0	48,765	36,572	12,193
Tinsley Park renovation	0	6,610	6,610	0
Greenway - Mohawk extension	0	60,000	37,237	22,763
Mosby Pool replacement	150,000	277,079	244,325	32,754
South Cleveland Community Center	150,000	45,000	44,651	349
Willow Street South extension	0	75,000	22	74,978
Mosby Gym repair	0	15,000	0	15,000
SCCC ADA restrooms	0	85,000	97,536	(12,536)
School capital projects	529,100	729,677	451,781	277,896
Debt service:				
QSCB principal	238,000	260,000	259,577	423
QSCB interest	63,000	63,100	63,024	76
QSCB fiscal charges	4,000	4,200	4,160	40
Arnold School Renovation - principal	70,000	70,000	70,000	0
Arnold School Renovation - interest	36,900	38,200	38,118	82
Total expenditures	<u>\$ 4,776,475</u>	<u>\$ 6,093,815</u>	<u>\$ 4,033,149</u>	<u>\$ 2,060,666</u>
Excess (deficiency) of revenues over expenditures	\$ (733,927)	\$ (2,042,467)	\$ 28,968	\$ 2,071,435
Fund balance at beginning of year	<u>2,043,121</u>	<u>2,043,121</u>	<u>2,043,121</u>	<u>0</u>
Fund balance at end of year	<u>\$ 1,309,194</u>	<u>\$ 654</u>	<u>\$ 2,072,089</u>	<u>\$ 2,071,435</u>

CITY OF CLEVELAND, TENNESSEE
 SPRING BRANCH INDUSTRIAL PARK FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 0	\$ 0	\$ 19,421	\$ 19,421
Total revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,421</u>	<u>\$ 19,421</u>
Expenditures:				
Capital outlay:				
Development costs	\$ 353,925	\$ 581,769	\$ 164,074	\$ 417,695
Total expenditures	<u>\$ 353,925</u>	<u>\$ 581,769</u>	<u>\$ 164,074</u>	<u>\$ 417,695</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (353,925)</u>	<u>\$ (581,769)</u>	<u>\$ (144,653)</u>	<u>\$ 437,116</u>
Other financing sources (uses):				
Transfers out	\$ 0	\$ 0	\$ (119,383)	\$ (119,383)
Notes issued	<u>353,925</u>	<u>581,769</u>	<u>300,000</u>	<u>(281,769)</u>
Total other financing sources (uses)	<u>\$ 353,925</u>	<u>\$ 581,769</u>	<u>\$ 180,617</u>	<u>\$ (401,152)</u>
Net change in fund balances	\$ 0	\$ 0	\$ 35,964	\$ 35,964
Fund balance at beginning of year	<u>1,797,251</u>	<u>1,797,251</u>	<u>1,797,251</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 1,797,251</u></u>	<u><u>\$ 1,797,251</u></u>	<u><u>\$ 1,833,215</u></u>	<u><u>\$ 35,964</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 1,000	\$ 1,000	\$ 1,169	\$ 169
Total revenues	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,169</u>	<u>\$ 169</u>
Excess of revenues over expenditures	\$ 1,000	\$ 1,000	\$ 1,169	\$ 169
Fund balance at beginning of year	<u>464,206</u>	<u>464,206</u>	<u>464,206</u>	<u>0</u>
Fund balance at end of year	<u><u>\$ 465,206</u></u>	<u><u>\$ 465,206</u></u>	<u><u>\$ 465,375</u></u>	<u><u>\$ 169</u></u>

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 POSITION -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 675,156	\$ 675,256	\$ 574,577	\$ (100,679)
Other operating revenue	200	200	120	(80)
Total operating revenues	<u>\$ 675,356</u>	<u>\$ 675,456</u>	<u>\$ 574,697</u>	<u>\$ (100,759)</u>
Operating Expenses:				
General and administrative:				
Salaries	\$ 316,300	\$ 316,300	\$ 315,362	\$ 938
Overtime	5,200	5,200	3,829	1,371
Service awards	300	300	250	50
Longevity	3,400	3,400	3,400	0
Sold vacation	2,100	2,100	1,837	263
Christmas bonus	800	800	758	42
Dental insurance	3,300	3,300	3,147	153
Social security	25,100	25,100	23,806	1,294
Health insurance	50,300	50,300	44,565	5,735
Retirement	54,900	54,900	53,801	1,099
Life and disability insurance	4,100	4,100	3,919	181
Worker's compensation claims	500	500	277	223
Postage	600	600	151	449
Printing	200	200	0	200
Advertising	200	200	0	200
Membership dues	2,000	4,500	4,489	11
Utilities	22,000	21,400	18,163	3,237
Telephone	9,000	9,600	9,553	47
Vehicle maintenance	8,000	7,600	2,579	5,021
Contracted services - vehicle maintenance	120,000	120,000	57,033	62,967
Building maintenance	8,500	8,500	7,489	1,011
Central fuel maintenance and supplies	8,000	8,400	8,308	92
Travel and training	1,000	1,000	0	1,000
Pest control	300	300	211	89
Office expense	3,500	3,500	3,171	329
Waste disposal services	4,000	4,000	1,601	2,399
Janitorial supplies	4,400	4,400	3,177	1,223
Uniforms	3,800	3,800	1,808	1,992
Gasoline and oil	6,800	6,800	5,407	1,393
Insurance - building and contents	2,200	2,300	2,261	39
Insurance - vehicles	700	1,400	1,342	58
Insurance - general liability	2,300	2,300	2,092	208
Insurance - worker's compensation	11,300	10,500	10,176	324
Depreciation	33,100	33,100	32,481	619

CITY OF CLEVELAND, TENNESSEE
INTERNAL SERVICE FUND - FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Operating Expenses (Continued):				
Computer software maintenance	\$ 12,200	\$ 9,700	\$ 9,120	\$ 580
Miscellaneous	500	500	0	500
Equipment and tools	7,500	7,500	1,582	5,918
Computer equipment	1,200	1,200	0	1,200
Total operating expenses	<u>\$ 739,600</u>	<u>\$ 739,600</u>	<u>\$ 637,145</u>	<u>\$ 102,455</u>
Operating income	<u>\$ (64,244)</u>	<u>\$ (64,144)</u>	<u>\$ (62,448)</u>	<u>\$ 1,696</u>
Non Operating Revenues (Expenses):				
Interest income	<u>\$ 500</u>	<u>\$ 100</u>	<u>\$ 63</u>	<u>\$ (37)</u>
Total non operating revenues (expenses)	<u>\$ 500</u>	<u>\$ 100</u>	<u>\$ 63</u>	<u>\$ (37)</u>
Income (loss) before contributions and transfers	<u>\$ (63,744)</u>	<u>\$ (64,044)</u>	<u>\$ (62,385)</u>	<u>\$ 1,659</u>
Capital contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in net position	<u>\$ (63,744)</u>	<u>\$ (64,044)</u>	<u>\$ (62,385)</u>	<u>\$ 1,659</u>
Total net position - beginning	<u>1,374,710</u>	<u>1,374,710</u>	<u>1,374,710</u>	<u>0</u>
Total net position - ending	<u><u>\$ 1,310,966</u></u>	<u><u>\$ 1,310,666</u></u>	<u><u>\$ 1,312,325</u></u>	<u><u>\$ 1,659</u></u>

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CAPITAL ASSETS

CITY OF CLEVELAND, TENNESSEE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULE BY SOURCE(1)
 June 30, 2014 and 2013

	2014	2013
Governmental funds capital assets:		
Land	\$ 37,386,648	\$ 37,230,791
Buildings	106,589,011	106,584,327
Public improvements other than buildings	19,378,658	19,229,441
Infrastructure	60,633,090	54,438,245
Furniture, fixtures, equipment and vehicles	31,831,968	29,512,185
Total governmental funds capital assets	\$ 255,819,375	\$ 246,994,989
Investment in governmental funds capital assets:		
Total governmental funds capital assets	\$ 255,819,375	\$ 246,994,989

(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, 2014

Function and Activity	Total Capital Assets	Land	Buildings	Other Improve- ments	Infrastructure	Equipment
General Government:						
Administration and finance	\$ 1,172,035	\$ 1,800	\$ 401,564	\$ 179,010	\$ 0	\$ 589,661
General government	781,975	180,600	185,251	370,027	0	46,097
Community development	581,153	56,361	271,086	1,805	0	251,901
Library	8,208,490	302,000	4,742,955	0	0	3,163,535
Total General Government	\$ 10,743,653	\$ 540,761	\$ 5,600,856	\$ 550,842	\$ 0	\$ 4,051,194
Public Safety:						
Police	\$ 10,540,956	\$ 290,097	\$ 5,179,696	\$ 28,017	\$ 0	\$ 5,043,146
Fire	9,512,961	461,500	3,078,947	186,001	0	5,786,513
911 Center	867,618	0	867,618	0	0	0
Total Public Safety	\$ 20,921,535	\$ 751,597	\$ 9,126,261	\$ 214,018	\$ 0	\$ 10,829,659
Public Works:						
Street Department	\$ 4,702,040	\$ 249,715	\$ 318,738	\$ 90,681	\$ 0	\$ 4,042,906
Engineering	504,833	45,385	146,579	35,130	0	277,739
Old City Landfill	92,500	63,500	25,000	4,000	0	0
Airport	824,962	210,000	212,500	299,912	0	102,550
Jetport	40,732,937	26,899,869	2,923,231	10,199,928	0	709,909
Primary Roads	8,613,398	67,965	0	0	8,545,433	0
Secondary Roads	43,639,396	378,887	0	0	43,260,509	0
Drainage	4,384,317	12,147	0	0	4,372,170	0
Detention Ponds	3,613,911	770,558	0	0	2,843,353	0
Sidewalks	1,414,633	0	0	0	1,414,633	0
Bridges	196,992	0	0	0	196,992	0
Total Public Works	\$ 108,719,919	\$ 28,698,026	\$ 3,626,048	\$ 10,629,651	\$ 60,633,090	\$ 5,133,104
Parks and Recreation:						
Recreation Office	\$ 1,069,562	\$ 0	\$ 0	\$ 70,585	\$ 0	\$ 998,977
Tinsley Park	2,052,885	211,980	165,860	1,585,033	0	90,012
Waterville Golf Course	2,304,265	256,816	521,641	1,268,122	0	257,686
College Hill Center	1,055,776	76,890	231,658	641,524	0	105,704
Cleveland Community Center	640,883	47,000	376,318	122,138	0	95,427
Johnston Park	425,000	175,000	0	250,000	0	0
Deer Park	265,740	90,000	0	175,740	0	0
Arnold Mini Park	14,565	0	0	14,565	0	0
Mayfield Mini Park	14,000	0	0	14,000	0	0
Blythe Mini Park	20,044	9,874	0	10,170	0	0
Bower Mini Park	61,975	0	14,800	47,175	0	0
Stuart Mini Park	9,531	0	0	9,531	0	0
E.L. Ross Craigmile Park	9,880	0	0	9,880	0	0
East Cleveland Neighborhood	83,698	10,000	3,577	70,121	0	0
Greenway Project	2,628,977	0	66,802	2,426,934	0	135,241
Fletcher Park	663,076	64,373	118,973	479,730	0	0
1st Street Square Park	535,363	174,595	0	360,768	0	0
Soccer Complex	390,562	50,000	0	340,562	0	0
Total Parks and Recreation	\$ 12,245,782	\$ 1,166,528	\$ 1,499,629	\$ 7,896,578	\$ 0	\$ 1,683,047

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

(Continued)

June 30, 2014

<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	325,602	0	95,301	60,347	0	169,954
Kaufman - Second Street parking lot	33,000	27,500	0	5,500	0	0
Hargis - First Street parking lot	33,000	27,500	0	5,500	0	0
Urban renewal lots	87,330	87,330	0	0	0	0
Hill Street building	1,074	0	1,074	0	0	0
Seventh and Church Street parking lot	21,202	13,780	0	7,422	0	0
Total Miscellaneous Properties	\$ 813,344	\$ 448,110	\$ 107,711	\$ 87,569	\$ 0	\$ 169,954
Cleveland City Schools:						
School Property	\$ 101,165,517	\$ 5,781,626	\$ 86,628,506	\$ 0	\$ 0	\$ 8,755,385
Food Service	1,209,625	0	0	0	0	1,209,625
Total City Schools	\$ 102,375,142	\$ 5,781,626	\$ 86,628,506	\$ 0	\$ 0	\$ 9,965,010
Total Capital Assets	\$ 255,819,375	\$ 37,386,648	\$ 106,589,011	\$ 19,378,658	\$ 60,633,090	\$ 31,831,968

(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, 2014

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Administration and finance	\$ 1,094,258	\$ 78,656	\$ 879	\$ 1,172,035
General government	781,975	0	0	781,975
Community development	519,175	61,978	0	581,153
Library	8,026,587	182,949	1,046	8,208,490
Total General Government	<u>\$ 10,421,995</u>	<u>\$ 323,583</u>	<u>\$ 1,925</u>	<u>\$ 10,743,653</u>
Public Safety:				
Police	\$ 10,266,870	\$ 453,638	\$ 179,552	\$ 10,540,956
Fire	8,711,435	801,526	0	9,512,961
911 Center	867,618	0	0	867,618
Total Public Safety	<u>\$ 19,845,923</u>	<u>\$ 1,255,164</u>	<u>\$ 179,552</u>	<u>\$ 20,921,535</u>
Public Works:				
Street Department	\$ 4,214,473	\$ 522,065	\$ 34,498	\$ 4,702,040
Engineering	496,985	7,848	0	504,833
Old City Landfill	92,500	0	0	92,500
Airport	824,962	0	0	824,962
Jetport	40,567,573	169,134	3,770	40,732,937
Primary Roads	8,608,215	5,183	0	8,613,398
Secondary Roads	37,995,008	5,644,388	0	43,639,396
Drainage	3,983,945	400,372	0	4,384,317
Detention Ponds	3,613,911	0	0	3,613,911
Sidewalks	1,269,731	144,902	0	1,414,633
Bridges	196,992	0	0	196,992
Total Public Works	<u>\$ 101,864,295</u>	<u>\$ 6,893,892</u>	<u>\$ 38,268</u>	<u>\$ 108,719,919</u>
Parks and Recreation:				
Recreation Office	\$ 918,333	\$ 151,229	\$ 0	\$ 1,069,562
Tinsley Park	2,039,202	13,683	0	2,052,885
Waterville Golf Course	2,483,359	12,535	191,629	2,304,265
College Hill Center	1,048,613	7,163	0	1,055,776
Cleveland Community Center	639,249	4,433	2,799	640,883
Johnston Park	425,000	0	0	425,000
Deer Park	265,740	0	0	265,740
Arnold Mini Park	14,565	0	0	14,565
Mayfield Mini Park	14,000	0	0	14,000
Blythe Mini Park	20,044	0	0	20,044
Bower Mini Park	61,975	0	0	61,975
Stuart Mini Park	9,531	0	0	9,531
E.L. Ross Craigmile Park	9,880	0	0	9,880
East Cleveland Neighborhood	83,698	0	0	83,698
Greenway Project	2,586,723	42,254	0	2,628,977
Fletcher Park	661,326	1,750	0	663,076
1st Street Square Park	535,363	0	0	535,363
Soccer Complex	390,562	0	0	390,562
Total Parks and Recreation	<u>\$ 12,207,163</u>	<u>\$ 233,047</u>	<u>\$ 194,428</u>	<u>\$ 12,245,782</u>

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, 2014

<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	323,706	1,896	0	325,602
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	\$ 811,448	\$ 1,896	\$ 0	\$ 813,344
Cleveland City Schools:				
School Property	\$ 100,653,118	\$ 751,755	\$ 239,356	\$ 101,165,517
Food Service	1,191,047	18,578	0	1,209,625
Total City Schools	\$ 101,844,165	\$ 770,333	\$ 239,356	\$ 102,375,142
Total Capital Assets	\$ 246,994,989	\$ 9,477,915	\$ 653,529	\$ 255,819,375

(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.	124
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.	134
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.	146
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.	153
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.	158

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

Source: Official record of Office of City Clerk.

2009	2010	2011	2012	2013	2014
\$ 59,721,184	\$ 57,893,731	\$ 66,391,099	\$ 66,979,125	\$ 68,705,499	\$ 108,313,394
459,740	473,440	2,926,017	6,449,583	4,903,327	3,627,607
15,821,883	17,372,612	12,436,686	14,134,054	13,058,791	9,398,036
<u>\$ 76,002,807</u>	<u>\$ 75,739,783</u>	<u>\$ 81,753,802</u>	<u>\$ 87,562,762</u>	<u>\$ 86,667,617</u>	<u>\$ 121,339,037</u>
\$ 112,581,181	\$ 120,603,787	\$ 132,342,820	\$ 143,097,174	\$ 161,335,056	\$ 124,523,849
15,355,800	12,830,051	13,179,002	10,789,348	3,654,232	8,413,181
<u>\$ 127,936,981</u>	<u>\$ 133,433,838</u>	<u>\$ 145,521,822</u>	<u>\$ 153,886,522</u>	<u>\$ 164,989,288</u>	<u>\$ 132,937,030</u>
\$ 172,302,365	\$ 178,497,518	\$ 198,733,919	\$ 210,076,299	\$ 230,040,555	\$ 232,837,243
459,740	473,440	2,926,017	6,449,583	4,903,327	3,627,607
31,177,683	30,202,663	25,615,688	24,923,402	16,713,023	17,811,217
<u>\$ 203,939,788</u>	<u>\$ 209,173,621</u>	<u>\$ 227,275,624</u>	<u>\$ 241,449,284</u>	<u>\$ 251,656,905</u>	<u>\$ 254,276,067</u>

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

	2005	2006	2007
EXPENSES			
Governmental activities:			
General government	\$ 2,391,498	\$ 2,693,884	\$ 2,674,062
Development and Engineering	622,028	1,054,852	882,244
Public safety	14,180,863	15,151,467	15,897,312
Public works	8,429,567	9,265,703	9,080,972
Health and welfare	538,263	552,573	607,956
Culture and recreation	2,952,398	2,962,458	3,451,275
Education	35,475,697	37,495,574	39,363,223
Interest on long-term debt	1,992,504	2,297,623	2,637,740
Total governmental activities	<u>\$ 66,582,818</u>	<u>\$ 71,474,134</u>	<u>\$ 74,594,784</u>
Business-type activities:			
Water and wastewater	\$ 16,105,695	\$ 17,588,719	\$ 18,626,226
Electric	62,737,439	71,747,592	75,438,689
Brush Chipping	140,635	197,614	221,463
Airport	0	0	0
Total business-type activities expenses	<u>\$ 78,983,769</u>	<u>\$ 89,533,925</u>	<u>\$ 94,286,378</u>
Total primary government expenses	<u>\$ 145,566,587</u>	<u>\$ 161,008,059</u>	<u>\$ 168,881,162</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	\$ 7,706,701	\$ 8,200,575	\$ 7,540,322
Operating grants and contributions	29,500,770	31,417,297	31,719,118
Capital grants and contributions	2,342,151	1,770,080	5,605,567
Total governmental activities program revenues	<u>\$ 39,549,622</u>	<u>\$ 41,387,952</u>	<u>\$ 44,865,007</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 16,437,866	\$ 17,957,369	\$ 19,411,182
Electric	65,541,717	74,832,241	77,279,666
Brush Chipping	202,790	197,167	234,142
Airport	0	0	0
Operating grants and contributions	0	0	90,324
Capital grants and contributions	708,439	1,121,813	2,282,693
Total business-type activities program revenues	<u>\$ 82,890,812</u>	<u>\$ 94,108,590</u>	<u>\$ 99,298,007</u>
Total primary government program revenues	<u>\$ 122,440,434</u>	<u>\$ 135,496,542</u>	<u>\$ 144,163,014</u>
Net (Expense) Revenue			
Governmental activities	\$ (27,033,196)	\$ (30,086,182)	\$ (29,729,777)
Business-type activities	3,907,043	4,574,665	5,011,629
Total primary government net expense	<u>\$ (23,126,153)</u>	<u>\$ (25,511,517)</u>	<u>\$ (24,718,148)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Property taxes	\$ 8,967,774	\$ 14,798,767	\$ 15,480,244
Property taxes - fire	4,019,302	0	0
Interest and penalty on taxes	119,841	133,275	150,071
In lieu of taxes	19,411	19,829	30,136
Local sales tax	7,186,302	7,601,091	8,018,692
Wholesale beer tax	1,088,535	1,131,612	1,162,392
Gross receipts tax	943,128	821,430	857,958
Franchise tax	716,475	1,142,767	1,041,053
State sales tax	2,273,609	2,517,380	2,702,704
Other state taxes	919,876	1,075,526	1,800,451
Grants and contributions not restricted	442,832	481,343	633,364
Unrestricted investment earnings	621,856	960,778	1,203,574
Gain on sale of capital assets	0	0	0
Transfers	1,493,683	1,600,029	1,688,551
Total governmental activities	<u>\$ 28,812,624</u>	<u>\$ 32,283,827</u>	<u>\$ 34,769,190</u>
Business-type activities:			
Unrestricted investment earnings	\$ 340,266	\$ 568,364	\$ 781,396
Transfers	(1,493,683)	(1,600,029)	(1,688,551)
Total business-type activities	<u>\$ (1,153,417)</u>	<u>\$ (1,031,665)</u>	<u>\$ (907,155)</u>
Total primary government	<u>\$ 27,659,207</u>	<u>\$ 31,252,162</u>	<u>\$ 33,862,035</u>
CHANGE IN NET POSITION			
Governmental activities	\$ 1,779,428	\$ 2,197,645	\$ 5,039,413
Business-type activities	2,753,626	3,543,000	4,104,474
Total primary government	<u>\$ 4,533,054</u>	<u>\$ 5,740,645</u>	<u>\$ 9,143,887</u>

Source: Official record of Office of City Clerk.

2008	2009	2010	2011	2012	2013	2014
\$ 3,045,455	\$ 3,125,773	\$ 4,294,917	\$ 3,396,302	\$ 3,463,066	\$ 6,338,456	\$ 3,285,177
1,071,399	1,052,676	867,709	1,373,602	1,481,745	1,140,908	1,498,726
18,599,983	19,173,722	18,190,814	18,488,592	18,523,073	18,702,183	19,610,293
9,076,371	9,442,505	9,913,297	9,725,715	10,047,079	9,539,339	10,767,515
659,474	665,951	680,086	699,095	725,353	829,343	740,903
4,387,539	3,807,169	4,014,995	3,864,303	4,638,754	4,734,464	5,150,586
39,878,902	41,239,156	42,725,119	46,137,209	46,792,601	46,972,946	49,017,773
3,152,029	2,923,763	2,298,214	2,814,385	2,822,451	2,878,690	2,999,643
<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>	<u>\$ 91,136,329</u>	<u>\$ 93,070,616</u>
\$ 20,426,089	\$ 20,856,642	\$ 20,890,587	\$ 21,254,266	\$ 21,547,173	\$ 22,183,642	\$ 22,606,739
79,179,669	91,699,799	83,803,232	92,666,017	91,125,591	93,526,162	95,535,206
176,191	144,655	159,000	0	0	0	0
206,011	52,591	263,379	62,617	51,203	573,288	0
<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>\$ 116,283,092</u>	<u>\$ 118,141,945</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>	<u>\$ 207,419,421</u>	<u>\$ 211,212,561</u>
\$ 7,837,356	\$ 7,644,180	\$ 7,331,254	\$ 7,618,007	\$ 7,308,364	\$ 6,394,007	\$ 5,719,960
34,905,174	35,612,093	37,462,812	42,206,859	42,136,892	42,650,493	42,755,489
2,767,768	1,914,789	2,302,461	5,806,175	2,823,302	1,622,538	2,805,953
<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>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>
\$ 20,208,450	\$ 20,724,856	\$ 20,356,004	\$ 21,846,514	\$ 23,391,403	\$ 23,006,832	\$ 24,232,749
80,786,137	94,209,090	86,785,472	96,353,160	94,456,322	96,146,039	98,249,509
187,296	130,710	0	0	0	0	0
12,781	17,484	16,775	11,645	15,719	123,841	0
40,523	270,000	3,549	5,569	174,663	45,097	48,977
8,879,491	3,685,707	4,882,848	9,401,737	4,800,720	9,622,580	961,210
<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>\$ 128,944,389</u>	<u>\$ 123,492,445</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>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>
\$ (34,360,854)	\$ (36,259,653)	\$ (35,888,624)	\$ (30,868,162)	\$ (36,225,564)	\$ (40,469,291)	\$ (41,789,214)
10,126,718	6,284,160	6,928,450	13,635,725	10,114,860	12,661,297	5,350,500
<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>	<u>\$ (27,807,994)</u>	<u>\$ (36,438,714)</u>
\$ 15,497,594	\$ 15,848,544	\$ 16,465,931	\$ 16,629,270	\$ 16,497,090	\$ 16,598,001	\$ 19,016,017
0	0	0	0	0	0	0
156,498	131,485	194,301	275,607	270,429	232,829	215,627
19,208	22,112	90,822	77,898	281,289	247,400	501,661
7,929,077	8,389,829	9,840,465	10,173,414	11,726,645	11,842,883	11,976,829
1,206,434	1,239,216	1,245,869	1,303,212	1,490,010	1,514,062	1,555,503
883,959	939,795	913,170	962,609	1,103,755	1,139,178	956,672
992,888	929,622	953,496	843,753	790,234	874,574	933,173
2,685,932	2,454,675	2,397,165	2,505,215	2,803,138	2,857,391	2,953,870
2,116,359	2,513,984	1,298,234	1,685,668	2,046,650	1,955,994	1,742,735
738,101	455,312	536,334	605,104	708,181	566,435	407,799
527,603	80,157	27,007	50,070	58,173	79,556	79,985
0	1,893,766	(59,455)	(22,362)	4,085	49,317	42,835
1,526,951	1,619,179	1,722,261	1,792,723	1,893,518	1,616,526	2,198,373
<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>	<u>\$ 39,574,146</u>	<u>\$ 42,581,079</u>
\$ 595,448	\$ 410,789	\$ 290,668	\$ 244,982	\$ 143,358	\$ 55,945	\$ 65,171
(1,526,951)	(1,619,179)	(1,722,261)	(1,792,723)	(1,893,518)	(1,616,526)	(2,198,373)
<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>\$ (1,560,581)</u>	<u>\$ (2,133,202)</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>	<u>\$ 38,013,565</u>	<u>\$ 40,447,877</u>
\$ (80,250)	\$ 258,023	\$ (263,024)	\$ 6,014,019	\$ 3,447,633	\$ (895,145)	\$ 791,865
9,195,215	5,075,770	5,496,857	12,087,984	8,364,700	11,100,716	3,217,298
<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>	<u>\$ 10,205,571</u>	<u>\$ 4,009,163</u>

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

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:				
General government	\$ 141,362	\$ 144,712	\$ 94,478	\$ 135,035
Development and Engineering	599,802	845,564	942,799	925,752
Public safety	4,046,913	4,037,012	3,280,867	3,593,229
Public works	3,861,476	3,740,271	3,394,983	5,130,737
Health and welfare	265,624	223,382	272,474	327,852
Culture and recreation	1,407,893	1,011,707	1,124,039	1,497,747
Education	<u>29,226,552</u>	<u>31,385,304</u>	<u>35,755,367</u>	<u>33,899,946</u>
Subtotal governmental activities	\$ 39,549,622	\$ 41,387,952	\$ 44,865,007	\$ 45,510,298
Business-type activities				
Water and wastewater	\$ 17,146,305	\$ 19,079,182	\$ 21,784,199	\$ 21,065,966
Electric	65,541,717	74,832,241	77,279,666	80,826,660
Brush Chipping	202,790	197,167	234,142	187,296
Airport	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,034,756</u>
Subtotal business-type activities	\$ 82,890,812	\$ 94,108,590	\$ 99,298,007	\$ 110,114,678
Total primary government	\$ <u>122,440,434</u>	\$ <u>135,496,542</u>	\$ <u>144,163,014</u>	\$ <u>155,624,976</u>

Source: Official record of Office of City Clerk.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 92,145	\$ 379,084	\$ 234,666	\$ 116,736	\$ 134,104	\$ 122,688
554,623	656,137	1,472,042	1,548,127	1,509,789	993,896
3,500,312	3,780,466	3,488,411	3,516,915	2,526,039	1,094,936
4,609,105	3,556,569	5,889,898	5,431,881	4,909,092	6,529,526
358,574	376,131	356,526	353,828	428,573	226,117
1,533,839	1,349,080	948,610	1,041,708	933,323	1,139,580
<u>34,522,464</u>	<u>36,999,060</u>	<u>43,240,888</u>	<u>40,259,363</u>	<u>40,226,118</u>	<u>41,174,659</u>
<u>\$ 45,171,062</u>	<u>\$ 47,096,527</u>	<u>\$ 55,631,041</u>	<u>\$ 52,268,558</u>	<u>\$ 50,667,038</u>	<u>\$ 51,281,402</u>
\$ 23,133,452	\$ 21,801,228	\$ 22,650,899	\$ 24,677,843	\$ 23,149,324	\$ 25,045,728
94,209,090	86,785,871	96,353,979	94,477,235	96,521,141	98,446,717
130,710	0	0	0	0	0
<u>1,564,595</u>	<u>3,457,549</u>	<u>8,613,747</u>	<u>3,683,749</u>	<u>9,273,924</u>	<u>0</u>
<u>\$ 119,037,847</u>	<u>\$ 112,044,648</u>	<u>\$ 127,618,625</u>	<u>\$ 122,838,827</u>	<u>\$ 128,944,389</u>	<u>\$ 123,492,445</u>
<u>\$ 164,208,909</u>	<u>\$ 159,141,175</u>	<u>\$ 183,249,666</u>	<u>\$ 175,107,385</u>	<u>\$ 179,611,427</u>	<u>\$ 174,773,847</u>

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

(modified accrual basis of accounting)

	2005	2006	2007	2008
General Fund				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Unreserved	6,667,277	7,861,168	8,642,201	8,670,275
Total general fund	\$ 6,667,277	\$ 7,861,168	\$ 8,642,201	\$ 8,670,275
 All Other Governmental Funds:				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Reserved	1,117,277	994,595	978,663	982,489
Unreserved, reported in:				
Special revenue funds	4,797,634	3,942,290	3,910,827	3,803,130
Debt service funds	1,647,744	2,602,622	3,146,620	2,692,706
Capital projects funds	1,998,815	6,045,791	5,871,288	2,086,748
Permanent funds	8,315	21,825	28,697	20,122
Total all other governmental funds	\$ 9,569,785	\$ 13,607,123	\$ 13,936,095	\$ 9,585,195

Source: Official record of Office of City Clerk.

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

2009	2010	2011	2012	2013	2014
\$ 0	\$ 0	\$ 4,067	\$ 4,193	\$ 4,079	\$ 47,629
0	0	0	0	0	10,666,100
0	0	10,152,078	11,955,804	12,388,007	2,098,326
<u>8,771,673</u>	<u>9,115,200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 8,771,673</u>	<u>\$ 9,115,200</u>	<u>\$ 10,156,145</u>	<u>\$ 11,959,997</u>	<u>\$ 12,392,086</u>	<u>\$ 12,812,055</u>
\$ 0	\$ 0	\$ 473,636	\$ 473,636	\$ 473,636	\$ 473,636
0	0	2,452,381	3,068,100	3,101,853	3,153,971
0	0	812,939	869,249	728,768	494,210
0	0	7,165,754	9,287,308	10,357,450	8,854,163
1,651,821	2,322,595	0	0	0	0
2,868,027	3,542,121	0	0	0	0
2,849,584	3,246,244	0	0	0	0
1,957,547	3,133,624	0	0	0	0
<u>6,647</u>	<u>521</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 9,333,626</u>	<u>\$ 12,245,105</u>	<u>\$ 10,904,710</u>	<u>\$ 13,698,293</u>	<u>\$ 14,661,707</u>	<u>\$ 12,975,980</u>

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

	2005	2006	2007	2008
REVENUES				
Taxes	\$ 23,050,456	\$ 25,598,961	\$ 26,692,073	\$ 26,427,496
Licenses and permits	499,409	511,731	540,832	568,441
Intergovernmental	36,107,621	36,272,316	41,769,671	41,534,518
Fines and forfeitures	1,135,822	1,863,507	1,179,606	990,387
Charges for services	4,205,563	5,852,986	5,851,999	6,162,803
Interest	621,858	960,812	1,203,574	527,698
Miscellaneous	775,016	982,971	969,776	2,066,056
Total Revenues	\$ 66,395,745	\$ 72,043,284	\$ 78,207,531	\$ 78,277,399
EXPENDITURES				
General government	\$ 2,035,118	\$ 2,053,861	\$ 2,266,987	\$ 2,260,515
Development and Engineering	563,108	961,245	770,395	854,944
Public safety	13,133,222	13,692,605	14,622,596	16,066,722
Public works	7,054,780	7,664,026	7,710,740	7,679,981
Health and welfare	428,047	415,101	483,957	497,414
Culture and recreation	2,414,280	2,692,519	2,883,687	3,314,547
Education	32,955,018	34,023,865	35,296,056	38,597,871
Appropriations	858,485	996,770	1,061,885	1,088,089
Capital outlay	4,316,712	12,123,365	24,865,184	9,730,177
Debt service:				
Interest	2,087,467	1,380,000	1,495,000	1,816,428
Principal	1,355,000	2,245,522	2,592,796	3,148,679
Total Expenditures	\$ 67,201,237	\$ 78,248,879	\$ 94,049,283	\$ 85,055,367
Excess of revenues over (under) expenditures	\$ (805,492)	\$ (6,205,595)	\$ (15,841,752)	\$ (6,777,968)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 13,883,341	\$ 17,533,104	\$ 15,587,872	\$ 14,898,717
Transfers out	(12,414,658)	(15,933,075)	(13,899,321)	(13,371,766)
Notes issued	1,025,000	9,836,795	9,163,205	951,300
Bonds issued	0	0	6,100,000	0
Capital leases issued	0	0	0	0
Refunding bonds issued	10,580,000	0	0	0
Premium on bonds issued	0	0	0	0
Payment to refunding bond escrow agent	(10,483,075)	0	0	0
Total other financing sources (uses)	\$ 2,590,608	\$ 11,436,824	\$ 16,951,756	\$ 2,478,251
Net change in fund balances	\$ 1,785,116	\$ 5,231,229	\$ 1,110,004	\$ (4,299,717)
Debt service as a percent of noncapital expenditures	5.47%	5.48%	5.78%	6.59%

Source: Official record of Office of City Clerk.

2009	2010	2011	2012	2013	2014
\$ 27,162,225	\$ 29,323,204	\$ 30,419,645	\$ 31,817,105	\$ 34,059,819	\$ 35,733,289
341,384	377,132	584,538	427,088	432,178	353,841
41,359,146	43,498,396	51,877,725	49,795,300	49,121,532	50,130,677
884,237	958,249	872,680	716,361	548,657	537,317
6,317,883	6,010,112	6,160,788	6,164,915	5,412,247	4,832,380
80,159	27,007	50,905	58,173	79,614	82,638
3,134,650	1,236,941	833,158	689,868	748,627	698,215
<u>\$ 79,279,684</u>	<u>\$ 81,431,041</u>	<u>\$ 90,799,439</u>	<u>\$ 89,668,810</u>	<u>\$ 90,402,674</u>	<u>\$ 92,368,357</u>
\$ 2,386,824	\$ 2,429,060	\$ 2,376,498	\$ 2,243,393	\$ 2,286,876	\$ 2,436,907
876,634	783,855	760,472	828,940	926,915	1,346,723
17,004,076	15,793,335	16,638,957	16,334,062	16,364,461	16,616,921
8,107,529	8,075,972	8,412,481	8,242,610	7,917,343	8,689,791
493,166	506,882	533,470	548,043	654,628	566,625
3,052,883	3,188,748	3,254,143	3,352,727	3,864,417	4,077,475
38,826,465	40,237,280	43,728,161	43,685,843	44,673,856	46,062,827
1,083,718	1,072,554	1,070,897	1,070,066	1,074,137	1,185,501
7,979,274	7,708,385	11,792,319	8,380,283	12,573,516	8,762,567
2,015,129	1,939,428	2,282,667	2,477,857	2,691,153	2,699,740
3,191,643	2,896,597	2,748,022	2,771,273	2,856,470	3,337,925
<u>\$ 85,017,341</u>	<u>\$ 84,632,096</u>	<u>\$ 93,598,087</u>	<u>\$ 89,935,097</u>	<u>\$ 95,883,772</u>	<u>\$ 95,783,002</u>
<u>\$ (5,737,657)</u>	<u>\$ (3,201,055)</u>	<u>\$ (2,798,648)</u>	<u>\$ (266,287)</u>	<u>\$ (5,481,098)</u>	<u>\$ (3,414,645)</u>
\$ 13,963,115	\$ 13,766,312	\$ 14,513,077	\$ 14,792,877	\$ 14,716,372	\$ 15,329,355
(12,343,936)	(12,044,051)	(12,720,354)	(12,899,360)	(13,099,846)	(13,130,982)
3,761,400	4,160,000	312,203	2,615,335	5,260,075	4,600,000
0	0	0	0	0	0
0	0	394,272	354,870	0	127,220
25,525,000	24,960,000	0	0	0	25,306,480
19,831	265,800	0	0	0	0
(25,337,924)	(24,652,000)	0	0	0	(25,173,537)
<u>\$ 5,587,486</u>	<u>\$ 6,456,061</u>	<u>\$ 2,499,198</u>	<u>\$ 4,863,722</u>	<u>\$ 6,876,601</u>	<u>\$ 7,058,536</u>
<u>\$ (150,171)</u>	<u>\$ 3,255,006</u>	<u>\$ (299,450)</u>	<u>\$ 4,597,435</u>	<u>\$ 1,395,503</u>	<u>\$ 3,643,891</u>
6.76%	6.29%	6.18%	6.28%	6.43%	6.88%

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
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
2013	16,628,885	232,828	247,400	13,422,892	1,514,062	1,139,178	874,574	34,059,819
2014	19,024,749	215,627	501,661	12,545,904	1,555,503	956,672	933,173	35,733,289
Change 2005-2014	46.6%	79.9%	2484.4%	74.6%	42.9%	1.4%	30.2%	55.0%

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
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	348,565,598	423,629,888	145,922,372
2009	356,217,401	435,670,644	146,945,263
2010	407,963,297	504,682,708	168,029,054
2011	408,183,737	512,067,105	170,815,182
2012	413,982,981	509,365,475	162,580,268
2013	410,787,511	522,433,859	168,476,998
2014	400,535,764	488,849,475	164,659,894

Source: Bradley County Assessor of Property.

- (1) The State of Tennessee, Division of Property Assessment has conducted a comprehensive reappraisal for tax year 1999, which is reflected in the FY 2000 financial statements. In tax year 2002, the State performed a current value update which is reflected in the FY 2003 financial statements. In tax year 2005, the State conducted a comprehensive reappraisal which is reflected in the FY 2006 financial statements. In tax year 2009, conducted a comprehensive reappraisal which is reflected in the FY 2010 financial statements. In tax year 2013, the State conducted a comprehensive reappraisal which is reflected in the FY 2014 financial statements. Public utility assessments increased in tax year 1999. A statewide court ruling awarded reduction in the assessment ratio from 55% to 40% for specific public utilities. After several years of appeals BellSouth assessments were also reduced.
- (2) Property in Bradley County is reassessed once every four years on average. The county assesses property at approximately 40 percent of actual value for commercial and industrial property and 25 percent for residential property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$100 of assessed value.

Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 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	940,269,338	1.65	2,993,641,564	31.4
22,742,171	961,575,479	1.65	3,059,197,507	31.4
24,313,598	1,104,988,657	1.4904	3,512,813,977	31.5
23,460,241	1,114,526,265	1.4904	3,539,367,529	31.5
22,703,062	1,108,631,786	1.4904	3,526,518,432	31.4
23,526,358	1,125,224,726	1.4904	3,568,066,432	31.5
22,049,469	1,076,094,602	1.7655	3,426,781,400	31.4

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

Fiscal Year	City		Overlapping Rates - Bradley County				
	Direct Rate	General Fund	Public Library	Pike Road	County Schools	City Schools	
2005	\$ 1.65	\$ 0.5137	\$ 0.0262	\$ 0.1325	\$ 0.6411	\$ 0.3101	
2006	1.65	0.5147	0.0312	0.1427	0.6529	0.2999	
2007	1.65	0.5147	0.0312	0.1427	0.6495	0.3014	
2008	1.65	0.5147	0.0312	0.1427	0.6503	0.3006	
2009	1.65	0.4570	0.0277	0.1263	0.5740	0.2695	
2010	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695	
2011	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695	
2012	1.4904	0.4570	0.0277	0.1263	0.5740	0.2695	
2013	1.4904	0.5269	0.0282	0.1287	0.5734	0.2859	
2014	1.7655	0.5404	0.0289	0.1320	0.5878	0.2935	

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

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

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

Overlapping Rates - Bradley County - Continued						Total Direct and Overlapping Rate
Debt Service	Capital Projects	Education Capital Projects	Community Development	Total Bradley County		
\$ 0.3929	\$ -	\$ -	\$ -	\$ 2.02	\$ 3.83	
0.2786	0.1000	-	-	2.02	3.67	
0.2760	0.1000	0.0019	-	2.02	3.67	
0.2786	0.1000	0.0019	-	2.02	3.67	
0.2355	-	0.0017	0.1003	1.79	3.67	
0.2355	-	0.0017	0.1003	1.79	3.2824	
0.2355	-	0.0017	0.1003	1.79	3.2824	
0.2355	-	0.0017	0.1003	1.79	3.2824	
0.2297	-	0.0017	0.0509	1.83	3.2824	
0.2356	-	0.0017	0.0522	1.87	3.2824	

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

Schedule 9

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Ocoee Hospital Corporation	\$ 36,486,674	1	3.46%	\$ -	-	-
Masterfoods USA	25,726,290	2	2.44	18,472,066	3	2.42%
Life Care Centers of America	23,728,859	3	2.25	8,129,450	6	1.07
Duracell Company	20,397,946	4	1.94	23,471,156	2	3.08
Merck & Co., Inc.	18,355,938	5	1.74	11,625,031	4	1.52
Walmart	10,114,381	6	0.96	-	-	-
Peyton's Southeastern	9,095,676	7	0.86	6,948,391	8	0.91
Southeastern Container	8,056,689	8	0.76	-	-	-
Whirlpool	7,778,105	9	0.74	32,808,353	1	4.30
Johnston Coca-Cola	7,443,233	10	0.71	6,164,438	9	0.81
Bellsouth	-	-	-	11,237,678	5	1.47
Bradley Square Mall	-	-	-	8,092,591	7	1.06
Friction Materials LLC	-	-	-	4,899,217	10	0.65
Totals	<u>\$ 167,183,791</u>		<u>15.86%</u>	<u>\$ 131,848,371</u>		<u>17.29%</u>

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

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

Schedule 10

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 13,004,505	\$ 12,257,261	94.3 %	\$ 731,889	\$ 12,989,150	99.9 %
2006	14,777,295	13,963,167	94.5	807,856	14,771,023	99.9
2007	15,473,857	14,486,289	93.6	969,698	15,455,987	99.9
2008	15,514,444	14,406,638	92.9	1,076,854	15,483,492	99.8
2009	15,869,700	14,659,032	92.4	1,167,472	15,826,504	99.7
2010	16,491,558	14,982,438	90.8	1,432,935	16,415,373	99.5
2011	16,608,494	15,383,696	92.6	1,101,510	16,485,206	99.3
2012	16,294,716	15,299,096	93.9	818,742	16,117,838	98.9
2013	16,699,031	15,612,473	93.5	751,320	16,363,793	98.0
2014	18,859,181	17,898,630	94.9	0	17,898,630	94.9

Source: Official records of Office of City Clerk.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Apparel Stores	\$ 20,838,181	\$ 22,977,123	\$ 24,118,354	\$ 24,557,551
General Merchandise Stores	185,089,441	186,651,791	194,129,215	198,812,878
Food Stores	82,104,833	80,325,692	80,846,489	81,744,415
Eating and Drinking Places	98,404,213	102,259,368	107,408,150	110,229,805
Furniture Stores	27,948,716	28,225,563	29,458,464	25,419,561
Building Materials	71,604,267	81,440,562	92,086,623	86,587,221
MV Dealers and Service Stations	42,391,937	48,059,604	49,518,509	54,702,390
Other Retail	52,947,959	56,146,560	56,400,083	54,205,683
All Other Outlets	<u>114,746,617</u>	<u>121,559,017</u>	<u>128,462,703</u>	<u>125,169,940</u>
Total	<u>\$ 696,076,164</u>	<u>\$ 727,645,280</u>	<u>\$ 762,428,590</u>	<u>\$ 761,429,444</u>
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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 23,889,508	\$ 23,196,641	\$ 22,968,582	\$ 23,696,309	\$ 24,874,164	\$ 25,648,895
217,069,065	211,669,093	212,408,304	218,850,296	220,486,064	220,277,745
85,451,136	83,313,624	81,734,875	89,648,300	93,245,397	95,135,145
114,031,347	113,360,467	115,354,893	125,492,706	136,648,212	138,642,092
29,137,587	20,378,691	18,206,730	24,584,741	17,588,750	17,814,109
77,945,342	64,311,183	64,449,914	72,925,808	78,397,949	76,136,640
57,305,039	58,349,439	63,719,429	69,025,064	71,337,280	74,355,981
53,159,542	54,525,312	56,470,758	59,093,623	61,405,593	63,159,468
<u>128,726,025</u>	<u>114,423,011</u>	<u>114,343,520</u>	<u>126,459,065</u>	<u>139,311,618</u>	<u>141,967,597</u>
<u>\$ 786,714,591</u>	<u>\$ 743,527,461</u>	<u>\$ 749,657,005</u>	<u>\$ 809,775,912</u>	<u>\$ 843,295,027</u>	<u>\$ 853,137,672</u>
2.25%	2.25%/2.75%	2.75%	2.75%	2.75%	2.75%

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

<u>Fiscal Year</u>	<u>City of Cleveland and Bradley County Rate</u>
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
2013	2.75
2014	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 2005 AND 2014

	Fiscal Year 2005			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1 Retail Trade	851	60.14 %	\$ 13,511,793	83.39 %
2 Services	341	24.10	1,134,241	7.00
3 Manufacturing	87	6.15	557,222	3.44
4 Wholesale Trade	79	5.58	753,464	4.65
5 Construction	14	0.99	27,451	0.17
6 Finance Insurance Real Estate	20	1.41	10,752	0.07
7 Transportation and Utilities	5	0.35	94,801	0.58
8 Agriculture	5	0.36	5,298	0.03
Other, Non Classified	13	0.93	108,309	0.67
Total	<u>1,415</u>	<u>100.00 %</u>	<u>\$ 16,203,331</u>	<u>100.00 %</u>

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 2014			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
842	57.79 %	\$ 19,928,427	83.21 %
330	22.65	1,898,718	7.93
89	6.11	611,388	2.55
84	5.77	856,351	3.58
16	1.10	22,193	0.09
27	1.85	39,366	0.16
13	0.89	155,869	0.65
8	0.55	10,685	0.04
48	3.29	427,156	1.79
<u>1,457</u>	<u>100.00 %</u>	<u>\$ 23,950,153</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
2005	\$ 1,225,000	\$ 17,095,188	\$ 25,535,000	\$ 0
2006	1,025,000	16,187,020	43,795,000	0
2007	6,850,000	15,248,852	44,045,000	0
2008	6,370,000	14,275,685	44,664,872	0
2009	5,885,000	13,313,207	48,095,182	0
2010	5,735,000	36,888,110	27,456,503	0
2011	5,580,000	35,194,326	27,361,943	375,238
2012	5,420,000	33,505,542	29,393,873	692,527
2013	5,250,000	31,737,203	33,953,841	653,351
2014	5,075,000	55,369,755	17,975,620	587,468

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
\$ 24,805,694	\$ 19,650,000	\$ 88,310,882	3.38 %	\$ 2,313
23,305,462	25,755,000	110,067,482	2.81	2,850
30,483,212	24,565,000	121,192,064	2.68	3,082
28,867,336	33,845,000	128,022,893	2.64	3,221
27,018,821	32,030,000	126,342,210	2.65	3,139
56,064,782	606,994	126,751,389	2.74	3,071
61,674,516	792,000	130,978,023	2.82	3,140
57,968,972	877,265	127,858,179	3.15	3,017
54,251,865	4,903,981	130,750,241	3.15	3,057
51,254,670	5,384,687	135,647,200	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
2005	\$ 18,320,188	\$ 2,520,548,708	37,914	0.7 %	\$ 483
2006	17,212,020	2,856,172,605	38,263	0.6	450
2007	22,098,852	2,987,247,780	38,627	0.7	572
2008	20,645,685	2,993,641,564	39,333	0.7	525
2009	19,198,207	3,059,197,507	39,753	0.6	483
2010	42,623,110	3,512,813,977	40,261	1.2	1,059
2011	40,774,326	3,539,367,529	41,285	1.2	988
2012	38,925,542	3,526,518,432	41,723	1.1	933
2013	36,987,203	3,568,066,432	42,386	1.0	873
2014	60,444,755	3,426,781,400	42,774	1.8	1,413

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, 2014

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	\$ 79,007,843	100.00%	\$ 79,007,843
Bradley County, Tennessee	<u>69,398,278</u>	52.95%	<u>36,746,388</u>
Total direct and overlapping debt	<u>\$ 148,406,121</u>		<u>\$ 115,754,231</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 78,815,180	\$ 89,559,361	\$ 93,780,950	\$ 93,473,439
Total net debt applicable to limit	<u>42,812,256</u>	<u>58,977,378</u>	<u>63,538,380</u>	<u>63,127,166</u>
Legal debt margin	<u>\$ 36,002,924</u>	<u>\$ 30,581,983</u>	<u>\$ 30,242,570</u>	<u>\$ 30,346,273</u>
Total net debt applicable to limit as a percentage of debt limit	54.32%	65.85%	67.75%	67.53%

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 98,074,388	\$ 110,539,912	\$ 111,465,762	\$ 109,359,910	\$ 112,073,394	\$ 107,609,460
<u>64,921,560</u>	<u>67,053,472</u>	<u>65,804,739</u>	<u>66,667,364</u>	<u>69,103,328</u>	<u>75,438,027</u>
<u>\$ 33,152,828</u>	<u>\$ 43,486,440</u>	<u>\$ 45,661,023</u>	<u>\$ 42,692,546</u>	<u>\$ 42,970,066</u>	<u>\$ 32,171,433</u>
66.20%	60.66%	59.04%	60.96%	61.66%	70.10%

Legal Debt Margin Calculation for Fiscal Year 2014

Total assessed value		<u>\$ 1,076,094,602</u>
Legal debt margin:		
Debt limitation - 10% of total assessed value as adopted by resolution		\$ 107,609,460
Debt applicable to limit:		
Total bonded debt	\$ 135,374,255	
Less: Revenue bonds	56,539,687	
Amount available for repayment of general obligation bonds	<u>3,396,541</u>	
Total debt applicable to limit		<u>75,438,027</u>
Legal debt margin		<u>\$ 32,171,433</u>

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

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	(3) Interest	Total	
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
2013	23,149,324	15,292,780	7,856,544	3,121,629	1,681,401	4,803,030	1.64
2014	25,045,728	15,695,140	9,350,588	3,182,356	1,700,224	4,882,580	1.92

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
2004	37,914	\$ 2,916,788	\$ 26,983	37
2005	38,263	2,988,877	27,381	37
2006	38,627	3,091,703	27,809	37
2007	39,333	3,246,309	28,745	37
2008	39,753	3,382,926	29,595	37
2009	40,261	3,353,827	29,141	37
2010	41,285	3,473,120	29,949	37
2011	41,723	3,688,881	31,620	38
2012	42,386	4,031,075	34,246	38
2013	42,774	4,123,064	34,783	38

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.

Percent High School graduate or higher	Percent Bachelor's degree or higher	School Enrollment	Annual Average Adjusted Unemployment Rate (%)
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
83	24	5,423	7.7
84	24	5,440	7.5

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

Employer	2014		
	Employees	Rank	Percentage of Total Labor Force Bradley County
Whirlpool/Maytag	1,503	1	2.96 %
City Government	1,202	2	2.37
Bradley County Schools	1,200	3	2.37
SkyRidge Medical Center (Bradley Memorial)	1,157	4	2.28
Peyton's Southeastern	950	5	1.87
Lee University	815	6	1.61
Wal-Mart	640	7	1.26
Bradley County Government	620	8	1.22
Amazon	600	9	1.18
Mars Chocolate (Mars Snackfood US)	577	10	1.14
Merck (Schering Plough)	537	N/A	1.06
Duracell	350	N/A	0.69
Jackson Furniture Industries	-	N/A	-
Total	<u>10,151</u>		<u>20.25 %</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.

2005		
Employees	Rank	Percentage of Total Labor Force Bradley County
2,750	1	5.95 %
1,118	2	2.42
1,000	5	2.16
1,200	3	2.60
1,200	4	2.60
N/A	N/A	N/A
350	N/A	0.76
500	7	1.08
N/A	N/A	N/A
750	6	1.62
450	10	0.97
500	8	1.08
475	9	1.03
<u>10,293</u>		<u>22.27 %</u>

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

Schedule 21

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
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	15	14	14	14
Community development	8	9	10	10	10	8	8	8	8	14
Cleveland Regional Jetport	0	0	0	0	0	0	0	0	0	1
Police										
Officers	90	90	90	92	92	88	94	95	85	91
Civilians	11	12	12	12	12	11	12	12	11	12
Fire										
Firefighters and officers	79	82	88	91	97	94	94	94	89	91
Civilians	1	1	1	1	1	1	1	1	1	1
Public works										
Operations	19	23	26	26	26	25	26	26	20	21
Engineering	9	9	7	7	7	7	7	5	4	0
Landscaping maintenance	7	8	8	8	8	10	0	0	0	0
Solid waste management	13	13	13	13	13	14	14	14	13	13
Stormwater management fund	1	1	2	2	2	2	2	2	2	2
State street aid	12	11	11	11	11	11	11	11	10	11
Fleet management	9	8	8	8	8	8	8	8	8	7
Brush chipping	1	1	1	1	1	0	0	0	0	0
Parks and recreation										
Administration and maintenance	8	8	8	9	9	9	9	9	9	9
Landscaping maintenance	0	0	0	0	0	0	7	7	7	7
College Hill Recreation Center	3	3	3	3	3	3	3	3	3	3
Cleveland Community Center	4	4	4	4	4	4	4	4	4	4
Waterville Golf Course	7	6	6	6	6	6	6	6	6	6
Animal control										
Administration and operations	7	7	7	8	8	8	8	8	8	8
Weed and seed program	2	3	3	0	0	0	0	0	0	0
Community development block grant	0	1	2	2	2	2	2	2	2	2
Subtotal	308	317	327	331	337	328	332	330	305	318
Cleveland Utilities										
Electric division	105	109	108	114	115	91	89	88	84	83
Water/wastewater division	83	85	86	86	85	109	102	98	98	103
City schools										
Certificated staff	357	359	364	370	379	383	387	397	407	423
Non-certificated personnel	254	253	253	258	263	268	270	274	277	283
Library	11	10	10	10	10	10	10	11	11	11
Total	1,118	1,133	1,148	1,169	1,189	1,189	1,190	1,198	1,182	1,221

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government				
Building permits issued	495	460	437	393
Value of construction permitted	\$56,689,803	\$75,980,803	\$83,346,627	\$107,879,191
Police				
Parking violations	1,425	1,625	1,716	1,082
Traffic violations	9,609	12,143	11,472	8,437
Fire				
Emergency responses (city only)	884	1,256	1,313	1,456
Fires extinguished (city only)	252	182	140	178
Fire inspections	450	846	2,522	2,973
Public works				
Street resurfacing (tonnage)	22,940	32,863	12,334	6,362
Utility cut permits (# Excavations)	346	319	422	329
Drainage pipe installed (linear ft.)	7,280	7,644	4,953	7,119
Tons of brush chipped	1,188	1,269	1,978	1,080
Parks and recreation				
Softball league participants	1,400	1,477	1,350	1,500
Basketball league participants	400	454	350	184
Football league participants	n/a	n/a	n/a	n/a
Soccer league participants	730	750	850	875
Rounds of golf played	11,900	12,120	14,700	12,400
Library				
Volumes in collection	128,491	131,099	135,000	144,202
Circulation	293,402	326,927	348,159	356,498
Attendants	223,546	239,067	245,146	251,246
City Schools				
Average Daily Membership				
High School	1,152	1,385	1,203	1,274
Middle School	1,069	1,187	1,053	1,035
Elementary Schools	2,162	1,906	2,248	2,241
Ungraded - Special Education	72	68	61	82
ACT composite scores	20.9	21.3	21	21
% of High School graduates	75.4	84.9	83	82
Electric				
Class of Service # of Customers				
Residential	24,031	24,315	24,541	24,672
Small lighting and power	3,382	3,407	3,426	3,627
Large lighting and power	593	649	620	647
Street and outdoor lighting	128	129	119	113
Kilowatt-hours purchased	1,115,957,513	1,150,136,397	1,146,736,443	1,136,162,043
Kilowatt-hours sold	1,076,529,177	1,118,005,640	1,107,755,437	1,102,780,890
Line losses and kilowatt-hours unaccounted for	39,428,336	32,130,757	38,981,006	33,381,153
Percentage of losses and unaccounted for kilowatt-hours to purchases	3.53%	2.79%	3.40%	2.94%

2009	2010	2011	2012	2013	2014
247	286	217	360	350	379
\$39,596,442	\$41,805,750	\$43,490,568	\$63,587,030	\$59,121,927	\$37,240,586
1,349	1,659	1,669	1,130	974	1,309
6,244	7,617	8,771	5,603	4,060	4,410
1,932	2,497	2,969	2,939	2,429	2,872
135	150	245	136	169	242
2,755	2,713	3,162	2,454	2,208	2,055
0	3,773	8,669	9,967	18,898	12,107
321	290	293	228	229	226
5,995	3,166	5,054	3,901	5,919	4,690
4,353	5,507	8,523	6,446	8,282	8,644
1,814	1,820	1,155	1,440	1,500	1,455
212	220	200	216	230	204
90	258	150	74	80	70
920	950	950	950	1,000	850
10,000	9,600	3,500	4,000	5,000	8,289
149,970	149,867	152,407	156,934	161,836	164,078
356,050	361,590	389,603	421,792	409,206	401,430
254,440	261,118	269,262	307,291	270,860	277,185
1,246	1,224	1,254	1,297	1,339	1,398
1,207	1,117	1,124	1,147	1,200	1,231
2,315	2,380	2,514	2,567	2,884	2,811
81	81	81	81	81	81
22	20	21	20	20	20
89	88	81	82	86	84
24,539	24,720	25,003	25,170	25,420	25,806
3,616	3,652	3,669	3,706	3,720	3,789
619	624	647	609	608	613
115	110	108	188	189	188
1,095,830,882	1,112,981,850	1,118,790,042	1,090,315,133	1,103,372,115	1,124,822,813
1,060,994,420	1,078,380,377	1,095,719,182	1,051,139,979	1,072,904,012	1,092,325,754
34,836,462	34,601,473	23,070,860	39,175,154	30,468,103	32,497,059
3.18%	3.11%	2.06%	3.59%	2.76%	2.89%

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Water				
Class of Service # of Customers				
Residential	24,870	25,414	25,898	26,322
Commercial & Industrial	3,139	3,220	3,054	3,056
Gallons purchased	1,103,601,315	1,207,869,115	1,255,708,159	1,411,079,914
Gallons pumped	2,569,476,656	2,736,379,124	2,791,321,111	2,526,119,809
Gallons sold	2,779,692,000	2,895,225,000	3,016,467,750	3,040,388,250
Line losses and gallons unaccounted for	893,385,971	1,049,023,239	1,030,561,520	896,811,473
Percentage of losses and unaccounted for gallons to total provided	24.32%	26.60%	25.46%	22.78%
Average daily water consumption (gallons)	7,615,595	7,932,123	8,264,295	8,329,831
Wastewater				
Class of Service # of Customers				
Residential	13,903	14,255	14,356	14,663
Commercial & Industrial	2,420	2,487	2,482	2,534
Capacity daily (thousands of gallons)	21,600	21,600	21,600	21,600
Treatment during fiscal year (gallons)	3,778,740,000	2,927,060,000	2,824,970,000	3,098,910,000

Sources: Various city departments.

2009	2010	2011	2012	2013	2014
26,286	26,465	26,096	26,327	26,496	26,811
3,017	3,034	3,611	3,639	3,671	3,707
1,648,632,220	1,827,886,130	1,860,475,140	1,845,875,000	1,759,640,000	1,717,178,040
2,107,995,107	1,664,898,520	1,785,496,000	1,874,042,670	1,789,485,000	1,965,420,000
2,861,916,000	2,668,847,250	2,937,399,663	2,959,307,166	2,814,193,000	2,706,972,750
894,711,327	823,937,400	708,571,477	760,610,504	709,217,000	902,184,898
23.82%	23.59%	19.43%	20.45%	19.98%	24.50%
7,840,866	7,311,910	8,047,670	7,904,814	7,710,118	7,416,364
14,629	14,792	14,989	15,156	15,267	15,469
2,502	2,517	2,543	2,553	2,592	2,626
21,600	21,600	21,600	21,600	21,600	21,600
3,482,470,000	3,955,870,000	3,499,120,000	3,615,480,000	3,995,860,000	3,684,650,000

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

Schedule 23

<u>Function/Program</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>	<u>2013</u>	<u>2014</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	0	0	0	0	0	0	0	0	0	0
Patrol units	110	110	103	88	85	85	95	112	120	118
Fire										
Stations	4	5	5	5	5	5	5	5	5	5
Fire Trucks (pumpers, ladders & tankers	10	15	15	16	16	16	14	14	14	14
Public works										
Street (miles)	302	321	323	323	323	323	346	347	348	348
Street lights	5,738	5,873	6,047	6,020	6,307	5,714	5,734	5,844	5,801	5,896
Traffic signals	517	540	542	566	582	595	599	604	613	619
Pedestrians signals	88	88	54	56	64	70	70	70	72	80
Knucklebooms	6	6	6	6	5	6	6	6	6	8
Parks and recreation										
Acreage	292	289	289	289	289	289	289	289	289	289
Playgrounds	9	8	8	8	8	8	8	8	8	8
Softball fields	5	5	5	5	5	5	5	5	5	5
Soccer fields	15	15	15	16	16	16	16	16	16	16
Tennis courts	12	12	12	8	8	8	8	8	8	8
Community centers	2	2	2	2	2	2	2	2	2	2
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary schools	7	6	6	6	6	6	6	6	6	6
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1
Library										
Bookmobiles	1	1	1	1	1	1	1	1	1	1
Electric										
Electric lines (miles)	500	513	518	522	525	528	528	534	537	609
Substations	14	15	15	15	15	15	15	15	15	15
Water										
Water mains (miles)	688	697	710	728	736	738	741	743	750	760
Fire hydrants	2,228	2,302	2,343	2,416	2,492	2,510	2,565	2,571	2,575	2,627
Storage capacity (thousands of gal)	14,300	14,300	14,300	15,300	15,300	15,300	15,300	15,300	15,300	15,300
Wastewater										
Sanitary sewers (miles)	322	326	329	334	347	355	355	356	359	359
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, 2014

<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	9/1/2013 to 8/31/2014	Buildings, contents, boilers, fired vessels electric steam generators. Theft, disappearance and destruction. Radio, video equipment, mobile equip- ment, police dogs.	\$ 52,756,504	\$ 70,342
Comprehensive Liability TML Risk Management Pool	TML-026R	7/1/2013 to 6/30/2014	General and public officials liability, auto liability, auto physical damage, personal injury. Excess auto physical damage. Airport liability	As per schedule	\$ 362,833
Worker's Compensation TML Risk Management Pool	TWC-0187	7/1/2013 to 6/30/2014	Job related injuries, employees	\$ 1,000,000 \$ 1,000 ded.	\$ 362,833
Property (School Buildings and Contents, Boiler, Vehicles) Tennessee Risk Management Trust	TNRMT	7/1/2013 to 7/1/2014	Property Equipment Liability	Various	\$ 315,712
Worker's Compensation Tennessee Risk Management Trust	TNRMT	7/1/2013 to 7/1/2014	Job related injuries, employees	\$ 1,000,000	\$ 211,739

CITY OF CLEVELAND, TENNESSEE
INSURANCE IN FORCE
CLEVELAND UTILITIES
For the Fiscal Year Ended June 30, 2014

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	\$ 136,333,662
Hartford	Machinery and equipment breakdown	\$ 10,000,000
Affiliated FM	Flood and earthquake	\$ 10,000,000
Chubb	General liability (excess)	\$ 2,250,000 (1)
Distributors Insurance Co.	General liability (primary)	\$ 750,000 (1)
Chubb	Auto liability and physical damage	\$ 1,000,000
Chubb	Public official and employees	\$ 5,000,000
Travelers Casualty & Surety Co.	Commercial crime	\$ 1,000,000
North River	Umbrella liability	\$ 15,000,000
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, 2014

Table 3

<u>Property Taxes</u>	<u>Balance 7/1/2013</u>	<u>Levies</u>	<u>Collections & Adjustments</u>	<u>Balance 6/30/2014</u>
2013	\$ 0	\$ 18,859,181	\$ 17,898,630	\$ 960,551
2012	1,086,558	0	751,320	335,238
2011	309,619	0	132,741	176,878
2010	177,039	0	53,751	123,288
2009	109,673	0	33,488	76,185
2008	58,762	0	15,566	43,196
2007	31,615	0	663	30,952
2006	18,212	0	342	17,870
2005	6,588	0	316	6,272
2004	15,859	0	504	15,355
2003	15,452	0	15,452	0
	<u>\$ 1,829,377</u>	<u>\$ 18,859,181</u>	<u>\$ 18,902,773</u>	<u>\$ 1,785,785</u>

Note - Property taxes receivable also include the 2014 levy reported as deferred revenue in the amount of \$19,164,211.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN GENERAL
 OBLIGATION BONDS PAYABLE
 For the Year Ended June 30, 2014

Table 4

	Interest Rates	Balance 07/01/13	General Obligation		Balance 06/30/14
			New Bonds Issued	Bonds Retired	
General Improvement Refunding Bonds					
Series 2005					
Maturing 2024	3.00-5.00%	\$ 9,580,000	\$ 0	\$ 570,000	\$ 9,010,000
General Improvement Bonds					
Series 2007A					
Maturing 2037	4.00-5.00%	5,250,000	0	175,000	5,075,000
General Improvement Refunding Bonds					
Series 2009C					
Maturing 2031	2.00-4.50%	14,785,000	0	550,000	14,235,000
General Improvement Refunding Bonds					
Series 2009D					
Maturing 2022	2.00-4.00%	7,530,000	0	365,000	7,165,000
General Improvement Refunding Bonds					
Series 2014A					
Maturing 2030	2.51% *	0	21,206,480	0	21,206,480
General Improvement Refunding Bonds					
Series 2014B					
Maturing 2018	2.51%	0	4,100,000	520,000	3,580,000
Total General Obligation Bonds		<u>\$ 37,145,000</u>	<u>\$ 25,306,480</u>	<u>\$ 2,180,000</u>	<u>\$ 60,271,480</u>

*2.51% fixed for 5 years.

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN REVENUE BONDS PAYABLE
 For the Year Ended June 30, 2014

Table 5

	Balance 07/01/13	Revenue		Balance 06/30/14
		New Bonds Issued	Bonds Retired	
Water, sewer & electric revenue and tax bonds, maturing through 2037				
Due September 2013 - 2.00% to 3.50%	\$ 460,000	\$ 0	\$ 460,000	\$ 0
Due September 2028 - 2.00% to 4.375%	9,805,000	0	9,805,000	0
Due June 2037 - 4.00% to 5.00%	7,980,000	0	170,000	7,810,000
Due June 2015 - 2.00% to 3.00%	980,000	0	490,000	490,000
Due June 2028 - 2.00% to 4.375%	17,395,000	0	540,000	16,855,000
Due June 2028 - 2.50% to 4.25%	10,495,000	0	860,000	9,635,000
Due June 2031 - 1.00% to 5.75%	7,940,000	0	410,000	7,530,000
Due September 2028 - 3.45 fixed	0	8,835,000	0	8,835,000
Total Revenue Bonds	\$ 55,055,000	\$ 8,835,000	\$ 12,735,000	\$ 51,155,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2014

Table 6

	Maturity Date	Interest Rate	Balance 06/30/13	Additions	Retirements	Balance 06/30/14
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2031	2.11%	\$ 611,779	\$ 0	\$ 29,047	\$ 582,732
Water Division:						
Note payable to the State of Tennessee revolving loan fund - ARRA	2031	2.11%	122,356	0	5,810	116,546
Water Division:						
Note payable to the TN Municipal Bond Fund Series 2012	2032	Variable	2,735,846	701,661	187,500	3,250,007
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2034	1.15%	0	95,717	0	95,717
Water Division:						
Note payable to the State of Tennessee revolving loan fund	2034	1.15%	0	161,863	0	161,863
Water/Electric Division:						
Note payable to the TN Municipal Bond Fund Series 2014	2034	Variable	0	1,177,821	0	1,177,821
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2008 TMBF	2028	Variable	1,522,000	0	70,000	1,452,000
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2032	Fixed for 5 years	1,643,000	0	70,000	1,573,000
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2027	Fixed for 5 years	855,135	0	52,000	803,135
Public Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2028	Fixed for 5 years	5,260,075	300,000	300,000	5,260,075
Airport Improvement Loans:						
Note payable to the Public Building Authority Clarksville, TN Series 2012	2027	Fixed for 5 years	1,434,000	0	78,000	1,356,000

CITY OF CLEVELAND, TENNESSEE
 CHANGES IN NOTES PAYABLE
 For the Year Ended June 30, 2014

Table 6
 (Continued)

	Maturity Date	Interest Rate	Balance 06/30/13	Additions	Retirements	Balance 06/30/14
Airport Improvement Loans:						
Note payable to the Public						
Building Authority						
Clarksville, TN						
Series 2014	2034	Fixed for 5 years	\$ 0	\$ 4,300,000	\$ 0	\$ 4,300,000
Refunding Debt:						
Note payable to the Public						
Building Authority						
Blount County, TN						
Series E-9-A	2028	Variable	21,080,000	0	21,080,000	0
Capital Outlay Notes						
Local Government Energy Loan:						
Local Government Energy Efficiency						
Loan Program	2013	0.00%	71,429	0	71,429	0
School Construction Loan:						
Qualified School Construction						
Loan (QSCB)						
Series 2009	2027	1.1515%	3,402,899	0	259,577	3,143,322
School Energy Loan:						
Tennessee Energy Efficient						
School Initiative Program						
(EESI) Loan	2016	3.00%	151,904	0	63,816	88,088
Totals			<u>\$ 38,890,423</u>	<u>\$ 6,737,062</u>	<u>\$ 22,267,179</u>	<u>\$ 23,360,306</u>

CITY OF CLEVELAND, TENNESSEE
 UNCOLLECTED DELINQUENT PROPERTY TAXES FILED
 June 30, 2014

Table 7

Tax Year	Original Amount Filed	Unpaid Balance	Percentage Collected
2004	\$ 232,661	\$ 15,355	93.4 %
2005	203,051	6,272	96.9
2006	305,663	17,870	94.2
2007	452,759	30,952	93.2
2008	501,311	43,196	91.4
2009	614,201	76,185	87.6
2010	501,912	123,288	75.4
2011	371,448	176,878	52.4
2012	396,806	335,238	15.5

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CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR GENERAL OBLIGATION BONDS
 June 30, 2014

Fiscal Year	2005 Series		2007 Series		2009C Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 590,000	\$ 381,288	\$ 250,000	\$ 219,712	\$ 250,000	\$ 588,406
2016	610,000	351,787	265,000	209,713	250,000	582,156
2017	800,000	328,913	275,000	199,112	30,000	574,656
2018	870,000	298,912	285,000	188,113	30,000	573,756
2019	925,000	261,938	295,000	176,712	25,000	572,781
2020	960,000	222,625	305,000	164,913	25,000	571,906
2021	1,000,000	184,225	320,000	152,712	25,000	570,969
2022	1,050,000	139,225	335,000	139,513	25,000	569,969
2023	1,075,000	95,125	350,000	125,694	1,100,000	568,969
2024	1,130,000	49,438	360,000	111,256	1,050,000	524,969
2025			380,000	96,406	300,000	482,969
2026			390,000	77,406	3,400,000	470,969
2027			410,000	57,906	3,125,000	334,969
2028			70,000	37,406	350,000	206,063
2029			75,000	34,344	100,000	190,750
2030			75,000	31,063	100,000	186,500
2031			80,000	27,781	4,050,000	182,250
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	\$ 9,010,000	\$ 2,313,476	\$ 5,075,000	\$ 2,137,481	\$ 14,235,000	\$ 7,753,007

Table 8

2009D		2014A		2014B		Total	
Series		Series		Series		Principal	Interest
Principal	Interest	Principal	Interest	Principal	Interest		
\$ 695,000	\$ 244,525	\$ -	\$ 532,282	\$ 936,000	\$ 89,858	\$ 2,721,000	\$ 2,056,071
740,000	227,150	-	532,283	977,000	66,365	2,842,000	1,969,454
870,000	206,800	-	532,282	973,000	41,842	2,948,000	1,883,605
890,000	180,700	275,480	532,283	694,000	17,419	3,044,480	1,791,183
910,000	151,775	979,000	525,368			3,134,000	1,688,574
990,000	119,925	1,004,000	500,795			3,284,000	1,580,164
1,040,000	82,800	1,033,000	475,595			3,418,000	1,466,301
1,030,000	41,200	1,050,000	449,667			3,490,000	1,339,574
		1,088,000	423,311			3,613,000	1,213,099
		1,286,000	396,003			3,826,000	1,081,666
		2,305,000	363,724			2,985,000	943,099
		2,295,000	305,869			6,085,000	854,244
		2,370,000	248,264			5,905,000	641,139
		2,550,000	188,777			2,970,000	432,246
		2,565,000	124,772			2,740,000	349,866
		2,406,000	60,391			2,581,000	277,954
						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
						100,000.00	4,375
<u>\$ 7,165,000</u>	<u>\$ 1,254,875</u>	<u>\$ 21,206,480</u>	<u>\$ 6,191,666</u>	<u>\$ 3,580,000</u>	<u>\$ 215,484</u>	<u>\$ 60,271,480</u>	<u>\$ 19,865,989</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR EXCLUDING CLEVELAND UTILITIES
 June 30, 2014

Fiscal Year	Note Payable - Public Building Authority of Clarksville TN 2008 TMBF Series		Note Payable - Energy Efficient Schools Initiative Loan EESI Loan Series		Note Payable - Public Building Authority of Clarksville, TN 2012 Series (2)		Note Payable - Public Building Authority of Clarksville, TN 2012 Series	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$ 74,000	\$ 72,600	\$ 65,760	\$ 1,740	\$ 54,000	\$ 22,600	\$ 71,000
2016	78,000	68,900	22,328	150	57,000	21,250	73,000	34,846
2017	82,000	65,000			59,000	19,825	75,000	33,153
2018	86,000	60,900			61,000	18,350	77,000	31,413
2019	90,000	56,600			64,000	16,825	78,000	29,626
2020	94,000	52,100			66,000	15,225	80,000	27,817
2021	99,000	47,400			69,000	13,575	82,000	25,961
2022	104,000	42,450			72,000	11,850	84,000	24,058
2023	109,000	37,250			74,000	10,050	86,000	22,110
2024	115,000	31,800			77,000	8,200	88,000	20,114
2025	121,000	26,050			80,000	6,275	90,000	18,073
2026	127,000	20,000			84,000	4,275	92,000	15,985
2027	133,000	13,650			87,000	2,175	94,000	13,850
2028	140,000	7,000					96,000	11,670
2029							98,000	9,442
2030							101,000	7,169
2031							103,000	4,825
2032							105,000	2,436
2033								
2034								
	<u>\$ 1,452,000</u>	<u>\$ 601,700</u>	<u>\$ 88,088</u>	<u>\$ 1,890</u>	<u>\$ 904,000</u>	<u>\$ 170,475</u>	<u>\$ 1,573,000</u>	<u>\$ 369,042</u>

- (1) Variable rates of 4% have been assumed on loans through Blount Counties and Clarksville, TN.
 (2) \$100,865 of loan proceeds have not been drawn down at June 30, 2014.
 (3) \$439,925 of loan proceeds have not been drawn down at June 30, 2014.

Note Payable - Public Building Authority of Clarksville, TN 2012 Series (3)		Note Payable - Public Building Authority of Clarksville, TN 2012 (Airport) Series		2009 QSCB Series		Note Payable - Public Building Authority of Clarksville, TN 2014 (Airport) Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (1)
\$ 312,000	\$ 228,000	\$ 82,000	\$ 54,240	\$ 237,946	\$ 67,184	\$ 160,000	\$ 107,529	\$ 1,056,706	\$ 590,387
324,000	215,520	85,000	50,960	259,578	67,184	171,000	109,296	1,069,906	568,106
337,000	202,560	88,000	47,560	259,577	67,184	175,000	104,782	1,075,577	540,064
351,000	189,080	92,000	44,040	259,577	67,184	180,000	100,162	1,106,577	511,129
365,000	175,040	95,000	40,360	259,577	67,184	185,000	95,410	1,136,577	481,045
379,000	160,440	99,000	36,560	259,578	67,184	189,000	90,526	1,166,578	449,852
394,000	145,280	103,000	32,600	259,577	67,184	194,000	85,536	1,200,577	417,536
410,000	129,520	107,000	28,480	259,577	67,184	199,000	80,414	1,235,577	383,956
426,000	113,120	112,000	24,200	259,577	67,184	205,000	75,160	1,271,577	349,074
443,000	96,080	116,000	19,720	259,578	67,184	210,000	69,748	1,308,578	312,846
461,000	78,360	121,000	15,080	259,578	67,184	216,000	64,204	1,348,578	275,226
480,000	59,920	125,000	10,240	285,130	67,184	221,000	58,502	1,414,130	236,106
499,000	40,720	131,000	5,240	24,472	6,292	227,000	52,668	1,195,472	134,595
519,000	20,760					233,000	46,676	988,000	86,106
						239,000	40,524	337,000	49,966
						246,000	34,214	347,000	41,383
						252,000	27,720	355,000	32,545
						259,000	21,068	364,000	23,504
						266,000	14,230	266,000	14,230
						273,000	7,208	273,000	7,208
<u>\$ 5,700,000</u>	<u>\$ 1,854,400</u>	<u>\$ 1,356,000</u>	<u>\$ 409,280</u>	<u>\$ 3,143,322</u>	<u>\$ 812,500</u>	<u>\$ 4,300,000</u>	<u>\$ 1,285,577</u>	<u>\$ 18,516,410</u>	<u>\$ 5,504,864</u>

CITY OF CLEVELAND, TENNESSEE
 BOND PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2014

Electric, Water and Sewer Revenue and Tax Bonds

Fiscal Year	2007 Series		2009B Series		2009C Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 180,000	\$ 339,412	\$ 490,000	\$ 7,350	\$ 895,000	\$ 359,094
2016	190,000	332,212			600,000	336,719
2017	200,000	324,613			410,000	318,719
2018	210,000	316,612			435,000	306,419
2019	225,000	308,213			475,000	292,281
2020	330,000	299,212			625,000	275,656
2021	345,000	286,013			500,000	252,219
2022	360,000	271,781			575,000	232,218
2023	375,000	256,931			675,000	209,219
2024	390,000	241,463			600,000	182,218
2025	405,000	225,375			970,000	158,219
2026	305,000	205,125			1,040,000	119,418
2027	315,000	189,875			985,000	77,819
2028	330,000	174,125			850,000	37,188
2029	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	\$7,810,000	\$4,612,274	\$ 490,000	\$ 7,350	\$ 9,635,000	\$ 3,157,406

Table 10

2009D		2010		2014		Total	
Series		Series		Series		Principal	Interest
Principal	Interest	Principal	Interest	Principal	Interest		
\$ 1,000,000	\$ 592,425	\$ 415,000	\$ 215,798	\$ 965,000	\$ 291,548	\$ 3,945,000	\$ 1,805,627
1,805,000	567,424	415,000	209,190	955,000	255,041	3,965,000	1,700,586
2,100,000	517,788	420,000	201,771	945,000	222,266	4,075,000	1,585,157
2,040,000	454,787	425,000	192,898	910,000	190,268	4,020,000	1,460,984
1,545,000	388,488	425,000	183,230	800,000	160,770	3,470,000	1,332,982
1,680,000	334,412	430,000	172,732	445,000	139,294	3,510,000	1,221,306
1,895,000	271,413	435,000	161,552	440,000	124,028	3,615,000	1,095,225
1,800,000	195,612	435,000	150,102	435,000	108,934	3,605,000	958,647
1,385,000	123,613	440,000	138,084	435,000	93,926	3,310,000	821,773
1,010,000	68,213	445,000	125,358	430,000	79,005	2,875,000	696,257
420,000	25,288	450,000	111,908	425,000	64,256	2,670,000	585,046
75,000	7,438	455,000	97,721	420,000	49,680	2,295,000	479,382
50,000	4,250	460,000	82,934	415,000	35,276	2,225,000	390,154
50,000	2,125	465,000	67,535	410,000	21,045	2,105,000	302,018
		465,000	51,516	405,000	6,986	1,215,000	218,190
		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>\$16,855,000</u>	<u>\$ 3,553,276</u>	<u>\$ 7,530,000</u>	<u>\$ 2,215,125</u>	<u>\$ 8,835,000</u>	<u>\$ 1,842,323</u>	<u>\$ 51,155,000</u>	<u>\$ 15,387,754</u>

CITY OF CLEVELAND, TENNESSEE
 NOTE PRINCIPAL AND INTEREST
 REQUIREMENTS BY FISCAL YEAR FOR CLEVELAND UTILITIES
 June 30, 2014

Fiscal Year	TN Municipal		TN Municipal		State of Tennessee	
	Bond Fund Series 2012 (1)		Bond Fund Series 2014 (2)		Revolving Loan Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 187,500	\$ 135,000	\$ 318,750	\$ 256,528	\$ 35,599	\$ 14,412
2016	187,500	127,500	318,750	242,250	36,358	13,654
2017	187,500	120,000	318,750	229,500	37,133	12,878
2018	187,500	112,500	318,750	216,750	37,924	12,088
2019	187,500	105,000	318,750	204,000	38,731	11,280
2020	187,500	97,500	318,750	191,250	39,557	10,454
2021	187,500	90,000	318,750	178,500	40,399	9,612
2022	187,500	82,500	318,750	165,750	41,261	8,750
2023	187,500	75,000	318,750	153,000	42,139	7,872
2024	187,500	67,500	318,750	140,250	43,037	6,974
2025	187,500	60,000	318,750	127,500	43,954	6,058
2026	187,500	52,500	318,750	114,750	44,891	5,120
2027	187,500	45,000	318,750	102,000	45,847	4,164
2028	187,500	37,500	318,750	89,250	46,824	3,187
2029	187,500	30,000	318,750	76,500	47,821	2,190
2030	187,500	22,500	318,750	63,750	48,840	1,171
2031	187,500	15,000	318,750	51,000	28,964	204
2032	187,500	7,500	318,750	38,250		
2033			318,750	25,500		
2034			318,750	12,750		
2035						
	<u>\$ 3,375,000</u>	<u>\$ 1,282,500</u>	<u>\$ 6,375,000</u>	<u>\$ 2,679,028</u>	<u>\$ 699,279</u>	<u>\$ 130,068</u>

- (1) \$124,993 of loan proceeds have not been drawn down at June 30, 2014.
- (2) \$5,197,179 of loan proceeds have not been drawn down at June 30, 2014.
- (3) \$1,279,261 of loan proceeds have not been drawn down at June 30, 2014.
- (4) \$8,012,137 of loan proceeds have not been drawn down at June 30, 2014

State of Tennessee Revolving Loan Fund 13-319 (3)		State of Tennessee Revolving Loan Fund 13-320 (4)		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 0	\$ 15,492	\$ 0	\$ 92,076	\$ 541,849	\$ 513,508
61,500	15,492	365,616	92,076	969,724	490,972
62,208	14,784	369,840	87,852	975,431	465,014
62,928	14,064	374,112	83,580	981,214	438,982
63,660	13,332	378,444	79,248	987,085	412,860
64,392	12,600	382,812	74,880	993,011	386,684
65,136	11,856	387,240	70,452	999,025	360,420
65,892	11,100	391,716	65,976	1,005,119	334,076
66,660	10,332	396,252	61,440	1,011,301	307,644
67,428	9,564	400,824	56,868	1,017,539	281,156
68,208	8,784	405,468	52,224	1,023,880	254,566
68,988	8,004	410,148	47,544	1,030,277	227,918
69,792	7,200	414,888	42,804	1,036,777	201,168
70,596	6,396	419,688	38,004	1,043,358	174,337
71,412	5,580	424,536	33,156	1,050,019	147,426
72,240	4,752	429,444	28,248	1,056,774	120,421
73,080	3,912	434,412	23,280	1,042,706	93,396
73,920	3,072	439,440	18,252	1,019,610	67,074
74,772	2,220	444,516	13,176	838,038	40,896
75,636	1,356	449,652	8,040	844,038	22,146
76,530	440	454,952	2,827	531,482	3,267
<u>\$ 1,374,978</u>	<u>\$ 180,332</u>	<u>\$ 8,174,000</u>	<u>\$ 1,072,003</u>	<u>\$ 19,998,257</u>	<u>\$ 5,343,931</u>

CITY OF CLEVELAND, TENNESSEE

Table 12

INVESTMENTS

June 30, 2014

Description	Rate	Cost	Fair Value
Investment in Certificates of Deposit:			
First Tennessee Bank	1.00%	\$ 58,151	\$ 58,151
First Tennessee Bank	0.10%	50,000	50,000
First Tennessee Bank	0.55%	40,528	40,528
First Tennessee Bank	1.00%	38,333	38,333
First Tennessee Bank	0.55%	33,663	33,663
First Tennessee Bank	0.55%	30,328	30,328
First Tennessee Bank	0.40%	25,000	25,000
First Tennessee Bank	0.80%	20,000	20,000
First Tennessee Bank	0.80%	5,990	5,990
First Tennessee Bank	0.50%	13,693	13,693
First Tennessee Bank	0.55%	29,987	29,987
First Tennessee Bank	0.55%	14,993	14,993
First Tennessee Bank	0.80%	5,168	5,168
Total Certificates of Deposit		<u>\$ 365,834</u>	<u>\$ 365,834</u>
Investment in Local Government Investment Pool:			
State of Tennessee		\$ 284	\$ 284
State of Tennessee		43,767	43,767
State of Tennessee		260,448	260,448
Total Local Government Investment Pool		<u>\$ 304,499</u>	<u>\$ 304,499</u>
Total Investments		<u>\$ 670,333</u>	<u>\$ 670,333</u>

TRANSFERS

For the Fiscal Year Ended June 30, 2014

<u>Transfers In:</u>	<u>Transfers Out:</u>	<u>Amount</u>
Capital Improvement Program	General Fund	\$ 679,000
Community Development Block Grant Fund	General Fund	15,000
Debt Service Fund	General Fund	4,627,700
Debt Service Fund	School Fund	486,719
Debt Service Fund	State Street Aid Fund	387,500
Debt Service Fund	Spring Branch Industrial Park Fund	119,383
General Fund	Cleveland Utilities - Electric Division	1,989,225
General Fund	Cleveland Utilities - Water Division	209,148
Library Fund	General Fund	608,100
Metropolitan Transportation Planning Organization	General Fund	40,000
School Fund	General Fund	5,120,000
School Fund	School Federal Projects Fund	35
Solid Waste Management Fund	General Fund	<u>1,047,545</u>
	Total	<u>\$ 15,329,355</u>

AWWA WLCC Free Water Audit Software: Reporting Worksheet						Back to Instructions
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Water Audit Report for: CLEVELAND UTILITIES Reporting Year: 2014 / 7/2013 - 6/2014						
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades						
All volumes to be entered as: MILLION GALLONS (US) PER YEAR						
WATER SUPPLIED << Enter grading in column 'E'						
	Volume from own sources:	?	6	1,986.562	Million gallons (US)/yr (MG/Yr)	
	Master meter error adjustment (enter positive value):	?	n/a		MG/Yr	
	Water imported:	?	8	1,717.178	MG/Yr	
	Water exported:	?	8	3.212	MG/Yr	
WATER SUPPLIED:				3,700.528	MG/Yr	
AUTHORIZED CONSUMPTION						
	Billed metered:	?	9	2,704.424	MG/Yr	
	Billed unmetered:	?	n/a		MG/Yr	
	Unbilled metered:	?	10	77.293	MG/Yr	
	Unbilled unmetered:	?	8	16.627	MG/Yr	
AUTHORIZED CONSUMPTION:				2,798.344	MG/Yr	
WATER LOSSES (Water Supplied - Authorized Consumption) Click here: ? for help using option buttons below						
				902.184	MG/Yr	
Apparent Losses Use buttons to select percentage of water supplied OR value						
	Unauthorized consumption:	?	n/a	9.251	MG/Yr	
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed						
	Customer metering inaccuracies:	?	8	146.406	MG/Yr	
	Systematic data handling errors:	?	7	14.070	MG/Yr	
Apparent Losses:				169.727	MG/Yr	
Real Losses (Current Annual Real Losses or CARL) Choose this option to enter a percentage of billed metered consumption. This is NOT a default value						
	Real Losses = Water Losses - Apparent Losses:	?	n/a	732.457	MG/Yr	
WATER LOSSES:				902.184	MG/Yr	
NON-REVENUE WATER						
NON-REVENUE WATER:				996.104	MG/Yr	
= Total Water Loss + Unbilled Metered + Unbilled Unmetered						
SYSTEM DATA						
	Length of mains:	?	9	766.0	miles	
	Number of active AND inactive service connections:	?	8	30,518		
	Connection density:	?	n/a	40	conn./mile main	
	Average length of customer service line:	?	6	35.0	ft. (pipe length between curbstop and customer meter or property boundary)	
	Average operating pressure:	?	6	90.0	psi	
COST DATA						
	Total annual cost of operating water system:	?	10	\$12,941,736	\$/Year	
	Customer retail unit cost (applied to Apparent Losses):	?	8	\$4.53	\$/1000 gallons (US)	
	Variable production cost (applied to Real Losses):	?	9	\$997.00	\$/Million gallons	
PERFORMANCE INDICATORS						
Financial Indicators						
	Non-revenue water as percent by volume of Water Supplied:	26.9%				
	Non-revenue water as percent by cost of operating system:	12.3%				
	Annual cost of Apparent Losses:	\$768,865				
	Annual cost of Real Losses:	\$730,259				
Operational Efficiency Indicators						
	Apparent Losses per service connection per day:	15.24 gallons/connection/day				
	Real Losses per service connection per day*:	65.76 gallons/connection/day				
	Real Losses per length of main per day*:	N/A				
	Real Losses per service connection per day per psi pressure:	0.73 gallons/connection/day/psi				
	Unavoidable Annual Real Losses (UARL):	336.35 million gallons/year				
	From Above, Real Losses = Current Annual Real Losses (CARL):	732.46 million gallons/year				
	Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.18				
* only the most applicable of these two indicators will be calculated						
WATER AUDIT DATA VALIDITY SCORE:						
*** YOUR SCORE IS: 82 out of 100 ***						
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score						
PRIORITY AREAS FOR ATTENTION:						
Based on the information provided, audit accuracy can be improved by addressing the following components:						
1: Volume from own sources						
2: Unauthorized consumption						
3: Water imported						
For more information, click here to see the Grading Matrix worksheet						

CITY OF CLEVELAND, TENNESSEE
 SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 For the Year Ended June 30, 2014

Table 15

<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	145,122	600,000
Melinda Carroll	Assistant City Manager	83,004	150,000
Shawn McKay	Director of Finance/City Clerk	76,664	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, 2014

PROGRAM	Grantor	CFDA Number	State Grant Number
Federal Grants:			
School Breakfast Program	Dept of Agriculture	10.553 *	N/A
School Lunch Program	Dept of Agriculture	10.555 *	N/A
USDA Fresh Fruits and Vegetables	Dept of Agriculture	10.582	N/A
Comprehensive Economic Development Plan	Dept of Commerce	11.306	N/A
Community Development Block Grant	Dept of HUD	14.218 *	N/A
Emergency Shelter	Dept of HUD	14.231	ESG-09-24
Protective vests	Dept of Justice	16.607	N/A
Targeted Crime Reduction Grant	Dept of Justice	16.738	N/A
Edward Byrne Memorial Justice Assistance - 2013	Dept of Justice	16.738	N/A
Subtotal Program 16.738			
Airport Construction of T-Hangars	Dept of Transportation	20.106 *	AERO-13166
Airport Construction Phase II	Dept of Transportation	20.106 *	AERO-11102
Airport Land Acquisition Phase III	Dept of Transportation	20.106 *	AERO-11160
Subtotal Program 20.106			
Transportation Planning	Dept of Transportation	20.205	Z-07036293
Intersection Improvement Georgetown Rd	Dept of Transportation	20.205	STP-M-6023
Subtotal Program 20.205			
High Visibility Enforcement	Dept of Transportation	20.607	Z14GHS066
Grants for Clean Water - State Revolving Loan			
- Loan	Environmental Protection	66.458	N/A
- Principal Forgiveness	Agency	66.458	N/A
Subtotal Program 66.458			
2012 LSTA Technology Grant	Library & Archives	45.310	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
Subtotal Program 84.027			
Vocational Improvement	Dept of Education	84.048	N/A
Special Education - Preschool Grants	Dept of Education	84.173 *	N/A
English Language Acquisition Enhancement Title III	Dept of Education	84.365	N/A
Teacher and Principal Training & Recruiting Title II-A	Dept of Education	84.367	N/A
SFSF - Race to the Top - ARRA	Dept of Education	84.395 *	N/A
Federal Disaster Relief - Utilities	FEMA	97.036	N/A
Federal Disaster Relief - Public Works	FEMA	97.036	N/A
Subtotal Program 97.036			
Total Federal Grants			

(Continued)

Balance July 1, 2013	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2014
\$ (47,585)	\$ 547,640	\$ 0	\$ 500,055	\$ 0	\$ 0	\$ 0
(117,551)	1,705,819	0	1,588,268	0	0	0
(4,635)	31,183	0	26,548	0	0	0
(42,774)	0	0	8,966	0	0	(51,740)
(188)	450,072	0	450,070	0	0	(186)
(39,831)	117,291	0	77,460	0	0	0
(2,926)	6,669	0	8,310	0	0	(4,567)
\$ (76,801)	\$ 76,801	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	45,788	0	45,788	0	0	0
\$ (76,801)	\$ 122,589	\$ 0	\$ 45,788	\$ 0	\$ 0	\$ 0
\$ (5,907)	\$ 840,138	\$ 0	\$ 839,834	\$ 0	\$ 0	\$ (5,603)
(66,207)	66,207	0	0	0	0	0
(158,793)	0	0	36,163	0	0	(194,956)
\$ (230,907)	\$ 906,345	\$ 0	\$ 875,997	\$ 0	\$ 0	\$ (200,559)
\$ (20,457)	\$ 57,344	\$ 0	\$ 82,269	\$ 0	\$ 0	\$ (45,382)
0	0	0	21,788	0	0	(21,788)
\$ (20,457)	\$ 57,344	\$ 0	\$ 104,057	\$ 0	\$ 0	\$ (67,170)
\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ (5,000)
\$ 0	\$ 26,799	\$ 0	\$ 26,799	\$ 0	\$ 0	\$ 0
0	26,163	0	26,163	0	0	0
0	52,962	0	52,962	0	0	0
\$ 0	\$ 2,351	\$ 0	\$ 2,351	\$ 0	\$ 0	\$ 0
30,035	1,300,547	0	1,688,321	0	0	(357,739)
\$ (9,747)	\$ 840,884	\$ 0	\$ 1,078,096	\$ 0	\$ 0	\$ (246,959)
0	36,462	0	36,462	0	0	0
\$ (9,747)	\$ 877,346	\$ 0	\$ 1,114,558	\$ 0	\$ 0	\$ (246,959)
\$ (9,080)	\$ 253,054	\$ 0	\$ 250,434	\$ 0	\$ 0	\$ (6,460)
0	57,292	0	57,292	0	0	0
(8,821)	39,866	0	35,567	0	0	(4,522)
(15,149)	237,318	0	271,955	0	0	(49,786)
(36,353)	292,577	0	391,666	0	0	(135,442)
\$ (401,838)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (401,838)
(189,447)	0	0	0	0	0	(189,447)
\$ (591,285)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (591,285)
\$ (1,224,055)	\$ 7,058,265	\$ 0	\$ 7,555,625	\$ 0	\$ 0	\$ (1,721,415)

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
 For the Fiscal Year Ended June 30, 2014

PROGRAM	Grantor	CFDA Number	State Grant Number
State Grants:			
Safe Schools Act	Dept of Education	N/A	N/A
Coordinated School Health	Dept of Education	N/A	N/A
Lottery for Education - Afterschool Programs	Dept of Education	N/A	N/A
Disaster Relief - Utilities	TEMA	N/A	N/A
Disaster Relief - Public Works	TEMA	N/A	N/A
Airport Maintenance	Dept of Transportation	N/A	N/A
Airport Mitigation	Dept of Transportation	N/A	AERO-12117
Airport Hangar Grant	Dept of Transportation	N/A	AERO-12214
Airport Site Improvement	Dept of Transportation	N/A	AERO-12215
Airport Lighting Grant	Dept of Transportation	N/A	AERO-12216
Airport Design/Construction of Refueling System	Dept of Transportation	N/A	AERO-12217
Airport Security Enhancements	Dept of Transportation	N/A	AERO-13118
Airport Engineering/Construction T-Hangars	Dept of Transportation	N/A	AERO-13166
Airport Gas Line Grant	Dept of Transportation	N/A	AERO-13167
Airport Taxilanes	Dept of Transportation	N/A	AERO-13213
Airport Grounds Maintenance	Dept of Transportation	N/A	AERO-13238
Airport South Side Corp Area Development	Dept of Transportation	N/A	AERO-13239
Airport Approach Clearing	Dept of Transportation	N/A	AERO-13240
Airport Layout Plan Update and Exhibit A	Dept of Transportation	N/A	AERO-14100
Airport Hardwick Field Disposition	Dept of Transportation	N/A	AERO-14102
Airport Construction Phase III	Dept of Transportation	N/A	GG1237936
Community Based Special Litter Grant	Dept of Transportation	N/A	N/A
Local Interstate Connector, Stone Lake Rd	Dept of Transportation	N/A	113131
Grants for Clean Water State Revolving Loan:			
- Loan	Dept of Environment	N/A	N/A
- Principal Forgiveness	Dept of Environment	N/A	N/A
Local Park and Recreation Fund - Mosby Pool	Dept of Environment	N/A	35465
Clean Tennessee Energy Grant	Dept of Environment	N/A	35882
Total State Grants			
Total Federal and State Financial Assistance Activity		*Denotes major programs	

(Continued)

Balance July 1, 2013	Cash Receipts	Other Additions	Expend- itures	Paid To Grantor	Transfers Out	Balance June 30, 2014
\$ 0	\$ 26,900	\$ 0	\$ 26,900	\$ 0	\$ 0	\$ 0
(43,942)	132,693	0	125,000	0	0	(36,249)
(11,258)	125,461	0	179,471	0	0	(65,268)
(280,694)	0	0	0	0	0	(280,694)
(6,209)	0	0	0	0	0	(6,209)
(4,260)	4,260	0	0	0	0	0
(5,282)	5,282	0	0	0	0	0
(92,205)	92,205	0	0	0	0	0
(40,455)	40,455	0	0	0	0	0
0	0	0	1,337	0	0	(1,337)
(67,857)	67,857	0	0	0	0	0
(17,090)	25,920	0	8,830	0	0	0
(328)	46,674	0	46,657	0	0	(311)
0	42,762	0	42,762	0	0	0
(30,050)	833,691	0	803,641	0	0	0
(60,000)	60,000	0	0	0	0	0
0	47,013	0	50,864	0	0	(3,851)
(16,625)	16,625	0	0	0	0	0
0	73,756	0	73,756	0	0	0
0	0	0	30,875	0	0	(30,875)
(105,854)	53,271	0	17,319	0	0	(69,902)
(926)	926	0	0	0	0	0
(115,423)	224,046	0	319,272	0	0	(210,649)
0	68,918	0	68,918	0	0	0
0	5,234	0	5,234	0	0	0
0	76,351	0	92,203	0	0	(15,852)
0	0	0	41,309	0	0	(41,309)
<u>\$ (898,458)</u>	<u>\$ 2,070,300</u>	<u>\$ 0</u>	<u>\$ 1,934,348</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (762,506)</u>
<u>\$ (2,122,513)</u>	<u>\$ 9,128,565</u>	<u>\$ 0</u>	<u>\$ 9,489,973</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,483,921)</u>

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF NON-CASH ASSISTANCE
 For the Year Ended June 30, 2014

<u>CFDA</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Balance July 1, 2013</u>	<u>Receipts</u>	<u>Expend- itures/ Issues</u>	<u>Balance June 30, 2014</u>
10.569	Commodity Assistance	U.S. Department of Agriculture	<u>\$ 0</u>	<u>\$ 183,690</u>	<u>\$ 183,690</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

ANGELA D. KEY, CPA
CALEB J. PEACOCK, 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Tennessee as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Cleveland, Tennessee's basic financial statements and have issued our report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cleveland Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Tennessee's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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

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

December 12, 2014

ARNETT, KIRKSEY, KIMSEY, SULLIVAN, LAY & HALL, PLLC
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RONALD E. ARNETT, CPA/PFS, CVA
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ANGELA D. KEY, CPA
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WEDGEWOOD OFFICE PARK
4395 N. OCOEE STREET
CLEVELAND, TENNESSEE 37312

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

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NATIONAL ASSOCIATION OF
CERTIFIED VALUATION ANALYSTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cleveland, Tennessee's compliance with the types of compliance requirements described in the OMB 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, 2014. The City of Cleveland, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Our responsibility is to express an opinion on compliance for each of the City of Cleveland, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of the compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Cleveland, Tennessee's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Cleveland, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Internal Control Over Compliance

Management of the City of Cleveland, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning our audit of compliance, we considered the City of Cleveland, Tennessee's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A significant deficiency in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

December 12, 2014

CITY OF CLEVELAND, TENNESSEE
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2014

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 no significant deficiencies in internal control.
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 For Each Major Program and on Internal Control Over Compliance Required by 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#
Title I Grants to Local Educational Agencies	84.010
Race to the Top - Recovery	84.395
(Cluster)	
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
(Cluster)	
School Breakfast Program	10.553
School Lunch Program	10.555
Airport Improvement Program	20.106
Community Development Block Grant	14.218

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Cleveland, Tennessee, was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

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

U.S. Department of Education:

Title I Grants to Local Educational Agencies 84.010

Race to the Top - Recovery 84.395

Special Education - Grants to States 84.027

Special Education - Preschool Grants 84.173

NONE

U.S. Department of Agriculture:

School Breakfast Program 10.553

School Lunch Program 10.555

NONE

U.S. Department of Transportation:

Airport Improvement Program 20.106

NONE

U.S. Department of Housing and Urban Development

Community Development Block Grant 14.218

NONE

CITY OF CLEVELAND, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2014

A. FINANCIAL STATEMENT AUDIT

Compliance Finding 2013-1 as restated below was corrected during the current year.

2013-1 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